



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 2022

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Unaudited Condensed Consolidated Statement Of Comprehensive Income

	Quarter Ended 30 September 2022	Preceding Year Corresponding Quarter 30 September 2021	Quarter Ended 30 September 2022	Preceding Year Corresponding Quarter 30 September 2021	Year to Date Ended 30 September 2022	Year to Date Ended 30 September 2021	Year to Date Ended 30 September 2022	Year to Date Ended 30 September 2021
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	18,280	32,150	11,939	20,830	55,837	91,848	36,467	59,508
Cost of sales	(18,556)	(25,117)	(12,119)	(16,273)	(59,717)	(71,643)	(39,001)	(46,417)
Gross (loss)/profit	(276)	7,033	(180)	4,557	(3,880)	20,205	(2,534)	13,091
Other operating income	3,538	3,893	2,311	2,522	3,840	22,400	2,508	14,513
Selling and distribution expenses	(150)	(341)	(98)	(221)	(360)	(605)	(235)	(392)
General and administrative expenses	(6,318)	(10,688)	(4,127)	(6,925)	(20,993)	(24,640)	(13,711)	(15,965)
Other operating expenses	-	(36,915)	-	(23,917)	-	(36,915)	-	(23,917)
Operating loss	(3,206)	(37,018)	(2,094)	(23,984)	(21,393)	(19,555)	(13,972)	(12,670)
Finance costs	(581)	(916)	(379)	(594)	(2,535)	(2,796)	(1,656)	(1,812)
Loss before taxation	(3,787)	(37,934)	(2,473)	(24,578)	(23,928)	(22,351)	(15,628)	(14,482)
Taxation	-	-	-	-	-	-	-	-
Loss after taxation	(3,787)	(37,934)	(2,473)	(24,578)	(23,928)	(22,351)	(15,628)	(14,482)
Other comprehensive income/(loss) for the period (net of tax)	260	(178)	170	(115)	225	(178)	147	(115)
Total comprehensive loss after tax	(3,527)	(38,112)	(2,303)	(24,693)	(23,703)	(22,529)	(15,481)	(14,597)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>	<u>30 September 2022</u>	<u>30 September 2021</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to:-								
- Equity holders of HB	(3,672)	(37,500)	(2,398)	(24,297)	(21,762)	(21,656)	(14,213)	(14,032)
- Non-controlling interest	(115)	(434)	(75)	(281)	(2,166)	(695)	(1,415)	(450)
Total comprehensive loss attributable to:-								
- Equity holders of HB	(3,401)	(37,678)	(2,221)	(24,412)	(21,535)	(21,834)	(14,065)	(14,147)
- Non-controlling interest	(126)	(434)	(82)	(281)	(2,168)	(695)	(1,416)	(450)
(Loss)/earnings Per Share *								
- Basic (RMB cents/ sen)	(0.48)	(6.31)	(0.31)	(4.09)	(2.83)	(3.65)	(1.85)	(2.36)
- 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: RM0.6531 at 30 September 2022 and RM0.6479 at 30 September 2021 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 2022

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 September 2022	Audited As at 31 December 2021	Unaudited As at 30 September 2022	Audited As at 31 December 2021
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	196,063	211,462	128,048	138,444
Investment properties	-	3,873	-	2,536
Intangible assets	81,717	83,241	53,369	54,498
	277,780	298,576	181,417	195,478
Current Assets				
Inventories	19,019	7,847	12,421	5,137
Trade and other receivables	18,866	50,521	12,321	33,076
Contract assets	-	38,945	-	25,497
Prepayments	85,673	85,969	55,953	56,284
Income tax recoverable	-	495	-	324
Cash and bank balances	1,304	10,887	852	7,128
	124,862	194,664	81,547	127,446
TOTAL ASSETS	402,642	493,240	262,964	322,924
Capital and Reserves				
Share capital	257,463	257,463	168,149	168,561
Reserves	58,836	58,609	38,425	38,371
Retained earnings	31,289	53,051	20,435	34,732
Non-Controlling Interest	(103)	(1,469)	(67)	(962)
Total Equity	347,485	367,654	226,942	240,702
Current Liabilities				
Trade and other payables	3,916	36,487	2,557	23,888
Amount due to directors	2,400	9,004	1,567	5,895
Bank borrowings	48,841	71,537	31,898	46,835
Lease liabilities	-	664	-	435
	55,157	117,692	36,022	77,053
Non-Current Liabilities				
Bank borrowings	-	6,346	-	4,155
Lease liabilities	-	1,548	-	1,014
	-	7,894	-	5,169
TOTAL LIABILITIES	55,157	125,586	36,022	82,222
TOTAL EQUITY AND LIABILITIES	402,642	493,240	262,964	322,924
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	0.45	0.48	0.29	0.31

The Company had submitted its Audited Financial Statements for the year ended 31 December 2021 on due date and had made announcement on 29 April 2022.

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 2022 and 31 December 2021 divided by the number of ordinary shares of 770,013,740.
- (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: RM0.6531 at 30 September 2022 and RM0.6547 at 31 December 2021 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 2022

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 2022	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 2022	257,463	76,090	(17,106)	(375)	53,051	(1,469)	367,654
Total comprehensive loss for the period	-	-	-	227	(21,762)	(2,168)	(23,703)
Derecognition of a subsidiary	-	-	-	-	-	3,534	3,534
At 30 September 2022	<u>257,463</u>	<u>76,090</u>	<u>(17,106)</u>	<u>(148)</u>	<u>31,289</u>	<u>(103)</u>	<u>347,485</u>

9 months ended 30 September 2022	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 2022	168,149	49,694	(11,172)	(245)	34,648	(959)	240,115
Total comprehensive loss for the period	-	-	-	148	(14,213)	(1,416)	(15,481)
Derecognition of a subsidiary	-	-	-	-	-	2,308	2,308
At 30 September 2022	<u>168,149</u>	<u>49,694</u>	<u>(11,172)</u>	<u>(97)</u>	<u>20,435</u>	<u>(67)</u>	<u>226,942</u>

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: RM0.6531 at 30 September 2022 and : RM0.6479 at 30 September 2021 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 2022

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

9 months ended 30 September 2021	Share capital	Statutory reserves	Capital reserves	Currency translation reserve	Retained earnings	Non- controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RM'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	146,161	76,090	(16,844)	-	90,384	-	295,791
Total comprehensive loss 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>

9 months ended 30 September 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	94,698	49,299	(10,914)	-	58,560	-	191,643
Total comprehensive loss 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>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2022	As at 30 September 2021	As at 30 September 2022	As at 30 September 2021
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(23,928)	(22,351)	(15,627)	(14,481)
Adjustments for:				
Depreciation and amortisation	12,127	12,134	7,920	7,862
Impairment loss on intangible assets	-	36,915	-	23,917
Reversal of impairment loss on trade receivables	(75)	-	(49)	-
Waiver on loan principal and interest related to loan from a director	-	(21,228)	-	(13,754)
Waiver on director fee	-	(316)	-	(205)
Gain arising from derecognition of a subsidiary	(3,534)	-	(2,308)	-
Interest expenses	2,535	2,796	1,656	1,812
Unrealised foreign exchange gain	-	(1,330)	-	(861)
OPERATING (LOSS)/GAIN BEFORE WORKING CAPITAL CHANGES	(12,875)	6,620	(8,408)	4,290
In inventories	(11,173)	(8,285)	(7,297)	(5,368)
In contract assets	1,988	570	1,298	369
In trade and other receivables	22,791	(10,402)	14,885	(6,739)
In trade and other payables	(3,299)	1,064	(2,155)	689
Tax paid	-	(54)	-	(35)
Cash from operations	(2,568)	(10,487)	(1,677)	(6,794)
Interest paid	(2,535)	(2,796)	(1,656)	(1,812)
Net cash used in operating activities	(5,103)	(13,283)	(3,333)	(8,606)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(231)	(4,846)	(151)	(3,140)
Derecognition of a subsidiary, net of cash and cash equivalents	18,505	-	12,086	-
Acquisition of a subsidiary, net of cash acquired	-	566	-	367
Net cash from/(used in) investing activities	18,274	(4,280)	11,935	(2,773)
CASH FLOWS FROM FINANCING ACTIVITIES				
(Repayment)/drawdown of borrowings and lease liabilities	(3,122)	3,259	(2,039)	2,112
Fixed deposit pledged	-	(318)	-	(206)
Proceeds from issuance of new ordinary shares	-	27,329	-	17,706
Net cash (used in)/from financing activities	(3,122)	30,270	(2,039)	19,612
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,049	12,707	6,563	8,233
Exchange rate translation differences	547	449	357	291
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	(9,292)	182	(6,069)	118
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,304	13,338	851	8,642
CASH AND BANK BALANCES	1,304	20,715	851	13,421
LESS: BANK DEPOSITS PLEDGED	-	(318)	-	(206)
LESS: BANK OVERDRAFTS	-	(7,059)	-	(4,573)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,304	13,338	851	8,642

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

**A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR
THE SECOND QUARTER ENDED 30 SEPTEMBER 2022**

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 2021 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 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.



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c) Basis of consolidation (continue)

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 2021 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 2021 ("FS 2021") to draw an attention to the board and shareholders as regard to the emphasis of matter and key audit matters as follow:

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 FY2021. 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
- III) Impairment assessment of goodwill

The key audit matters highlighted by independent auditors had no material changes or further development as compared to 31 December 2021.

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 other than the holiday effect on the operation for Chinese New Year festival.

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 2022 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 arises.

5. Changes in estimates

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



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6. Changes in share capital and debts

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasure 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

Financial Period Ended 30 September 2022					
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Technology</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	26,656	10,350	4,451	14,380	55,837
Segment results	1,918	(2,057)	(3,379)	(362)	(3,880)
Other income					3,840
Unallocated costs					(21,353)
Finance expenses					(2,535)
Loss before income tax					(23,928)
Income tax expense					-
Loss for the period					(23,928)
Other segment information:					
Depreciation and amortisation					12,127
Capital expenditures					231

Financial Period Ended 30 September 2022					
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Technology</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	17,409	6,760	2,907	9,391	36,467
Segment results	1,253	(1,343)	(2,207)	(237)	(2,534)
Other income					2,508
Unallocated costs					(13,946)
Finance expenses					(1,656)
Loss before income tax					(15,628)
Income tax expense					-
Loss for the period					(15,628)
Other segment information:					
Depreciation and amortisation					7,920
Capital expenditures					151



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8. Segment information (continue)

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: RM0.6531 at 30 September 2022 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.

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

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



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8. Segment information (continue)

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 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.

9. Subsequent events

There were no material events as at the date of this announcement that will affect the results of the current financial quarter.

10. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial period, except as disclosed below:

- i) On 24 August 2022, the Company announced that the High Court of Malaya at Shah Alam has granted order that Forward Resources and Construction Sdn Bhd (“FRC”) be wound up by the Court under the provisions of the Companies Act, 2016 and Official Receiver be appointed as the Liquidator of FRC. Due to lost of control in FRC as a result of the above Court Order, the Group has derecognized FRC as its subsidiaries effective from this date.

11. Contingent liability or assets

There were no material contingent liabilities or assets which may have material effect on the financial position of the Group.

12. Non-current assets

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

13. Capital commitment

There were no material capital commitment during the current financial period.

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				
Post employment benefits	593	387	1,858	1,220



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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

Our revenue decreased by RMB36.0 million from RMB91.8 million in financial period ended 30 September 2021 (“FPE2021”) to RMB55.8 million in financial period ended 30 September 2022 (“FPE2022”). The decrease was mainly due to decrease in sales of China subsidiary as during FPE2022, there was some disruption in the production and supply chain due to the lockdown in certain areas of China which have been affected with rising Covid 19 cases.

Other income in FPE 2022 amounted to RMB3.8 million was much lower compared to FPE 2021 which amounted to RMB22.4 million. This is mainly due to waiver of principal and interest on loan from a Director amounted to approximately RMB21.2 million taken up in FPE 2021.

General and administrative expenses decreased by approximately RMB3.6 million from RMB24.6 million to RMB21.0 million mainly due to the scaling down of business operations in certain subsidiaries to reduce operational costs.

The Group incurred loss before tax of RMB23.9 million in FPE2022 compared to RMB22.4 in FPE2021 million mainly due to lower revenue and other operating income generated in FPE 2022.

Review of Statements of Financial Positions

The Company statements of financial positions remains strong with net assets of RMB347.5 million as at 30 September 2022.

Increase in inventory as at 30 September 2022 compared to 31 December 2021 was mainly due to disruption of production in certain period of FPE2022 causing by the lockdown in certain areas of China due to Covid 19 preventative measures taken by Government, thus causing slower utilization of inventories on hand for production of goods. Cash and bank balances has reduced from RMB10.9 million to RMB1.3 million mainly due to lower revenue and tight margin in some major segments of the Group coupled with high fixed costs.

Review of Cash Flow Statement

Net cash used in operating activities decreased to RMB5.1 million in FPE2022 from RMB13.3 million in FPE2021 mainly due to net cash inflow in trade and other receivables.

Cash and cash equivalents at FPE2022 was RMB1.3 million compared to RM13.3 million in FPE2021.



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2. Variation of results against immediate preceding quarter

	Current Quarter 30 Sep 2022		Preceding Quarter 30 Jun 2022	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	18,280	11,939	18,700	12,314
Loss Before Taxation	(3,787)	(2,473)	(5,491)	(3,616)
Loss After Taxation	(3,787)	(2,473)	(5,491)	(3,616)

The Group recorded revenue of RMB18.2 million in the current quarter compared to RMB18.7 million in the preceding quarter.

Loss before tax in Q32022 was lower compared to Q22022 mainly due to lower operating expenses incurred in the current quarter.

3. Prospects for FYE 2022

With the Covid-19 pandemic still raging globally and causing unprecedented disruption to economic activity, the Group continues to prioritise cash conservation and cost control as well as to continue to focus on increase the consumption of our products among consumers in People's Republic of China.

The performance of the Group for FYE 2022 remains challenging despite certain countries in the world had started to reopen their borders as they enter into endemic phase, as we are seeing a spike in commodity and freight prices following the war in Ukraine. The Board will remain cautious and manage the business of the Group with vigilance during this period of uncertainty.

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.

Malaysia tax

The Malaysia tax of our Group for the current quarter and financial year-to-date was approximately Nil as compared to the applicable tax rate ranging from 17% to 25%.



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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.

8. Status of utilization of proceeds

On 26 March 2021, ordinary shares of 93,600,000 have been issued at an issuing price of RM0.185 via private placement.

Utilization of the proceeds as of 30 September 2022 were as follows:

	RMB'000	RM'000
Proceeds from issuance of shares via private placement	26,513	17,316
Expenses for private placement	(635)	(415)
Working capital	(19,012)	(12,417)
Business projects/investments	(6,671)	(4,357)
Balance @ 30 September 2022	195	127

Utilization of proceeds are in RM amounts which were translated to RMB at 30 September 2022 exchange rate of RMB1: RM0.6531.

9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 30 September 2022 were as follows:

	RMB'000	RM'000
Short term:		
Loan and borrowings – secured [Ⓔ]	48,841	31,898

Short-term loan and borrowings – secured[Ⓔ]

The subsidiary company in China entered into several short-term agreements with several local banks 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 subsidiaries 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.

10. Off-balance sheet financial instrument risks

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



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11. Changes in material litigation

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

- i) High Court of Malaya at Shah Alam Winding Up Petition No. BA-28NCC-298-05/2022 in relation to the Winding Up of Forward Resources and Construction Sdn Bhd by Bina Plastic Industries Sdn Bhd

Forward Resources and Construction Sdn Bhd (“FRC”), a 60% owned subsidiary of the Company had on 18 May 2022 received a winding-up petition (“Petition”) dated 17 May 2022 from Messrs John Yong & Irene Song, the solicitors acting for Bina Plastic Industries Sdn Bhd (“BPI” or the “Petitioner”). The Petition is fixed for e-Review on 21 June 2022 and hearing on 24 August 2022.

BPI claimed that FRC has failed and/or neglected to settle the total outstanding sum of RM3,855,804.01 (being the outstanding sum for goods sold and delivered amounting to RM3,173,042.04 together with late payment interest of RM682,761.97 at the late interest rate of 1.5% per month on the outstanding sum) due to the Petitioner within the stipulated time in the Statutory Notice of Demand. As such, BPI has applied to the Court on the following:-

- (a) That FRC be wound up by the Court under the provisions of the Companies Act, 2016;
- (b) That the official receiver be appointed as the liquidator of FRC;
- (c) That the costs of this Petition be taxed and paid out of the assets of the Company; and
- (d) Such other orders may be made in the premises as shall be just.

The above winding up petition is not expected to have any significant financial and operational impact on the Group.

Further to the hearing held on 24 August 2022, the Court has granted order as follows:-

- (a) That Forward Resources and Construction Sdn Bhd be wound up by the Court under the provisions of the Companies Act, 2016;
- (b) That the Official Receiver be appointed as the Liquidator of Respondent; and
- (c) That the costs of RM8,000.00 to be paid out from the assets of the Respondent to the Petitioner.

12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 30 September 2022 and 30 June 2022 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	31,289	20,435	34,961	23,022
- Unrealised	-	-	-	-
Total Group Retained Earnings	31,289	20,435	34,961	23,022



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13. Earning per share

Basic Earning per Share

	Quarter Ended 30 Sep 2022 RMB'000	Preceding Year Corresponding Quarter 30 Sep 2021 RMB'000	Quarter Ended 30 Sep 2022 RM'000	Preceding Year Corresponding Quarter 30 Sep 2021 RM'000	Year to Date Ended 30 Sep 2022 RMB'000	Year to Date Ended 30 Sep 2021 RMB'000	Year to Date Ended 30 Sep 2022 RM'000	Year to Date Ended 30 Sep 2021 RM'000
Loss attributable to - equity holders of the company	(3,672)	(37,500)	(2,398)	(24,297)	(21,762)	(21,656)	(14,213)	(14,032)
- Non-controlling interest	(115)	(434)	(75)	(281)	(2,166)	(695)	(1,415)	(450)
Weighted average number of ordinary share in issue ('000)	770,014	594,112	770,014	594,112	770,014	594,112	770,014	594,112
(Loss)/earnings Per Share - Basic (RMB cents/ sen)	(0.48)	(6.31)	(0.31)	(4.09)	(2.83)	(3.65)	(1.85)	(2.36)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer