



恒宝环球

**HB Global Limited**

(Company Registration No.: 200608505W)

(Malaysian Foreign Company Registration No.: 995221-H)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### Unaudited Condensed Consolidated Statement Of Comprehensive Income

	Quarter Ended 30 September 2021	Preceding Year Corresponding Quarter 30 September 2020	Quarter Ended 30 September 2021	Preceding Year Corresponding Quarter 30 September 2020	Year to Date Ended 30 September 2021	Year to Date Ended 30 September 2020	Year to Date Ended 30 September 2021	Year to Date Ended 30 September 2020
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	32,150	28,774	20,830	17,429	91,848	65,036	59,508	39,392
Cost of sales	(25,117)	(25,391)	(16,273)	(15,379)	(71,643)	(57,875)	(46,417)	(35,055)
Gross profit	7,033	3,383	4,557	2,050	20,205	7,161	13,091	4,337
Other operating income	3,893	3,480	2,522	2,108	22,400	1,019	14,513	617
Selling and distribution expenses	(341)	(265)	(221)	(161)	(605)	(755)	(392)	(457)
General and administrative expenses	(10,688)	(5,476)	(6,925)	(3,317)	(24,640)	(18,092)	(15,965)	(11,063)
Other operating expenses	(36,915)	(7,889)	(23,917)	(4,779)	(36,915)	(7,889)	(23,917)	(4,779)
Operating profit/(loss)	(37,018)	(6,768)	(23,984)	(4,099)	(19,555)	(18,556)	(12,670)	(11,345)
Finance costs	(916)	(1,090)	(594)	(660)	(2,796)	(3,252)	(1,812)	(1,970)
Profit/(loss) before taxation	(37,934)	(7,858)	(24,578)	(4,759)	(22,351)	(21,808)	(14,482)	(13,315)
Taxation	-	-	-	-	-	-	-	-
Profit/(loss) after taxation	(37,934)	(7,858)	(24,578)	(4,759)	(22,351)	(21,808)	(14,482)	(13,315)
Other comprehensive income for the period (net of tax)	(178)	-	(115)	-	(178)	-	(115)	-
Total comprehensive income/(loss) after tax	(38,112)	(7,858)	(24,693)	(4,759)	(22,529)	(21,808)	(14,597)	(13,315)



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### Unaudited Condensed Consolidated Statement Of Comprehensive Income (continue)

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	<u>30 September 2021</u>	<u>30 September 2020</u>	<u>30 September 2021</u>	<u>30 September 2020</u>	<u>30 September 2021</u>	<u>30 September 2020</u>	<u>30 September 2021</u>	<u>30 September 2020</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit/(loss) attributable to:-								
- Equity holders of HB	(37,500)	(7,858)	(24,297)	(4,759)	(21,656)	(21,808)	(14,032)	(13,315)
-Non-controlling interest	(434)	-	(281)	-	(695)	-	(450)	-
Total comprehensive income/(loss) attributable to:-								
- Equity holders of HB	(37,678)	(7,858)	(24,412)	(4,759)	(21,834)	(21,808)	(14,147)	(13,315)
-Non-controlling interest	(434)	-	(281)	-	(695)	-	(450)	-
Earning Per Share *								
- Basic (RMB cents/ sen)	(6.31)	(1.68)	(4.09)	(1.02)	(3.65)	(4.66)	(2.36)	(2.85)
- Diluted (RMB cents/ sen)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

The financial statements are presented in Renminbi (“RMB”) and translated into Ringgit Malaysia (“RM”) for information purposes and reference at the exchange rate of RMB1: RM0.6479 at 30 September 2021 and : RM0.6057 at 30 September 2020 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 September 2021	Audited As at 31 Dec 2020	Unaudited As at 30 September 2021	Audited As at 31 Dec 2020
	RMB'000	RMB'000	RM'000	RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	208,805	202,881	135,285	123,879
Construction in progress	-	7,696	-	4,699
Investment properties	3,935	-	2,549	-
Land use right	73,230	74,596	47,445	45,548
Goodwill	41,177	-	26,679	-
Deferred tax assets	641	-	415	-
	327,787	285,173	212,373	174,126
<b>Current Assets</b>				
Inventories	18,108	9,823	11,732	5,998
Trade and other receivables	65,345	47,242	42,337	28,846
Prepayment for land use right	77,936	77,340	50,494	47,224
Contract assets	48,550	-	31,455	-
Cash and bank balance	14,605	182	9,463	111
	224,544	134,587	145,481	82,179
<b>TOTAL ASSETS</b>	552,331	419,760	357,854	256,305
<b>Capital and Reserves</b>				
Share capital	257,464	146,161	166,811	89,246
Reserves	58,807	59,246	38,101	36,176
Retained earnings	68,728	90,384	44,529	55,188
Non-controlling interest	3,067	-	1,987	-
<b>Total Equity</b>	388,066	295,791	251,428	180,610
<b>Current Liabilities</b>				
Trade and other payables	53,642	19,342	34,753	11,810
Amount due to shareholder	3,087	3,276	2,000	2,000
Amount due to directors	20,166	32,790	13,066	20,022
Short-term loan and borrowings	78,522	68,561	50,874	41,863
Lease liabilities	237	-	154	-
Income tax payable	1,067	-	691	-
	156,721	123,969	101,538	75,695
<b>Long Term Liabilities</b>				
Borrowings	7,077	-	4,585	-
Lease liabilities	467	-	303	-
	7,544	-	4,888	-
<b>Total Liabilities</b>	164,265	123,969	106,426	75,695
<b>TOTAL EQUITY AND LIABILITIES</b>	552,331	419,760	357,854	256,305
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(1)</sup>	0.50	0.63	0.32	0.39

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 September 2021 and 31 December 2020 divided by the number of ordinary shares of 770,013,740 and 468,000,000 respectively.
- (2) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.6479 at 30 September 2021 and 1: RM0.6106 at 31 December 2020 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### Unaudited Condensed Consolidated Statements Of Changes In Equity

<b>9 months ended 30 September 2021</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Foreign Currency Translation Reserve</b>	<b>Retained earnings</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2021	146,161	76,090	(16,844)	-	90,384	-	295,791
Total comprehensive income for the period	-	-	-	(178)	(21,656)	(695)	(22,529)
Issue of new ordinary shares	111,303	-	-	-	-	-	111,303
Acquisition of new subsidiary	-	-	-	-	-	3,501	3,501
Acquisition of additional shares in subsidiaries	-	-	(261)	-	-	261	-
At 30 September 2021	<u>257,464</u>	<u>76,090</u>	<u>(17,105)</u>	<u>(178)</u>	<u>68,728</u>	<u>3,067</u>	<u>388,066</u>

<b>9 months ended 30 September 2021</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Foreign Currency Translation Reserve</b>	<b>Retained earnings</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2021	94,698	49,299	(10,914)	-	58,560	-	191,643
Total comprehensive income for the period	-	-	-	(115)	(14,031)	(450)	(14,596)
Issue of new ordinary shares	72,113	-	-	-	-	-	72,113
Acquisition of new subsidiary	-	-	-	-	-	2,268	2,268
Acquisition of additional shares in subsidiaries	-	-	(169)	-	-	169	-
At 30 September 2021	<u>166,811</u>	<u>49,299</u>	<u>(11,083)</u>	<u>(115)</u>	<u>44,529</u>	<u>1,987</u>	<u>251,428</u>



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

<b>9 months ended 30 September 2020</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Equity contribution reserves</b>	<b>Retained earnings</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2020	146,161	76,090	(16,844)	8,237	127,437	403	341,484
Total comprehensive loss for the period	-	-	-	-	(21,808)	-	(21,808)
At 30 September 2020	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>105,629</u>	<u>403</u>	<u>319,676</u>

<b>9 months ended 30 September 2020</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Equity contribution reserves</b>	<b>Retained earnings</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2020	89,241	46,458	(10,285)	5,029	77,810	246	208,499
Total comprehensive loss for the period	-	-	-	-	(13,315)	-	(13,315)
At 30 September 2020	<u>89,241</u>	<u>46,458</u>	<u>(10,285)</u>	<u>5,029</u>	<u>64,495</u>	<u>246</u>	<u>195,184</u>

Note:

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2021	As at 30 September 2020	As at 30 September 2021	As at 30 September 2020
	RMB'000	RMB'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before income tax	(22,351)	(21,808)	(14,481)	(13,315)
Adjustments for:				
Depreciation and amortisation	12,134	12,952	7,862	7,908
Impairment loss on intangible assets	36,915		23,917	
Reversal of impairment loss on trade receivables	-	(254)	-	(155)
Property, plant and equipment written off	-	7,889	-	4,817
Income from waiver on loan principal and interest related to loan from a director	(21,228)	-	(13,754)	-
Income from waiver of director fee	(316)	-	(205)	-
Unrealised foreign exchange gain	(1,330)	(503)	(861)	(307)
Interest expense	2,796	3,252	1,812	1,986
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>6,620</b>	<b>1,528</b>	<b>4,290</b>	<b>934</b>
Inventories	(8,285)	(10,484)	(5,368)	(6,401)
Trade and other receivables	(10,402)	16,979	(6,739)	10,367
Contract assets	570		369	
Trade and other payables	1,064	(4,475)	689	(2,732)
Tax paid	(54)	-	(35)	-
<b>Net cash (used in)/generated from operations</b>	<b>(10,487)</b>	<b>3,548</b>	<b>(6,794)</b>	<b>2,168</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(4,846)	(489)	(3,140)	(299)
Acquisition of a subsidiary, net of cash acquired	566	-	367	
<b>Net cash used in investing activities</b>	<b>(4,280)</b>	<b>(489)</b>	<b>(2,773)</b>	<b>(299)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances from/ (repayment to) directors	-	(1,836)	-	(1,122)
Advance from/ (repayment to) shareholder	-	3,276	-	2,000
Repayment to ex-shareholder	-	(3,061)	-	(1,869)
Drawdown/ (repayment) of borrowings	3,259	(160)	2,112	(98)
Fixed deposit pledged	(318)	-	(206)	-
Proceeds from issuance of new ordinary shares	27,329	-	17,706	-
Interest paid	(2,796)	(2,415)	(1,812)	(1,474)
<b>Net cash generated from/(used in) financing activities</b>	<b>27,474</b>	<b>(4,196)</b>	<b>17,800</b>	<b>(2,563)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>12,707</b>	<b>(1,137)</b>	<b>8,233</b>	<b>(694)</b>
Effect of exchange rate changes	449	-	291	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>182</b>	<b>1,574</b>	<b>118</b>	<b>961</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>13,338</b>	<b>437</b>	<b>8,642</b>	<b>267</b>

Note:

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- Cash and cash equivalents are cash and bank balances net of fixed deposit pledged amounted to RMB1,267,000 (RM821,000) as at 30 September 2021.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2021

##### 1. Basis of preparation

###### a) Basis of accounting

The financial statements are unaudited and have been prepared in accordance with the provisions of the Singapore Companies Act (the “Act”), Singapore Financial Reporting Standards (International) [“SFRS(I)s”] which are simultaneously compliant with International Financial Reporting Standard (IFRSs) issued by the International Accounting Standards Board (IASB) and paragraph 9.22 and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to this unaudited financial report.

###### b) Changes in accounting policies

The Group has adopted a new financial reporting framework, SFRS(I) on 1 January 2018. SFRS(I)s comprise standards and interpretations that are equivalent to IFRSs as issued by the International Accounting Standards Board. An entity that compiles with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. The Group has elected to assert dual compliance with both SFRS(I)s and IFRSs with effect from annual periods beginning on or after 1 January 2018. All references to SFRS(I)s and IFRSs are referred collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements for the financial year ended 31 December 2018 are the first set of annual financial statements the Group prepared in accordance with SFRS(I)s. The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of accounting estimates and assumptions. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

###### INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2018

On 1 January 2018, the Company adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

###### c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The Group was formed as a result of the restructuring exercise undertaken on 25 September 2009 for the purpose of the Company’s listing on the main market of the Bursa Malaysia Securities Berhad. The acquisition of 100% equity in the subsidiary, namely Rizhao Hengbao Foodstuffs Co., Ltd pursuant to the restructuring exercise under common control has been accounted for using the pooling-of-interest method. Under the pooling-of-interest method, the consolidated financial statements of the Group have been presented as if the Group structure immediately after the restructuring has been in existence since the earliest financial year presented. The assets and liabilities were brought into the consolidated statement of financial position at their existing carrying amounts. The pooling-of-interest method will continue to be used for the entities in existence up to the Group’s reorganization exercise.

All inter-company balances and significant inter-company transactions and resulting unrealized profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or





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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

c) *Basis of consolidation (continue)*

excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Where accounting policies of a subsidiary do not confirm with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

#### 2. **Audit report of the Group's preceding annual financial statements**

The Group's audited consolidated financial statements for the financial year ended 31 December 2020 were not subject to any audit qualification.

However, the auditor UHY Lee Seng Chan & Co have issued a statement in respect of HB's Financial Statements for 31 December 2020 ("FS 2020") to draw an attention to the board and shareholders as regard to the emphasis of matter and key audit matters as follow:

##### Emphasis of Matter and Key Audit Matter

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements, the description of the Statement is as follows:

##### **"Key Audit Matters"**

Key audit matters are those matters that, our external auditors, UHY Lee Seng Chan & Co in their professional judgement, were of most significance in their audit of the financial statements of FY2020. These matters were addressed in the context of their audit of the financial statements as a whole, and in forming their professional opinion thereon, and did not provide a separate opinion on these matters.

- I) Impairment of property, plant and equipment and land use right
- II) Advance payment for land use rights

The key audit matters highlighted by independent auditors had no material changes or further development as compared to 31 December 2020.

#### 3. **Seasonality or cyclicity of operation**

The business of the Group was not affected by any significant seasonal and cyclical factors for the current quarter and financial year-to-date.

#### 4. **Unusual items**

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in the whole world and markets in which the Group and the Company operate.

In view of the uncertainty of the macro-economic conditions, the Group is unable to reasonably quantify the related financial effects for the period ended 30 September 2021 to be disclosed in current quarterly results. The Group will continuously monitor and to take appropriate and timely measures to minimise any impact of the outbreak that might arise.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### 5. Changes in estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

#### 6. Changes in share capital and debts

On 26 March 2021, the Company had issued 93,600,000 ordinary shares at the price of RM0.185 via private placement.

On 9 July 2021, the Company had issued 208,413,740 ordinary shares at the price of RM0.2591 via private placement.

Save as disclosed above, there were no cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial year to date.

#### 7. Dividends

In view of the current business climate, no dividend was declared or paid by the Group in the current quarter under review.

#### 8. Segment information

<u>Financial Period Ended 30 September 2021</u>						
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Duck Farming</u>	<u>Technology</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	37,890	37,004	-	3,605	13,349	91,848
<b>Segment results</b>	4,735	14,800	-	380	290	20,205
Other income						22,400
Unallocated costs						(62,160)
Finance expenses						(2,796)
Profit before income tax						(22,351)
Income tax expense						-
<b>Loss for the period</b>						<b>(22,351)</b>
<b>Other segment information:</b>						
Depreciation and amortisation						12,134
Capital expenditures						4,846

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

#### 8. Segment information (continue)

<b>Financial Period Ended 30 September 2021</b>						
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Duck Farming</u></b>	<b><u>Technology</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	24,549	23,975	-	2,336	8,648	59,508
<b>Segment results</b>	3,068	9,589	-	246	188	13,091
Other income						14,513
Unallocated costs						(40,274)
Finance expenses						(1,812)
Profit before income tax						(14,482)
Income tax expense						-
<b>Profit for the period</b>						<b>(14,482)</b>
<b>Other segment information:</b>						
Depreciation and amortisation						7,862
Capital expenditures						3,140

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.6479 at 30 September 2021 are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

<b>Financial Period Ended 30 September 2020</b>					
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Duck Farming</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	29,740	17,010	-	18,286	65,036
<b>Segment results</b>	3,419	896	-	2,846	7,161
Other income					1,019
Unallocated costs					(26,736)
Finance expenses					(3,252)
Loss before income tax					(21,808)
Income tax expense					-
<b>Loss for the period</b>					<b>(21,808)</b>
<b>Other segment information:</b>					
Depreciation and amortisation					12,952
Capital expenditures					489



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**8. Segment information (continue)**

	<u>Financial Period Ended 30 September 2020</u>				<u>Total</u> RM'000
	<u>Ready-to-serve Food</u> RM'000	<u>Frozen Vegetables</u> RM'000	<u>Duck Farming</u> RM'000	<u>Others</u> RM'000	
Revenue	18,013	10,303	-	11,076	39,392
<b>Segment results</b>	2,071	542	-	1,724	4,337
Other income					617
Unallocated costs					(16,299)
Finance expenses					(1,970)
Loss before income tax					(13,315)
Income tax expense					-
<b>Loss for the period</b>					<b>(13,315)</b>
<b>Other segment information:</b>					
Depreciation and amortisation					7,908
Capital expenditures					299

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.6057 at 30 September 2020 are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

**9. Subsequent events**

There were no material subsequent events as at the date of this announcement.

**10. Changes in the composition of the Group**

Save as disclosed below, there were no material changes in the composition of the Group:-

- i. On 17 February 2021, the Company had incorporated a 70% owned subsidiary, Biztech Utopia Sdn Bhd, with a shares subscription of 700 shares at RM1 each. On 11 May 2021, Biztech Utopia Sdn Bhd became 100% owned subsidiary after the Company acquired the remaining 30% shares from other shareholder.
- ii. On 27 February 2021, the Company had incorporated a 70% owned subsidiary, Welltech Utopia Sdn Bhd, with a shares subscription of 700 shares at RM1 each. On 11 May 2021, Welltech Utopia Sdn Bhd became 100% owned subsidiary after the Company acquired the remaining 30% shares from other shareholder.
- iii. On 2 March 2021, the Company had incorporated a 100% owned subsidiary, SLH Global Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.



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**10. Changes in the composition of the Group (continue)**

- iv. On 11 March 2021, the Company had incorporated a 100% owned subsidiary, HB Global Capital Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.
- v. On 7 April 2021, the Company had incorporated a 100% owned subsidiary, SLH Universe Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.
- vi. On 8 April 2021, the Company had incorporated a 100% owned subsidiary, SLH Group Capital Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.
- vii. On 25 May 2021, the Company's subsidiary, SLH Global Sdn Bhd, had incorporated a 100% owned subsidiary, Alphaverse Sdn Bhd, with a shares subscription of 1000 shares at RM1 each.
- viii. On 17 June 2021, the Company's subsidiary, SLH Global Sdn Bhd, had incorporated a 100% owned subsidiary, SLH Infra Sdn Bhd, with a share subscription of 1,000 shares at RM1 each.
- ix. On 12 July 2021, the Company, via its sub subsidiary, SLH Infra Sdn Bhd had acquired 60% shareholding in Forward Resources & Construction Sdn Bhd at the purchase consideration of RM66 million, to be satisfied via the following method:
  - a) RM54 million via issuance of ordinary shares of HB Global Limited, with the issuance of 208,413,704 ordinary shares at the price of RM0.2591
  - b) Deferred consideration of RM6 million each as at 31 December 2021 and 31 December 2022 respectively subject to fulfilment of profit guarantee conditions

**11. Contingent liability or assets**

Saved as disclosed below, there were no material contingent liabilities or assets which may have material effect on the financial position of the Group:

- i. The Company had entered into Share Sale Agreement to acquire 60% shareholding in Forward Resources & Construction Sdn Bhd at the purchase consideration of RM66 million, in which there are deferred consideration of RM6 million each as at 31 December 2021 and 31 December 2022 respectively subject to fulfilment of profit guarantee conditions.

**12. Non-current assets**

The were no material acquisition or disposal of non-current assets during the current financial quarter and financial year-to-date.

**13. Capital commitment**

There were no material capital commitment during the current financial quarter and financial year-to-date.

**14. Significant related party transactions**

Key management personnel compensation is analysed as follows:

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Salaries and other short-term employee benefits	818	528	1,315	845
Post employment benefits	-	-	-	-



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#### B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

##### 1. Review of the performance of the Group

###### Review of Group Comprehensive Income

The Group's revenue increased by RMB26.8 million from RMB65.0 million in financial period ended 30 September 2020 ("FPE2020") to RMB91.8 million in financial period ended 30 September 2021 ("FPE2021"). The increase was mainly due to increase in global and local demand of the food products sold by China subsidiary and also the addition of revenue stream attributable to the new subsidiary acquired in July 2021

Gross Profit ("GP") margin increased from 11.0% for FPE2020 to 22.0% for FPE2021. This was mainly due to higher demand which lead to higher selling price on certain products. Increase in other income was mainly due to waiver of principal and interest on loan from a Director amounted to approximately RMB22 million.

General and administrative expenses increased from RMB18.1 million to RMB24.6 million mainly due to incorporation of new subsidiaries and acquisition of a new subsidiary in July 2021 which has active business operation in the construction and engineering industry. The Group recorded net loss before taxation of RMB22.4 million in FPE2021 compared to loss of RMB21.8 million in FPE2020 mainly due to impairment loss on goodwill recognised as at 30 September 2021 amounting to approximately RMB36.9 million.

###### Review of Balance Sheet

Increase in PPE is mainly due to the completion of construction in progress amounted to RMB7.7 million transferred to PPE and the addition of PPE from a subsidiary acquired in July 2021. Inventories increased to RM18.1 million from RM9.8 million mainly due to higher demand of products and thus require more raw materials for production use. Cash and bank balance stood at RM14.6 million in FPE2021 compared to RM0.2 million in FPE2020 mainly due to proceeds received from issuance of new shares via private placement. Decrease in amount due to directors in FPE2021 compared to FPE2020 was mainly due to waiver of principal and interest on loan from a director. Goodwill amounting to RMB41.2 million is related to the acquisition of 60% shareholding in Forward Resources & Construction Sdn Bhd. The goodwill is stated after provision of impairment loss amounting to approximately RMB36.9 million which was assessed based on future cash flows forecast of the business.

###### Review of Cash Flow Statement

Net cash used in operating activities was RMB10.5 million compared to net cash generated from operating activities of RMB3.5 million in FPE2020. The decrease in cash was mainly due to higher inventories and increase in trade and other receivables in FPE2021.

The increase in cash and cash equivalents at FPE 2021 was mainly due to proceeds received from issuance of shares via private placement.

##### 2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2021		Preceding Quarter 30 June 2021	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	32,150	20,830	34,381	22,097
Profit Before Taxation	(37,934)	(24,578)	8,875	5,704
Profit After Taxation	(37,934)	(24,578)	8,875	5,704



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#### 2. Variation of results against immediate preceding quarter (continue)

The Group recorded revenue of RMB32.2 million in the current quarter, decreased by RMB2.2 million compared to RMB34.4 million in the preceding quarter.

The Group recorded loss after tax in current quarter which was RMB37.9 million compared to profit after tax of RMB8.9 million in the preceding quarter. This was mainly due to impairment loss on goodwill recognised as at 30 September 2021 amounting to approximately RMB36.9 million.

#### 3. Prospects for FYE 2021

The outbreak of corona virus in late 2019 which had paralysed many industries and global economy as many countries imposed lockdown to contain the corona virus. The impact can be clearly seen in terms of revenue and gross profit generated amid the challenging global economic outlook. The management is now focus on survival and hope that as each country re-open its economy especially where the goods are mostly exported will improve revenue. The Group is also looking to venture into other high growth sectors to increase revenue and profit.

#### 4. Profit forecast

The Group does not have any profit forecast or guarantee in the public documents.

#### 5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Income tax expenses	-	-	-	-

##### PRC Tax

The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate is 25% for current quarter and financial year-to-date.

##### Singapore tax

No provision for Singapore income tax was made as the dividends receivable by the Company from its subsidiary, if any, will not be taxable under the applicable law.

The effective tax rate of our Group for the current quarter and financial year-to-date was approximately Nil as compared to the applicable tax rate of 25%.

#### 6. Sales of unquoted investment / properties

There was no sale of unquoted investments / properties in the current financial quarter and financial year-to-date.

#### 7. Purchase or disposal of quoted securities

There was no purchase or disposal of quoted securities for the current financial quarter and financial year-to-date.



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**8. Status of utilisation of proceeds**

During the current financial period, ordinary shares of 93,600,000 has been issued at an issuing price of RM0.185 on 26 March 2021 via private placement.

Utilization of the proceeds as of 30 September 2021 were as follows:

	RMB'000	RM'000
Proceeds from issuance of shares via private placement	26,652	17,316
Expenses for private placement	(639)	(415)
Working capital	(14,915)	(9,690)
Balance @ 30.9.2021	11,098	7,211

**9. Group's borrowings and debt securities**

The Group's borrowings and debt securities as of 30 September 2021 were as follows:

	RMB'000	RM'000
<b>Short term:</b>		
Loan – unsecured*	-	-
Loan – secured <sup>®</sup>	78,522	50,874
Lease liabilities – secured	237	154

	RMB'000	RM'000
<b>Long term:</b>		
Loan – secured	7,077	4,585
Lease liabilities – secured	467	303

Loans – unsecured\*

On 31 December 2018, the company (HB Global Ltd) entered into a loan agreement with Mr Shen Hengbao (referred to as the “Ultimate-shareholder”) amounting to SGD4.06 million (approximately RMB20.09 million) as lender. The loan is at interest rate of 5.5% market rate. The tenure of the loan is 3 years and will be automatically renewed for another 3 years unless the Directors decide that the loan is no longer required.

During Q1 2021, the loan was reduced to SGD2.46 million (approximately RMB11.94 million) due to an agreement obtained from Mr Shen Hengbao to waive the loan amount of SGD1.6 million. There is also an agreement with Mr Shen Hengbao to waive all the interest charged and chargeable on the loan.

During Q2 2021, there is a further waiver on the loan amount of SGD1.6 million as per agreement, and the loan was reduced to SGD0.86 million (approximately RMB4.09 million).

During Q3 2021, there is a further waiver on the loan amount of SGD0.85 million as per agreement, in which the balance of loan amount was fully waived.

Short-term Loan – secured<sup>®</sup>

The subsidiary company entered into several short-term agreements with several local banks for a total amount of RMB83 million loan and are secured by pledging of few pieces of land use rights. Amount outstanding as of 30 September 2021 was RMB68.06 million.





恒宝环球

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#### 9. Group's borrowings and debt securities (continue)

Due to the impact of trade war between China and USA, economic slowdown in china and outbreak of swine fever, the Peoples's Government had initiated a financial assistance to special category of business such as food industry's company to avert any possible financial crises in the near future. One of the subsidiary had entered into this arrangement with Xing Ye Bank Co. Ltd, Rizhao Branch and also endorsed by the Court on the pledging of its properties and two guarantors provided for this special financial assistance.

The remaining balance of loan is related to bank loan of Forward Resources & Construction Sdn Bhd, a 60% owned subsidiary acquired in July 2021.

#### 10. Off-balance sheet financial instrument risks

There are no financial instruments with off-balance sheet risks as at the date of this report.

#### 11. Changes in material litigation

There were no material litigation for the current financial quarter and financial year to date.

#### 12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 30 September 2021 and 30 June 2021 are analysed as below:

	Current Financial Period		Preceding Financial Period	
	RMB'000	RM'000	RMB'000	RM'000
Total Retained Earnings of the Company and its subsidiary:				
- Realised	67,398	43,668	105,487	67,797
- Unrealised	1,330	861	741	476
Total Group Retained Earnings	68,728	44,529	106,228	68,273

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恒宝环球

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**13. Earning per share**

*Basic Earning per Share*

	Quarter Ended <u>30 September</u> <u>2021</u>	Preceding Year Corresponding Quarter <u>30 September</u> <u>2020</u>	Quarter Ended <u>30 September</u> <u>2021</u>	Preceding Year Corresponding Quarter <u>30 September</u> <u>2020</u>	Year to Date Ended <u>30 September</u> <u>2021</u>	Year to Date Ended <u>30 September</u> <u>2020</u>	Year to Date Ended <u>30 September</u> <u>2021</u>	Year to Date Ended <u>30 September</u> <u>2020</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/Profit attributable to - equity holders of the company	(37,500)	(7,858)	(24,297)	(4,759)	(21,656)	(21,808)	(14,032)	(13,315)
Weighted average number of ordinary share in issue ('000)	594,112	468,000	594,112	468,000	594,112	468,000	594,112	468,000
(Loss)/Earning Per Share - Basic (cents/ sen)	(6.31)	(1.68)	(4.09)	(1.02)	(3.65)	(4.66)	(2.36)	(2.85)

By Order of the Board

SHEN HENGBAO  
Chief Executive Officer