



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

Contents

Unaudited Condensed Consolidated Statements of Comprehensive Income

Condensed Consolidated Statements of Financial Position

Unaudited Condensed Consolidated Statements of Changes in Equity

Unaudited Condensed Consolidated Statements of Cash Flow

Notes to the Interim Financial Report

Additional information



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

Unaudited Condensed Consolidated Statement of Comprehensive Income

| | 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 |
|--|------------------|--------------------------------------|------------------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 |
| | RMB'000 | RMB'000 | RM'000 | RM'000 | RMB'000 | RMB'000 | RM'000 | RM'000 |
| Revenue | 39,615 | 32,844 | 25,936 | 20,055 | 131,463 | 97,880 | 86,069 | 59,763 |
| Cost of sales | (39,460) | (39,325) | (25,834) | (24,012) | (111,103) | (97,200) | (72,739) | (59,348) |
| Gross profit | 155 | (6,481) | 102 | (3,957) | 20,360 | 680 | 13,330 | 415 |
| Other income | 51,536 | 37,770 | 33,741 | 23,062 | 73,936 | 45,566 | 48,406 | 27,821 |
| Selling and distribution expenses | (1,887) | (438) | (1,235) | (267) | (2,492) | (1,193) | (1,632) | (728) |
| General and administrative expenses | (10,874) | (8,964) | (7,119) | (5,473) | (35,514) | (27,055) | (23,251) | (16,520) |
| Other operating expenses | (54,210) | (44,246) | (35,491) | (27,017) | (91,125) | (58,912) | (59,660) | (35,970) |
| Operating loss | (15,280) | (22,359) | (10,002) | (13,652) | (34,835) | (40,914) | (22,807) | (24,982) |
| Finance costs | (831) | (1,125) | (544) | (687) | (3,627) | (4,377) | (2,374) | (2,672) |
| Loss before taxation | (16,111) | (23,484) | (10,546) | (14,339) | (38,462) | (45,291) | (25,181) | (27,654) |
| Taxation | (375) | - | (246) | - | (375) | - | (246) | - |
| Loss after taxation | (16,486) | (23,484) | (10,792) | (14,339) | (38,837) | (45,291) | (25,427) | (27,654) |
| Other comprehensive loss for the period (net of tax) | (197) | - | (129) | - | (375) | - | (246) | - |
| Total comprehensive loss after tax | (16,683) | (23,484) | (10,921) | (14,339) | (39,212) | (45,291) | (25,673) | (27,654) |



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

Unaudited Condensed Consolidated Statement of Comprehensive Income (continue)

| | Quarter Ended 31 December 2021 | Preceding Year Corresponding Quarter 31 December 2020 | Quarter Ended 31 December 2021 | Preceding Year Corresponding Quarter 31 December 2020 | Year to Date Ended 31 December 2021 | Year to Date Ended 31 December 2020 | Year to Date Ended 31 December 2021 | Year to Date Ended 31 December 2020 |
|--|--------------------------------------|---|--------------------------------------|---|--|--|--|--|
| | RMB'000 | RMB'000 | RM'000 | RM'000 | RMB'000 | RMB'000 | RM'000 | RM'000 |
| Loss attributable to:- | | | | | | | | |
| - Equity holders of HB | (15,826) | (23,484) | (10,360) | (14,339) | (37,482) | (45,291) | (24,540) | (27,654) |
| - Non-controlling interest | (660) | - | (432) | - | (1,355) | - | (887) | - |
| Total comprehensive loss attributable to:- | | | | | | | | |
| - Equity holders of HB | (16,023) | (23,484) | (10,489) | (14,339) | (37,857) | (45,291) | (24,786) | (27,654) |
| - Non-controlling interest | (660) | - | (432) | - | (1,355) | - | (887) | - |
| Earnings Per Share * | | | | | | | | |
| - Basic (RMB cents/ sen) | (2.48) | (5.02) | (1.62) | (3.06) | (5.86) | (9.68) | (3.84) | (5.91) |
| - 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: RM0.6547 at 31 December 2020 and RMB1: 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 FOURTH QUARTER ENDED 31 DECEMBER 2021

Condensed Consolidated Statements of Financial Position

| | Unaudited As at 31 Dec 2021 | Audited As at 31 Dec 2020 | Unaudited As at 31 Dec 2021 | Audited As at 31 Dec 2020 |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | RMB'000 | RMB'000 | RM'000 | RM'000 |
| Non-Current Assets | | | | |
| Property, plant and equipment | 211,462 | 202,881 | 138,444 | 123,879 |
| Construction in progress | - | 7,696 | - | 4,699 |
| Investment properties | 3,873 | - | 2,536 | - |
| Land use right | 83,241 | 74,596 | 54,498 | 45,548 |
| | 298,576 | 285,173 | 195,478 | 174,126 |
| Current Assets | | | | |
| Inventories | 7,869 | 9,823 | 5,152 | 5,998 |
| Trade and other receivables | 50,758 | 47,242 | 33,231 | 28,846 |
| Prepayment for land use right | 85,673 | 77,340 | 56,090 | 47,224 |
| Contract assets | 38,945 | - | 25,497 | - |
| Income tax recoverable | 121 | - | 79 | - |
| Cash and bank balances | 10,887 | 182 | 7,128 | 111 |
| | 194,253 | 134,587 | 127,177 | 82,179 |
| TOTAL ASSETS | 492,829 | 419,760 | 322,655 | 256,305 |
| Capital and Reserves | | | | |
| Share capital | 257,464 | 146,161 | 168,562 | 89,245 |
| Reserve | 58,610 | 59,246 | 38,371 | 36,176 |
| Retained earnings | 52,902 | 90,384 | 34,635 | 55,188 |
| Non-controlling interest | (1,621) | - | (1,061) | - |
| Total Equity | 367,355 | 295,791 | 240,507 | 180,609 |
| Non-Current Liability | | | | |
| Borrowings | 6,332 | - | 4,146 | - |
| Lease liabilities | 1,550 | - | 1,015 | - |
| | 7,882 | - | 5,161 | - |
| Current Liabilities | | | | |
| Trade and other payables | 37,183 | 19,342 | 24,344 | 11,811 |
| Amount due to shareholder | - | 3,276 | - | 2,000 |
| Amount due to directors | 8,196 | 32,790 | 5,366 | 20,022 |
| Short-term loan and borrowings | 71,551 | 68,561 | 46,844 | 41,863 |
| Lease liabilities | 662 | - | 433 | - |
| | 117,592 | 123,969 | 76,987 | 75,696 |
| Total Liabilities | 125,474 | 123,969 | 82,148 | 75,696 |
| TOTAL EQUITY AND LIABILITIES | 492,829 | 419,760 | 322,655 | 256,305 |
| Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾ | 0.48 | 0.63 | 0.31 | 0.39 |

Notes:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 31 December 2021 and 31 December 2020 divided by the number of ordinary shares of 770,013,740 as at 31 December 2021 and 468,000,000 as at 31 December 2020 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: RM0.6547 at 31 December 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 FOURTH QUARTER ENDED 31 DECEMBER 2021

Unaudited Condensed Consolidated Statements of Changes in Equity

| 12 months ended 31 December 2021 | Share capital | Statutory reserves | Capital reserves | Currency Translation Reserve | Retained earnings | Non-controlling interest | Total equity |
|---|---------------|-----------------------|---------------------|------------------------------------|----------------------|-----------------------------|--------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2021 | 146,161 | 76,090 | (16,844) | - | 90,384 | - | 295,791 |
| Total comprehensive income/(loss) for the year | - | - | - | (375) | (37,482) | (1,355) | (39,212) |
| Issue of new ordinary shares | 111,303 | - | - | - | - | - | 111,303 |
| Acquisition/incorporation of new subsidiaries | - | - | - | - | - | (527) | (527) |
| Acquisition of additional shares in subsidiaries | - | - | (261) | - | - | 261 | - |
| At 31 December 2021 | 257,464 | 76,090 | (17,105) | (375) | 52,902 | (1,621) | 367,355 |

| 12 months ended 31 December 2021 | Share capital | Statutory reserves | Capital reserves | Currency Translation Reserve | Retained earnings | Non-controlling interest | Total equity |
|---|---------------|-----------------------|---------------------|------------------------------------|----------------------|-----------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2021 | 95,692 | 49,816 | (11,028) | - | 59,174 | - | 193,654 |
| Total comprehensive income/(loss) for the year | - | - | - | (246) | (24,539) | (887) | (25,672) |
| Issue of new ordinary shares | 72,870 | - | - | - | - | - | 72,870 |
| Acquisition/incorporation of new subsidiaries | - | - | - | - | - | (345) | (345) |
| Acquisition of additional shares in subsidiaries | - | - | (171) | - | - | 171 | - |
| At 31 December 2021 | 168,562 | 49,816 | (11,199) | (246) | 34,635 | (1,061) | 240,507 |

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: RM0.6547 at 31 December 2021 and 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 FOURTH QUARTER ENDED 31 DECEMBER 2021

Unaudited Condensed Consolidated Statements of Changes in Equity (continue)

| 12 months ended 31 December 2020 | Share capital | Statutory reserves | Capital reserves | Equity contribution reserves | Retained earnings | Non-controlling interest | Total equity |
|--|---------------|-----------------------|---------------------|------------------------------------|----------------------|-----------------------------|-----------------|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2020 | 146,161 | 76,090 | (16,844) | 8,237 | 127,437 | 403 | 341,484 |
| Disposal of controlling interest in subsidiaries | - | - | - | - | - | (403) | (403) |
| Derecognised of equity contribution reserve | - | - | - | (8,237) | 8,237 | - | - |
| Total comprehensive loss for the year | - | - | - | - | (45,291) | - | (45,291) |
| At 31 December 2020 | 146,161 | 76,090 | (16,844) | - | 90,384 | - | 295,791 |

| 12 months ended 31 December 2020 | Share capital | Statutory reserves | Capital reserves | Equity contribution reserves | Retained earnings | Non-controlling interest | Total equity |
|--|---------------|-----------------------|---------------------|------------------------------------|----------------------|-----------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RMB'000 | RM'000 |
| At 1 January 2020 | 89,245 | 46,461 | (10,285) | 5,030 | 77,813 | 237 | 208,501 |
| Disposal of controlling interest in subsidiaries | - | - | - | - | - | (237) | (237) |
| Derecognised of equity contribution reserve | - | - | - | (5,030) | 5,030 | - | - |
| Total comprehensive loss for the year | - | - | - | - | (27,655) | - | (27,655) |
| At 31 December 2020 | 89,245 | 46,461 | (10,285) | - | 55,188 | - | 180,609 |

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: RM0.6547 at 31 December 2021 and RM0.6106 at 31 December 2020 with comparatives is 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 FOURTH QUARTER ENDED 31 DECEMBER 2021

Unaudited Condensed Consolidated Statements of Cash Flow

| | As at 31 December 2021 | As at 31 December 2020 | As at 31 December 2021 | As at 31 December 2020 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | RMB'000 | RMB'000 | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Loss before income tax | (38,462) | (45,290) | (25,181) | (27,654) |
| Adjustments for: | | | | |
| Depreciation and amortization | 16,317 | 17,210 | 10,683 | 10,508 |
| Property, plant and equipment written off | - | 56,353 | - | 34,409 |
| Reversal of impairment loss on property, plant and equipment | (4,116) | (1,333) | (2,695) | (814) |
| Impairment loss on intangible assets | 83,327 | - | 54,554 | - |
| Inventories written down | 316 | 692 | 207 | 423 |
| Reversal of accrued interest | - | (345) | - | (211) |
| Reversal of impairment loss on land use right/prepayment of land use right | (18,799) | (24,669) | (12,308) | (15,063) |
| Impairment loss/(reversal of impairment loss) on trade receivables | 2477 | (1,556) | 1,622 | (950) |
| Loss from disposal of subsidiaries | - | 29 | - | 18 |
| Income from waiver of bank borrowing | (17,480) | (14,400) | (11,444) | (8,793) |
| Income from waiver of amount due to directors | (28,626) | - | (18,741) | - |
| Interest expense | 3,627 | 4,377 | 2,375 | 2,673 |
| Unrealised foreign exchange gain | (2) | (1,245) | (1) | (760) |
| OPERATING LOSS BEFORE WORKING CAPITAL CHANGES | (1,421) | (10,177) | (930) | (6,214) |
| Changes in working capital | | | | |
| Inventories | 1,638 | 287 | 1,072 | 175 |
| Trade and other receivables and contract assets | 1,134 | 9,809 | 742 | 5,989 |
| Trade and other payables | (14,762) | 717 | (9,665) | 438 |
| | (13,411) | 636 | (8,780) | 388 |
| Tax paid | (428) | - | (280) | - |
| Net cash (used in)/generated from operating activities | (13,839) | 636 | (9,060) | 388 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of property, plant and equipment and payment for construction-in-progress | (5,671) | (735) | (3,713) | (449) |
| Acquisition of subsidiaries, net of cash acquired | 654 | - | 428 | - |
| Disposal of subsidiaries, net of cash | - | (8) | - | (5) |
| Net cash used in investing activities | (5,017) | (743) | (3,285) | (454) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Advances from/(repayment to) directors | (5,763) | 2,188 | (3,773) | 1,336 |
| Repayment of advance to shareholder | (3,418) | - | (2,238) | - |
| Drawdown/(repayment) of bank borrowings | 14,241 | (209) | 9,324 | (128) |
| Payment for leases | (29) | - | (19) | - |
| Fixed deposit pledged | (527) | - | (345) | - |
| Proceed from issuance of new ordinary shares | 27,329 | - | 17,892 | - |
| Non-controlling interest from incorporation of a subsidiary | 38 | - | 25 | - |
| Interest expense | (3,627) | (3,264) | (2,375) | (1,992) |
| Net cash generated from/(used in) financing activities | 28,244 | (1,285) | 18,491 | (784) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 9,388 | (1,392) | 6,146 | (850) |
| Effect of exchange rate changes | (149) | - | (97) | - |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR | 182 | 1,574 | 119 | 961 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 9,421 | 182 | 6,168 | 111 |

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: RM0.6547 at 31 December 2021 and RMB1: 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.
- Cash and cash equivalents are cash and bank balances net of fixed deposit pledged to banks amounted to RMB1,466,000 (RM960,000) as at 31 December 2021.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 complies 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 Shandong Hengbao Foodstuffs Co., Ltd. (formerly known as 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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

1. Basis of preparation (continue)

c) *Basis of consolidation (continue)*

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 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.

China Government has on February 2020 imposed lockdown on Wuhan and in a later stage throughout the whole country. Following the WHO's declaration, Malaysia Government also on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

4. Unusual items (continue)

Malaysia. 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 year ended 31 December 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.

5. Changes in estimates

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

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.

7. Dividends

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

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

8. Segment information

| Financial Year Ended 31 December 2021 | | | | | | |
|--|--|-------------------------------------|--------------------------------|--------------------------|----------------------|---------------------|
| | <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 | 49,813 | 46,542 | - | 13,637 | 21,471 | 131,463 |
| Segment results | 6,562 | 9,413 | - | 3,547 | 838 | 20,360 |
| Other income | | | | | | 73,936 |
| Unallocated costs | | | | | | (129,131) |
| Finance expenses | | | | | | (3,627) |
| Loss before income tax | | | | | | (38,462) |
| Income tax expense | | | | | | (375) |
| Profit for the period | | | | | | (38,837) |
| Other segment information: | | | | | | |
| Depreciation and amortisation | | | | | | 16,317 |
| Capital expenditures | | | | | | 5,671 |

| Financial Period Ended 31 December 2021 | | | | | | |
|--|--|-------------------------------------|--------------------------------|--------------------------|----------------------|---------------------|
| | <u>Ready-to- serve Food</u> | <u>Frozen Vegetables</u> | <u>Duck Farming</u> | <u>Technology</u> | <u>Others</u> | <u>Total</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 32,613 | 30,471 | - | 8,928 | 14,057 | 86,069 |
| Segment results | 4,296 | 6,163 | - | 2,322 | 549 | 13,330 |
| Other income | | | | | | 48,406 |
| Unallocated costs | | | | | | (84,542) |
| Finance expenses | | | | | | (2,375) |
| Loss before income tax | | | | | | (25,181) |
| Income tax expense | | | | | | (246) |
| Loss for the period | | | | | | (25,427) |
| Other segment information: | | | | | | |
| Depreciation and amortisation | | | | | | 10,683 |
| Capital expenditures | | | | | | 3,713 |

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: RM0.6547 at 31 December 2020 and RMB1: 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.



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

8. Segment information (continue)

| Financial Year Ended 31 December 2020 | | | | | |
|--|-----------------------------------|---------------------------------|----------------------------|----------------------|---------------------|
| | <u>Ready-to-serve Food</u> | <u>Frozen Vegetables</u> | <u>Duck Farming</u> | <u>Others</u> | <u>Total</u> |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Revenue | 44,863 | 29,818 | - | 23,199 | 97,880 |
| Segment results | 3,494 | (4,325) | - | 1,511 | 680 |
| Other income | | | | | 45,566 |
| Unallocated costs | | | | | (87,160) |
| Finance costs | | | | | (4,377) |
| Loss before taxation | | | | | (45,291) |
| Income tax expense | | | | | - |
| Loss for the period | | | | | (45,291) |
| Other segment information: | | | | | |
| Depreciation and amortisation | | | | | 17,210 |
| Capital expenditures | | | | | 735 |

| Financial Year Ended 31 December 2020 | | | | | |
|--|-----------------------------------|---------------------------------|----------------------------|----------------------|---------------------|
| | <u>Ready-to-serve Food</u> | <u>Frozen Vegetables</u> | <u>Duck Farming</u> | <u>Others</u> | <u>Total</u> |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 27,392 | 18,206 | - | 14,165 | 59,763 |
| Segment results | 2,133 | (2,641) | - | 923 | 415 |
| Other income | | | | | 27,823 |
| Unallocated costs | | | | | (53,219) |
| Finance costs | | | | | (2,673) |
| Loss before taxation | | | | | (27,654) |
| Income tax expense | | | | | - |
| Loss for the period | | | | | (27,654) |
| Other segment information: | | | | | |
| Depreciation and amortisation | | | | | 10,509 |
| Capital expenditures | | | | | 449 |

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: RM0.6547 at 31 December 2021 and RMB1: 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.



HB Global Limited

(Company Registration No.: 200608505W)
(Malaysian Foreign Company Registration No.: 995221-H)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

9. Material events subsequent to the end of the current financial quarter

Saves as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

On 14 February 2022, the Board announced that the Company wishes to undertake a proposed private placement of up to 154,002,700 shares in HB, representing approximately 20% of the issued shares in HB at an issued price to be determined later.

10. Changes in the composition of the Group

Saved as disclosed below, there were no material changes in the composition of the Group for the current financial year:

- 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.
- 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
- x. On 29 October 2021, the Company had incorporated a 75% owned subsidiary, HB Infrastructures and Technologies Sdn Bhd, with a total paid up capital of RM100,000.

11. Contingent liability or asset

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.



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

12. Non-current assets

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

13. Capital commitment

There were no material commitments as at the date of this report.

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 | 497 | 325 | 1,812 | 1,186 |
| Post employment benefits | - | - | - | - |

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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 FOURTH QUARTER ENDED 31 DECEMBER 2021

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

1. Review of the performance of the Group

Review of Group Comprehensive Income

Our revenue increased by RMB33.6 million or approximately 34.3% from RMB97.9 million in financial year ended 31 December 2020 (“FYE2020”) to RMB131.5 million in financial year ended 31 December 2021 (“FYE2021”). 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”) increased from RMB0.7 million in FYE2020 to RMB20.4 million in FYE 2021. This was mainly due to increase in revenue and profit margin generated by our subsidiaries in China and Malaysia.

Increase in other income was mainly due to waiver on amount due to directors amounting to approximately RMB28.8 million and reversal of impairment loss on land use right/prepayment of land use right amounting to RMB18.8 million.

Other operating expenses increased substantially by RMB32.2 million in FYE2021 mainly due to impairment loss provided on goodwill related to acquisition of a subsidiary amounting to RMB83.3 million.

The Group recorded lower net loss before taxation of RMB38.5 million in FYE2021 compared to loss of RMB45.3 million in FYE2020 mainly due to higher revenue and gross profit generated in FYE 2021.

Review of Financial Position

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. Trade and other receivables increased to RM50.8 million from RM47.2 million in line with the increase in revenue. Cash and bank balance stood at RM10.9 million in FYE2021 compared to RM0.2 million in FYE2020 mainly due to proceeds received from issuance of new shares via private placement. Decrease in amount due to directors in FYE2021 compared to FYE2020 was mainly due to waiver of amount due to China directors. Increase in trade and other payables was mainly due to addition of payables related to a new subsidiary acquired in July 2021.

Review of Cash Flow Statement

Net cash generated from operating activities has decreased from RMB0.6 million in FYE2020 to net cash outflow of RMB13.8 million in FYE2021 mainly due to increase in trade and other payables.

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



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

2. Variation of results against immediate preceding quarter

| | Current Quarter 31 December 2021 | | Preceding Quarter 30 September 2021 | |
|----------------------|-------------------------------------|----------|--|----------|
| | RMB'000 | RM'000 | RMB'000 | RM'000 |
| Revenue | 39,615 | 25,936 | 32,150 | 20,830 |
| Loss before taxation | (16,111) | (10,546) | (37,934) | (24,578) |
| Loss after taxation | (16,486) | (10,792) | (37,934) | (24,578) |

The Group recorded revenue of RMB39.6 million in the current quarter, increased by approximately RMB7.5 million from RMB32.1 million in the immediate preceding quarter.

The Group recorded loss after tax in current quarter which was RMB16.5 million compared to loss after tax of RMB37.9 million in the preceding quarter.

3. Prospects for FYE 2022

The outbreak of corona virus in late 2019 had paralysed many industries and global economy as many countries imposed lockdown to contain the corona virus. 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 | 375 | 246 | 375 | 246 |

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 financial year.

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% due to permanent difference in the tax treatment of expenses that are not deductible under People's Republic of China tax.



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

5. Income tax expenses (continue)

Malaysia Tax

The Malaysia income tax is computed according to the relevant laws and regulations in Malaysia. The applicable income tax rate is 24% for current financial year.

6. Sales of unquoted investment / properties

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

7. Purchase or disposal of quoted securities

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

8. Status of utilization 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 31 December 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 | (13,980) | (9,083) |
| Business projects/investments | (6,706) | (4,357) |
| Balance @ 31.12.2021 | 5,327 | 3,461 |

9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 31 December 2021 were as follows:

| | RMB'000 | RM'000 |
|-----------------------------|---------|--------|
| Short term: | | |
| Loan – unsecured* | - | - |
| Loan – secured@ | 71,551 | 46,844 |
| Lease liabilities – secured | 662 | 433 |

| | RMB'000 | RM'000 |
|-----------------------------|---------|--------|
| Long term: | | |
| Loan – secured | 6,332 | 4,146 |
| Lease liabilities – secured | 1,550 | 1,015 |

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.



HB Global Limited

(Company Registration No.: 200608505W)
(Malaysian Foreign Company Registration No.: 995221-H)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

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

The subsidiary company entered into several short-term agreements with several local banks for a total amount of RMB50.4 million loan and are secured by pledging of few pieces of land use rights.

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 other 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

Saved as disclosed below, there were no material litigation for the current financial year:

- i) **Shah Alam Sessions Court Civil Suit No. ba-B52NCC-114-09/2021
CM Precast & Construction Sdn Bhd (“Plaintiff”) vs Forward Resources And Construction Sdn Bhd (“FRC”) and Lean Kock Kiang (“LKK”) (collectively known as “defendants”)**

On 25 February 2022, the Board of Directors of HB announced that its subsidiary, FRC has been served with a Writ of Summons (“Writ”) and Statement of Claim (“SOC”) dated 22.9.2021 and a Summary Judgement (“SJ”) dated 9.2.2022 respectively by the Plaintiff.

Details of the default or circumstances leading to the filing of Writ, SOC AND SJ against the Defendants

The Plaintiff alleged the Defendants have failed to pay for the outstanding sum for the goods sold and supplied to FRC from 3.9.2019 to 19.7.2021. The Plaintiff has served a Writ and SOC dated 22.9.2021 to the Defendants to claim for the outstanding sum and interest payment. The Plaintiff claimed that LKK, the director of FRC has signed a guarantee agreement dated 4.6.2015 to guarantee the payment for FRC. The Defendants have denied the aforementioned claims and have filed the defence on 22.10.2021 and the Plaintiff was put to strict proof.

On 9.2.2022, the court has ordered the Defendants to pay for the outstanding sum, interest payment and cost awarded by court to the Plaintiff via the SJ.

On 18.2.2022, the Defendants have filed the Notice of Appeal to appeal against the decision of SJ.



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

11. Changes in material litigation (continue)

The particulars of the claim under the Writ, SOC and SJ, including the amount claimed for and other relief sought

The Plaintiff claimed for the following:

- a. Outstanding sum of RM761,948.73 for the invoices to FRC from 3.9.2019 to 19.7.2021
- b. Interest payment of RM192,497.22 at the date of 24.08.2021;
- c. Interest at the rate of 1.8% per month of RM761,948.73 from the date of 25.08.2021 until the date of full and final settlement by the Defendants;
- d. Cost awarded by Court amounting RM3,000.00

ii) Petaling Jaya Sessions Court Civil Suit No. BB-A51NCVC-134-10/2021 Between Kerajaan Malaysia (“Plaintiff”) And Forward Resources And Construction Sdn Bhd (“FRC”) (“Defendant”)

On 25 February 2022, the Board of Directors of HB announced that its subsidiary, FRC has been served with a Writ Summons (“Writ”) and Statement of Claim (“SOC”) dated 5.10.2021 and a Judgement in Default (“JID”) dated 27.10.2021 respectively by the Plaintiff through Lembaga Hasil Dalam Negeri Malaysia.

Details Of The Default Or Circumstances Leading To The Filing Of Writ, SOC AND JID Of Claim Against The Defendant

During the assessment year 2020, the Defendant has been assessed with Tax on their accounting from 01.04.2019 until 31.03.2020. Thus, the Defendant was required to pay RM850,000.00 by installments for 15 months starting from a 2nd month.

On 03.12.2019, the Defendant submitted tax estimated amendments for the assessment year 2020 amounting RM495,831.00.

The Defendant has failed to submit Borang Cukai Pendapatan Syarikat (“Borang C”) for the assessment year 2020 to the Plaintiff on or before the last day of 7 months after the date of closing account. Therefore, the tax assessment year 2020 included with income tax amounting RM718,954.77.

After deducting the amount of RM495,831.00 which it is an installment payment that have been paid by the Defendant for the assessment year 2020, the balance of tax payable is RM223,123.77

As the Defendant has failed to pay the amount of RM223,123.77 within the 30 days from the notice of assessment, thus, there is an additional of 10% of interest amounting RM22,312.37 has been imposed to the balance tax assessment year 2020.

As at the date of the Writ and SOC, the Defendant has failed to pay the balance amount of RM245,436.14 for the tax under assessment year 2020. On 27.10.2021, the court has ordered FRC to pay for the balance tax amount of RM245,436.14 to the Plaintiff via JID. On 6.12.2021, FRC has settled the payment of balance tax amount RM245,436.14.



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 FOURTH QUARTER ENDED 31 DECEMBER 2021

12. Realised and unrealised profit/losses disclosure

The retained earnings as at 31 December 2021 and 30 September 2021 are analysed as below:

| | Current Quarter | | Preceding Quarter | |
|--|-----------------|--------|-------------------|--------|
| | RMB'000 | RM'000 | RMB'000 | RM'000 |
| Total retained earnings of the Company and its subsidiaries: | | | | |
| - Realised | 52,900 | 34,634 | 67,398 | 43,668 |
| - Unrealised | 2 | 1 | 1,330 | 861 |
| Total group retained earnings | 52,902 | 34,635 | 68,728 | 44,529 |

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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 FOURTH QUARTER ENDED 31 DECEMBER 2021

13. Earnings per share

Basic earnings per share

| | 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 |
|---|---------------|--------------------------------------|---------------|--------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| | RMB'000 | RMB'000 | RM'000 | RM'000 | RMB'000 | RMB'000 | RM'000 | RM'000 |
| Loss attributable to equity holders of HB | (15,826) | (23,484) | (10,360) | (14,339) | (37,482) | (45,291) | (24,540) | (27,654) |
| Weighted average number of ordinary share in issue ('000) | 639,413 | 468,000 | 639,413 | 468,000 | 639,413 | 468,000 | 639,413 | 468,000 |
| Earning per share - Basic (RMB cents/ sen) | (2.48) | (5.02) | (1.62) | (3.06) | (5.86) | (9.68) | (3.84) | (5.91) |

By Order of the Board

SHEN HENGBAO
Chief Executive Officer