



HB GLOBAL LIMITED

Annual Report 2024



HB GLOBAL LIMITED

Malaysia Registration No.: 200902000048 (995221-H)

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

Singapore Registration No.: 200608505W

(Incorporated in Singapore under the Companies Act (Chapter 50) of Singapore)

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CORPORATE INFORMATION

BOARD OF DIRECTORS

**YTM Dato' Johan Pahlawan
Lela Perkasa Sitiawan Dato'
Muhammed Bin Haji Abdullah**
*Independent Non-Executive
Chairman*

Shen Hengbao
Chief Executive Officer

Keh Chuan Yee
Executive Director

Yang Chin Shen
*Independent Non-Executive
Director*

Ho Pui Hold
*Independent Non-Executive
Director*

Chin Nyat Fwu
*Independent Non-Executive
Director*

Elizabeth Siew Wai Kit
*Independent Non-Executive
Director*

**Dato Haji Mohd Hizzat Bin
Mohd Shah**
*Independent Non-Executive
Director*

AUDIT COMMITTEE

Yang Chin Shen – Chairman
*(Independent Non-Executive
Director)*

Chin Nyat Fwu – Member
*(Independent Non-Executive
Director)*

Elizabeth Siew Wai Kit – Member
*(Independent Non-Executive
Director)*

NOMINATION COMMITTEE

Elizabeth Siew Wai Kit – Chairman
*(Independent Non-Executive
Director)*

Yang Chin Shen – Member
*(Independent Non-Executive
Director)*

Chin Nyat Fwu – Member
*(Independent Non-Executive
Director)*

REMUNERATION COMMITTEE

Chin Nyat Fwu – Chairman
*(Independent Non-Executive
Director)*

Elizabeth Siew Wai Kit – Member
*(Independent Non-Executive
Director)*

Yang Chin Shen – Member
*(Independent Non-Executive
Director)*

RISK MANAGEMENT COMMITTEE

Elizabeth Siew Wai Kit – Chairman
*(Independent Non-Executive
Director)*

Yang Chin Shen – Member
*(Independent Non-Executive
Director)*

Keh Chuan Yee – Member
(Executive Director)

COMPANY SECRETARY

Ong Tian Soon
(FA 20122993) Filing Agent under
Section 28F of the ACRA Act 2014

AGENT IN MALAYSIA

Boardroom.com Sdn Bhd
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur

REGISTERED OFFICE IN SINGAPORE

726A Geylang Road
Singapore 389637
Republic of Singapore
Telephone No.: + 65 6255 5977

REGISTERED OFFICE IN MALAYSIA

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Telephone No.: + 6 (03) 9770 2200
Facsimile No.: + 6 (03) 2201 7774

STOCK EXCHANGE LISTING

**Main Market of Bursa Malaysia
Securities Berhad**
(Listed since 17 December 2010)
Stock name: HBGLOB
Stock Code: 5187

HEAD OFFICE

No. 11, Jalan 21/37, Sea Park
46300 Petaling Jaya
Selangor Darul Ehsan
Telephone No.: + 6 (03) 7872 9963
Email: contact@hbglob.com
Website: www.hbglob.com

AUDITORS

Messrs UHY Lee Seng Chan & Co.
6001 Beach Road
#14-01 Golden Mile Tower
Singapore 199589
Telephone No.: +65 6395 5100

SHARE REGISTRAR IN MALAYSIA

**Aldpro Corporate
Services Sdn Bhd**
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
W.P. Kuala Lumpur
Telephone No.: + 6 (03) 9770 2200
Facsimile No.: + 6 (03) 2201 7774
Email: admin@aldpro.com.my

PRINCIPAL BANKERS

**China Construction Bank
Corporation**
(Ju County Branch)
No. 25, Zhenxin Road
Ju County Shandong Province
PRC

Industrial and Commercial Bank of China Limited

(Ju County Branch)
No. 102, Fulai Middle Road
Ju County
Shandong Province PRC

United Overseas Bank (Malaysia) Berhad

Alor Setar Branch
55 Jalan Gangsa, Kawasan
Perusahaan Mergong 2
05150 Alor Setar, Kedah





BOARD OF DIRECTORS' PROFILES

YTM DATO' JOHAN PAHLAWAN LELA PERKASA SITIAWAN DATO' MUHAMMED BIN HAJI ABDULLAH

Age 59 | Male | Malaysian

Independent Non-Executive Chairman

YTM Dato' Muhammed bin Haji Abdullah was appointed as our Independent Non-Executive Chairman on 29 July 2024 and he does not hold any position in the Board Committees.

Dato' Muhammed bin Haji Abdullah was proclaimed as the 15th Undang Luak Johol by Dato Jenang and Buapak Yang Enam Luak Johol on 27 March 2016, carrying the title Y.T.M Dato' Johan Pahlawan Lela Perkasa Sitiawan ("Y.T.M Dato' Muhammed").

After graduating from UiTM, Y.T.M Dato' Muhammed worked as a temporary teacher teaching English and Physical Education at three schools. Y.T.M Dato' Muhammed later left the teaching profession and became an Insurance Officer with Takaful, Bank Islam Malaysia Berhad. Shortly after that, Y.T.M Dato' Muhammed ventured into business and became a Director and Chairman of several companies.

Y.T.M Dato' Muhammed is also a community activist, actively engaging in charitable work. Among the voluntary positions are the following:-

- (1) Chairman of the Kebajikan Dato'-Dato' Adat Johol
- (2) Chairman of the Tahfiz Masjid Tanggai
- (3) Vice Chairman of the National Anti-Drug Association Negeri Sembilan
- (4) Penaung, Pertubuhan Rakan Pembimbing dan Motivasi Al Ghoniah (Pusat Tahfiz)
- (4) Penaung, Pertubuhan Kebajikan Anak-anak Suku Mungkal Johol Negeri Sembilan (Mungkajoho)
- (5) Penaung, Yayasan Pembangunan Masyarakat Malaysia

KEH CHUAN YEE

Age 32 | Male | Malaysian

Executive Director

Mr Keh Chuan Yee ("Mr Keh") was appointed as our Executive Director on 15 October 2021. He is a member of our Risk Management Committee.

Mr Keh graduated from Newcastle University, United Kingdom in 2015 and obtained his Masters in Financial Analysis from the University of New South Wales, Australia in 2017.

He embarked on his professional career with Public Bank Limited in 2015, where he initially served as a credit analyst. During his tenure there, he gained valuable experience in analyzing credit risks and assessing financial data. Building upon this foundation, he transitioned to Frazel Group Sdn Bhd in 2017, assuming the role of Chief Financial Officer. In his current position, he plays a pivotal role in overseeing the financial operations and strategies of the company, contributing to its growth and success.



BOARD OF DIRECTORS' PROFILES (cont'd)

SHEN HENGBAO

Age 63 | Male | People's Republic of China
Chief Executive Officer

Mr Shen Hengbao ("**Mr Shen**") was appointed as our Chief Executive Officer on 12 October 2009. He is the founder of our Group and has more than 28 years of experience in the food industry and export business. He has been spearheading the expansion and growth of our Group since the commencement of our Group's business in 2005.

Mr Shen graduated from Linyi Agricultural Academy in 1982 and obtained his Masters in Business Administration from the Graduate School of the Chinese Academy of Social Sciences in 1998. He also obtained his Masters in Business Administration from the California American University in 2001.

Mr Shen started his career with Ju County Foreign Trade Company (莒县外贸公司) in 1982 as the head of department of livestock obstetrics. He joined Ju County Foreign Trade Canned Food Factory (莒县外贸罐头厂) as the factory manager in 1990 where he was put in-charge of the day-to-day management. In 1998, he joined Shandong Foodstuffs Import and Export Company (山东食品进出口公司), a provincial level state-owned enterprise based in Qingdao as deputy general manager in-charge of overseeing and assisting in the management of several state-owned companies in Shandong Province which were engaged in the manufacturing of foodstuffs for export markets, in particular, to Japan.

In 2005, Mr Shen left Shandong Foodstuffs Import and Export Company and founded Rizhao Hengbao. With the sales network and contacts, he had accumulated in the course of his career (in particular those with major Japanese food companies), he successfully grew Rizhao Hengbao into a well-established food export company over a short time span.

YANG CHIN SHEN

Age 48 | Male | Malaysian
Independent Non-Executive Director

Mr Yang Chin Shen ("**Mr Yang**") was appointed as our Independent Non-Executive Director on 3 March 2014. He is the Chairman of our Audit Committee and a member of our Nomination Committee, Remuneration Committee and Risk Management Committee of the Company. He is a Practicing Member of the Institute of Singapore Chartered Accountants (ISCA), and also a member of the Malaysian Institute of Accountants (MIA) and he holds a Bachelor of Business in Accountancy from Queensland University of Technology, Australia (with Distinction).

Mr Yang has over 20 years of international audit experience including 10 years with the Big Four firms in Malaysia, Singapore and USA, and 6 years with small and mid-sized firms. He brings along extensive experiences in servicing both multinationals and local companies in wide variety of industries such as property developers, hotels, real estate investment trusts, credit cards, retail, semiconductor, investment companies, retail malls, manufacturing, construction, hospitals, plantations, steel mills, education, statutory board, software, trading, logistics, shipping and leasing.



BOARD OF DIRECTORS' PROFILES (cont'd)

HO PUI HOLD

Age 43 | Male | Malaysian
Independent Non-Executive Director

Mr Ho Pui Hold ("**Mr Ho**") was appointed as our Independent Non-Executive Director on 18 September 2015 and he does not hold any position in the Board Committee. He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (FCCA), United Kingdom, a member of Malaysian Institute of Accountants (MIA) and a member of Asean Chartered Professional Accountant (ACPA).

Mr Ho has years of professional experience in auditing, banking and corporate finance. He started his career in 2004 by joining a Singapore advisory firm as IPO consultant where he participated in a few successful listing of companies in Singapore Exchange Limited. He then joined Ernst & Young as Senior Audit Associate until 2009 before he left to join AmBank (M) Berhad – Corporate & Institutional Banking. In this role, he was responsible in client credit evaluation and marketing of the Bank's products mainly in debt capital market, offshore loan syndication, corporate finance advisory & treasury products. To further advance his career, he took up the Chief Financial Officer position in a foreign company listed on Bursa Malaysia Securities Berhad until 2013.

Mr Ho now sits on the board of Permaisuri Industries Berhad, Xidelang Holdings Limited, and EP Manufacturing Bhd, companies listed on Main Market of Bursa Malaysia Securities Berhad.

CHIN NYAT FWU

Age 53 | Male | Malaysian
Independent Non-Executive Director

Mr Chin Nyat Fwu ("**Mr Chin**") was appointed as our Independent Non-Executive Director on 29 July 2024. He is the Chairman of our Remuneration Committee and a member of our Nomination Committee and Audit Committee. He holds a Bachelor's Degree in Commerce (Accounting) and a Graduate Diploma in Business Systems from Monash University, Clayton, Australia. He is a Chartered Accountant, being a member of CPA (Certified Practising Accountant) Australia & MIA (Malaysian Institute of Accountants). Additionally, he is a member of the Golden Key International Honour Society.

Mr Chin has more than 25 years of working experience in the fields of corporate finance, business accounting & taxation. He is currently the Senior General Manager at Selangor Holdings Sdn. Bhd., an investment holding company, a position he has held since 2014. Prior to that, he worked as a Financial Controller for a prominent Hotel in Sydney, Australia & also spent 11 years serving in various positions across different companies under the Hong Leong Group



BOARD OF DIRECTORS' PROFILES (cont'd)

ELIZABBETH SIEW WAI KIT

Age 56 | Female | Malaysian

Independent Non-Executive Director

Ms Elizabbeth Siew Wai Kit ("**Ms Elizabbeth**") was appointed as our Independent Non-Executive Director on 29 July 2024. She is the Chairman of our Nomination Committee and Risk Management Committee. She is also a member of our Remuneration Committee and Audit Committee. She holds a Bachelor's Degree in Law from the University of London and has obtained a Certificate in Legal Practice (CLP).

Ms Elizabbeth began her legal career chambering under En. Iqbal Hakims bin Dato Sujak at Messrs. Iqbal Hakim, Sia & Voo, where she served for 19 years, ultimately becoming the Managing Partner for the Puchong and Johore Bahru branches of the firm. She is now practicing as the main founder of Messrs Siew Wai Kit & Co. Known for her keen commercial business sense and meticulous legal drafting, she has advised foreign corporations on setting up businesses in Malaysia, and handled various transactions in the hospitality and real estate sectors, property transactions, joint ventures, mergers and acquisitions, fundraising structures, and regulatory matters.

Ms Elizabbeth has authored two bestselling books, 'Smart Property Investors Know The Law' and 'Smart Property Investors Know the Law in Creative Investment,' and is frequently invited to speak on property law and creative investment topics. She emphasizes the importance of legal considerations in transactions and investments to protect and maximize returns.

DATO HAJI MOHD HIZZAT BIN MOHD SHAH

Age 40 | Male | Malaysian

Independent Non-Executive Director

Dato Haji Mohd Hizzat Bin Mohd Shah ("**Dato Haji Hizzat**") was appointed as our Independent Non-Executive Director on 20 August 2024 and he does not hold any position in the Board Committee. He holds a Bachelor's Degree in Shariah and Law from Al-Azhar University, Egypt, as well as a Bachelor's Degree in Tourism Management from Open University Malaysia.

Dato Haji Hizzat, as Director of Al-Furqan Management and Services since 2012 and Al-Furqan Travel and Tours Sdn Bhd since 2013, has been pivotal in enhancing market presence, securing favorable terms with service providers, and delivering exceptional travel experiences for clients.

In 2022, Dato Haji Hizzat expanded his leadership portfolio by becoming the Director of Al-Furqan Group Sdn Bhd. In this role, he is responsible for steering the company towards long-term success through strategic planning, financial oversight, and fostering strong stakeholder relationships. More recently, in 2024, he assumed the role of Director at MSZ REE Sdn Bhd, where he focuses on exploring new business opportunities, ensuring regulatory compliance, and enhancing operational efficiency through innovative approaches.

In addition to his corporate roles, Dato Haji Hizzat has significantly contributed to the travel and tourism industry through his position as Vice President of Research and Technology at the Malaysia Association of Tour and Travel Agents (MATTA) since 2016.

Note :

Save as disclosed above, NONE of the Directors:-

- (1) Holds any other directorship in public companies and listed issuers;*
- (2) Has any family relationship with any director and / or major shareholder of the Company;*
- (3) Has any conflict of interest with the Company;*
- (4) Has been convicted of any offences (other than traffic offences, if any) within the past five (5) years;*
- (5) Has been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.*



PROFILES OF KEY SENIOR MANAGEMENT

LIM SZE YEAN

Age 53 | Male | Malaysian
Chief Financial Officer

Mr Lim Sze Yean ("**Mr Lim**") was appointed as our Chief Financial Officer on 2 August 2024. He graduated with a Master Degree in Business Administration from Rutherford University in 2006. He is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants. He is also currently an Associate Member of the Chartered Tax Institute of Malaysia (CTIM) and the Institute of Internal Auditors Malaysia (IIA), and a member of ASEAN CPA.

With over 20 years of experience in finance, Mr Lim has worked in various areas including corporate finance, internal controls and risk management and HR management. He began his career as a senior auditor, and advanced to hold key roles in several public listed companies as Group Finance General Manager, Group Finance Director and Chief Financial Officer. In these positions, he was responsible for overseeing all financial aspects of the company, including financial planning, risk management and financial reporting

Mr Lim does not hold any directorships in any public companies. He has no relationship with any Director and/or major shareholder(s) of the Company. He does not have any conflict of interest with the Company and has no conviction of any offences within the past 5 years other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2024.



CHAIRMAN STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors, I am honoured to present the Annual Report of HB Global Limited ("HB Global" or "the Group") for the financial year ended 31 December 2024 ("FY2024").

Amidst a rapidly evolving business landscape, the Group has remained steadfast in its commitment to sustainable value creation through responsible practices and technology-driven innovation. FY2024 marks a significant milestone in HB Global's journey, as we boldly expand beyond our traditional markets into high-potential sectors such as agriculture and aquaculture. These new frontiers not only diversify our business model but also reinforce our resilience and long-term value proposition.

Board and Leadership Changes

During the financial year, the Group experienced several changes to its Board and senior management, reflecting our continued commitment to board diversity, governance enhancement, and leadership renewal.

We wish to express our heartfelt appreciation to **Ms. Lew Seh Li** (former Independent Non-Executive Director), **Mr. Chan Kay Ding** (former Independent Non-Executive Chairman), and **Datuk Kang Hua Keong** (former Executive Director) for their valuable contributions and dedicated service to the Group during their tenure. Their leadership and insights have played a meaningful role in the Group's journey, and we wish them all the best in their future endeavours.

At the same time, we are pleased to welcome several new members to our Board:

- **Mr. Chin Nyat Fwu**
- **Ms. Elizabeth Siew Wai Kit**
- **Dato' Haji Mohd Hizzat Bin Mohd Shah**

Their diverse professional backgrounds and industry experience added strength and strategic perspectives to the Board as we embark on the next phase of growth.

We are also delighted to welcome **Mr. Lim Sze Yean** as the newly appointed **Chief Financial Officer (CFO)** of HB Global. With his financial expertise and leadership capabilities, Mr. Lim will play a pivotal role in enhancing our financial stewardship, reporting transparency, and strategic planning.

These appointments signal our continued commitment to sound governance, innovation-driven leadership, and long-term value creation for all stakeholders.

Strategic Expansion and Innovation

Our ability to innovate and adapt has been central to HB Global's transformation. The strategic alliances we have formed in FY2024 are testament to our forward-looking approach. I am pleased to extend a warm welcome to the management and staff of **HIS Holdings Sdn. Bhd.**, and our technology partner **Work At Cloud Sdn. Bhd.**, both of whom are now integral to the HB Global family.

Together, these partnerships are laying the foundation for greater efficiency, digital transformation, and sustainability. Our vision is clear: to lead with innovation, transform traditional industries, and contribute meaningfully to national priorities such as food security and agricultural revitalisation.



CHAIRMAN STATEMENT (cont'd)

Delivering Sustainable Growth

Sustainability lies at the core of our business strategy. The integration of artificial intelligence (AI) in agriculture represents an innovative leap that will enhance productivity while reinforcing environmental, social, and governance (ESG) principles.

HB Global has continued to make significant strides in its operations, with a strong foundation built upon our current revenue streams from China, while advancing efforts to diversify into the domestic market. Our strategic initiatives are designed to position HB Global as a key player in agriculture and aquaculture, leveraging technology to optimise efficiency and sustainability. Our recent partnership with HIS Holdings Sdn Bhd represents a pivotal step in this journey. By entering into a Joint Venture Agreement (JVA), we have committed to investing up to RM9.0 million to implement AI-powered solutions for plantation cultivation across a 500-acre site in Pahang. This initiative is expected to significantly increase yield, enhance production efficiency, and optimise resource management, ultimately serving as a model for modern farming practices in Malaysia.

Our collaboration with Work At Cloud Sdn. Bhd., a leading provider of AI enterprise cloud solutions, will allow us to deploy a sophisticated network of Internet of Things (IoT) devices and sensors to monitor soil quality, climate conditions, and crop health in real-time. These AI-powered insights allow for optimised resource allocation, reduced harvest cycles, and improved food safety through traceability. The AI-powered plantation initiative also aligns with the Malaysian government's commitment to revitalising the agricultural sector as a key economic driver. The continued increase in allocations to the Ministry of Agriculture and Food Security, with RM6.42 billion allocated in Budget 2025, underscores the importance of technology-driven agricultural advancements. HB Global is proud to contribute to this national agenda by championing innovative, data-driven farming solutions.

Engaging Our Stakeholders

Our progress would not be possible without the trust and support of our stakeholders — from investors and customers to business partners, employees, and community members. We are committed to nurturing transparent, long-term relationships and aligning our business goals with broader societal and environmental needs.

As we move forward, we remain focused on creating sustainable impact, embracing innovation, and building an ecosystem where all stakeholders thrive.

Looking Ahead

With a clear strategic direction and a spirit of collaboration, HB Global is well-positioned to play a leading role in shaping the future of Malaysia's agri-food industry. Our initiatives in AI-driven agriculture will serve as a national benchmark, contributing to food security and economic transformation.

We remain optimistic about the future. With determination and innovation as our guideposts, HB Global will continue to unlock new opportunities and deliver meaningful value.

Appreciation

On behalf of the Board, I would like to express my deepest appreciation to our valued customers, dedicated employees, strategic partners, and esteemed shareholders. Your belief in our vision and unwavering support are the driving force behind our success. Together, we look forward to a more prosperous and sustainable future.

Y.T.M Dato' Johan Pahlawan Lela Perkasa Sitiawan
Dato' Muhammed Bin Haji Abdullah
 Independent Non-Executive Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

It is my privilege, on behalf of the Board of Directors of HB Global Limited ("HBGL" or "the Group"), to present the Management Discussion and Analysis ("MD&A") for the Company and its subsidiaries for the financial year ended 31 December 2024 ("FYE 2024").

The MD&A presents a comprehensive review of the Group's operational and financial performance for the twelve (12) months ended 31 December 2024. This report should be read in conjunction with the Audited Financial Statements for FYE 2024 and the accompanying notes. Unless otherwise specified, all information, including comparative analysis with the previous financial year ("FYE 2023"), has been prepared in accordance with the Singapore Financial Reporting Standards (International) [SFRS(I)s].

OVERVIEW OF BUSINESS AND OPERATIONS

HBGL specialises in the food industry, focusing on the processing, packaging, and production of ready-to-serve foods, frozen vegetables, and other culinary products. Utilising advanced technologies such as cleaning, slicing, blanching, boiling, frying, vacuum frying, steaming, smoking, stewing and barbequing, HBGL maintains the highest standards of quality. Our facilities adhere to internationally recognised certifications, including ISO 9001, ISO 22000, HACCP, FDA and BRC. The company's market presence extends beyond China to key international regions such as Europe, Japan, USA, Singapore, Australia, and Korea. Its products are marketed under both customer and proprietary brands, including "Geleifu" (Green Food), "Hengbao Food", "Qing Long Tan" (Asparagus Tea), and "The Four Seasons Farm".

HBGL primarily operates as an investment holding company with one wholly owned subsidiary - Shandong Hengbao Foodstuffs Co.Ltd. ("SHF"), the main operating plant situated in China. Through its subsidiaries, Matahari Agriculture Sdn. Bhd. and Matahari Aquaculture Sdn. Bhd., the company engages in agriculture, aquaculture, infrastructure projects, and renewable energy. A major milestone was achieved in December 2024 when HBGL entered into a Joint Venture Cum Shareholders' Agreement with HIS Holdings Sdn. Bhd. to develop artificial intelligence technology-driven agriculture and plantation activities. This joint venture, named HB Global Capital Sdn. Bhd. marks a strategic step towards innovation and sustainable growth in the sector.

Mission Statement

The company's mission is to provide the best products and services with innovative solutions to customers worldwide, aiming to be a leader in inventing new mechanical solutions to assist various industries and businesses. HBGL's business objectives are centred on expanding its product offerings, exploring new market opportunities, and embracing sustainability and innovation. The company is committed to leveraging advanced technologies to enhance product quality and operational efficiency, while also diversifying its portfolio, to include sectors such as agriculture, aquaculture, infrastructure and renewable energy. Strategic partnerships and joint ventures are integral to HBGL's approach to achieving sustainable growth and delivering value to stakeholders.

Operation Review

Enhancing Production Capabilities

HBGL's food processing division has expanded its production efficiency through automation and advanced food preservation techniques. The integration of modern processing equipment and stringent quality control measures has allowed the Group to optimise yield, reduce waste, and improve product consistency. The adoption of eco-friendly packaging solutions also aligns with global sustainability trends.





MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Expansion into High-Growth Sectors



HBGL has broadened its portfolio by venturing into large-scale agriculture and aquaculture. These initiatives support both sustainable food production and export markets, catering to the growing demand for sustainable food sources.

Leveraging Technology for Operational Efficiency

As part of its digital transformation strategy, HBGL also leveraged in data-driven decision-making tools and AI-powered supply chain analytics to improve efficiency, productivity, and sustainability. These allow for real-time monitoring of production processes, improved inventory management, and better demand forecasting. The recent joint venture with HIS Holdings Sdn. Bhd. further reinforces the Group's focus on AI-driven agriculture, enabling greater scalability and efficiency in its plantation and farming activities.

Strengthening Market Presence and Strategic Partnerships

To drive business growth, HBGL has expanded its distribution networks and strategic alliances. The Group has entered into partnerships with regional and international retailers, distributors, and institutional buyers, strengthening its market position across key territories. By aligning its offerings with evolving consumer preferences, HBGL remains competitive in the global food and agribusiness sector.

FINANCIAL PERFORMANCE

Revenue	Cost of Sales	Gross Margin	Gross Profit
RMB80.7 million	RMB(65.4) million	19%	RMB15.3 million

Financial Review

In FYE 2024, the Group recorded revenue of RMB80.7 million, continuing its positive momentum following the modest increase of RMB0.7 million (approximately 0.8%) in FYE 2023. The growth in both years was primarily attributable to stronger sales from the China subsidiary, reflecting the Group's recovery from earlier disruptions in production and supply chains due to regional lockdowns during the Covid-19 resurgence.

Gross profit in FYE 2024 stood at RMB15.3 million, with cost of sales amounting to RMB65.4 million. Other income for the year was RMB2.6 million, lower than RMB7 million in FYE 2023. Despite the decline in other income, the Group significantly reduced its loss for the year to RMB3.6 million, compared to a net loss before taxation of RMB45.8 million in FYE 2023.

The improved performance was primarily driven by effective cost control and the absence of major non-recurring expenses. Notably, there were no other operating expenses recorded in FYE 2024, compared to RMB28.5 million in FYE 2023, which included impairment losses on property, plant, and equipment, intangible assets. In addition, an impairment loss on financial assets amounting to RMB1.3 million was recognised in FYE 2023, whereas no such impairment was recorded in FYE 2024.

Overall, the Group's performance in FYE 2024 demonstrates continued operational recovery and financial discipline, supported by revenue growth, lower operating costs, and improved bottom-line results.

Revenue

In FYE 2024, the Group recorded a revenue of RMB80.7 million, reflecting a 0.8% slight increase compared to the previous year's revenue of RMB 80 million.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Gross Margin

	FYE 2024	FYE 2023	Changes
	RMB' million	RMB' million	%
Revenue	80.726	80.049	0.8
Cost of Sales	(65.420)	(78.995)	-17.18
Gross Profit	15.306	1.054	+1,352
Gross Margin (%)	19	1.3	+17.70

The gross margin increased from 1.3% in FYE 2023 to 19% in FYE 2024, a growth of 17.7%.

Other Income/ Expenditure derived Profit Before Tax ("PBT")

Net operating (Income) / expenses	FYE 2024	FYE 2023	Changes
RMB' million	RMB' million	RMB' million	%
Other operating income	2.599	7.094	-63.40
Selling and distribution expenses	(0.719)	(0.676)	+6.36
General and administrative expenses	(19,624)	(23,082)	-14.98
Other operating expenses	0	(28,518)	-100
Financial costs	(1,174)	(1,712)	-31.43

BUSINESS STRATEGIES AND RISK FACTORS

Business Strategies

In FYE 2024, HBGL recorded revenue of RMB80.7 million and a gross profit of RMB15.3 million. This marks a continued improvement following the prior-year recovery, with performance driven primarily by the Group's main subsidiary in China. The subsidiary played a vital role in strengthening sales and restoring operational efficiency after pandemic-induced supply chain disruptions.

Our Research and Development (R&D) division remains a cornerstone of our strategic growth. Located at the heart of our China operations, R&D is focused on improving product quality, aligning with evolving consumer preferences and maintaining our competitiveness in the dynamic food industry. Particular emphasis is placed on the development of healthier food options — including low-fat, low-sodium, and plant-based products — in response to increased global health consciousness.

To support these product innovation efforts and meet growing demand, we are expanding our customer base across both domestic and international markets, exploring strategic entry into new regions while continuously upgrading our product offerings.

Concurrently, we are investing in online sales channels and e-commerce platforms to capture value from shifting consumer behaviour toward digital retail and home delivery services.

HBGL will maintain focus on prudent cost management, operational efficiency improvements, and strategic alignment with evolving market conditions to ensure strong long-term financial performance. The Group is actively pursuing new growth opportunities and markets, including exploring strategic partnerships to expand upstream into Malaysia's agriculture and aquaculture. These initiatives aim to diversify revenue streams and enhance competitiveness. Discussions with potential partners include integrating agricultural technology ("agritech"), and leveraging artificial intelligence to improve agricultural efficiency, productivity, and sustainability. These efforts are aligned with our goal of achieving long-term profitability and strengthening our market position by keeping pace with the latest advancements in food manufacturing technology.



MANAGEMENT DISCUSSION AND ANALYSIS (cont'd)

Risk Factors

As a player in the food processing industry, HBGL is highly attentive to product quality and food safety risks. We have implemented stringent internal controls and quality systems covering every stage of production. These include sanitation protocols for equipment and facilities, employee hygiene procedures, and end-to-end traceability mechanisms, all designed to prevent contamination and uphold consumer confidence.

Beyond operational risks, we are exposed to broader business risks including:

1. **Labour Shortages:** Labour availability, especially in the manufacturing sector within China, remains a challenge. To address this, we have invested in automation to reduce dependency on manual labor and ensure consistent production output.
2. **Fluctuating Raw Material Prices:** Volatility in raw material costs affects margins and planning. We mitigate this risk by maintaining strong relationships with a diversified supplier base and exploring long-term procurement contracts.
3. **Logistics and Distribution Costs:** With rising logistics expenses, particularly for international shipments, we have optimized our supply chain through technology-driven route planning, warehouse efficiency, and strategic freight negotiations.
4. **Regulatory and Policy Changes:** Regulatory developments in China and export markets may influence compliance and operational strategies. We actively engage with local authorities, continuously monitor legal changes, and ensure our processes are adaptable and fully compliant with both national and international standards.
5. **Financial Impairments and Non-Recurring Costs:** While no impairment losses were recorded in FYE 2024, the Group had recognised RMB1.3 million in impairment on financial assets in FYE 2023. Through improved credit management and financial monitoring, we have since strengthened risk controls to reduce such exposures.

HBGL's strategic focus remains rooted in innovation, operational excellence, and proactive risk management. Our ability to adapt to market trends, comply with evolving regulations, and invest in future-proof solutions underpins our commitment to being a reliable and responsible manufacturer in the food industry. As we continue expanding our footprint and streamlining operations, we are confident in our capacity to deliver sustainable long-term value to shareholders and stakeholders alike.

DECLARATION OF DIVIDENDS

In light of ongoing uncertainties in the operating environment, the Board of Directors has, as a measure of financial prudence, decided not to declare any dividend for the financial year under review. This decision reflects the Group's commitment to maintaining financial stability and ensuring sufficient reserves to support ongoing operations, capital requirements, and strategic initiatives amid potential future challenges. The Board will continue to monitor the Group's performance and financial outlook. Dividend payments will be reconsidered when conditions are more favourable and sustainable.

FORWARD-LOOKING STATEMENT

As HBGL progresses into the next financial year, the Group remains focused on sustaining its growth momentum while navigating an evolving business landscape. We aim to enhance operational efficiency, strengthen project delivery capabilities, and expand our presence in both domestic and regional markets.

The Group will continue to explore strategic partnerships and diversification opportunities, to enhance value creation and resilience. In light of global economic uncertainties and rising environmental, social, and governance (ESG) expectations, HBGL is committed to embedding sustainability into its operations and aligning with industry best practices.

We believe our solid foundation, experienced management team, and prudent financial management is well-positioned to seize emerging opportunities and deliver long-term value to our stakeholders. Moving forward, HBGL remains optimistic about its prospects and is confident in achieving sustainable growth.





CORPORATE SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

HB Global Limited's ("HBGL" or "the Group") FYE 2024 Sustainability Report ("SR") highlights our progress in addressing each of our Material Matters and indicators. We are committed to a better future through responsible practices, clear objectives, and efficient operations.



Reporting Period, Scope and Boundaries

The reporting period encompasses HBGL's sustainability initiatives across all entities and operations in Malaysia and China from 1 January 2024 to 31 December 2024, unless stated otherwise. This report highlights our progress in meeting the commitments outlined in our Sustainability Policy.

Reporting Guidelines, Frameworks, Standards and Sustainability-related Indices

This report is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide 3rd Edition and several international reporting guidelines, frameworks, standards, and sustainability-related indices as follows:

Global Goals

- United Nations Sustainable Development Goals ("SDGs")

Reporting Frameworks

- National Sustainability Reporting Framework ("NSRF")*
- Malaysian Code on Corporate Governance ("MCCG") of Securities Commission Malaysia
- International Financial Reporting Standards ("IFRS") Foundation – IFRS Sustainability Disclosure Standards (S1 and S2 Principles)
- International Integrated Reporting Framework and Integrated Thinking Principles
- Task Force on Climate-related Financial Disclosures ("TCFD")

International Standards and Guidelines

- AA1000 AccountAbility Principles
- AA1000 Stakeholder Engagement Standard
- International Workshop Agreements ("IWA")
 - IWA 48:2024 – Framework for Implementing Environmental, Social and Governance ("ESG") Principles
 - IWA 42:2022 – Net Zero Guidelines
- International Organisation for Standardisation ("ISO")
 - ISO 14064:2018 – Greenhouse Gases
 - ISO 20400:2017 – Sustainable Procurement – Guidance
 - ISO 59004:2024 – Circular Economy – Vocabulary, Principles, and Guidance for Implementation
 - ISO 59020:2024 – Circular Economy – Measuring and Assessing Circularity Performance

*Note on NSRF:

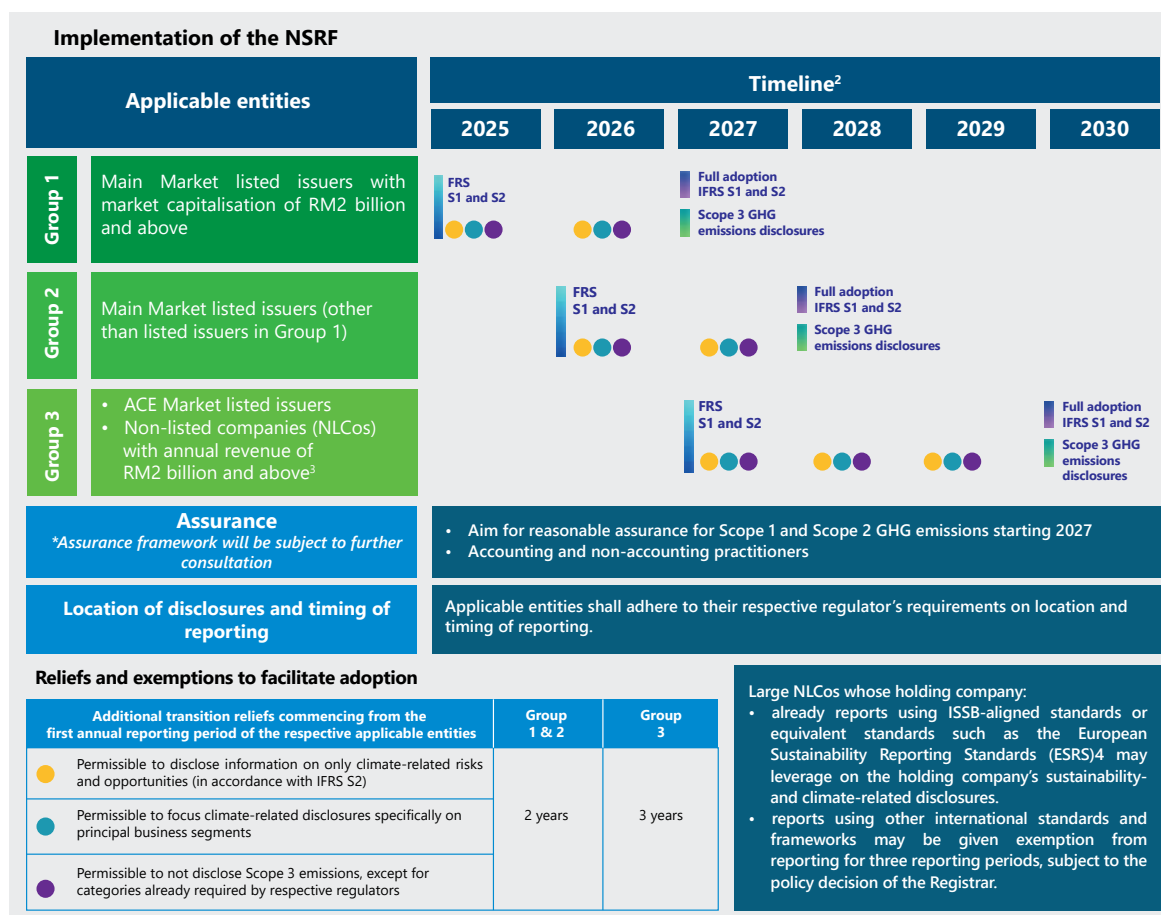
The NSRF sets out Malaysia's approach to adopting the IFRS® Sustainability Disclosure Standards (IFRS S1 and S2) issued by the International Sustainability Standards Board ("ISSB"). The NSRF aims to ensure consistent, comparable, and reliable sustainability reporting, enhancing Malaysia's competitiveness and investor confidence.



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Implementation will be phased from 2025 onwards, with full adoption, including Scope 1 and Scope 2 greenhouse gas ("GHG") emissions disclosures, by 2027 for larger entities. The framework also outlines the development of assurance requirements to strengthen the credibility of sustainability disclosures.

The illustration below shows the timeline and applicable entities for the NSRF, which guides the phased adoption of IFRS S1 and S2 Sustainability Disclosure Standards in Malaysia.



Board of Directors' Approval

The Board has reviewed and validated this SR 2024, confirming it accurately reflects HBGL's performance for the year. The Board takes responsibility for its integrity, supported by strong governance and internal reporting processes.

Independent Assurance

The performance data in this report has been sourced from the Group's internal systems and records to ensure accuracy. While the Group historically relied on internal management verification for data integrity, we have engaged ASAP Advisory PLT to perform limited assurance on this sustainability report, enhancing the reliability and transparency of our disclosures.

Forward-looking Statements

This report includes forward-looking statements to share our perspectives and future plans with stakeholders. These statements are not guarantees of HBGL's future outcomes, and readers are advised not to place undue reliance on them.

Feedback

We value feedback from our stakeholders as we continuously work to improve and contribute to a more sustainable future. For any comments or information or inquiries, please contact us at: rizhaohengbao@126.com



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

SUSTAINABILITY STRATEGY

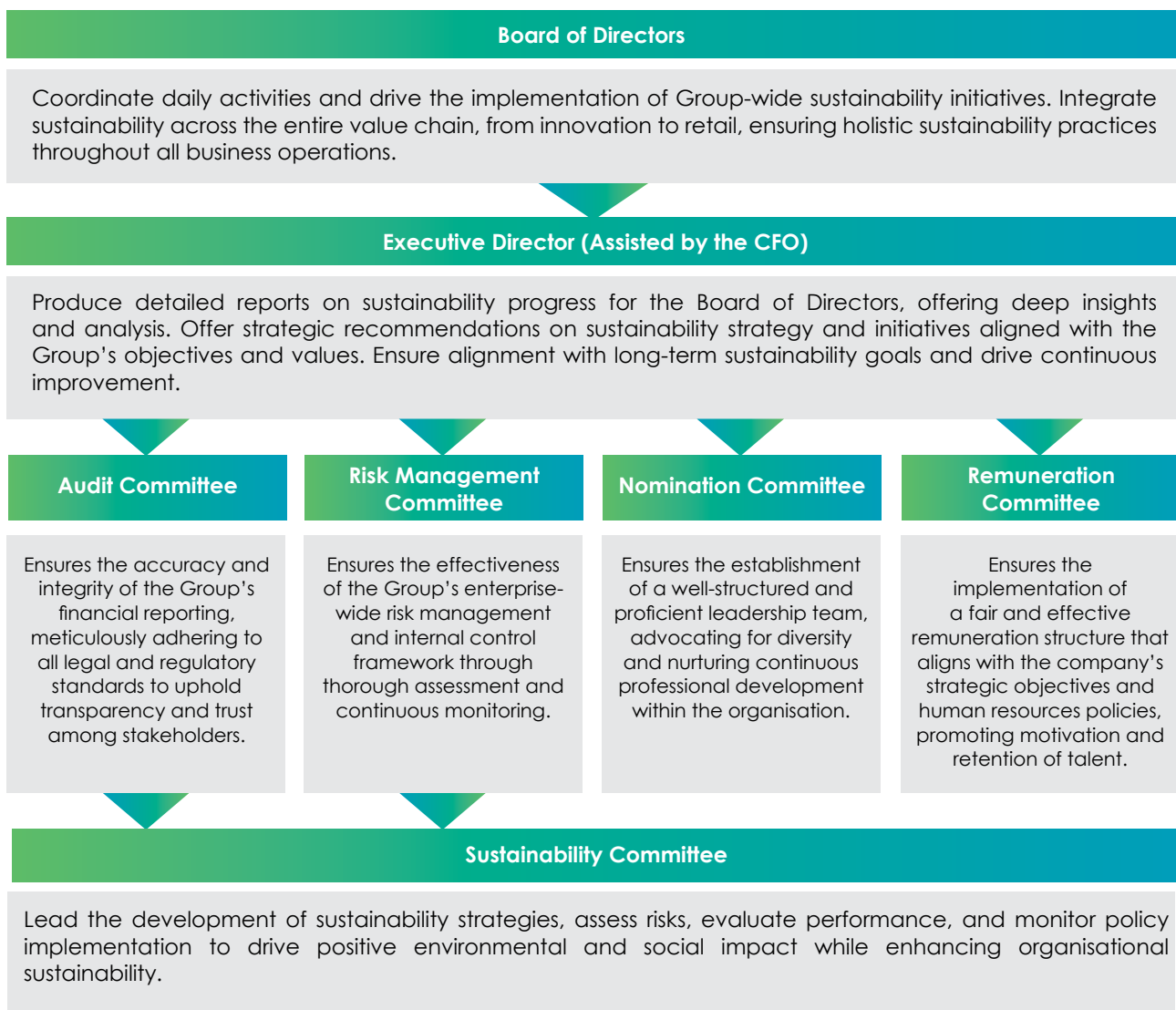
Sustainability Governance

At HBGL, sustainability is a core priority across our Group. To effectively achieve our sustainability objectives and targets, we have established a structured and comprehensive governance framework. Our two-tier governance structure ensures that the Executive Director, supported by the Chief Financial Officer ("CFO"), reports directly to the Board of Directors. The Board plays a pivotal role in shaping our sustainability agenda and overseeing its implementation across the organisation.

To support the Board's efforts, the Audit Committee, Risk Management Committee, Nomination Committee, and Remuneration Committee are instrumental in overseeing performance and managing risks throughout the Group.

Additionally, our dedicated Sustainability Committee plays a crucial role within our governance framework. This committee is responsible for developing and executing the Group's sustainability strategy, ensuring alignment with our broader goals and values.

Our commitment to strong governance is reflected in the clearly defined roles and responsibilities outlined in the table below.





CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Furthermore, the Sustainability Committee comprises individuals from various departments, allowing us to harness diverse perspectives in shaping our sustainability strategies. By involving multiple departments, we ensure a holistic approach that incorporates a wide range of expertise, leading to more comprehensive and effective sustainability initiatives.



Stakeholder Engagement

At HBGL, we are committed to operating as a sustainable business group and recognise the far-reaching impact of our operations on various stakeholders, including customers, employees, suppliers, investors, government agencies, and local communities. Engaging with these stakeholders is essential for gaining insights into our activities, identifying areas for improvement, and exploring new opportunities for growth and sustainability. To foster strong stakeholder relationships and uphold responsible business practices, we emphasise open and transparent communication. Through regular engagements—both formal and informal—we actively seek feedback, address concerns, and align our strategies with stakeholder expectations.

The table below outlines our key stakeholders and the diverse engagement methods and communication channels we utilise to maintain meaningful connections.

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
Customers (End users)	- Product quality, safety and compliance - Customer service and experience - Efficient complaints resolution - Best practices in product pricing	Ongoing/Daily - Prompt after sales service - Prompt response to calls Ad hoc/As needed - Pricing product to commensurate with product quality	Adhere to quality standards (i.e. ISO 9001 Quality Management Systems, ISO 22000 Food Safety Management System, etc.)
Customers (Dealers)	- Efficient complaints resolution - Customer-Company relationship management - Timely product delivery	Ongoing/Daily - Daily update of delivery details for outstation customers to sales personnel Monthly - Regular client meetings through sales team - Feedback channel through sales team Annually - Community and networking events	- Ensure our dealers have direct access to our logistic team during the delivery process to ensure prompt delivery - Ensure good relationship is fostered between the customer and the Group



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Stakeholder	Areas of Concern/ Interest	Engagement Approach	Our Responses
Employees	- Health and safety - Welfare and remuneration - Workplace diversity - Training and career development - Value equal opportunities	Ongoing/Daily - Training programmes Ad hoc/As needed - Management and staff meeting Annually - Performance appraisal - Annual event	- Encourage transparent communication with employees - Ensure equal employment opportunities for all individuals without discrimination - Provide reasonable benefits and remuneration package
Suppliers	- Transparent procurement practices - Payment schedule - Anti-bribery - Timely delivery of products - Pricing of services	Ad hoc/As needed - Contract negotiation - Vendor registration - Timely delivery - Payment to supplier Annually - Evaluation on performance - Anti-bribery commitment	- Prioritise the establishment of transparent procurement processes - Require suppliers to undergo a Due Diligence procedure
Investors	- Financial performance - Business strategy - Shareholder value - Corporate governance - Corporate developments - Sustainable and stable distribution Ongoing/ Daily - Corporate website	Ad hoc/As needed - Company announcements - Investor relations activities Quarterly - Quarterly interim financial reports Annually - Annual report - Annual general meeting	- Provide timely updates on the Group's strategy and financial performance through investor briefings and announcements - Uphold good governance practices across the Group, and supply chain
Government Agencies	- Governance compliance - Environment management and compliance - Fair labour practices - Policy matters (public, health safety)	Ad hoc/As needed - Direct meetings Annually - Annual report - Public announcement - Inspection/audit by local authority - General meeting between management and regulators	- Full compliance with regulatory requirements - Adoption of practices outlined in the Malaysian Code on Corporate Governance ("MCCG")
Local Communities	- Impact of business operation - Social issue - Transparency and quality products and services	Ongoing/Daily Customer relationship & engagement	Enhance community well-being and ensure customer satisfaction



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Materiality Matrix

Our sustainable initiatives at HBGL are anchored in the development of a robust materiality matrix, serving as a cornerstone in our sustainability journey. This entails systematically identifying and prioritising key sustainability issues that impact both our business operations and stakeholders. By carefully assessing industry trends, technological advancements, and evolving sustainability concerns on global and local scales, we ensure our initiatives are forward-looking and impactful. These insights are strategically mapped onto our materiality matrix to reflect their importance and materiality.

In building this matrix, we have adopted the IFRS Foundation's International Integrated Reporting Framework and Integrated Thinking Principles to adapt to the evolving business landscape. Utilising the Six Capitals model allows us to effectively translate sustainability performance into tangible financial value. This approach ensures that our strategies, policies, and practices align seamlessly with global standards, including the United Nations SDGs. The Six Capitals—financial, manufactured, governance, human, social, and natural—form the basis of our value creation process, delivering sustained benefits across our business and stakeholder ecosystem.

Integrating the Six Capitals Model into our materiality matrix exemplifies our holistic approach to identifying and prioritising material issues. By evaluating interconnected impacts and dependencies across these capitals, we align stakeholder concerns with organisational priorities, enhancing our integrated thinking capabilities. This comprehensive approach establishes clear connections between non-financial factors and our long-term strategic objectives at HBGL.

Level of Stakeholder Concerns		Impact on Business Operations		
		Low	Medium	High
	High		F1 – Economic Performance	G1 – Anti-corruption M4 – Product Quality and Compliance H1 – Health and Safety S2 – Customer Satisfaction
	Medium	S1 – Contributing to Local Communities/CSR	H2 – Employee Management H3 – Diversity, Equity and Inclusion E1 – Climate Change (Energy Management and Emissions) E3 – Water Management E2 – Waste Management	M1 – Cybersecurity and Data Protection M2 – Sustainable Supply Chain Management M3 – Sustainable Operation Management
	Low			

Legend:

Low Risk

Medium Risk

High Risk



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

The Material Matters are then mapped into the Six Capitals as follows:

Capitals	Aspects	Material Matters
Financial Funds available to firm from operations and financing	Financial Highlight Resources to support the Group's operation and implement other Capitals	F1 – Economic Performance
Manufactured Creating value through innovation and product quality & compliance	Marketplace Implementing sustainability through product quality and compliance	M1 – Cybersecurity and Data Protection M2 – Sustainable Supply Chain Management M3 – Sustainable Operation Management M4 – Product Quality and Compliance
Governance Good governance and robust internal control system and procedures	Governance Board engagement on strategy and sound governance internal controls to enhance sustainability initiatives	G1 – Anti-corruption
Human Skills, motivation, and alignment with organisational goals	Workplace Creating a safe and supportive working environment, training, and self-development	H1 – Health and Safety H2 – Employee Management H3 – Diversity, Equity and Inclusion
Social Relations with key institutions, stakeholder groups, shared norms and values, trust and confidence, and its social license to operate	Community Contributing to local community development	S1 – Contributing to Local Communities/ CSR S2 – Customer Satisfaction
Natural Renewable and non-renewable natural elements, and the eco-system, used as inputs by the firm now or in the past or future, and impact of firm on them	Environment Improving our environment by utilising greener alternatives	E1 – Climate Change (Energy Management and Emissions) E2 – Waste Management E3 – Water Management

Management Approach for Material Matters

Financial Highlight
Resources to support the Group's operation and implement other Capitals

Economic Performance

The economic performance of companies is a critical driver of their overall well-being and sustainability. Through their business activities, companies play a significant role in fostering economic growth by creating meaningful positive impacts. These impacts are evident in various areas, such as generating job opportunities to improve livelihoods, contributing tax revenues, and offering products and services that enhance the quality of life for the community.

The Group prioritises long-term resilience by managing its assets effectively and equitably distributing the wealth generated among stakeholders. Recognising that strong financial performance is fundamental to creating lasting value, the Group remains dedicated to advancing its sustainability objectives. In pursuit of sustainable practices, the Group is committed to positively influencing economic outcomes, driving growth, and contributing to the shared prosperity of its stakeholders and the broader community.



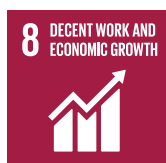
CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Our approach and performance

In FY 2024, HBGL saw a slight decline in economic value compared to FY 2023, driven by reduced general and administrative expenses primarily from cost-cutting efforts at our China subsidiaries. This decrease was exacerbated by current interest rate upcycles and a challenging macroeconomic environment, potentially impacting consumer spending on ready-to-eat and frozen food products in the future. However, despite these challenges, HBGL remains steadfast in its commitment to enhancing economic performance. We are rigorously monitoring financial metrics and implementing strategic initiatives to create enduring value for our stakeholders. Our focus remains on maintaining a resilient financial position and seizing opportunities for sustainable growth.

	2022 RMB'000	2023 RMB'000	2024 RMB'000
Economic value generated (e.g., revenue and other operating/comprehensive income)	90,215	87,143	83,325
Economic value distributed:			
• Cost of sales	85,498	78,995	65,420
• Operating expenses (e.g., selling and distribution expenses, administrative expenses)	169,495	52,276	20,343
• Finance costs	2,920	1,712	1,174
• Payment to government (e.g., tax)	-	-	-
• Other comprehensive loss	3,302	2,054	460
Economic value retained	(171,000)	(47,894)	(3,152)

Related UNSDGs:



Marketplace

Implementing sustainability through product quality and compliance

Cybersecurity and Data Protection

The rapid expansion of digital infrastructure in recent years has heightened cybersecurity vulnerabilities. Recognising that digital technologies bring both opportunities and risks—especially in remote work, e-commerce, and automation—HBGL prioritises the protection of customer data against cyber threats. Through the implementation of robust security measures, the company is committed to mitigating risks and strengthening stakeholder trust.

Our approach and performance

HBGL remains committed to proactively managing cybersecurity risks, even in the absence of major threats to its operations. To safeguard sensitive information, HBGL adheres to the Personal Data Protection Act ("PDPA") policy that aligns with the provisions of PDPA 2010. While these measures may appear minimal, HBGL is dedicated to fulfilling all regulatory requirements and maintaining high data protection standards.

As part of its approach to strengthening network security, HBGL applies the CIA triad—Confidentiality, Integrity, and Availability—which serves as the foundation for its information security framework. These principles guide the development and implementation of security controls, ensuring comprehensive protection of the Group's network, data, and resources against potential threats.



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Confidentiality

Confidentiality ensures that sensitive information is only accessible to authorised users, processes, or systems. It aims to prevent unauthorised disclosure or exposure of data to unauthorised individuals or entities.

Integrity

Integrity ensures that data remains accurate, complete, and trustworthy throughout its lifecycle. It guards against unauthorised modification, alteration, or destruction of data, whether accidental or intentional.

Availability

Availability ensures that information and resources are accessible and usable when needed by authorised users. It involves ensuring that network services, applications, and data are reliably accessible and performant, even in the face of disruptions or attacks.

To further enhance cybersecurity, HBGL leverages advanced security tools such as 360 Security Guard (360安全卫士), an integrated security software that provides antivirus protection, a firewall, and system optimisation. With features like cloud-based virus scanning, proactive defense mechanisms, and malicious website blocking, this software helps prevent cyber threats and unauthorised access. Due to these proactive efforts, as of 31 December 2024, no substantiated complaints regarding customer privacy breaches or data loss have been reported.

	2022	2023	2024
Number of substantiated complaints concerning breaches of customer privacy or losses of customer data	0	0	0

Related UNSDGs:



Sustainable Supply Chain Management

HBGL is committed to fostering a responsible and resilient supply chain that upholds sustainability, ethics, and fairness. Through close collaboration with suppliers—from smallholder farmers to large enterprises—we integrate sustainable practices into our procurement processes to ensure responsible sourcing. By prioritising local suppliers, we create opportunities to strengthen their businesses and improve livelihoods through meaningful partnerships. Our dedication to supporting local enterprises reflects our broader goal of driving economic growth and contributing to the well-being of the communities in which we operate.

Our approach and performance

We are committed to maintaining a resilient, ethical, and sustainable supply chain that ensures the consistent delivery of high-quality products and services. With 90% of our suppliers being local, we prioritise partnerships that enhance efficiency, reduce logistics costs, and support local economies. To strengthen supply continuity and minimise disruptions, we establish long-term supply agreements with key suppliers, ensuring a stable and reliable procurement process.

	2022	2023	2024
Proportion of spending on local suppliers (%)	97	98	95

Supplier selection at HBGL follows a strict due diligence process, where prospective suppliers must meet specific business and regulatory requirements, including the submission of valid business licenses, operating permits, and product test reports. Our quality inspection department thoroughly reviews these documents before any collaboration is approved. To ensure continued compliance, we regularly request updated licenses and testing reports from suppliers and conduct annual performance evaluations. We also foster strong supplier relationships through transparent communication, regular site visits, and supplier satisfaction surveys, creating a foundation for long-term collaboration and mutual growth.

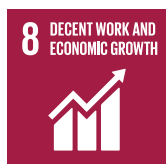


CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Ensuring supply chain resilience is a key priority for HBGL. By relying on local suppliers and diversified sourcing strategies, we reduce the risk of supply chain disruptions while reinforcing our commitment to sustainable procurement. We also uphold strict confidentiality measures to protect supplier technology and performance data, ensuring trust and security within our supply network.

We believe that maintaining a fair, ethical, and transparent supply chain is essential for both sustainability and risk management. By embedding responsible procurement practices and continuously monitoring supplier compliance, we strive to build a sustainable, efficient, and dependable supply network that delivers long-term value to all stakeholders.

Related UNSDGs:



Sustainable Operation Management

HBGL remains steadfast in its commitment to excellence in quality control and sustainable operational management, recognising these as core priorities. To uphold these standards, we continuously evaluate and refine our operational processes, ensuring compliance with industry best practices while contributing to a more sustainable future.

Recognising the pressing challenges posed by climate change, we are dedicated to environmental stewardship, regulatory compliance, and ongoing research to enhance our sustainability strategies. Our approach focuses on reducing environmental impact, integrating sustainable practices, and proactively addressing potential risks. We believe that adopting forward-thinking measures is not only crucial for regulatory alignment but also essential for building long-term resilience and fostering a sustainable business ecosystem.

Our approach and performance

As part of our commitment to a net-zero future, the Group is dedicated to minimising carbon emissions through a well-rounded sustainability strategy. We continuously work towards enhancing energy efficiency, incorporating renewable energy solutions, and adopting cost-effective sustainability measures to drive long-term environmental and business resilience. Additionally, we are embracing a circular economy approach, ensuring that resources are utilised efficiently, reused, recycled, and regenerated to minimise waste and maximise sustainability.

Our sustainability strategy is anchored in three key pillars: responsible resource procurement, efficient process management, and maintaining high product quality while reducing environmental and community impacts. To uphold these commitments, we conduct regular monitoring, transparent reporting, and continuous improvements to track our sustainability progress and ensure accountability.

We also adhere strictly to all relevant environmental laws and regulations, including the Environmental Protection Law, Air Pollution Prevention and Control Law, Water Pollution Prevention and Control Law, Solid Waste Environmental Prevention and Control Law, and Acoustic Noise Environmental Prevention and Control Law. Compliance with these regulations reinforces our responsibility to operate sustainably while safeguarding both the environment and society.

By integrating sustainability into every aspect of our operations, we are not only securing our long-term business interests but also creating a positive and lasting impact on the environment and communities we serve. This commitment reflects our dedication to shaping a more sustainable and resilient future for current and future generations.

Related UNSDGs:





CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Product Quality and Compliance

Ensuring high product quality is a top priority for the Group, as we recognise that access to safe and nutritious food is fundamental to health and well-being. The World Health Organisation ("WHO") reports that contaminated food—carrying harmful bacteria, viruses, parasites, or chemicals—can cause over 200 diseases, affecting millions globally. Each year, nearly 600 million people, or 1 in 10, suffer from foodborne illnesses, leading to approximately 420,000 deaths and the loss of 33 million healthy life years. In light of these concerns, HBGL is dedicated to maintaining strict food safety measures, adhering to global quality standards, and continuously enhancing our processes. Through rigorous quality control and compliance with industry best practices, we strive to provide consumers with safe, high-quality products while reinforcing our long-term commitment to sustainable growth and stakeholder trust.

Our approach and performance

At HBGL, product quality is at the core of our operations, and we are dedicated to maintaining the highest standards through robust quality management practices. Every product received at our facilities undergoes thorough inspections by our Quality Control team, ensuring strict compliance with established Standard Operating Procedures. Our subsidiary, Shandong Hengbao Foodstuff Co. Ltd, which specialises in processing, packaging, and producing ready-to-serve foods and frozen vegetables, follows stringent protocols to uphold food safety and quality integrity. Recognising our responsibility to consumers, we emphasise continuous monitoring, process improvement, and adherence to regulatory requirements to ensure the consistent delivery of safe and high-quality products.

To further reinforce our quality assurance efforts, we have obtained globally recognised certifications, including:

**ISO 9001:2015 –
Quality Management
System**

**ISO 22000:2018 – Food
Safety Management
System**

**Hazard Analysis and
Critical Control Points
("HACCP")**

**BRCGS Food Safety
Global Standard**

These certifications reflect our unwavering commitment to excellence and our proactive approach to food safety and quality assurance. By continuously refining our processes, investing in quality control measures, and adhering to international best practices, HBGL remains steadfast in delivering products that meet the highest industry standards while fostering trust among customers and stakeholders.

Related UNSDGs:



Governance

Board engagement on strategy and sound governance internal controls to enhance sustainability initiatives

Anti-corruption





CORPORATE SUSTAINABILITY STATEMENT (cont'd)

HBGL is dedicated to maintaining exceptional corporate governance by strictly adhering to ethical business practices and compliance standards across the organisation. The Board recognises that a robust risk management framework and a comprehensive internal control system are essential to nurturing a culture of good governance, in line with the Malaysian Code on Corporate Governance ("MCCG") 2021. By openly sharing relevant sustainability-related information, we aim to improve the transparency of our management processes, thereby strengthening the trust and confidence of our customers, stakeholders, and the wider community.

Our approach and performance

The Group remains steadfast in upholding the highest standards of integrity in all aspects of its business, guided by our comprehensive Code of Conduct ("CoC"), which sets out essential principles and guidelines for all employees. In line with this commitment, we maintain a zero-tolerance policy towards fraud, bribery, corruption, money laundering, and insider trading. Our Anti-Bribery and Corruption ("ABC") Policy and Whistleblowing Policy are vital tools in fostering transparency and creating a governance-oriented environment. These policies are easily accessible on our website for all stakeholders.

Our Whistleblowing Policy also provides a clear framework for reporting concerns, including well-defined reporting channels. We encourage employees to raise any concerns directly with the designated officer, who will escalate the matter to the Audit Committee Chairman and Chairman of the Board. For external stakeholders, a Whistleblowing Report Form is available to report suspected unethical conduct to the Group's Manager. All reports are handled with the utmost confidentiality to protect the whistleblower. As of 31 December 2024, we have recorded zero incidents of corruption across the Group's operations.

	2022	2023	2024
Number of confirmed corruption incidents	0	0	0

Furthermore, the Group conducts quarterly training and communications on anti-corruption and bribery prevention to ensure ongoing awareness.

Employee Category	Completion Rate (%)		
	2022	2023	2024
Management	100	100	100
Executive	100	100	100
Non-executive/Technical Staff	80	80	100
General Workers	60	60	85

In addition to these initiatives, we remain vigilant in identifying and addressing unethical practices or corruption within the organisation. Recognising the importance of continuous improvement, we are focused on enhancing our practices to better assess and manage corruption-related risks moving forward. This is a crucial step in strengthening our sustainable operational management processes. By constantly refining our approach to identifying and mitigating corruption risks, we reinforce our commitment to ethical conduct and integrity, which contributes to the long-term sustainability and success of our business operations. The Group is also a proud member of the following associations: 同线同标同质 Certificate for Export Products and China Commodity Barcode System Member Certificate.

	2022	2023	2024
Percentage of operations assessed for corruption-related risks (%)	1	0.8	100

Related UNSDGs:





CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Workplace

Creating a safe and supportive working environment, training, and self-development

Health and Safety

The Group prioritises the health and safety of our employees above all else. We are fully committed to fostering a work environment that is not only secure but also promotes the overall well-being of our workforce. Our main objective is to prevent injuries and illnesses, reflecting our strong dedication to safeguarding our employees. By focusing on their health and safety, we directly enhance efficiency and productivity within the organisation. This comprehensive approach to employee well-being highlights our commitment to creating a workplace where employees can thrive, perform at their best, and contribute to the company's long-term success.

Our approach and performance

HBGL is fully committed to ensuring the health and safety of our employees by creating a work environment that prioritises their well-being. To achieve this, we have established a dedicated Safety Committee responsible for implementing comprehensive safety protocols across the organisation. The committee, made up of carefully selected members, leads initiatives that ensure a secure workplace for all staff.

By placing safety at the forefront, we enable our employees to concentrate on their work without concerns about their personal well-being. Our proactive approach to occupational health and safety not only fosters a productive and forward-thinking workplace but also supports the expansion of our operations into new regions. We aim to exceed regulatory requirements, setting industry standards for best practices in health and safety. In FY 2024, 502 employees participated in health and safety training, underscoring our commitment to maintaining a culture of safety.

	2022	2023	2024
Number of employees trained on health and safety standards	306	398	502

Our ultimate goal is to ensure that all employees return home safely at the end of each workday. Over the past three years, we have reported zero workplace injuries, reflecting our ongoing dedication to safeguarding our employees. Looking ahead, we are committed to continuously improving our safety practices through regular training, refining safety protocols, and reinforcing a safety-first culture, ensuring our employees can carry out their duties with confidence and security.

	2022	2023	2024
Total hours worked	1,120,000	1,190,000	1,050,680
Number of work-related fatalities	0	0	0
Number of lost time injuries	0	0	0
Lost time incident rate	0	0	0

Related UNSDGs:





CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Employee Management

At HBGL, we recognise that our employees are integral to our success, and their well-being and satisfaction are our top priorities. We are dedicated to attracting, nurturing, and retaining top talent within a supportive and inclusive work environment. To ensure our team remains competitive and future-ready, we invest in ongoing development programs that foster growth and skill enhancement. We firmly believe that a motivated, skilled workforce is the driving force behind innovation, excellence, and sustained long-term growth.

Our approach and performance

Our Human Resources department is committed to ensuring equal access to training, development opportunities, fair remuneration, and a robust performance management system, all while fostering employee engagement and supporting initiative-driven efforts. We believe that these initiatives are essential for enhancing employee productivity and promoting continuous improvement within the workplace. By prioritising these aspects, we strive to create an environment where employees are empowered to grow and contribute to the overall success of the organisation.

- Training and Development**

HBGL places great emphasis on the development of its human capital, understanding that ongoing investment in employee training is crucial to the company's growth and success. We allocate substantial resources to offer learning opportunities that cater to employees at every stage of their career, helping them build the necessary skills to thrive in their roles. Through a wide range of training programmes, HBGL aims to attract, develop, and retain top-tier talent, directly contributing to improved financial performance. The company's goal is to provide a comprehensive training experience that enables employees to reach their full potential and effectively support the organisation's strategic objectives.

Additionally, HBGL ensures that training is provided whenever there are product changes or when new employees join, reinforcing the importance of continuous development. By fostering a culture of learning, innovation, and growth, we equip our workforce with the skills and knowledge to adapt to the ever-evolving business environment, ensuring our competitive advantage and driving long-term success.

In total, the Group invested MYR20,000.00 in training initiatives in FY 2024.

Employee Category	Total Training Hours		
	2022	2023	2024
Management	36	48	50
Executive	36	48	45
Non-executive/Technical Staff	30	48	42
General Workers	48	60	30

- Remuneration Packages and Performance Management**

HBGL deeply values its employees, recognising them as the cornerstone of the Group's sustained growth and success. Our corporate culture is rooted in principles of performance excellence, accountability, teamwork, and shared achievements, fostering an environment where individuals and teams can reach their highest potential. To support this, we conduct annual performance evaluations, providing structured feedback and opportunities for continuous improvement.

The Group is firmly committed to fair and merit-based human resource practices, ensuring that employment, talent development, and career progression are determined solely by skills, performance, and dedication, free from any form of discrimination. Recognising the importance of motivation and retention, we offer competitive remuneration and benefits, rewarding outstanding contributions through our structured compensation and recognition system. Under the Regulations on Paid Annual Leave for Employees, issued by the State Council of the People's Republic of China, employees in China who have worked for at least one year are entitled to a minimum of five days of paid annual leave, depending on their cumulative years of work experience.

In addition, under relevant labour regulations, employees are generally entitled to sick leave and medical treatment leave (often referred to as "hospitalisation leave") of up to 3 months or more, depending on their years of service and the nature of their illness or injury. Additionally, we base compensation on key performance indicators such as product quality, attendance, and output, aligning individual achievements with the Group's goals.



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

By prioritising a high-performance culture, employee well-being, and continuous recognition, HBGL aims to cultivate a workplace where innovation, collaboration, and success thrive, ultimately driving the long-term sustainability and prosperity of the organisation.

The table below details the number of employee turnover rates over the past three years.

Employee Category	2022	2023	2024
Management	0	0	0
Executive	0	0	0
Non-executive/Technical Staff	0	0	0
General Workers	2	2	8

• Employee Engagement and Initiatives

At HBGL, we understand that the well-being of our employees extends beyond physical health to include mental and emotional support. We are dedicated to fostering a work environment that promotes work-life balance and overall well-being. To achieve this, we organise various initiatives designed to engage, motivate, and connect our team. These activities not only encourage teamwork but also enhance productivity and satisfaction within the workplace.

A key component of our engagement efforts is our annual employee meeting, where we bring our team together to reflect on the year's accomplishments and align on future goals. In FY 2024, this event provided a valuable opportunity to share insights, celebrate successes, and chart a clear path forward for the Group. By nurturing a culture of openness and collaboration, we ensure that our employees remain motivated and committed to achieving both personal and organisational growth.

Related UNSDGs:



Diversity, Equity & Inclusion

The Group is dedicated to cultivating an inclusive workplace where discrimination in any form is not tolerated. We are committed to providing equal opportunities for all employees, regardless of race, gender, religion, age, disability, or any other protected characteristics. By embracing diversity and fostering an environment of fairness, respect, and inclusivity, we ensure that every individual feels valued and supported in their personal and professional development. This commitment enables all employees to thrive and contribute to the success of the organisation.

Our approach and performance

HBGL is deeply committed to promoting fairness and equity in all our relationships with stakeholders, including employees, shareholders, customers, suppliers, and competitors. We actively foster an inclusive environment that values and respects individuals from diverse backgrounds, ensuring they feel empowered to contribute their unique perspectives and talents. Our focus is on creating a workplace where everyone can thrive, regardless of race, gender, religion, age, disability, or any other protected characteristic.

This commitment to equality is reflected in our track record on human rights, with no reported complaints regarding violations in FY 2024. We take pride in upholding the dignity and well-being of everyone connected to our operations, ensuring that human rights are respected and safeguarded at every level. By maintaining this high standard, we are able to promote a culture of trust, respect, and accountability throughout the organisation.



CORPORATE SUSTAINABILITY STATEMENT
(cont'd)

	2022	2023	2024
Number of substantiated complaints concerning human rights violation	0	0	0

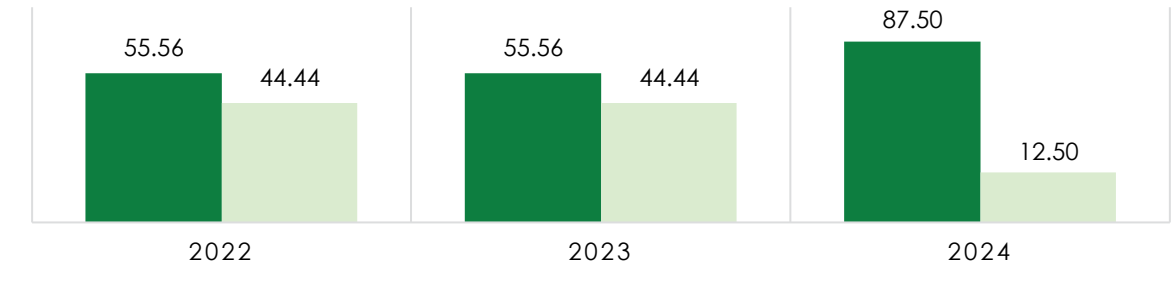
Looking ahead, we remain focused on nurturing a workplace culture defined by fairness, respect, and inclusivity - principles we consider fundamental to our organisational success and societal impact. We are particularly committed to ensuring equal access to career advancement opportunities and leadership roles for all employees, regardless of their individual characteristics, as we continue to build a more equitable future.

The charts showcase the Group's board diversity performance and workforce profile.

Board Diversity
Total Directors of 8 in FY 2024

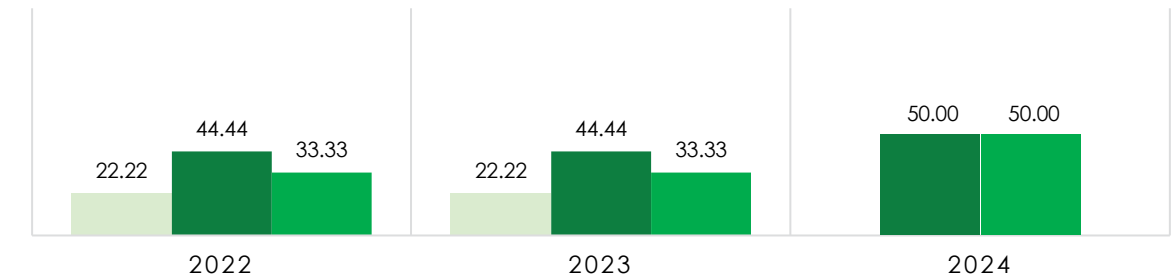
GENDER (%)

Male Female



AGE (%)

Under 30 Between 30-50 Above 50



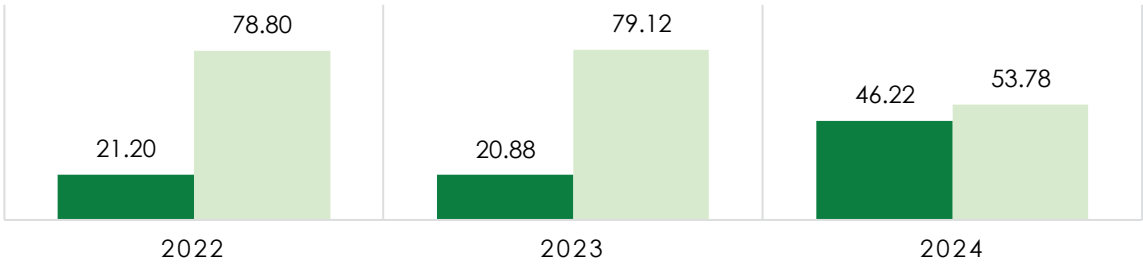


CORPORATE SUSTAINABILITY STATEMENT
(cont'd)

Workforce Profile
Total Employees of 502 in FY 2024

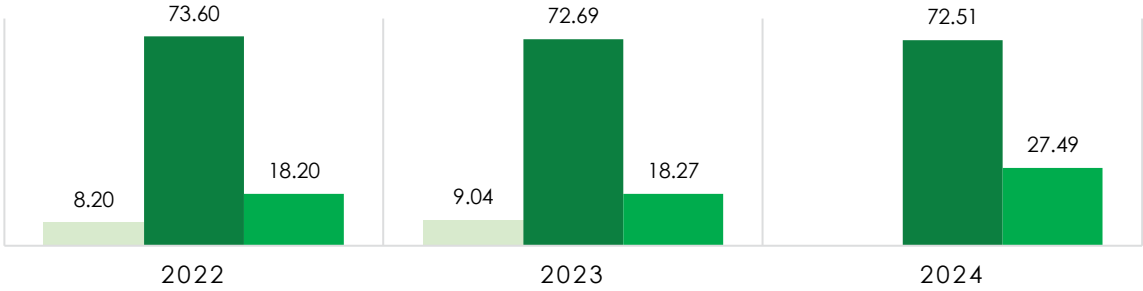
GENDER DIVERSITY (%)

Male Female



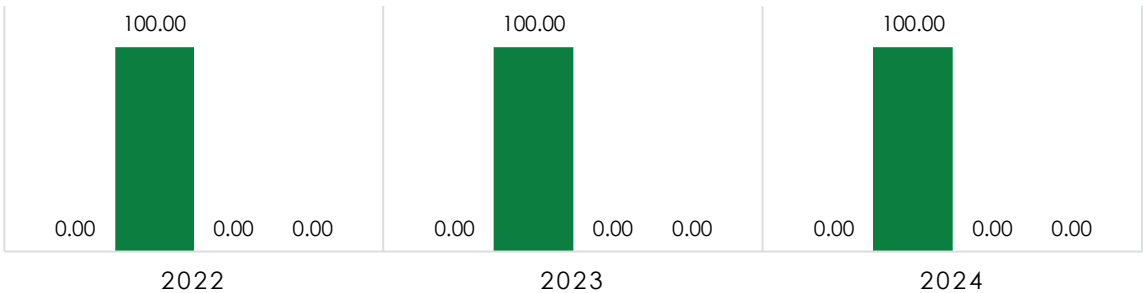
AGE DIVERSITY (%)

Under 30 Between 30-50 Above 50



ETHNIC DIVERSITY (%)

Bumiputera Chinese Indian Others

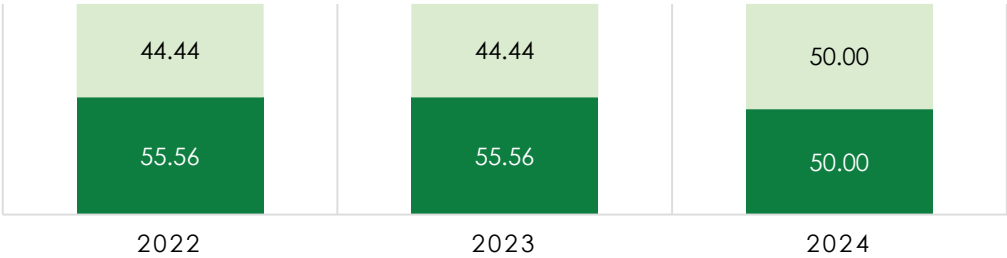




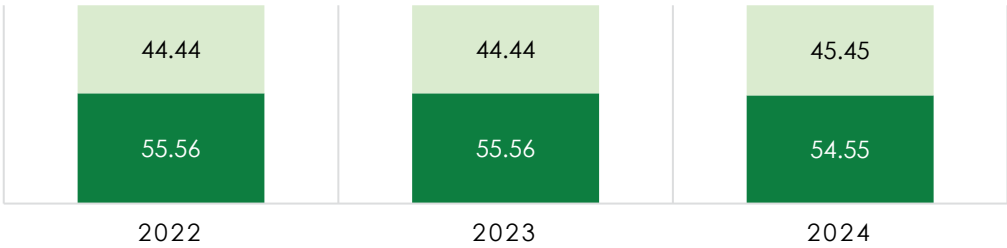
CORPORATE SUSTAINABILITY STATEMENT
(cont'd)

Gender Diversity by Employee Category (%)

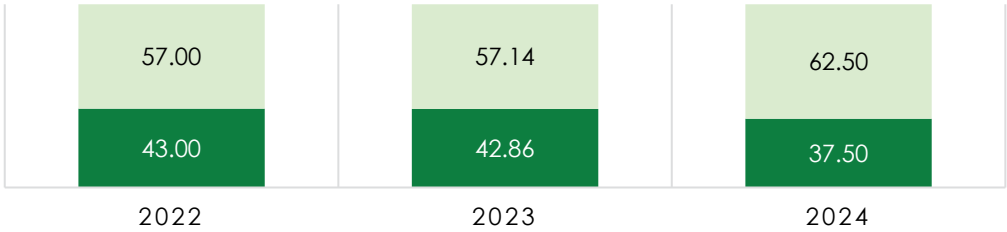
MANAGEMENT



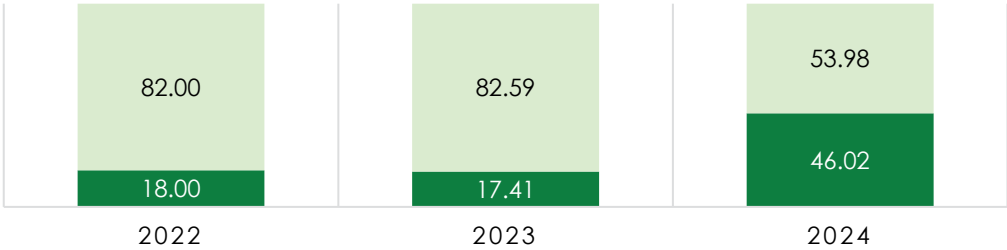
EXECUTIVE



NON-EXECUTIVE/TECHNICAL STAFF



GENERAL WORKERS



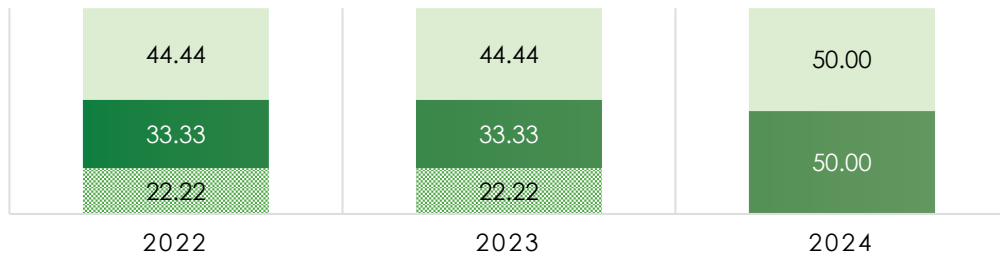
Male Female



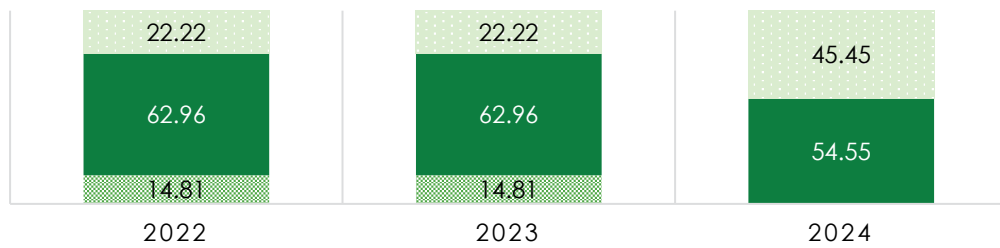
CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Age Diversity by Employee Category (%)

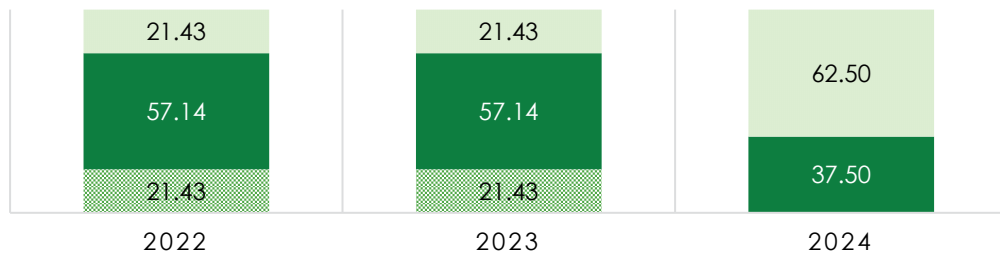
MANAGEMENT



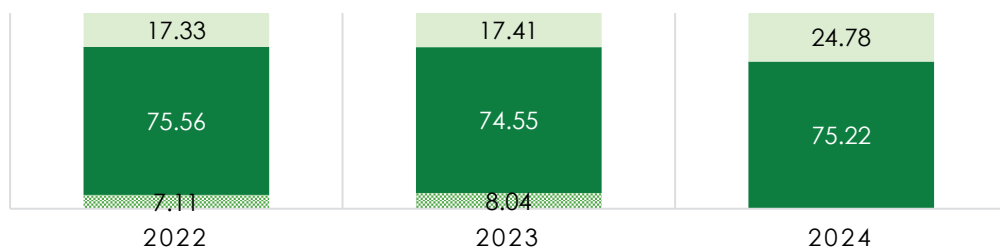
EXECUTIVE



NON-EXECUTIVE/TECHNICAL STAFF



GENERAL WORKERS



Under 30 Between 30-50 Above 50



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Related UNSDGs:



Community

Contributing to local community development

Contributing to Local Communities/CSR

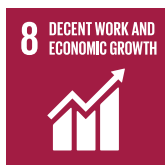
HBGL is dedicated to building strong relationships with local communities to foster social inclusion and drive lasting, sustainable impact. We are committed to actively participating in diverse initiatives that address social needs, improve well-being, and create meaningful value for those around us. Our key objective is to enhance our brand image and reputation while effectively responding to community needs and concerns. Moving forward, we aim to expand our involvement in welfare-focused initiatives that uplift communities and strengthen our connection with them. Through continuous collaboration and engagement, we strive to be a responsible corporate citizen, contributing to a more inclusive and sustainable society.

Our approach and performance

In response to shifting business priorities and resource constraints, our CSR activities have experienced a slowdown in recent years, leading to the postponement of several community initiatives. Despite these challenges, our commitment to social responsibility remains unwavering. As we move into FY 2025, we are dedicated to reinvigorating our CSR efforts, identifying new opportunities to engage with and support the communities around us. Through strategic planning and purposeful initiatives, we strive to create meaningful and lasting positive change.

	2022	2023	2024
Total amount invested in the community where the target beneficiaries are external to HBGL (RMB)	0	0	0
Total number of beneficiaries of the investment in the communities	0	0	0

Related UNSDGs:



Customer Satisfaction

Our management philosophy is built on two fundamental pillars: Quality and Safety. These principles define our unwavering commitment to delivering exceptional products and services that serve society while keeping customer needs at the forefront. Our relentless drive to enhance customer satisfaction motivates us to provide innovative, reliable, and high-quality solutions that improve lives globally. Trust and peace of mind are at the core of our offerings, ensuring that every product we deliver meets the highest standards of reliability. With this dedication, we continuously seek customer feedback to refine our products and services, reinforcing our promise to exceed expectations.



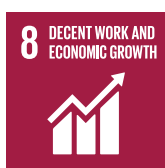
CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Our approach and performance

HBGL is committed to continuously improving the customer experience by fostering active engagement and open communication. We regularly gather feedback and conduct satisfaction surveys to assess our sales and purchasing processes, ensuring we meet and exceed customer expectations. These insights drive the ongoing refinement of our products and services, allowing us to enhance overall customer satisfaction.

In addition to service excellence, we integrate sustainability principles into our business practices, aligning our offerings with environmental and social responsibility. By doing so, we not only enhance customer trust and loyalty but also contribute to broader sustainability goals. As consumer expectations evolve toward greater sustainability awareness, HBGL remains dedicated to responsible corporate citizenship, ensuring that our business practices support both customer satisfaction and a sustainable future.

Related UNSDGs:



Environment

Improving our environment by utilising greener alternatives

Climate Change (Energy Management and Emissions)

We acknowledge the environmental impact of our energy consumption and greenhouse gas emissions and are dedicated to mitigating climate change through responsible and sustainable growth. Our commitment to environmental stewardship drives us to implement initiatives that not only reduce our carbon footprint but also create long-term benefits for both present and future generations.

As we navigate the transition to a low-carbon economy, we actively seek opportunities to enhance energy efficiency, adopt cleaner technologies, and integrate sustainable practices into our operations. By taking a proactive approach, we aim to balance business growth with environmental responsibility, ensuring a greener and more sustainable future.

Our approach and performance

HBGL recognises the significant environmental impact of our operations, particularly in terms of energy consumption and greenhouse gas ("GHG") emissions from diesel and electricity use. As part of our commitment to sustainability, we are dedicated to reducing our carbon footprint and implementing strategies to protect the environment. This includes promoting the adoption of renewable energy sources, enhancing energy efficiency, and integrating sustainable practices across our supply chain.

To ensure accurate and transparent reporting, we have refined our GHG emissions calculation methods. By improving the precision of our calculations, we are better equipped to assess and disclose our environmental impact. This enables us to make more informed decisions and take targeted actions to further reduce our carbon emissions and energy usage, reinforcing our dedication to responsible environmental stewardship.

Through these efforts, we aim to not only minimise our operational impact on the environment but also contribute to global sustainability goals, ensuring long-term value for our business, stakeholders, and the wider community.

Total energy consumption	2022	2023	2024
Gigajoules	14,328.00*	16,524.00*	12,504.24
Megawatt-hour	3,980.00*	4,590.00*	3,473.40

*Restated



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

The table below also discloses our scope emissions over the past three years.

Total emissions by scope (tCO ₂ e)	2022	2023	2024
Scope 1	37.36	40.15	29.05
Scope 2	3,104.40*	3,580.20*	2,709.25
Scope 3	4.96	6.66	5.76

*Restated

Related UNSDGs:



Waste Management

Our Group is dedicated to environmental protection by prioritizing waste reduction and responsible disposal methods. We understand the significant risks posed by mismanaged waste, which can lead to pollution of air, water, and soil, thereby harming the environment and public health. As part of our commitment, we ensure that waste is disposed of in an environmentally responsible manner, preserving natural resources and contributing to the well-being of the communities we serve. Through sustainable practices, we strive to minimise our environmental impact and promote a cleaner, healthier future.

Our approach and performance

At HBGL, we are committed to upholding the principles of reducing, reusing, and recycling as essential components of our waste management strategy, particularly within our office and factory premises. Our approach is focused on minimising the environmental impact of our operations while safeguarding natural resources and public health. We manage waste with great care, ensuring its responsible disposal and reducing its effect on the environment. In our ongoing efforts to promote sustainability, we also prioritise the reuse of materials, such as corrugated boxes, within our warehouses whenever possible. Below is a table illustrating the waste generated by our operations over the past three years:

Total energy consumption	2022	2023	2024
Waste diverted from disposal	180	220	160
Waste directed to disposal	160	150	150
Total waste generated (MT)	340	370	310

This commitment to waste minimisation and resource conservation reflects our broader environmental responsibility and dedication to sustainable practices across all aspects of our business.

Related UNSDGs:





CORPORATE SUSTAINABILITY STATEMENT
(cont'd)

Water Management

We recognise the critical importance of water conservation in protecting the environment and preserving natural resources. Excessive water use can deplete valuable water sources and contribute to pollution, ultimately harming ecosystems and communities. To address this, we are committed to reducing our water consumption through the implementation of water-saving practices and efficient water management strategies. By fostering responsible water use across our operations, we aim to protect the environment, support local communities, and contribute to the sustainable use of this vital resource.

Our approach and performance

In FY 2024, our company recorded a total water consumption of 24.54 megalitres. We are committed to reducing our water usage by implementing sustainable practices and improving our water management systems. As part of our ongoing efforts, we have installed a rainwater harvesting system and two sewage treatment tanks to reduce our environmental impact. We also prioritise educating our employees on the importance of water conservation, fostering a collective effort to preserve water resources. These actions highlight our dedication to sustainable operations and our responsibility to protect local ecosystems and communities.

	2022	2023	2024
Total volume of water used (Megalitres)	26.21*	25.96*	24.54

*Restated

Related UNSDGs:





CORPORATE SUSTAINABILITY STATEMENT (cont'd)

PERFORMANCE DATA TABLE

Indicator	Unit	2022	2023	2024	Target
Bursa (Anti-Corruption)					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category					
Management	Percentage	100.00	100.00	100.00	
Executive	Percentage	100.00	100.00	100.00	
Non-executive/Technical Staff	Percentage	80.00	80.00	100.00	
General Workers	Percentage	60.00	60.00	85.00	
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	1.00	0.80	100.00	
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	
Bursa (Community/Society)					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RMB	0	0	0	
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	0	0	
Bursa (Diversity)					
Bursa C3(a) Percentage of employees by gender and age group, for each employee category					
Age Group by Employee Category					
Management Under 30	Percentage	22.22	22.22	0.00	
Management Between 30-50	Percentage	33.33	33.33	50.00	
Management Above 50	Percentage	44.44	44.44	50.00	
Executive Under 30	Percentage	14.81	14.81	0.00	
Executive Between 30-50	Percentage	62.96	62.96	54.55	
Executive Above 50	Percentage	22.22	22.22	45.45	
Non-executive/Technical Staff Under 30	Percentage	21.43	21.43	0.00	
Non-executive/Technical Staff Between 30-50	Percentage	57.14	57.14	37.50	
Non-executive/Technical Staff Above 50	Percentage	21.43	21.43	62.50	
General Workers Under 30	Percentage	7.11	8.04	0.00	
General Workers Between 30-50	Percentage	75.56	74.55	75.22	
General Workers Above 50	Percentage	17.33	17.41	24.78	
Gender Group by Employee Category					
Management Male	Percentage	55.56	55.56	50.00	
Management Female	Percentage	44.44	44.44	50.00	
Executive Male	Percentage	55.56	55.56	54.55	
Executive Female	Percentage	44.44	44.44	45.45	
Non-executive/Technical Staff Male	Percentage	43.00	42.86	37.50	
Non-executive/Technical Staff Female	Percentage	57.00	57.14	62.50	
General Workers Male	Percentage	18.00	17.41	46.02	
General Workers Female	Percentage	82.00	82.59	53.98	



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Indicator	Unit	2022	2023	2024	Target
Bursa C3(b) Percentage of directors by gender and age group					
Male	Percentage	55.56	55.56	87.50	
Female	Percentage	44.44	44.44	12.50	
Under 30	Percentage	22.22	22.22	0.00	
Between 30-50	Percentage	44.44	44.44	50.00	
Above 50	Percentage	33.33	33.33	50.00	
Bursa (Energy management)					
Bursa C4(a) Total energy consumption	Megawatt	3,980.00*	4,590.00*	3,473.40	
Bursa (Health and safety)					
Bursa C5(a) Number of work-related fatalities	Number	0	0	0	
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0	0	0	
Bursa C5(c) Number of employees trained on health and safety standards	Number	306	398	502	
Bursa (Labour practices and standards)					
Bursa C6(a) Total hours of training by employee category					
Management	Hours	36	48	50	
Executive	Hours	36	48	45	
Non-executive/Technical Staff	Hours	30	48	42	
General Workers	Hours	48	60	30	
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00	
Bursa C6(c) Total number of employee turnover by employee category					
Management	Number	0	0	0	
Executive	Number	0	0	0	
Non-executive/Technical Staff	Number	0	0	0	
General Workers	Number	2	2	8	
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0	
Bursa (Supply chain management)					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	97.00	98.00	95.00	
Bursa (Data privacy and security)					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	
Bursa (Water)					
Bursa C9(a) Total volume of water used	Megalitres	26.21*	25.96*	24.54	



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Indicator	Unit	2022	2023	2024	Target
Bursa (Waste management)					
Bursa C10(a) Total waste generated	Metric tonnes	340	370	310	
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	180	220	160	
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	160	150	150	
Bursa (Emissions management)					
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	37.36	40.15	29.05	
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	3,104.40*	3,580.20*	2,709.25	
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	4.96	6.66	5.76	

Internal assurance	External assurance	No assurance	(*) Restated
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CORPORATE SUSTAINABILITY STATEMENT (cont'd)

ASSURANCE STATEMENT

To bolster the credibility of our Sustainability Statement, specific sections have been subjected to the following:

- Internal Review by the Group's Management Internal Audit Team
- Independent Assurance in accordance with recognised standards for selected indicators and has been approved by the Group's Audit Committee (Refer to Independent Limited Assurance Statement in page 45)

The Scope, Subject Matter(s) covered, and Conclusion (where applicable) are provided below:

Type of Assurance	Material Matters	Subject Matter	Scope	Conclusion
Review by Independent Assurance Auditor	Climate Change	Total energy consumption	Operations assessed: China	Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in HBGL's Sustainability Statement 2024 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.
		Scope 1 emissions in tonnes of CO ₂ e		
		Scope 2 emissions in tonnes of CO ₂ e		
		Scope 3 emissions in tonnes of CO ₂ e		
Internal Review by Management Internal Audit Team	Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category	Operations assessed: China	Currently in review by the management team.
		Percentage of operations assessed for corruption-related risk		
		Confirmed incidents of corruption and action taken		
	Cybersecurity and Data Protection	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data		
	Employee Management	Total hours of training by employee category		
		Total number of employee turnover by employee category		

Moving forward, we are committed to enhancing the accuracy and quality of our data to bolster our disclosures. We aim to achieve this by subjecting all indicators to independent assurance over the next five years. This proactive approach underscores our dedication to transparency and accountability in our sustainability reporting practices.

**Note: In preparing the Subject Matter mentioned above, HBGL applied the following criteria:*

- IFRS Foundations - International Integrated Reporting Framework and Integrated Thinking Principles
- Task Force on Climate related Financial Disclosures ("TCFD")
- HBGL's relevant policies and procedures



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

LOOKING FORWARD

As a company listed on the Main Market of the Bursa Malaysia Securities Berhad, we remain steadfast in our commitment to conducting business with integrity, accountability, and transparency. This Sustainability Statement reflects our ongoing efforts to engage stakeholders and communicate the progress of our sustainability journey. Central to our governance framework are the Anti-Bribery and Corruption Policy and Whistleblowing Policy, which affirm our zero-tolerance stance towards fraud, bribery, corruption, money laundering, and the financing of terrorism. These policies are essential to maintaining stakeholder confidence and ensuring ethical conduct across our operations.

We believe that sustainable growth goes hand in hand with responsible business practices. With a firm focus on long-term value creation, we are committed to advancing initiatives that support economic development while preserving the well-being of our people, customers, and the communities we serve. Innovation and resilience remain at the heart of our approach as we navigate an ever-changing business environment.

Our management team continues to drive digital transformation as a catalyst for improving operational efficiency, enhancing service delivery, and embedding sustainability across all facets of the organisation. We are also taking proactive steps to minimise our environmental impact and contribute positively to social and ethical priorities.

Together with our stakeholders, we are building a future rooted in purpose—creating lasting impact, shaping a more sustainable world, and redefining what it means to be a responsible corporate citizen.



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

RELATIONSHIP WITH UNSDGs

Sustainable Development Goals	Main Activity	Detailed Information
 No Poverty	- Implementation of ISO 9001 - Providing equal work opportunities	- Marketplace - Workplace
 Zero Hunger	Implementation of ISO 22000	Marketplace
 Good Health and Well-being	- Implementation of ISO 22000 - Safe working environment	- Marketplace - Workplace
 Quality Education	Training and development for employees	Workplace
 Gender Equality	Employment policy of no discrimination	Workplace
 Clean Water and Sanitation	Promoting water conservation	Environment
 Affordable and Clean Energy	-	-
 Decent Work and Economic Growth	Good management	- Economic - Marketplace - Workplace - Community
 Industry, Innovation, and Infrastructure	- Implementation of ISO 9001 - Implementation of ISO 22000	Marketplace
 Reducing Inequality	Employment policy of no discrimination	Workplace
 Sustainable Cities and Communities	Implementation of pollution prevention initiatives	Environment
 Responsible Consumption and Production	- Implementation of ISO 9001 - Implementation of ISO 22000 - Promise to deliver safe and quality products	- Marketplace - Environment
 Climate Action	Reduce CO2 emission	Environment
 Life Below Water	Implementation of ISO 9001	Marketplace
 Life On Land	-	-
 Peace, Justice, and Strong Institutions	Anti-corruption, cybersecurity and data protection	- Marketplace - Governance
 Partnerships for the Goals	- Implementation of ISO 22000 - Sustainability report initiative	- Marketplace - Looking Forward



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

TCFD-ALIGNED DISCLOSURES

(As recommended by IFRS1 and IFRS2, we can continue using the TCFD recommendations)

TCFD Recommendation	HBGL Disclosure	Reference
Governance – Disclose the organisation's governance around climate-related risks and opportunities		
a) Describe the Board's oversight of climate -related risks and opportunities	- Risk management Board skills and experience – climate change - Sustainability Committee – role and focus	- Chairman Statement - Governance
b) Describe management's role in assessing and managing climate-related risks and opportunities.	- Risk management Climate change – managing risk and opportunity - Sustainability Committee – role and focus FY 2024	- Governance - Supply Chain Management - Environment
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material		
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	- Risk management – Risk factors (climate change, greenhouse gas emissions and energy) - Climate change – managing risk and opportunity	Materiality Matrix
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	- Risk management – Risk factors (climate change, greenhouse gas emissions and energy) - Climate change – managing risk and opportunity	Materiality Matrix
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Climate change – evaluating the resilience of our portfolio	Energy Management & Emissions
Risk management – Disclose how the organisation identifies, assesses, and manages climate-related risks		
a) Describe the organisation's processes for identifying and assessing climate-related risks.	Risk management	Materiality Matrix
b) Describe the organisation's processes for managing climate-related risks.	Risk management – Risk factors (climate change, greenhouse gas emissions and energy)	- Materiality Matrix - Energy Management & Emissions
c) Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation's overall risk management.	- Risk management non-financial KPIs – sustainability KPIs - Risk management – Risk factors (climate change, greenhouse gas emissions and energy)	- Materiality Matrix - Energy Management & Emissions



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

TCFD-ALIGNED DISCLOSURES (CONT'D)

(As recommended by IFRS1 and IFRS2, we can continue using the TCFD recommendations)

TCFD Recommendation	HBGL Disclosure	Reference
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material		
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	- Non-financial KPIs – sustainability - KPIs Climate change – Operational emissions - Climate change – Scope 3 emissions	Energy Management & Emissions
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	- Non-financial KPIs – sustainability KPIs - Climate change – operational emissions performance - Climate change – Scope 3 emissions performance Climate change data	Energy Management & Emissions
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	- Non-financial KPIs – sustainability KPIs - Climate change – operational emissions performance FY 2024 performance outcomes	Energy Management & Emissions



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

INDEPENDENT LIMITED ASSURANCE STATEMENT

Independent Limited Assurance Statement

Independent Limited Assurance Statement to the Directors of HB Global Limited on Sustainability Metrics within the Sustainability Report 2024.

Our Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter as presented in HBGL's Sustainability Statement 2024 have not been prepared and presented fairly, in all material respects, in accordance with the Criteria defined below.

Scope of Work

ASAP Advisory PLT ("ASAP" or "we") was engaged by HB Global Limited ("HBGL") to perform a 'limited assurance engagement,' as defined by the International Standard on Assurance Engagements ("ISAE") 3000 Revised, Assurance Engagement other than Audits or Review of Historical Financial Information, on selected subject matters ("Subject Matter") included in HBGL's 2024 Sustainability Statement ("SS2024") for the financial year ended 31st December 2024.

Subject Matter

Our limited assurance engagement was performed for the Subject Matter listed in the table below, as presented in the SS2024:

Material Matters	Subject Matter	Scope
Climate Change	Total energy consumption	Operations assessed: Malaysia
	Scope 1 emissions in tonnes of CO ₂ e	
	Scope 2 emissions in tonnes of CO ₂ e	
	Scope 3 emissions in tonnes of CO ₂ e	

The scope of our work was limited to the Subject Matter presented in the SS2024 and did not include coverage of data sets or information unrelated to the data and information underlying the Subject Matter and related disclosures; nor did it include information reported outside of the SS2024, comparisons against historical data, or management's forward-looking statements.

Criteria applied by HBGL

In preparing the Subject Matter mentioned above, HBGL applied the following criteria:

- IFRS Foundations - International Integrated Reporting Framework and Integrated Thinking Principles Task Force on Climate related Financial Disclosures ("TCFD")
- HBGL's relevant policies and procedures

HBGL's Responsibilities

HBGL's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

ASAP's responsibilities

Our responsibility is to express our conclusion on whether anything has come to our attention that causes us to believe that the Subject Matter and related disclosures as presented in the SS2024 are not prepared, in all material respects, in accordance with the Criteria.

We have performed our limited assurance engagement in accordance with the terms of reference for this engagement agreed with HBGL, including performing the engagement in accordance with the ISAE 3000, issued by the International Auditing and Assurance Standards Board. This Standard requires that we plan and perform our engagement to obtain limited assurance about whether the Subject Matter and related disclosures as presented in the SS2024 are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of HBGL's use of the criteria specified as the basis of preparation used for the selected Subject Matter and related disclosures presented in the SS2024, assessing the risks of material misstatement thereof, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter and related disclosures in the SS2024. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

This assurance has been conducted at a limited level according to Global Internal Audit Standards from the IIA2, at a minimum the internal audit function should provide the following assurance over ESG reporting;

- 1) Review reporting metrics for relevancy, accuracy, timeliness and consistency;
- 2) Review reporting for consistency with formal financial disclosure filings;
- 3) Conduct materiality or risk assessments on ESG reporting;

including the Principles contained within the International Integrated Reporting Council ("IIRC"), Task Force on Climate related Financial Disclosures ("TCFD").

Statement of Independence and Competence

ASAP provides a range of services, including internal audit, internal control review, risk management, and environmental, social, and ethical auditing and training. Additionally, we offer assurance services for environmental, social, sustainability, and ESG reports.

We affirm our **independence from HBGL**, ensuring objectivity, freedom from bias, and the absence of conflicts of interest with the organisation, its subsidiaries, and stakeholders. For this assurance engagement, a specialised team was carefully assembled based on their expertise, experience, and relevant qualifications, ensuring a thorough and credible review.

Description of Procedures Performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.



CORPORATE SUSTAINABILITY STATEMENT (cont'd)

Our procedures included:

- Gaining an understanding of HBGL's business, internal processes and approach to sustainability
 - Conducting interviews with key personnel and collating evidence to understand HBGL's process for reporting performance indicators and disclosures, including inquiring regarding risks of misstatement and quality controls to address risks
 - Conducting limited assurance procedures over the selected Subject Matter and disclosures, including:
 - Undertaking analytical procedures to support the reasonableness of the data
 - Checking that the calculation Criteria have been applied as per the methodologies for the Subject Matter within the Statement
 - Identifying and testing assumptions supporting calculations
 - Testing, on a sample basis, underlying source information to check accuracy of the data
 - Performing recalculations of performance indicators using input data
 - Checking that measurements made at the end of the reporting period are timely entered in the records and the sustainability statement
 - Obtaining appropriate representations from management, in the form of a management representation letter addressed to us to confirm that the management believes that it has fulfilled its responsibilities
- We also performed such other procedures as we considered necessary in the circumstances.

Inherent Limitations

Inherent limitations of assurance engagements include use of judgement and selective testing of data, which means that it is possible that fraud, error or non-compliance may occur and not be detected in the course of performing the engagement. Accordingly, there is some risk that a material misstatement may remain undetected. Further, our limited assurance engagement is not designed to detect fraud or error that is immaterial.

There are additional inherent risks associated with assurance engagements performed for non-financial information given the characteristics of the subject matter and associated with the compilation of source data using definitions and methods for determining, calculating, and estimating such information that are developed internally by management. The absence of a significant body of established practice on which to draw, allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Qualitative interpretations of relevance, materiality and the accuracy of data are subject to individual assumptions and judgements. In particular, where the information relies on factors derived by independent third parties, our assurance work has not included examination of the derivation of those factors and other third-party information.

Other Matters

Information relating to prior reporting periods has not been subject to assurance procedures. Our report does not extend to any disclosures or assertions relating to future performance plans and/or strategies disclosed in the SS2024. The maintenance and integrity of HBGL's website is the responsibility of HBGL's management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to the Subject Matter and related disclosures, the SS2024 or to our independent limited assurance report that may have occurred since the initial date of presentation on the HBGL's website.

Restriction of use

Our work has been undertaken to enable us to express a limited assurance conclusion on the matters stated above in our report provided to the directors of HBGL in accordance with the terms of our engagement, and for no other purpose.

Our report is intended solely for the directors of HBGL and should not be used by any other parties. To the fullest extent permitted by the law, we do not accept or assume liability to any party other than the directors of HBGL, for our work, for this report, or for the conclusion we have reached.

We agree to the publication of this assurance report in HBGL's SS2024 for the financial year ended 31st December 2024, provided it is clearly understood by recipients of the SS2024 that they enjoy such receipt for information only and that we accept no duty of care to them whatsoever in respect of this report.

ASAP Advisory PLT

201804000474 (LLP0014854-LGN)

Johor Bahru, Malaysia
30 March 2025



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is committed to ensure that a high standard of corporate governance is practised throughout HB Global Limited ("**HB Global**" or "**the Company**") and its subsidiaries ("**the Group**") in discharging its responsibilities with integrity, transparency and professionalism, to protect and enhance shareholders' value and the financial position of the Group.

The Board recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance 2021 ("**MCCG**") issued by the Securities Commission Malaysia to enhance business prosperity and maximise shareholders' value. The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is a statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2024 ("**FYE 2024**") pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

This Statement is to be read together with the Corporate Governance Report 2024 ("**CG Report**") of the Company which is available on the Company's website at www.hbglob.com. The detailed explanation on each application of the corporate governance practices is disclosed in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

- **Board Leadership on Objectives and Goals**

Strategic Aims, Values and Standards

The Group is led and managed by an experienced and effective Board. The Board provides strategic direction for the Group and regularly meets to review corporate strategies, resolve operational affairs and monitor the financial performance of the Group.

The Board is collectively responsible to the Company's shareholders for the long-term success of the Group and its overall strategic direction, its values and its governance. The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives and goals. The Board regularly reviews the Group's business operations, management performance and also ensures the necessary resources are in place.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group's strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The management, including the Chief Executive Officer and Executive Director of the Company, are responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board. The management meets regularly to discuss and resolve operational issues. The Chief Executive Officer and Executive Director briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. Accordingly, it develops corporate objectives and position descriptions, including defining the limits of management's responsibilities, which management is aware of and accountable for meeting.

The Board understands the principal risks associated with all aspects of the Group's business, recognizing that business decisions inherently involve risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks with a view to the long term viability of the Group.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The principal roles and responsibilities assumed by the Board are as follows:

- Reviewing and adopting a strategic plan for the Group

The Board plays an active role in developing the Group's overall corporate strategy, marketing plan and financial plan. It is presented with both the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercises which support the Group's business and financial plans.

- Identifying principal risks and ensuring implementation of appropriate internal compliance controls and justification of measures to address principal risks

The Board is fully aware of its responsibilities to maintain a proper internal control system. The Board oversees the Group's internal control systems including financial condition of the business, operational efficiency, regulatory compliance as well as risk management matters.

- To formulate and implement an appropriate succession plan

The Board is responsible for establishing and maintaining an appropriate succession plan, encompassing the appointment, training, and compensation of senior management of the Group. Additionally, the Board assesses the performance of Directors and Board Committee members and, where appropriate, oversees the retirement and appointment of new Board members and Executive Directors.

The Board has entrusted the Nomination Committee with the responsibility of reviewing candidates who possess the necessary mix of skills and experience for Board appointments. Whereas for the Remuneration Committee, they are tasked to determine remuneration packages for these appointments, and conducting an annual review of Directors' remuneration to ensure it remains fair, competitive, and aligned with the Group's strategic objectives and market practices.

- Developing and implementing an investor relations program or shareholder communications policy for the Company

The Board recognises that shareholders and other stakeholders are entitled to timely and accessible material information about the Company. To ensure transparency, the Company provides regular disclosures throughout the financial year, with the corporate website serving as the primary medium for disseminating information to the shareholders and stakeholders.

- Board Meetings and Responsibilities

The Board convenes meetings at least four (4) times per financial year to consider:

- i) relevant operational reports from the management;
- ii) financial performance reports;
- iii) specific proposals for capital expenditure and acquisitions, if any;
- iv) major issues and opportunities for the Company, if any; and
- v) quarterly financial statements for announcement.

In addition, the Board will, at intervals of not more than one (1) year:

- i) approves annual financial statements, and shareholders reports;
- ii) considers and, if appropriate, declares or recommends dividend payments;
- iii) reviews Board's composition, structure and succession planning;
- iv) review the Company's audit requirements;
- v) evaluate the performance and composition of Board committees;
- vi) conducts Board's and individual director's evaluations;
- vii) review Board remuneration; and
- viii) assesses risk management policies, controls and regulatory compliance.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

- Roles and Responsibilities of Directors

The roles of Independent Non-Executive Directors and Executive Directors are clearly defined in the Board Charter and properly segregated to maintain effective governance.

Independent Non-Executive Directors play a crucial role in providing objective and impartial views, offering advice, and contributing their expertise to policy formulation and decision-making. Their independence ensures a strong system of checks and balances, preventing any individual or group from dominating the Board's decision-making process. While all Directors share equal responsibility for the Company and Group's operations, Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are thoroughly deliberated and take into account the interests of the Company, shareholders, employees, customers, suppliers, and the broader community.

Executive Directors oversee the Group's performance, operations, corporate affairs, and administration. They are supported by senior management in executing the Group's business activities in accordance with Board-approved policies, guidelines, and strategic plans.

Separation of positions of the Chairman and Chief Executive Officer

The Chairman of the Board, YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah, who is an Independent Non-Executive Chairman appointed to the Board on 29 July 2024, plays an instrumental role in leading the Board by setting the tone at the top and managing Board effectiveness by focusing on strategy, governance and compliance. The Chairman also provides leadership at Board level and represents the Board to the shareholders and other stakeholders.

While for the Chief Executive Officer of the Company, Mr Shen Hengbao is primarily responsible for the day-to-day management of the Group, assessing potential business opportunities, and implements the Board's policies and decisions. Additionally, he steers the Company's vision, strategy, and key corporate matters, including corporate restructuring and business expansion plans.

Chairman of the Board should not be a member of the Board Committees

The Board is committed to complying with Practice 1.4 of the MCCG, which states that the Chairman of the Board should not be a member of any Board Committees. This practice ensures independence, avoids conflicts of interest, and mitigates the risk of self-review, thereby preserving the objectivity of the Chairman and the Board when deliberating on the observations and recommendations of the Board Committees.

In line with this commitment, the Chairman of the Board is not a member of any Board Committees. This separation of roles reinforces governance best practices by ensuring that the committees function independently without undue influence from the Board's leadership. Additionally, the Board ensures that each committee is composed of an appropriate mix of independent and non-executive directors to provide effective oversight and maintain objectivity in all deliberations and decision-making processes.

The Board remains open to periodically reviewing the composition of its committees to further strengthen governance and transparency as necessary.

Qualified and Competent Company Secretaries

The Board is supported by one (1) suitably qualified and competent Company Secretary. The Company Secretary plays an advisory role to the Board and is responsible to ensure that Board policies and procedures are both followed.

The Company Secretary will attend all Board and Board Committee meetings and is responsible for the proper maintenance of records of the discussions on key deliberations and decisions taken during the Board and Board Committee meetings.

The Company Secretary renders necessary assistance to the Board and ensures meeting procedures are followed and the applicable laws and regulations are complied with.

The Company Secretary has kept himself abreast of the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to the following four (4) Board Committees:

- a) Audit Committee ("AC");
- b) Nomination Committee ("NC");
- c) Remuneration Committee ("RC"); and
- d) Risk Management Committee ("RMC").

Each Board Committee operates under its own terms of reference, with the authority to act on behalf of the Board within the scope defined therein. These Committees are established to enhance business and operational efficiency while ensuring effective governance.

The Chairman of each Committee reports the outcomes of the respective meetings to the Board for consideration and approval. However, the Board retains full responsibility for the strategic direction, oversight, and control of the Company and the Group.

A copy of the terms of reference of the board committees is available on the Company's website at www.hbglob.com.

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers, including due notice of matters to be discussed, along with relevant supporting information and documentation, are provided to the Board well in advance to facilitate informed decision-making. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretary.

The Board has unrestricted access to all information within the Company as a whole, enabling it to effectively discharge its duties and responsibilities. Board members receive timely information and reports on financial, regulatory, and audit matters through Board papers, ensuring informed decision-making and meaningful oversight.

All Directors have direct access to the advice and services of the Company Secretary, who ensures compliance with meeting procedures, applicable rules, and regulations. Additionally, external advisers may be invited to Board meetings to provide professional insights, advice, and explanations on specific agenda items when required. Senior management is also invited to participate in Board meetings, ensuring that all members remain well-informed on the latest business developments within the Group. Furthermore, the Chairpersons of the respective Board Committees provide briefings to the Board on discussions held and decisions made during their meetings.

When necessary, Directors, whether as a full Board or in their individual capacity, may seek independent professional advice, including from internal and external auditors, at the Company's expense. This ensures they have sufficient knowledge to effectively discharge their duties. Such requests are subject to the approval of the Chairman of the Board, taking into consideration the quantum of fees involved.

• Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has adopted a Board Charter which sets out the composition and balance, roles and responsibilities, operation and processes of the Board. The Board reviews the Charter periodically to ensure it remains relevant and effective. The details of the Board Charter are available for reference at the Company's website at www.hbglob.com.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Directors' Fit and Proper Policy

Following the amendments to the MMLR, the Board has adopted a Directors' Fit and Proper Policy to evaluate candidates proposed for appointment as Directors, as well as to assess the suitability of existing Directors to continue holding their positions within the Group. The details of the Directors' Fit and Proper Policy is available for reference at the Company's website at www.hbglob.com.

- **Good Business Conduct and Corporate Culture**

Code of Conduct and Ethics

The Board is committed to fostering a corporate culture that upholds ethical conduct. To support this commitment, the Company has established a Code of Conduct and Ethics, which outlines the principles and standards that guide the Company's actions in enhancing corporate value. It also highlights key areas in daily operations that require vigilance to mitigate potential risks. The details of the Code of Conduct and Ethics is available for reference at the Company's website at www.hbglob.com.

Whistle-blowing Policy

The Company has established the Whistle-blowing Policy, with the aim to provide an avenue for the whistle blower(s) to raise concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. The details of the Whistle-blowing Policy is available for reference at the Company's website at www.hbglob.com.

Anti-Bribery and Corruption Policy

The Company has implemented an Anti-Bribery and Corruption Policy that sets out policies and procedures to uphold ethical conduct and strengthen governance within the Group. This policy is designed to prevent corrupt practices and ensure compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2018, which addresses corporate liability for corruption. The details of the Anti-Bribery and Corruption Policy is available for reference at the Company's website at www.hbglob.com.

Governing Sustainability

The Board strives to consider sustainability matters in line with the recommendations of the MCCG. Together with Management, the Board is responsible for overseeing sustainability governance, including setting the Company's sustainability strategies, priorities, and targets.

Despite challenging economic conditions, uncertainties in the political landscape, and the lingering effects of the post-pandemic climate, the Group has remained committed to enhancing business sustainability and stakeholder engagement throughout the financial year. Management firmly believes that long-term success can only be achieved through collaborative efforts between the Group, its stakeholders, and the wider community.

PART II – BOARD COMPOSITION

- **Board's objectivity**

Board Composition and Balance

The Board is committed to ensuring that its composition, as far as possible, reflects diversity as recommended by the MCCG while also maintaining the right mix of skills and balance to support the achievement of the Group's goals and business objectives.

As at the date of this report, the Board of HB Global comprises eight (8) members, comprising of one (1) Independent Non-Executive Chairman, one (1) Executive Directors, one (1) Chief Executive Officer and five (5) Independent Non-Executive Directors. The present composition of the Board is in compliance with Paragraph 15.02 of the MMLR and Practice 5.2 of the MCCG as a majority of its members are Independent Directors.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad-based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The combination of professionals with diverse and varied backgrounds, wealth of experience and expertise in finance and corporate affairs also enables the Board to discharge its responsibilities effectively and efficiently. The profiles of the Directors and Key Senior Management are set out in this Annual Report.

Tenure of Independent Directors

Currently, the Board does not have a formal policy on the tenure for Independent Director as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Director at this juncture.

During the FYE 2024, the NC has assessed the independence of the Independent Directors based on the criteria prescribed under the MMLR of Bursa Securities, and is satisfied that the Independent Directors have demonstrated independence in their conduct and behaviour and that each of them is independent of the management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and the Group.

The Independent Directors have also declared their independence to the Board under the annual Board evaluation process during the FYE 2024.

The Board, through the NC, had assessed, Mr Yang Chin Shen and Mr Ho Pui Hold, the Independent Directors of the Company who had served the Board for a cumulative term of more than nine (9) years, and concluded that they have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they would be able to function as check and balance and bring an element of objectivity to the Board. Accordingly, the Board agreed with the proposed re-appointment of Mr. Yang Chin Shen and Mr Ho Pui Hold as Independent Directors of the Company and will seek shareholders' approval at the forthcoming Annual General Meeting to retain them as Independent Directors of the Company through a two-tier voting process at the forthcoming Annual General Meeting ("**AGM**") of the Company. The Company strives to promote board quality and strengthen independence by limiting the tenure of an independent director to not more than a cumulative period of twelve (12) years from the date of first appointment as an Independent Director in the Company, in accordance with the MMLR. Any long-serving independent director exceeding this tenure must resign or be re-designated as non-independent director.

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new Directors depending upon the circumstances and timing of the appointment. The NC will help assess and recommend to the Board, the candidature of Directors, appointment of Directors to Board Committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the business, the markets and the industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board are as follows:

- i) The NC reviews the Board's composition through Board assessment/evaluation;
- ii) The NC determines skills matrix;
- iii) The NC evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv) The NC recommends to the Board for appointment; and
- v) The Board approves the appointment of the candidates.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Factors considered by the NC when recommending a person for appointment as a director include:

- i) Skills, knowledge, expertise and experience;
- ii) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- iii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- iv) the extent to which the appointee is likely to work constructively with the existing Directors and contribute to the overall effectiveness of the Board.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy.

However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the Group.

The Group basically evaluate the suitability of candidates as new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Nevertheless, the Board will evaluate and match the criteria of the potential candidate as well as considering the boardroom diversity for any new proposed appointment of Directors of the Company in the future.

Currently, our Board comprise of one (1) female Director. The Board will endeavour to increase the number of female representations at the Board level if there are appropriate candidates available when vacancies arise.

The existing Directors' age distribution falls within the respective age group and are as follows:

Age Group	30-39 years	40-49 years	50-59 years	60 years & above
Number of Directors	1	3	3	1

The current diversity in the race/ethnicity and nationality of the existing Directors are as follows:

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	2	5	0	1	7	1

Directorship in Other Public Listed Companies

The directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Board before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the MMLR.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Board Meetings and Attendance

There were 5 Board of Directors' meetings held during the FYE 2024. Details of the attendance of the Directors are as follows:

Name of Director	Total Meetings Attended	Percentage of Attendance
YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah (appointed on 29 July 2024)	3/3	100%
Shen Hengbao	4/5	80%
Yang Chin Shen	5/5	100%
Ho Pui Hold	5/5	100%
Keh Chuan Yee	5/5	100%
Chin Nyat Fwu (appointed on 29 July 2024)	3/3	100%
Elizabbeth Siew Wai Kit (appointed on 29 July 2024)	3/3	100%
Dato Haji Mohd Hizzat Bin Mohd Shah (appointed on 20 August 2024)	3/3	100%
Chan Kay Ding (resigned on 29 July 2024)	2/2	N/A
Lew Seh Li (resigned on 20 May 2024)	1/1	N/A
Datuk Kang Hua Keong (appointed on 20 August 2024, resigned on 2 October 2024)	1/1	N/A

All the Directors complied with the minimum 50% attendance requirement in respect of Board of Directors' meetings held during the FYE 2024 as stipulated under Paragraph 15.05 of the MMLR.

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

The Board convenes on a quarterly basis to deliberate on key matters, including but not limited to the Group's operational performance, financial results, reports from various Board Committees, regulatory compliance, risk management, and other significant developments. These meetings serve as a platform for strategic discussions and informed decision-making to drive the Group's business objectives.

In instances where urgent decisions or guidance from the Board are required between scheduled meetings, special Board meetings may be convened to ensure timely responses to critical matters. Additionally, for matters that require the Board's approval but do not necessitate physical meetings, Directors may provide their approval through circular resolutions, ensuring operational efficiency and continuity in decision-making.

The proceedings and resolutions concluded at each Board meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the Company's registered office in Singapore.

To assist the Directors in planning their schedules, the Company Secretary provides tentative dates for the Board and Board Committee meetings well in advance. This ensures that all Directors have sufficient notice to arrange their availability and attend the scheduled meetings, including the AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Continuing Education Programs

The Directors are encouraged to attend continuous education programmes/seminars/conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

Details of seminars/conferences/training programmes attended by the Board members during the FYE 2024 as listed below:

Name of Director	Seminars/Conferences/Training Programmes Attended
Ho Pui Hold	- The Art of Corporate Strategy - NGAGE Advisory Sdn Bhd - SC's Audit Oversight Board Conversation with Audit Committee - <i>Security Commission</i> - Safeguarding supreme audit institutions - <i>Association of Chartered Certified Accountants</i> - A new frontier of sustainability reporting in PFM - <i>Association of Chartered Certified Accountants</i> - How can countries develop an effective PFM reform strategy? - <i>Association of Chartered Certified Accountants</i> - Innovative strategies for public sector productivity - <i>Association of Chartered Certified Accountants</i> - Unexpected leaders, unmatched impact: <i>AI in public finance</i> - <i>Association of Chartered Certified Accountants</i> - Building Global Markets Community & Access Capital - <i>Morison LC PLT</i> 2025 Budget Seminar - <i>Russell Bedford LC PLT</i>
Yang Chin Shen	- Internal Policies, Procedures and Controls (IPPC) – 17 August 2024 - Anti-Money Laundering/ Combating Financing of Terrorism – 24 August 2024 - Introduction to Artificial Intelligence – 7 September 2024 - SSA 700 (Revised) Forming an Opinion and Reporting on Financial Statements – 14 September 2024 - SSA 705 (Revised) Modifications to the Opinion in the Independent Auditor's Report – 21 September 2024 - SSA 706 (Revised) Emphasis of Matter Paragraphs and Other matter Paragraphs in the Independent Auditor's Report – 28 September 2024 - Amendments to FRS 21 Lack of Exchangeability – 5 October 2024 - FRS 118 Presentation and Disclosure in Financial Statements – 12 October 2024 - Annual Improvements to FRSs – Volume 11 – 19 October 2024 - Amendments to the Classification and Measurement of Financial Instruments (Amendments to FRS 109 and FRS 107) – 26 October 2024

The Board, with the assistance of the NC, continuously evaluates and identifies the training needs of each Director. The focus is on new laws, regulations, corporate governance best practices, and risk management essentials to ensure that Directors remain well-equipped to effectively discharge their duties. Apart from the training disclosed above, other Directors were unable to attend suitable training programmes during the financial year due to their demanding work schedules. However, they have been regularly updated with relevant reading materials and technical updates, which help enhance their knowledge and equip them with the necessary skills to fulfill their roles effectively.

In addition, the Directors receive regular updates on recent developments in statutory and regulatory requirements through briefings conducted by the External Auditors, Internal Auditors, Company Secretary, or Company Secretary Agent during the Board and Board Committee meetings, to ensure that Directors stay informed and well-prepared to fulfill their governance responsibilities effectively.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Nomination Committee

The NC comprises exclusively of Independent Non-Executive Directors. Its primary role is to assess and recommend suitable candidates with an optimal mix of qualifications, skills, experience, and core competencies prior to appointment to the Board. Additionally, the NC is responsible for evaluating the performance and contribution of the Board as a whole, its Committees, and each individual Director. This assessment is conducted annually to ensure continued Board effectiveness and good corporate governance.

The present members of the NC are as follows:

Name	Designation	Directorship
Elizabbeth Siew Wai Kit (appointed on 29 July 2024)	Chairman	Independent Non-Executive Director
Yang Chin Shen	Member	Independent Non-Executive Director
Chin Nyat Fwu (appointed on 29 July 2024)	Member	Independent Non-Executive Director
Ho Pui Hold (ceased to be the Chairman on 29 July 2024)	Chairman	Independent Non-Executive Director
Lew Seh Li (resigned on 20 May 2024)	Member	Independent Non-Executive Director

The NC will meet at least once per year unless otherwise determined by the NC. During the FYE 2024, the summary of activities undertaken by the NC included the following :

- i) Reviewed the effectiveness of the Board as a whole, Board Committees and each individual Director and recommended the same to the Board;
- ii) Assessed and evaluated the level of independence of Independent Directors;
- iii) Reviewed and recommended the re-election and re-appointment of retiring Directors based on the Director's Fit and Proper Policy; and
- iv) Reviewed and evaluated the qualification and experience of the Board candidate based on the Board's requirements and recommended the same for Board's approval.

• Overall Board Effectiveness

Evaluation for Board, Board Committees and Individual Directors and Re-election of Directors

The NC is responsible for evaluating performance and effectiveness of the entire Board, the Board Committees and each individual Director on a yearly basis. The evaluation process is led by the NC Chairman and with assistance of the Company Secretary Agent via questionnaires.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

Based on the annual assessment conducted during the FYE 2024, the NC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review. All assessments and evaluations carried out by the NC in discharge of its functions were properly documented.

In accordance with the Company's Constitution, one-third (1/3) of the Directors are subject to retirement for re-election by rotation at least once in every three (3) years at each AGM. Retiring Directors may offer themselves for re-election. A director who is appointed during the financial period is, in accordance with the Company's Constitution, required to retire at the AGM following his appointment but is eligible for re-election by the shareholders. As part of its annual assessment, the NC has evaluated the Directors' performance and recommended their re-election at the forthcoming AGM.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PART III – REMUNERATION

- **Level and Composition of Remuneration**

Remuneration Committee

The RC of the Company comprises exclusively Independent Non-Executive Directors.

The present members of the RC are as follow:

Name	Designation	Directorship
Chin Nyat Fwu (appointed on 29 July 2024)	Chairman	Independent Non-Executive Director
Yang Chin Shen	Member	Independent Non-Executive Director
Elizabbeth Siew Wai Kit (appointed on 29 July 2024)	Member	Independent Non-Executive Director
Ho Pui Hold (ceased to be a member on 29 July 2024)	Member	Independent Non-Executive Director
Chan Kay Ding (resigned on 29 July 2024)	Chairman	Independent Non-Executive Director

The RC meets at least once a year or as needed and is responsible for reviewing the remuneration packages and benefits of the Executive Directors. When determining these packages, the RC considers each Executive Director's contribution, responsibilities, and performance.

However, the final approval of the remuneration rests with the Board as a whole. To ensure fairness and transparency, Executive Directors do not participate in any decisions regarding their own remuneration.

During the financial year under review, the summary of activities undertaken by the RC included the following:

- Reviewed and recommended the payment of Directors' fees to the Board for approval;
- Reviewed and recommended the Executive Directors' remuneration package to the Board for approval; and
- Reviewed and recommended the Chief Financial Officer's remuneration package to the Board for approval.

- **Remuneration of Directors and Senior Management**

Directors' Remuneration

The remuneration for Non-Executive Directors is determined by the Board as a whole, considering market benchmarks, experience, and responsibilities undertaken by each Director. While the Board deliberates their remuneration, the Directors concerned shall abstain from discussions and decision in respect of their voting on the individual package. Additionally, the Company reimburses reasonable out-of-pocket expenses incurred by Non-Executive Directors in fulfilling their duties. The aggregate annual Directors' fees are subject to shareholders' approval at the AGM, based on the Board's recommendations.

For Executive Directors, remuneration is determined fairly based on the Group's performance and profitability. The Board exercises its discretion, ensuring that remuneration aligns with market standards while reflecting each Director's contribution, experience, and role. The RC ensures that remuneration packages are competitive, enabling the Company to attract and retain high-calibre Directors capable of leading the Group effectively.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

The details of the Directors' remuneration paid to all Directors of the Company (both by the Company and the Group) for the FYE 2024 are as follows:

Director	Company (RM'000)					Group (RM'000)				
	Fees	Allowance	Salary	Bonus	Benefits-in-kind	Fees	Allowance	Salary	Bonus	Benefits-in-kind
YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah (appointed on 29 July 2024)	25	-	-	-	-	-	-	-	-	-
Shen Hengbao	-	-	-	-	-	-	-	46	-	-
Yang Chin Shen	24	-	-	-	-	-	-	-	-	-
Ho Pui Hold	24	-	-	-	-	-	-	-	-	-
Keh Chuan Yee	-	-	-	-	-	-	-	150	-	-
Chin Nyat Fwu (appointed on 29 July 2024)	10	-	-	-	-	-	-	-	-	-
Elizabeth Siew Wai Kit (appointed on 29 July 2024)	10	-	-	-	-	-	-	-	-	-
Dato Haji Mohd Hizzat Bin Mohd Shah (appointed on 20 August 2024)	8	-	-	-	-	-	-	-	-	-
Lew Seh Li (resigned on 20 May 2024)	-	-	-	-	-	-	-	-	-	-
Chan Kay Ding (resigned on 29 July 2024)	-	-	-	-	-	-	-	-	-	-
Datuk Kang Hua Keong (appointed on 20 August 2024, resigned on 2 October 2024)	-	-	-	-	-	-	-	60	-	-
Total	101	-	-	-	-	-	-	256	-	-

Remuneration of Top Five (5) Senior Management

The Board acknowledges the importance of transparency in disclosing senior management's remuneration. However, it believes that such disclosure may negatively impact the Group's business interests, given the highly competitive human resource landscape where headhunting for skilled professionals with the right expertise and experience is prevalent. Releasing specific remuneration details could pose challenges in talent retention and recruitment.

To address this, the Board ensures that senior management's remuneration is fair and reflective of their responsibilities, with careful consideration given to attracting, retaining, and motivating key corporate leaders to drive the Group's success effectively.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

- **Audit Committee**

The AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The AC also undertakes to provide oversight on the risk management framework of the Group.

Chairman of AC

The current composition of the AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by an Independent Director and the positions of the Chairman of the Board and AC are held by separate individuals. All the AC members possess a reasonable level of financial literacy, with two members being registered with the Malaysian Institute of Accountants.

The composition, roles and responsibilities of the AC are set out in the AC Report within this Annual Report. The duties and responsibilities of the AC are also available in the AC's terms of reference.

Former Audit Partner

None of the Board members nor the AC were former audit partners of the External Auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was a audit partner of the external auditors of the Group.

Assessment of Suitability and Independence of External Auditors

The AC has established a transparent and appropriate relationship with the Company's External Auditors. From time to time, the External Auditors will highlight matters that require the AC and the Board's attention.

The AC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The AC has been explicitly accorded with the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the AC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the AC.

To assess or determine the suitability and independence of the External Auditors, the AC has taken into consideration the following:

- (i) the adequacy of the experience, competence and resources of the External Auditors;
- (ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- (iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- (iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

The External Auditors are invited to attend the AGM of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement of the Company.

As part of the AC's review processes, the AC has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to this, the Board approved the AC's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs. UHY Lee Seng Chan & Co., as the External Auditors of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

- Effective Risk Management and Internal Control Framework**

The Board is responsible for maintaining a robust system of internal control, encompassing financial, operational, and compliance controls, as well as risk management. Regular reviews are conducted to ensure its effectiveness in safeguarding shareholders' investments and the Company's assets.

To support this ongoing risk identification process, the RMC has been established with the following composition:

Name	Designation	Directorship
Elizabbeth Siew Wai Kit <i>(appointed on 29 July 2024)</i>	Chairman	Independent Non-Executive Director
Yang Chin Shen	Member	Independent Non-Executive Director
Keh Chuan Yee	Member	Executive Director
Ho Pui Hold <i>(ceased to be the Chairman on 29 July 2024)</i>	Chairman	Independent Non-Executive Director

The internal control system is designed to assess both current and emerging risks while ensuring an appropriate response to the Group's risk exposure. To strengthen this framework, the RMC, with the support of an outsourced professional Internal Audit firm, has implemented ongoing monitoring and reviews of the existing risk management processes across various business operations. This initiative aims to formalize risk management functions across the Group.

Additionally, this function serves as a key resource in assisting the AC and the Board in enhancing management practices and operational approaches, aligning them with industry best practices.

As part of this continuous process, the Group identifies and evaluates significant business risks, considering their potential impact on achieving business objectives. This includes analysing key risks in critical areas, assessing the likelihood of material exposures, and determining appropriate risk mitigation measures.

Further details on the Group's internal control framework can be found in the Statement on Risk Management and Internal Control section of this Annual Report.

- Internal Audit Functions**

The Group has appointed an established professional Internal Audit firm, which reports to the AC and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

Further details of the activities of the internal audit function are set out in the Statement on Risk Management and Internal Control and AC Report in this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – COMMUNICATION WITH STAKEHOLDERS

- **Continuous Communication between Company and Stakeholders**

The Board always recognizes that effective communication with stakeholders is an essential requirement of the Group's sustainability. In view thereof, stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner.

The Group relies on the following channels for effective communication with the shareholders and stakeholders:

- i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
- ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
- iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the MMLR; and
- iv) AGM.

The AGM is the principal forum for dialogue and interaction with shareholders and provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Company's business, governance and performance.

The minutes of the 17th AGM were made available on the Company's website within 30 business days after the AGM.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders. It is not merely established to comply with the MMLR of Bursa Securities.

The Company's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

Leverage on Information Technology for Effective Dissemination of Information

In its efforts to promote effective communication, the Board recognises that timely and equal dissemination of consistent and accurate information are provided to them through public announcements made throughout the year to Bursa Securities. The shareholders and members of the public are also invited to access the Group's website for the latest information about the Group.

The quarterly financial results are announced to the public via announcement in Bursa Securities after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

Shareholders and investors may also forward their queries to the Company via email to contact@hbglob.com.

PART II – CONDUCT OF GENERAL MEETINGS

- **Encourage Shareholders' Participation at General Meeting**

The Board recognises that General Meetings serve as a vital platform for shareholders communication. These meetings provide an opportunity for direct engagement between the Board and shareholders.

At each AGM, the Board actively encourages shareholders to participate in question-and-answer sessions, allowing them to express their views, seek clarifications, and engage in meaningful discussions with the Board.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

As recommended by the MCCG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

At the AGM, the Board will provide shareholders with an update on the Group's progress and performance. Shareholders are encouraged to participate in the question-and-answer session, where they will have the opportunity to raise concerns or seek further information.

The Board members, Company Secretary, senior management, and External Auditors will be present to address any queries during the meeting. Additionally, informal discussions between Directors, senior management, shareholders, and investors are actively encouraged before and after the general meetings to foster greater engagement and transparency.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the AGM.

At the Seventeenth (17th) AGM of the Company held on 24 June 2024, all Directors, save for Shen Heng Bao, were present to engage directly with shareholders and to be held accountable for their stewardship of the Company.

Poll Voting

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is of the view that the Group has complied with and remains committed to upholding the highest standards through the continuous adoption of the principles and best practices set out in the MCCG and all other applicable laws, where relevant and appropriate.



AUDIT COMMITTEE REPORT

The Board of Directors ("**the Board**") of HB Global Limited ("**the Company**") is pleased to present the Audit Committee Report for the financial year ended 31 December 2024.

Composition

The Audit Committee ("**AC**") currently consists of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the AC are as follows: -

Name	Designation	Directorship
Yang Chin Shen	Chairman	Independent Non-Executive Director
Chin Nyat Fwu (appointed on 29 July 2024)	Member	Independent Non-Executive Director
Elizabbeth Siew Wai Kit (appointed on 29 July 2024)	Member	Independent Non-Executive Director
Ho Pui Hold (ceased to be a member on 29 July 2024)	Member	Independent Non-Executive Director
Lew Seh Li (resigned on 20 May 2024)	Member	Independent Non-Executive Director

The Chairman of the AC, Mr Yang Chin Shen, along with Mr Chin Nyat Fwu, are the members of the Malaysian Institute of Accountants.

No alternate director has been appointed as a member of the AC.

The current composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Malaysian Code on Corporate Governance.

Terms of Reference

A copy of the AC's terms of reference is available on the Company's website at www.hbglob.com. The following extracted terms of reference define the AC's membership, authority, duties, and responsibilities, as well as its meeting procedures, to uphold effective corporate governance, ensure robust financial oversight, and maintain compliance with regulatory requirements.

1. Membership

- (i) The AC shall be appointed by the Board.
- (ii) It shall comprise at least three (3) members who must be Non-Executive Directors, with a majority of them being Independent Directors.
- (iii) The Chairman of the AC shall be appointed by the AC amongst the members of the AC themselves and shall be an Independent Director.
- (iv) If the number of members is reduced to below three (3) as a result of resignation or death of a member, or for any other reason(s), the AC shall, within three (3) months of that event, appoint amongst such other directors, a new member to make up the minimum number required herein.



AUDIT COMMITTEE REPORT (cont'd)

(v) At least one (1) member of the AC:

(a) must be a member of the Malaysian Institute of Accountants ("MIA"); or

(b) if he/she is not a member of the MIA, he/she must have at least three (3) years' working experience and :-

- he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

(c) fulfils such other requirements as prescribed or approved by the Bursa Securities.

(vi) An alternate director is not eligible for membership in the AC.

2. Authority

The AC is authorised by the Board to investigate any activity within its terms of reference. The AC shall have unlimited access to both the internal auditors and external auditors as well as all employees of the Group. The AC shall also have the authority to obtain independent legal or other professional advice and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

3. Duties and Responsibilities

- (i) To review and discuss with the internal auditor their audit plans, audit findings, and reports, as well as to assess the adequacy and effectiveness of the Company's internal control system.
- (ii) To assess the adequacy of the scope, functions, and resources of the internal audit function, ensuring that it is equipped with the necessary authority, independence, and support to perform its duties effectively.
- (iii) To review the internal audit programme and processes, assess the findings and results of internal audits or investigations conducted, and ensure that appropriate actions are taken in response to the recommendations of the internal audit function.
- (iv) To review and evaluate the adequacy of assistance, cooperation, and access to information provided by the Company's management to both the external and internal auditors, ensuring that they can perform their audit functions effectively and without undue restrictions.
- (v) To review the external auditor's audit plans and assess their reports, including key audit findings and recommendations.
- (vi) To evaluate the cost-effectiveness, independence, and objectivity of the external auditor in carrying out their audit responsibilities.
- (vii) To assess the nature and extent of non-audit services provided by the external auditor, ensuring that such services do not compromise their independence and objectivity.
- (viii) To review the quarterly unaudited condensed financial statements and the audited financial statements of the Group before submission to the Board, focusing particularly on:
 - any changes in accounting policies and practices;
 - any significant and unusual results or events; and
 - compliance with accounting standards and other legal requirements.



AUDIT COMMITTEE REPORT (cont'd)

- (ix) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (x) To recommend to the Board the appointment or reappointment of the external and internal auditors, including the determination of their audit fees, and, where applicable, to consider and recommend their resignation or dismissal.
- (xi) To undertake such other responsibilities as may be agreed to by the AC.

4. Meetings

- (i) The AC shall hold at least four (4) meetings a year and such additional meeting(s) as the Chairman of the AC shall decide in order to fulfill its duties.
- (ii) Apart from the members of the AC who will be present at the meetings, the AC may invite any member of the Board of Directors, the Management, staff and representatives of the external auditor and internal auditor to be present at the meeting of the AC.
- (iii) A quorum shall consist of not less than two (2) members. The majority of members present must be Independent Non-Executive Directors.
- (iv) A notice period of no less than seven (7) days shall be provided to all members for the convening of any meeting.
- (v) Matters raised and tabled at the AC meetings shall be decided by a majority of votes of the members.
- (vi) A resolution in writing, signed by majority of the AC members present in Malaysia for the time being entitled to received notice of meeting of the AC, shall be as valid and effective as if it had been deliberated and decided upon at a meeting of the AC.
- (vii) Proceedings of all meetings held and resolutions passed as referred to in clause (vi) above shall be recorded by the Company Secretary and kept at the Group's registered office.
- (viii) Every member of the Board shall have the right at any time to inspect the minutes of all meetings held and resolutions passed by the AC and the reports submitted thereat.
- (ix) The external auditors shall have the right to attend and be heard at any meeting and shall appear before the AC when required. Upon the request of the external auditors, the Chairman shall convene a meeting to discuss any matters that they deem necessary to bring to the attention of the Directors or shareholders of the Company. Where necessary, the AC shall meet with the external auditors without the presence of the executive board members of the Group.

Attendance of Meetings

During the financial year ended 31 December 2024, the AC held 4 meetings. Details of the attendance of AC's members are as follow:

Name	Attendance	Percentage of Attendance
Yang Chin Shen	4/4	100%
Chin Nyat Fwu (appointed on 29 July 2024)	2/2	100%
Elizabbeth Siew Wai Kit (appointed on 29 July 2024)	2/2	100%
Ho Pui Hold (ceased to be a member on 29 July 2024)	2/2	N/A
Lew Seh Li (resigned on 20 May 2024)	1/1	N/A



AUDIT COMMITTEE REPORT (cont'd)

The meetings were structured with well-defined agendas, which were distributed to the AC with sufficient notice. Each meeting was conducted for an adequate duration, ensuring the AC could effectively address all agenda items while allowing ample time for meaningful discussions on emerging issues.

The Company Secretary attended all meetings, ensuring proper documentation and governance. When required, executive Board members, management representatives, as well as external and internal auditors were invited to attend specific AC meetings to facilitate direct communication and provide clarifications on audit matters and the Group's operations.

In addition, the AC had meetings with the External Auditors without the presence of Management where they were given the opportunity to raise any concerns or professional opinions and thus, be able to exert their functions independently.

The minutes of each AC meeting were recorded and subsequently tabled for confirmation at the following AC meeting.

Annually, the term of office and performance of the AC and each of its members are assessed by the Nomination Committee prior to recommending them to the Board for review. During the financial year 2024, the Board is satisfied that the AC has discharged its functions, duties and responsibilities in accordance with its terms of reference.

Summary of Activities

The main activities that were undertaken by the AC during the financial year ended 31 December 2024 include the following:

- i) Reviewed the Group's quarterly unaudited financial reports and annual audited financial statements, including related announcements, before recommending them to the Board for approval and subsequent release of the Group's financial results to Bursa Securities;
- ii) Reviewed with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2024;
- iii) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
- iv) Evaluated the performance of the external auditors for the financial year ended 31 December 2024 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- v) Reviewed the adequacy of the scope and functions of the internal audit plan;
- vi) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- vii) Reviewed the effectiveness of the Group's internal control system;
- viii) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit services rendered to the Company and the Group;
- ix) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- x) Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements, the AC keeps itself apprised of changes in accounting policies and guidelines through regular updates by the External Auditors;
- xi) Reviewed the AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report; and
- xii) Report to the Board on its activities and significant audit findings and results.



AUDIT COMMITTEE REPORT (cont'd)

Related Party Transactions

The AC reviewed the related party transactions entered into by the Group that may arise within the Group and ensured that all transactions are conducted at arm's length. There were no material related party transactions arise during the financial year.

Independence of the AC

The Company recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company are former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate to be appointed as a member of the AC was an audit partner of the external auditors of the Group.

Training and Financial Literacy of the AC Members

Collectively, the members of the AC have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the terms of reference of the AC. The qualification and experience of the individual AC members are disclosed in the Board of Directors' Profiles in this Annual Report. During the financial year ended 31 December 2024, the members of the AC had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to effectively discharge their duties. The list of trainings attended is disclosed in the Annual Report.

Compliance with Applicable Financial Reporting Standards

The Board is responsible for keeping proper accounting records, which provide reasonable accuracy at any time of the financial position of the Group, and for ensuring that the financial statements comply with the Companies Act of Singapore, Cap.50 and applicable approved accounting standards in Malaysia.

The Board is assisted by the AC in fulfilling the statutory and fiduciary responsibilities in the assessment and evaluation of the Group's management and financial reports of the performance of business, accounting policies, risk and internal controls.

The AC serves as an independent party in reviewing the financial information presented by Management before disseminating to all shareholders and stakeholders. It ensures that the financial statements comply with applicable accounting standards and also provide direction over the internal audit function and manages relationship with the external auditors to ensure their independence from Management.

The quarterly financial reports, audited financial statements and annual report of the Group for the financial year ended 31 December 2024 are prepared in accordance with all the applicable accounting policies.

Internal Audit Functions and Activities

The Group has outsourced its Internal Audit Function to an established professional Internal Audit firm, namely CAS Consulting Services Sdn. Bhd. ("**Internal Auditor**" or "**CASC**"). CASC is staffed by a total of four (4) professionals and is led by Mr. Jeremy Kong, the Executive Director of CASC. He is a fellow member of the Association of Chartered Certified Accountants ("**ACCA**"), the ASEAN Chartered Professional Accountants ("**ASEAN CPA**"), the MIA and the Institute of Internal Auditors Malaysia ("**IIAM**"). He holds a practicing certificate issued by the MIA and ACCA and an audit license issued by Ministry of Finance in Malaysia. CASC is independent of activities related to the Company's business operations and performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors.

The Internal Auditor reports to the AC and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of control and risks throughout the Group in achieving its business objectives.



AUDIT COMMITTEE REPORT (cont'd)

Internal audit provides independent assessment on the effectiveness and efficiency of internal controls utilising a global audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the AC.

The AC approves the internal audit plan during the first AC meeting of each financial year. Any subsequent changes to the internal audit plan are approved by the AC. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred for the Internal Audit Function during the financial year is approximately RM11,000.

During the financial year 31 December 2024, the internal auditors performed review on the Review on Properties (Shandong Hengbao Foodstuff Co., Ltd.)

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control in this Annual Report.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of HB Global Limited is pleased to provide the Statement on Risk Management and Internal Control. This statement has been prepared in accordance with the Malaysian Code on Corporate Governance ("MCCG"), the Corporate Governance Guide, and the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* ("Internal Control Guidelines").

Board Responsibility

The Board affirms its overall responsibility for establishing, maintaining, and continuously improving the Group's risk management and internal control system. Committed to fostering a risk-aware culture, the Board ensures that the Group operates within a robust framework that effectively identifies, assesses and mitigates risks. Oversight is exercised through the establishment of strategic direction and risk management practices, to enhance operational efficiency and effectiveness, ensure the availability and reliability of financial information, maintain compliance with applicable laws, regulations and internal policies and safeguard the interests of shareholders, stakeholders, and the Group's assets.

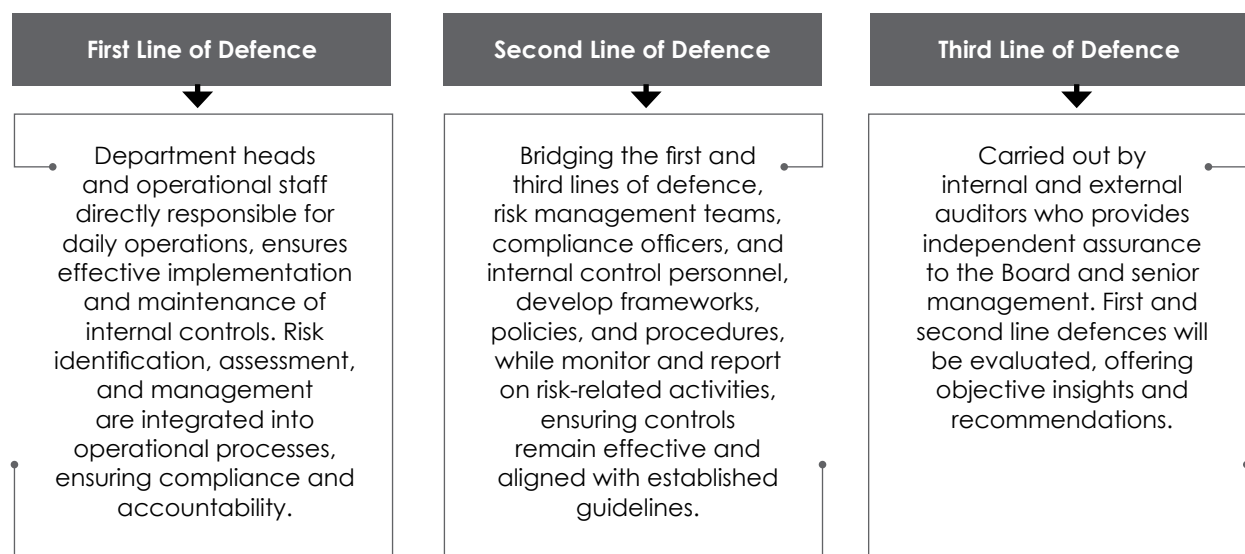
To reinforce governance, the Audit Committee ("AC") has been entrusted with the oversight of risk management and internal control functions, working in close collaboration with the management and Internal Audit ("IA") function. Regular quarterly audits and evaluations conducted by the IA provide valuable insights into the adequacy and effectiveness of internal controls. The Board acknowledges, however, that risk management and internal control systems are designed to manage rather than eliminate, risks associated with achieving business objectives. As a result, only reasonable assurance can be provided against material misstatements, fraud, errors, losses, or unforeseen circumstances.

Risk management is also recognised as an ongoing and collective effort, that necessitates continuous monitoring and adaptation to evolving business conditions as well as emerging risks. Confidence remains that the risk management and internal control system in place during the year under review, and up to the issuance date of the annual report is sufficient and effective in safeguarding shareholders' investments, and the interests of customers, regulators, employees, and the Group's assets.

KEY FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

a) Risk Management Framework

Recognising risk management as a crucial element of sustainable business operations, the Board ensures a structured and continuous process is in place to identify, assess, and mitigate key risks effectively. A three-tiered defence model was adopted to strengthen risk governance, as outlined below:



Throughout the financial year, risk assessments were conducted across different management levels to proactively identify and address emerging risks. These assessments were systematically documented and consolidated into the Group's risk management report for Board review. The risk management framework supports ongoing evaluation and mitigation of significant risk, ensuring high-risk areas are effectively managed through well-defined strategies and controls.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

b) System of Internal Control

The Group employs a top-down approach for internal control, ensuring governance principles and risk management strategies are effectively transmitted from senior management to operational levels in a structured manner. Creating a cohesive and integrated framework for risk identification, mitigation and regulatory compliance, cultivates a culture of proactive risk awareness and accountability across all levels. Such approaches reinforce operational resilience, strengthen corporate governance and support the Group's commitment to sustainable business practices. The key elements of the Group's internal control include:

(i) Governance and Oversight

The Group has a well-defined organisation structure and accountability framework, with the Board and Audit Committee providing strategic oversight. Governance policies, procedures, and regulatory compliance undergo continuous evaluation to ensure alignment with industry best practices and regulatory requirements.

(ii) Regular Board Meetings

The Board convenes at least quarterly to review and deliberate on key matters, ensuring effective oversight and accountability in the performance of business units and support functions.

(iii) Documented Procedures and Compliance Audits

Comprehensive internal procedures and Standard Operating Procedures (SOPs) are established to ensure operational consistency and regulatory adherence. These documented processes are supported by a surveillance system and undergo periodic certification audits conducted by ISO certification body assessors; and

(iv) Management Oversight and Performance Monitoring

Senior management conducts regular on-site visits to operational units to gain firsthand insights into business activities, evaluate potential challenges, and implement necessary corrective measures.

Robust oversight was exercised by continuously monitoring the key financial and operational performance indicators, ensuring the Group remains aligned with its strategic objectives.

The Audit Committee performs quarterly reviews of unaudited financial results to assess the Group's progress. Audit Committee members were authorised to investigate key areas, identify opportunities for enhancement and provide strategic recommendations.

c) Internal Audit Function

The Board affirms its commitment to maintaining a robust internal control environment by leveraging an independent and professional internal audit function. To uphold objectivity and expertise, the Group has engaged, CAS Consulting Services Sdn. Bhd., to conduct independent assessments of its risk management and internal control systems. Reporting directly to the Audit Committee, the Internal Auditors execute a structured, risk-based audit plan aligned with the Group's strategic and operational risks.

Throughout the financial year, audit findings and corresponding management actions were reviewed by the Audit Committee to ensure timely and effective remediation. While certain internal control gaps were identified, proactive measures were promptly implemented, and no significant deficiencies resulted in material financial losses or uncertainties affecting the Group's financial statements.

The internal audit function adheres to globally recognised best practices, including the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors. Additionally, the adoption of an Enterprise Risk Management (ERM) framework enhances the internal audit process by ensuring systematic approach to risk identification, assessment, and mitigation, reinforcing the Group's commitment to sound corporate governance.



STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Review of Effectiveness

The Board, with the support of the Audit Committee, is confident that the Group's risk management and internal control systems have remained effective throughout the financial year. These systems have played a significant role in safeguarding shareholder's investments, protecting customer interests, ensuring regulatory compliance, upholding employee welfare, and securing the Group's assets. Recognising the evolving and dynamic nature of the business landscape, the Board remains committed to the continuous assessment and enhancement of frameworks.

The Audit Committee has provided assurance to the Board that the Group's risk management processes and internal control measures are operating effectively in all material aspects. However, in light of the increasingly complex operational environment, the Board remains proactive in evaluating and strengthening these systems to support sustainable growth.

Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2024. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that would indicate the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control systems.

However, the auditors did highlight certain areas where internal control deficiencies were observed and recommended improvements. The Board has acknowledged these observations and confirmed that appropriate measures will be undertaken by the Company and the Group to strengthen the identified areas and enhance the overall effectiveness of the internal control framework.

Management's Assurance

The Executive Directors, representing the management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

The Executive Directors, on behalf of management, have provided reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective in all material respects. This assurance is based on the established frameworks and practices adopted by the Group, as well as similar confirmations provided by the respective heads of operations.

Board Conclusion

For the financial year under review, the Board confirms that there were no significant internal control deficiencies or material weaknesses that resulted in material losses or contingencies requiring disclosure in the Annual Report. The Board is satisfied that the Group's existing risk management and internal control systems are adequate to safeguard shareholders' investments and the Group's assets.

Nonetheless, the Board remains mindful that the effectiveness of these systems must continuously evolve in response to the dynamic and challenging business environment. As such, the Board is committed to reviewing and, where necessary, implementing appropriate action plans to further strengthen the Group's internal control and risk management framework.



OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

Private Placement of up to 10% of the total number of issued shares of Company

The Company had on 28 June 2022 proposed to undertake the private placement of new ordinary shares in the Company ("Placement Shares"), representing not more than 10% of the total number of issued shares (excluding any treasury shares) ("Private Placement") pursuant to the general mandate obtained from the Company's shareholders in its 15th Annual General Meeting ("AGM") held on 30 May 2022.

As at 6 July 2023, the Company allotted and issued 11,980,000 Placement Shares and announced its decision not to place out the remaining shares, thereby marking the completion of the Private Placement. As at 31 March 2024, the proceeds have been fully utilised. The summary of the utilisation of proceeds were as follows:-

Use of proceeds	Actual proceeds raised (RM'000)	Actual proceeds utilisation (RM'000)	Balance proceeds utilisation (RM'000)
General working capital requirements	1,649	1,649	-
Expenses for the Private Placement	53	53	-
TOTAL	1,702	1,702	-

2. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2024 were as follows:

	Company (RM'000)		Group (RM'000)	
	(RMB'000)		(RMB'000)	
Audit Services Rendered	20	32	450	734
Non-Audit Services Rendered	0	0	0	0
Total	20	32	450	734

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary involving Directors' and major shareholders' interests for the financial year ended 31 December 2024.

4. CONTRACTS RELATING TO LOAN

There were no material contracts relating to loans entered into by the Company involving Directors and major shareholders for the financial year ended 31 December 2024.

5. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE

There were no material recurrent related party transactions of a revenue and trading nature for the financial year ended 31 December 2024.



DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of HB Global Limited (the “Company” and collectively with its subsidiaries, the “Group”) for the financial year ended 31 December 2024 and the statement of financial position of the Company as at 31 December 2024 and statement of changes in equity of the Company for the financial year ended 31 December 2024.

Opinion of the directors

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due based on the factors disclosed in Note 1.2 to the financial statements.

Directors

The directors of the Company in office at the date of this statement are:

Shen Hengbao - Chief Executive Officer	
Chin Nyat Fwu	(Appointed on 29 July 2024)
Datuk Haji Mohd Hizzat Bin Mohd Shah	(Appointed on 20 August 2024)
Siew Wai Kit	(Appointed on 29 July 2024)
YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan	(Appointed on 29 July 2024)
Dato' Mahammed Bin Haji Abdullah	
Ho Pui Hold	
Keh Chuan Yee	
Yang Chin Shen	

Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year did there subsist any arrangement whose objects are, or one of its objects is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



DIRECTORS' STATEMENT (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the Act), none of the directors holding office at the end of the financial year had any interests in the shares or debentures of the Company or its related corporations, except as follows:

Name of directors and companies in which interests are held	Shareholdings registered in the name of directors		Shareholdings in which the directors are deemed to have an interest	
	At beginning of financial year or date of appointment	At end of financial year	At beginning of financial year	At end of financial year
	<u>Number of ordinary shares</u>			
<u>The Company</u>				
Yang Chin Shen	107,700	107,700	-	-
Dato Haji Mohd Hizzat Bin Mohd Shah	10,000	20,000	-	-
Shen Hengbao	-	-	15,515,900	15,515,900

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company and its subsidiaries.

There were no shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company and its subsidiaries.

There were no unissued shares of the Company and its subsidiaries under option at the end of the financial year.

Audit committee

The members of the Audit Committee ("AC") at the date of this statement are as follows:

Yang Chin Shen - Chairman
Siew Wai Kit – Member
Chin Nyat Fwu – Member

The Audit Committee has carried out its function in accordance with Section 201B(5) of the Act, Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and the Code of Corporate Governance.



DIRECTORS' STATEMENT (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The primary duties and responsibilities of the AC are as follows:

- (i) To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcement relating to the Company's financial performance;
- (ii) To review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- (iii) To review the assurance from the CEO and the CFO on the financial records and financial statements;
- (iv) To make recommendations to the Board on: (a) the proposals to the shareholders on the appointment and removal of external auditors; and (b) the remuneration and terms of engagement of the external auditors;
- (v) To review the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function; and
- (vi) reviewing the policy and arrangements for concerns about possible statements of the Company improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.

Further details regarding the AC are disclosed in the Corporate Governance Statement and Audit Committee Report in the Annual Report of the Company.



DIRECTORS' STATEMENT (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Independent auditor

The independent auditor, UHY Lee Seng Chan & Co, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

YTM Dato' Johan Pahlawan Lela
Perkasa Sitiawan Dato' Muhammad
Bin Haji Addullah
Director

Keh Chuan Yee

Director

29 April 2025



STATUTORY DECLARATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Pursuant to Paragraph 9.27 of the Main Market Listing Manual Requirements of Bursa Malaysia Securities Berhad:

I, Mr Keh Chuan Yee, being the director primarily responsible for the financial management of HB Global Limited, do solemnly and sincerely declare that the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared by the above mentioned
At Malaysia on 29 April 2025

This day of

Keh Chuan Yee

Before me

Commissioner for Oaths



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HB GLOBAL LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HB Global Limited (the Company) and its subsidiaries (collectively the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International)[(SFRS(I)s)] which are simultaneously compliant with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HB GLOBAL LIMITED (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Our audit procedures to address the matter
Impairment of Property, Plant and Equipment and Intangible Assets (Land Use Rights) As at 31 December 2024, the Group's property, plant and equipment and intangible assets (land use rights) amounted to RMB160,147,000 and RMB30,768,000 respectively, which in aggregate, representing approximately 88.7% of the Group's total assets. In accordance with the Group's accounting policies (Note 2.7), management assessed whether indicators of impairment or reversal of previous impairment existed for these non-financial assets. Although no new indicators of impairment or reversal of impairment were identified during the year, the Group engaged an independent valuer to determine the recoverable amounts of the assets using a fair value less costs of disposal approach. - For property, plant and equipment, the replacement cost method was used, which required significant estimation relating to gross replacement costs and deductions for age, condition, obsolescence, and other factors (Note 10). - For land use rights, the Benchmark Land Price Method was applied, adjusted using coefficients based on lease term, plot ratio, and micro-location, due to the lack of observable market transactions in Juxian County, Rizhao City (Note 9). These valuations are sensitive to key assumptions such as benchmark price ranges (RMB207–RMB247 per sqm), composite newness rate (81%), and the specific adjustments applied. Given the subjectivity, judgement and estimation uncertainty involved in applying Level 3 fair value techniques, we considered this a key audit matter.	Our audit procedures included, among others: - Obtaining an understanding of management's impairment assessment process and evaluating the design and implementation of relevant internal controls; - Assessing management's rationale for determining that no indicators of impairment or reversal of impairment existed, and evaluating whether this assessment was consistent with the financial and operational performance of the Group; - Assessing the appropriateness of the valuation methodologies used by the external valuer for both asset classes with reference to the requirements of SFRS(I)1-36 and SFRS(I) 13; - For property, plant and equipment: evaluating the replacement cost method, including verification of inputs used to estimate gross replacement cost, and deductions applied for obsolescence and condition; - Evaluating the use of the Benchmark Land Price Method and assessing the reasonableness of key adjustment parameters, particularly given the limited observable market data in Juxian County, which required significant auditor judgment.;



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HB GLOBAL LIMITED (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

Key Audit Matter	Our audit procedures to address the matter
Impairment of Property, Plant and Equipment and Intangible Assets (Land Use Rights) (continued)	• Comparing the valuation assumptions, such as benchmark land prices and composite newness rates, to available market data and historical valuations; • Assessing whether the classification of the valuations within Level 3 of the fair value hierarchy was appropriate; • Evaluating the adequacy and clarity of the disclosures made in Notes 3.2(b), 9, and 10 to the financial statements in accordance with the applicable financial reporting framework.

Other information

Management is responsible for the other information. The other information comprises all the sections of the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s which are simultaneously compliant with IFRSs issued by the IASB, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HB GLOBAL LIMITED (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HB GLOBAL LIMITED (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Xu Shuanghong.

UHY Lee Seng Chan & Co
Public Accountants and
Chartered Accountants

Singapore
29 April 2025



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
ASSETS					
Current assets					
Cash and bank balances	4	2,777	446	34	176
Trade and other receivables	5	16,566	13,447	498	19
Prepayments	6	10	-	-	-
Inventories	7	4,963	6,879	-	-
		<u>24,316</u>	<u>20,772</u>	<u>532</u>	<u>195</u>
Non-current assets					
Investments in subsidiaries	8	-	-	79,537	79,537
Intangible assets	9	30,768	31,620	-	-
Property, plant and equipment	10	160,147	169,944	27	34
		<u>190,915</u>	<u>201,564</u>	<u>79,564</u>	<u>79,571</u>
Total assets		<u>215,231</u>	<u>222,336</u>	<u>80,096</u>	<u>79,766</u>
LIABILITIES					
Current liabilities					
Trade and other payables	11	8,839	12,892	6,281	6,394
Amounts due to directors	12	7,303	2,697	165	497
Bank borrowings	13	1,600	44,391	-	-
Lease liabilities	14	210	-	-	-
		<u>17,952</u>	<u>59,980</u>	<u>6,446</u>	<u>6,891</u>
Non-current liabilities					
Amount due to related parties	11	2,604	-	-	-
Bank borrowings	13	36,391	-	-	-
		<u>38,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>56,947</u>	<u>59,980</u>	<u>6,446</u>	<u>6,891</u>
NET ASSETS		<u>158,284</u>	<u>162,356</u>	<u>73,650</u>	<u>72,875</u>



CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd) AS AT 31 DECEMBER 2024

		Group		Company	
	Note	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
EQUITY					
Share capital	15	260,129	260,129	260,129	260,129
Capital reserve	16	(17,106)	(17,106)	-	-
Currency translation reserve	17	863	1,323	(807)	(446)
Statutory reserve	18	76,090	76,090	-	-
Accumulated losses		(161,692)	(158,080)	(185,672)	(186,808)
Total equity		<u>158,284</u>	<u>162,356</u>	<u>73,650</u>	<u>72,875</u>

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	19	80,726	80,049
Cost of sales		(65,420)	(78,995)
Gross profit		15,306	1,054
Other income	20	2,599	7,094
Selling and distribution expenses		(719)	(676)
Administrative expenses		(19,624)	(23,082)
Impairment loss on financial assets		-	(1,279)
Other expenses	21	-	(27,239)
Finance costs	22	(1,174)	(1,712)
Loss before income tax	23	(3,612)	(45,840)
Income tax expense	24	-	-
Loss for the year		(3,612)	(45,840)
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation		460	(2,054)
Total comprehensive loss for the year, net of tax		(3,152)	(47,894)
Loss attributable to:			
Owners of the Company		(3,612)	(45,830)
Non-controlling interests		-	(10)
		(3,612)	(45,840)
Total comprehensive loss attributable to:			
Owners of the Company		(3,152)	(47,884)
Non-controlling interests		-	(10)
		(3,152)	(47,894)
Loss per share (RMB cents per share)			
Basic	26	(0.46)	(5.88)
Diluted	26	(0.46)	(5.88)

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Group	Share capital RMB'000	Capital reserve RMB'000	Currency translation reserve RMB'000	Statutory reserve RMB'000	Accumulated loss RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	260,129	(17,106)	1,323	76,090	(158,080)	162,356	-	162,356
Loss for the year	-	-	-	-	(3,612)	(3,612)	-	(3,612)
Other comprehensive loss								
Currency translation differences arising from consolidation	-	-	(460)	-	-	(460)	-	(460)
Total comprehensive loss for the year	-	-	(460)	-	(3,612)	(4,072)	-	(4,072)
Balance at 31 December 2024	260,129	(17,106)	863	76,090	(161,692)	158,284	-	158,284



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd) **FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024**

Group

	Share capital RMB'000	Capital reserve RMB'000	Currency translation reserve RMB'000	Statutory reserve RMB'000	Accumulated loss RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	259,349	(17,106)	(741)	76,090	(112,250)	205,342	(97)	205,245
Loss for the year	-	-	-	-	(45,830)	(45,830)	(10)	(45,840)
Other comprehensive loss								
Currency translation differences arising from consolidation	-	-	2,054	-	-	2,054	-	2,054
Total comprehensive loss for the year	-	-	2,054	-	(45,830)	(43,776)	(10)	(43,786)
Issue of new ordinary shares under private placement	780	-	-	-	-	780	-	780
Effect of disposal of a subsidiary	-	-	10	-	-	10	107	117
Balance at 31 December 2023	260,129	(17,106)	1,323	76,090	(158,080)	162,356	-	162,356



STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

Company

	Share capital RMB'000	Currency translation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2023	259,349	(549)	(184,373)	74,427
Loss for the year	-	-	(2,435)	(2,435)
<u>Other comprehensive loss</u>				
Currency translation differences arising from conversion to presentation currency	-	103	-	103
Total comprehensive loss for the year	-	103	(2,435)	(2,332)
Issue private placement of new ordinary shares	780	-	-	780
At 31 December 2023 and 1 January 2024	260,129	(446)	(186,808)	72,875
Profit for the year	-	-	1,136	1,136
<u>Other comprehensive loss</u>				
Currency translation differences arising from conversion to presentation currency	-	(361)	-	(361)
Total comprehensive loss for the year	-	(361)	1,136	775
At 31 December 2024	260,129	(807)	(185,672)	73,650

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before income tax		(3,612)	(45,840)
Adjustments for:			
Amortisation of right-of-use assets	23	852	1,008
Depreciation of property, plant and equipment	23	11,602	12,858
Gain on disposal of derecognition of a subsidiary	8.1	-	(321)
Other receivables written off	21	-	1,093
Impairment loss on intangible assets	21	-	6,698
Impairment loss on property, plant and equipment	21	-	19,279
Inventories written down	7	-	40
Property, plant and equipment written off	21	-	2
Reversal of impairment loss on property, plant and equipment	20	-	(6,695)
Waiver of amount due to directors	20	(2,276)	-
Interest expense	22	1,174	1,712
Unrealised foreign exchange loss		1,247	1,262
Operating profit/(loss) before working capital changes		8,987	(8,904)
Changes in working capital			
Trade and other receivables		(4,389)	5,752
Inventories		1,916	4,159
Amount due to director		5,966	291
Trade and other payables		(4,053)	(52)
Cash generated from operations		8,427	1,246
Interest received		-	-
Net cash from operating activities		8,427	1,246



CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from investing activities			
Purchase of property, plant and equipment (Note A)	10	(1,093)	(53)
Net cash used in investing activities		(1,093)	(53)
Cash flows from financing activities			
Proceeds from issue of new ordinary shares under private placement		-	780
Proceeds from bank loans		16,500	17,250
Advances from director		922	-
Proceeds from loan from related parties		2,604	-
Repayment of amount due to directors		(6)	-
Repayment of bank loans		(22,900)	(21,350)
Repayment of principal portion of lease liabilities		(489)	-
Interest paid		(1,174)	(1,712)
Net cash used in financing activities		(4,543)	(5,032)
Net change in cash and cash equivalents		2,791	(3,839)
Effect of exchange rate changes on cash and cash equivalents		(460)	2,054
Cash and cash equivalents at beginning of year		446	2,231
Cash and cash equivalents at end of year	4	2,777	446

Note A: During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RMB1,792,000 (2023: RMB53,000) of which RMB1,093,000 (2023: RMB53,000) was paid in cash and the balance of RMB699,000 (2023: NIL) pertained to right-of-use assets recognised under SFRS(I)16.

The accompanying notes form an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

1.1 Corporate information

HB Global Limited (the Company) is incorporated and domiciled in the Republic of Singapore with its registered office located at 80 Robinson Road, #17-02, Singapore 068898. The address of the principal place of business of the Group is Weifang Road, Juxian Industry Garden, Ju County, Rizhao City, Shandong Province, People's Republic of China ("PRC").

The Company has another registered office at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are described in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements for the financial year ended 31 December 2024 were authorised for issue by the Board of Directors on 29 April 2025.

1.2 Fundamental accounting concept

The Group and the Company incurred a loss of RMB3,152,000 (2023: loss RMB47,894,000) and profit RMB1,136,000 (2023: loss RMB2,435,000) respectively and, as at that date, while the Group's current assets exceeded its current liabilities by RMB6,364,000 (2023: net liabilities RMB39,208,000), the Company recorded a net current liabilities of RMB5,914,000 (2023: RMB6,696,000).

As at 31 December 2024, included in the Group's current liabilities are bank loans of RMB1,600,000 (2023: RMB44,391,000) which are contractually due for repayment within 12 months from the end of the reporting period.

As at 31 December 2024, included in the Group's current liabilities of RMB 6,446,000 is amount due to subsidiaries of \$5,177,000 (2023: \$5,372,000).

Notwithstanding these conditions, the financial statements have been prepared on a going concern basis. The directors have assessed the Group's and the Company's ability to continue as going concerns for a period of at least twelve months from the reporting date and are satisfied that the Group and the Company will have sufficient resources to meet their obligations as and when they fall due, based on the following:



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

1. General (continued)

1.2 Fundamental accounting concept (continued)

- Of the total bank borrowings of RMB37,991,000 as at 31 December 2024, RMB21,741,000 is subject to a formal arrangement with a bank whereby monthly repayments of RMB50,000 have been agreed, with no interest accruing on the outstanding amount.
- Separately, another formal arrangement has been reached with another bank to make quarterly repayments of RMB250,000.
- For the non-trade amount of RMB5,177,000 due to the subsidiaries by the Company, the subsidiaries have provided an undertaking not to seek for immediate repayment for the amount due until all other external financial obligations have been settled or when the Company's cash flows permit.

Accordingly, the directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to reclassify non-current assets as current assets and non-current liabilities. No such adjustments have been made to these financial statements.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ["SFRS(I)s"] which are simultaneously compliant with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The Group's principal operations are conducted in the People's Republic of China ("PRC"). The financial statements are presented in renminbi ("RMB"), which is the Group's presentation currency, while the functional currency of the Company is Malaysian ringgit ("MYR"). All financial information presented in RMB is rounded to the nearest thousand ("RMB'000"), unless otherwise stated.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.1 Basis of preparation (continued)

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. The areas where estimates and assumptions are significant or critical to the financial statements are disclosed in Note 3 to the financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances. Detailed information on the subsidiaries is disclosed in Note 8 to the financial statements.

The Group was formed as a result of a restructuring exercise undertaken on 25 September 2009 for the purpose of the Group's listing on the main market of Bursa Securities. The acquisition of 100% equity in the subsidiary, namely Shandong 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 had existed 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.

All intragroup balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.2 Basis of consolidation (continued)

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group. They are shown separately in the statements of financial position, consolidated statement of comprehensive income and statements of changes in equity. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if the subsidiary incurred losses and the losses allocated exceed the non-controlling interest in the subsidiary's equity.

Consolidation of the subsidiaries in the PRC is based on the subsidiaries' financial statements prepared in accordance with SFRS(I). Profits reflected in the financial statements prepared in accordance with SFRS(I) may differ from those reflected in the PRC statutory financial statements of the subsidiaries, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiaries are based on the amounts stated in the PRC statutory financial statements respectively.

2.3 Adoption of new and amended standards and interpretations

On 1 January 2024, the Group 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 Group'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 Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.4 Subsidiaries

A subsidiary is an investee controlled by the Company and its subsidiaries. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.5 Property, plant and equipment (continued)

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Leasehold buildings and infrastructure	25 years
Freehold buildings	50 years
Plant and machinery	3-10 years
Furniture, fittings and equipment	5 -10 years
Motor vehicles	5 years
Other facilities	10 – 15 years
Renovation	3 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed, and adjusted prospectively, if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.6 Intangible assets

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and impairment losses, if any. The land use rights are amortised on straight-line basis, over the land lease term of 38 to 50 years.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect the debtors' ability to pay.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.8 Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash and cash equivalents and other receivables, credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Group only has debt instruments at amortised cost.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.9 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Debt instruments (continued)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, net of directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.9 Financial instruments (continued)

(b) Financial liabilities (continued)

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on the weighted average cost method.
- Finished goods: costs of raw materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis and exclude borrowing costs.

Where necessary, inventories are written down for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.11 Borrowing costs

Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.12 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.7.

The Group's right-of-use assets are presented within property, plant and equipment (Note 10).

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.12 Leases (continued)

(a) As lessee (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 14.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of assets (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.13 Currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements of the Group are presented in renminbi.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.13 Currency translation (continued)

Translations and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Currency translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the end of the reporting period are recognised in profit or loss, except for currency translation differences on the net investment in foreign operations, borrowings in foreign currencies and other currency instruments designed and qualifying as net investment hedges for foreign operations, which are included in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are acquired, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on non-monetary items whereby gains or losses are recognised in other comprehensive income, such as equity investments classified at fair value through other comprehensive income financial assets are included in the fair value reserve.

Translation of Group entities’ financial statements

The results and financial position of Group entities that are in functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates;
- (iii) All resulting currency exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve within equity. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

2.14 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.14 Revenue recognition (continued)

Revenue is recognised when the Group satisfies a performance obligation (“PO”) by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of goods - Ready-to-serve food and frozen vegetables

The Group sells its ready-to-serve food and frozen vegetables to its distributors. Contracts with customers are identified through formal sales contracts mutually signed by both parties.

Revenue derived from the sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation by transferring control of the promised goods to the customer. Upon the receipt of acknowledged delivery orders from customers, the responsible personnel for invoicing customers will generate the sales invoices pertaining to the predetermined prices for the goods sold.

2.15 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.15 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for all temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that at the time of the transaction, affects neither the accounting profit nor taxable profit (tax loss).

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Value added tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT, except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statements of financial position.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.18 Employee benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the reporting period.

Pension obligations

The Group participate in the defined contribution national pension and other welfare schemes as provided by the laws of the countries in which it has operations.

Contributions to defined contribution plans are recognised in the same financial year as the employment that gives rise to the contributions.

Pursuant to the relevant regulations of the PRC government, a subsidiary of the Group in the PRC participates in a local municipal government retirement benefits scheme (the “Scheme”), whereby the subsidiary is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiary.

The only obligation of the subsidiary with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to profit or loss as incurred.

2.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

2. Material accounting policy information (continued)

2.20 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.21 Financial guarantees

The Group has issued corporate guarantees to banks for bank borrowings granted to third parties. These guarantees are financial guarantees as they require the Group to reimburse the banks if the entities fail to make principal or interest payments when due in accordance with the terms of their respective borrowings.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

- (a) premium received on initial recognition less amortisation over the period of the third parties' borrowings; and
- (b) at the expected amount payable to the banks in the event it is probable that the Group will reimburse the banks for an amount higher than the unamortised amount in (a).

2.22 Segment reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Judgements made in applying the Group's accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECLs") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables are disclosed in Note 29.2.

The carrying amount of the Group's trade receivables as at 31 December 2024 was RMB16,543,000 (2023: RMB13,429,000).



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

3.2 Key sources of estimation uncertainty (continued)

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment or indicators of reversal of impairment for property, plant and equipment and intangible assets in accordance with the accounting policy in Note 2.7.

As disclosed in Note 9 and Note 10 to the financial statements, the Group conducted a review of the recoverable amount of its intangible assets and property, plant and equipment.

The Group's management engaged an independent valuer to perform valuation on its property, plant and equipment and intangible assets (which comprise land-use rights assets) to determine their recoverable amounts.

Property, plant and equipment

The independent valuer adopted the replacement cost method to value these property, plant and equipment. The valuation which involves significant estimation is based on the estimates of the gross replacement costs of the property, plant and equipment, from which appropriate deductions may then be made to allow for the age, condition, economic and functional obsolescence and environmental factors. The review led to the recognition of a reversal of impairment loss of NIL (2023: RMB6,695,000) and an impairment loss of NIL (2023: RMB19,279,000) in profit or loss.

Intangible assets – Land use rights

The independent valuer applied the Benchmark Land Price Method, adjusting the government-published benchmark price using prescribed adjustment parameters (including lease term, plot ratio, and micro-location factors) as per Juxian's valuation guidelines. The review led to the recognition of an impairment loss of NIL (2023: RMB6,698,000,000) in profit or loss.

The carrying amounts of intangible assets and property, plant and equipment are disclosed in Notes 9 and 10 to the financial statements.

(c) Impairment of investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment losses in the Company's statement of financial position. The Company follow the guidance of SFRS(I)1-36 - Impairment of Assets to determine when the investments in subsidiaries are impaired. This determination requires significant judgement. In making this judgement, the Group and the Company evaluate, among other factors, the market conditions and financial performance of these entities, the duration and extent to which the costs of investments in the entities exceed their net tangible assets and fair value less cost to sell.

The carrying amount of the Company's investments in subsidiaries is disclosed in Note 8 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

3.2 Key sources of estimation uncertainty (continued)

(d) Income tax expense

The Group has exposure to income tax in the PRC. Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The Group's income tax expense is disclosed in Note 24 to the financial statements.

The PRC subsidiaries make tax submissions to the local tax authorities in accordance with interpretations and local practices. Management has assessed and concluded that all tax submissions to local tax authorities had since been finalised and hence are appropriate. Accordingly, management is of the view that there are no further tax and related liabilities as at the end of the reporting period.

As at 31 December 2024, the Group did not recognise deferred tax assets in relation to the unutilised tax losses amounting to RMB41,751,000 (2023: RMB41,786,000) as disclosed in Note 24 to the financial statements due to uncertainty over the availability of future taxable profit against which the Group can utilise such benefit.

(e) Depreciation of property, plant and equipment

Management estimates the useful lives of property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied in the relevant industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets. Hence, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment is disclosed in Note 10 to the financial statements.

(f) Inventory valuation

Inventory write-down is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to, the inventories' own physical conditions, their expected market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The write-down is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the inventories as at 31 December 2024 is RMB4,963,000 (2023: RMB6,879,000).



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

4. Cash and bank balances

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances (representing cash and cash equivalents in consolidated statement of cash flows)	2,777	446	34	176

The renminbi is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business. These regulations place restriction on the amount of currency being exported other than through dividends.

5. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
- third parties	16,575	13,461	-	-
- impairment allowance (Note 29.2)	(32)	(32)	-	-
	16,543	13,429	-	-
Other receivables				
- related party	-	11	-	11
- refundable deposits	8	7	8	8
- subsidiaries	-	-	475	-
- sundry receivables	15	-	15	-
	23	18	498	19
	16,566	13,447	498	19

The average credit period given to trade receivables is 120 (2023: 30 to 120) days.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

5. Trade and other receivables (continued)

Allowance for impairment on trade receivables is determined based on management's assessment of collectability and by reference to past default experience.

Amounts due from related party are non-trade related, unsecured, interest free and repayable on demand.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL is as follows:

	Group	
	2024 RMB'000	2023 RMB'000
Balance at 1 January and 31 December	32	32

6. Prepayments

	Group	
	2024 RMB'000	2023 RMB'000
Others	10	-



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

7. Inventories

	Group	
	2024	2023
	RMB'000	RMB'000
Statement of financial position:		
Raw materials	1,302	4,481
Finished goods	3,661	2,398
	<u>4,963</u>	<u>6,879</u>
Profit or loss:		
Inventories recognised as an expense in cost of sales	64,032	78,995
Inclusive of the following charges		
- Inventories written down (Note 23)	-	40
	<u>-</u>	<u>40</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. Investments in subsidiaries

	Company	
	2024	2023
	RMB'000	RMB'000
<u>Equity investments at cost</u>		
Cost at beginning of financial year	173,189	173,304
Less: disposal	-	(115)
Cost at end of financial year	173,189	173,189
Less: impairment loss	(93,652)	(93,652)
	79,537	79,537

Movements in impairment loss on investments in subsidiaries:

	Company	
	2024	2023
	RMB'000	RMB'000
Beginning of financial year	93,652	93,767
Written off	-	(115)
End of financial year	93,652	93,652

During the current financial year, management performed an impairment test for investment in Shandong Hengbao Foodstuffs Co., Ltd as the subsidiary has been persistently making losses. However, no additional impairment was recognised as the recoverable amount exceeded the carrying amount. The recoverable amount of this investment has been determined based on fair value less costs to disposal.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Country of incorporation/ place of operation</u>	<u>Percentage of equity held</u>		<u>Principal activities</u>
		2024	2023	
Held by the Group				
Shandong Hengbao Foodstuff Co., Ltd. ⁽¹⁾	People’s Republic of China	100	100	Processing, packaging and producing various types of foods
Welltech Utopia Sdn Bhd. ⁽²⁾	Malaysia	100	100	Producing, supplying and manufacturing food supplement product
SLH Global Sdn. Bhd. ⁽²⁾	Malaysia	100	100	Business management consultancy and operational services
HB Global Capital Sdn. Bhd. ⁽²⁾	Malaysia	100	100	Investment holding
Matahari Agriculture Sdn. Bhd. ⁽³⁾	Malaysia	100	-	Trading, farming and developing of agriculture products
Matahari Aquaculture Sdn. Bhd. ⁽³⁾	Malaysia	100	-	Trading, breeding and harvesting, developing of aquaculture products
Matahari Infra & Technology Sdn. Bhd. ⁽³⁾	Malaysia	100	-	Operating renewable energy, project and property development and construction.
Matahari Farmtech Sdn. Bhd. ⁽³⁾	Malaysia	100	-	Investment holding
Matahari Food Retails Sdn. Bhd. ⁽³⁾	Malaysia	100	-	Operating in food and beverages business



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. Investments in subsidiaries (continued)

Details of the subsidiaries are as follows:

**Held by Shandong Hengbao
Foodstuffs Co., Ltd.**

JuxianHengbao Farming Co., Ltd. ⁽¹⁾	People's Republic of China	100	100	Rearing and trading of livestocks, temporarily ceased operation
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Held by SLH Global Sdn. Bhd.

SLH Infra Sdn. Bhd. ⁽²⁾	Malaysia	100	100	Investment holding
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⁽¹⁾ Audited by UHY Lee Seng Chan & Co, Singapore. for the purpose of expressing an opinion on the consolidated financial statements

⁽²⁾ Audited by JP Centurion & Partners PLT, Malaysia.

⁽³⁾ Newly incorporated in FY2024 and unaudited as at year end.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

8. Investments in subsidiaries (continued)

8.1 Disposal of subsidiary

HB Infrastructures & Technologies Sdn Bhd

On 31 January 2023, the Group had entered into a share transfer agreement to transfer all the 75,000 shares held in HB Infrastructures & Technologies Sdn Bhd (HBIT) to Mr Loh Kah Shen for a consideration of RM10. The share transfer was completed on 8 February 2023. The deconsolidation of HB Infrastructures & Technologies Sdn Bhd has resulted in a gain on deconsolidation of a subsidiary of RMB321,000 in year 2023.

The effects of the disposal on the cash flows of the Group were:

	HBIT at 8 February 2023 RMB'000
Carrying amounts of assets as at the date of disposal:	
Trade and other receivables	769
Property, plant and equipment	15
Trade and other payables	(1,222)
Total net liabilities	<u>(438)</u>
Net liabilities derecognised	438
Less: Non-controlling interests	(107)
Less: Currency translation reserve	(10)
Net liabilities disposed of	<u>321</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024****8. Investments in subsidiaries (continued)****8.1 Disposal of subsidiary (continued)**HB Infrastructures & Technologies Sdn Bhd (continued)

HBIT
at 8 February
2023
RMB'000

Cash inflows arising from disposal:

Net liabilities disposed of (as above) 321

Less:

Gain on disposal of a subsidiary (321)

Net cash inflow on disposal

-



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Intangible assets

	Group	
	2024	2023
	RMB'000	RMB'000
Composition:		
Land use rights	30,768	31,620
	<u>30,768</u>	<u>31,620</u>
 Land use rights		
	2024	2023
	RMB'000	RMB'000
Cost		
Balance at 1 January and 31 December	68,367	68,367
	<u>68,367</u>	<u>68,367</u>
Accumulated depreciation		
Balance at 1 January	14,305	13,297
Amortisation for the year (Note 23)	852	1,008
	<u>15,157</u>	<u>14,305</u>
Balance at 31 December	15,157	14,305
	<u>15,157</u>	<u>14,305</u>
Accumulated impairment losses		
Balance at 1 January	22,442	15,744
Addition of impairment loss (Note 21)	-	6,698
	<u>22,442</u>	<u>22,442</u>
Balance at 31 December	22,442	22,442
	<u>22,442</u>	<u>22,442</u>
Carrying amount		
Balance at 31 December	30,768	31,620
	<u>30,768</u>	<u>31,620</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Intangible assets (continued)

The above land-use-rights relate to:

Location	Tenure	Total land area (Square Metres)
• Ju County Yanzhuang Town Jianhua Cun Zhu Di, Weifang Lu Bei Ce (莒县闫庄镇建华村驻地，潍坊路北侧)	50 years from 22 December 2006 to 10 December 2056	64,427
• Ju County Wei Fang Middle Road No.39 (莒县潍坊中路 39 号)	55 years from 10 June 2011 to 7 January 2066	24,034
• Ju County South of Qingzhou Lu, East of Cheng Yang Lu (莒县青州路以南、城阳路以东)	50 years from 10 May 2011 to 28 July 2061	65,046
• Ju County An Zhuang Town, Zhu Di North Avenue, Dao Huang Road, West (莒县安庄镇驻地以北道黄路以西)	50 years from 12 May 2011 to 19 October 2061	35,257

Land use rights of the Group with carrying amount of approximately RMB10,299,000 (2023: RMB10,608,000) have been charged to secure the bank loans (Note 13).

Impairment testing of land-use-rights

The Group's industrial land use rights are located in Juxian County (莒县), Rizhao City, Shandong Province.

1. Impairment Indicators Assessment

During the current financial year, the Group performed a rigorous review of potential impairment indicators for its land use rights in Juxian County, Rizhao City, considering:

- Financial performance: Stagnant revenue and continued losses (2024), though with improved net operating cash inflows vs. 2023 outflows.
- Market conditions: Limited observable transactions in Juxian's industrial land market.

Management assessed that no indicators of additional impairment were identified, as:

- Operating cash flow improvement suggests recoverability.
- No material adverse changes in land utility or external environment occurred.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

9. Intangible assets (continued)

Impairment testing of land-use-rights (continued)

2. Reversal of Impairment Assessment

The Group evaluated whether the prior-year impairment (2023: RMB 6,698,000) could be reversed, given that:

- Potential price recovery in Shandong's industrial land markets.
- Valuation evidence from independent valuer's assessment of recoverable amount.

Management assessed that no indicators of reversal of impairment were identified, as no significant improvement in recoverable amounts being determined by the independent valuer.

The Group engaged an independent valuer to perform a valuation on its land-use-rights to determine the recoverable amount.

Due to the limited availability of observable market transactions for comparable industrial land parcels in Juxian, the Group determines the land use right value using the locally prescribed Benchmark Land Price Adjustment Method. This method relies on government-published benchmark land prices as a base but applies standardised adjustment coefficients (e.g., for location, lease term, plot ratio) to reflect property-specific factors, as market-derived adjustments are not feasible given the illiquidity of the local land market.

Arising from the valuation, no impairment loss (2023: impairment loss of RMB 6,698,000) was recognised in "Other expenses" in profit or loss.

The recoverable amount of the land use rights was based on fair value less costs of disposal. The valuation method used is that of the market approach which is regarded as Level 3 of the fair value hierarchy.

The key assumption is as follows:

Based on 50-year useful life

RMB207 to RMB247 per square metre
(2023: RMB175 to RMB299 per square metre)

The key assumption includes consideration of the market value in Shandong Province within the region, economic or external obsolescence and physical deterioration of assets.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment

Group

	Leasehold buildings and infrastructure	Leasehold land	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Renovation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost							
At 1 January 2023	385,203	-	28,607	2,231	1,447	5,000	422,488
Additions	-	-	53	-	-	-	53
Written off	-	-	(44)	-	-	-	(44)
Deconsolidation of a subsidiary (Note 8.1)	-	-	(19)	(1)	-	-	(20)
Foreign currency translation reserve	-	-	(2)	-	-	-	(2)
At 31 December 2023	385,203	-	28,595	2,230	1,447	5,000	422,475
Additions	-	699	32	-	-	1,061	1,792
Foreign currency translation reserve	-	-	3	10	-	-	13
At 31 December 2024	385,203	699	28,630	2,240	1,447	6,061	424,280



NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment (continued)

Group

	Leasehold buildings and infrastructure RMB'000	Leasehold land RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Renovation RMB'000	Total RMB'000
Accumulated depreciation							
At 1 January 2023	107,054	-	26,160	2,220	1,447	5,000	141,881
Depreciation charge for the year	12,356	-	501	1	-	-	12,858
Written off	-	-	(42)	-	-	-	(42)
Deconsolidation of a subsidiary (Note 8.1)	-	-	(5)	-	-	-	(5)
At 31 December 2023	119,410	-	26,614	2,221	1,447	5,000	154,692
Depreciation charge for the year	11,256	1	309	1	-	35	11,602
At 31 December 2024	130,666	1	26,923	2,222	1,447	5,035	166,294



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment (continued)

Group

	Leasehold buildings and infrastructure RMB'000	Leasehold land RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Renovation RMB'000	Total RMB'000
Accumulated impairment losses							
At 1 January 2023	84,589	-	666	-	-	-	85,255
Charge for the year	19,279	-	-	-	-	-	19,279
Written back	(6,695)	-	-	-	-	-	(6,695)
At 31 December 2023 and 31 December 2024	97,173	-	666	-	-	-	97,839
Carrying amount							
At 31 December 2023	168,620	-	1,315	9	-	-	169,944
At 31 December 2024	157,364	698	1,041	18	-	1,026	160,147



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment (continued)

Company

	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Total RMB'000
Cost			
At 1 January 2023, 31 December 2023 and 31 December 2024	52	9	61
Accumulated depreciation			
At 1 January 2023	15	1	16
Charge for the year	10	1	11
At 31 December 2023	25	2	27
Charge for the year	7	-	7
At 31 December 2024	32	2	34
Carrying amount			
At 31 December 2023	27	7	34
At 31 December 2024	20	7	27



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

10. Property, plant and equipment (continued)

Property, plant and equipment of the Group with carrying amount of approximately RMB31,375,000 (2023: RMB33,956,000) has been pledged to secure the bank loans (Note 13).

Included in property, plant and equipment of the Group is leasehold buildings and infrastructure with a carrying amount of RMB51,572,000 (2023: RMB55,489,000) that was previously used in the duck farming business that had temporarily ceased operation. The carrying amount of these leasehold buildings and infrastructure is after deducting accumulated impairment loss of RMB24,170,000 (2023: RMB24,170,000).

Impairment testing of property, plant and equipment

During the current financial year, the Group carried out an assessment of the indicators of additional impairment and reversal of impairment losses on its property, plant and equipment.

Similar to management assessment on that of the land use rights in Note 9, the management concluded that there were no indications of additional impairment due nor were there any indications of reversal of impairment as there was no significant fluctuation in the recoverable amounts of the property, plant and equipment.

Arising from the assessment, no impairment loss or reversal of impairment loss were recognised in profit or loss (2023: RMB6,695,000). In the previous financial year, impairment loss of RMB19,279,000 and reversal of impairment loss of RMB6,695,000 were recognised in “Other expenses” (Note 21) and “Other income” (Note 20) representing in profit or loss.

The recoverable amount of property, plant and equipment was based on fair value less costs of disposal. The valuation method used is that of the replacement cost approach. These are regarded as Level 3 of the fair value hierarchy.

The key assumption to the fair value measurement is as follows:

Composite newness rate	81% (2023: 73%)
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The key assumption includes consideration of technical obsolescence and physical deterioration of the property, plant and equipment.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

11. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Trade payables				
- third parties	2,150	62	-	-
Other payables				
Accrued operating expenses	3,613	10,526	232	369
Subsidiary (non-trade)	-	-	5,177	5,372
Sundry payables	3,076	2,304	872	653
	<u>6,689</u>	<u>12,830</u>	<u>6,281</u>	<u>6,394</u>
	<u>8,839</u>	<u>12,892</u>	<u>6,281</u>	<u>6,394</u>
Non-current				
Amount due to related parties	2,604	-	-	-
Total trade and other payables	<u><u>11,443</u></u>	<u><u>12,892</u></u>	<u><u>6,281</u></u>	<u><u>6,394</u></u>

Non-trade amount due to subsidiaries is unsecured, interest-free and repayable in cash on demand. The subsidiaries have provided an undertaking not to seek for immediate repayment for the amount due until all other external financial obligations have been settled or when the Company's cash flows permit.

Amount due to related parties (non-current) relate to the interest-free loan to the Company from its related parties and repayable in 12 monthly instalments after two years from the date of the loan agreement until the loan is fully repaid. The first payment will be due on January 2027.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

12. Amounts due to directors

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Advances	7,303	2,697	165	497

The amounts due to directors are non-trade in nature, unsecured, interest-free and repayable in cash on demand.

13. Bank borrowings

		Group	
		2024 RMB'000	2023 RMB'000
Current:			
- bank loans (secured)			
Rural Commercial Bank of Juxian 山东莒县农村商业银行	#1	-	4,500
Bank of Rizhao 日照银行股份有限公司莒县支行	#2	1,000	17,250
China Construction Bank 中国建设银行股份有限公司莒县支行	#3	600	22,641
		1,600	44,391
Non-current:			
- bank loans (secured)			
Bank of Rizhao 日照银行股份有限公司莒县支行	#2	15,250	-
China Construction Bank 中国建设银行股份有限公司莒县支行	#3	21,141	-
		36,391	-
Total		37,991	44,391



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Bank borrowings (continued)

The bank borrowings which consist of bank loans are secured on the followings:

- (i) legal charges over the leasehold land and buildings of certain subsidiaries as disclosed in Note 10;
- (ii) legal charges over the land-use-rights of certain subsidiaries as disclosed in Note 9
- (iii) a corporate guarantee provided by a third party;
- (iv) a jointly and severally guarantee provided by certain directors and key management personnel of certain subsidiaries.

Bank loans pertain to a subsidiary are denominated in renminbi and comprise the following loans:

- (a) Bank loan #1 of RMB4,500,000 has been fully repaid during the year. In prior year, the bank loan is repayable within one year.
- (b) Bank loan #2 of RMB 16,250,000 (2023: RMB17,250,000) bears fixed interest rate of 6% (2023: 6%) per annum. The subsidiary has reached agreement with the Bank on 12 July 2024 to make quarterly repayment of RMB250,000 with the Bank. In prior year, the bank loan is repayable within one year.
- (c) Bank loan #3 of RMB 21,741,000 (2023: RMB22,641,000) is interest-free. The subsidiary has reached agreement with the Bank on 31 July 2024 to make a monthly repayment of RMB50,000 to the Bank. In prior year, the subsidiary has reached a verbal agreement with the bank whereby the subsidiary is required to make a monthly repayment of RMB100,000 to the bank with effect from February 2023.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Bank borrowings (continued)

A reconciliation of liabilities arising from financing activities is as follows:

2024

	Note	Financing cash flows				Non-cash changes				At 31.12.2024 RMB'000
		At 1.1.2024 RMB'000	Proceeds RMB'000	Repayment RMB'000	Interest paid RMB'000	Interest charged RMB'000	Addition RMB'000	Payment on behalf by RMB'000	Waiver RMB'000	
Amounts due to directors	12	2,697	922	(6)	-	-	-	1,414	2,276	7,303
Bank borrowings	13	44,391	16,500	(22,900)	(1,174)	1,174	-	-	-	37,991
Lease liabilities	14	-	-	(489)	-	-	699	-	-	210
Amount due to related parties	11	-	2,640	-	-	-	-	-	-	2,640



NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

13. Bank borrowings (continued)

2023

	Note	At 1.1.2023 RMB'000	Financing cash flows			Non-cash changes		At 31.12.2023 RMB'000
			Proceeds RMB'000	Repayment RMB'000	Interest paid RMB'000	Interest charged RMB'000	Payment on behalf by RMB'000	
Amounts due to directors	12	2,406	-	-	-	-	291	2,697
Bank borrowings	13	48,491	17,250	(21,350)	(1,712)	1,712	-	44,391



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14. Leases

As lessee

During the financial year, a subsidiary of the Group has entered into a tenancy agreement for leasing of 500 acre of land [leasehold land (Note 10)] for an initial term of 3 years. The lease includes an option to renew for a further 3 years, with a total of 19 renewal terms available. Under the lease, the rent for the first term is RM300 per acre per annum, amounting to a total rental of RM450,000 for the initial three-year period, payable in advance upon the execution of the tenancy agreement. For each of the subsequent 19 renewed terms, the rent shall be RM1,000 per term, subject to the condition that the subsidiary commences agricultural activities on the said land during the first term. The rent for each renewed term is payable in advance upon the commencement of the respective renewed term. As at the end of the financial year, RM 300,000 has been paid and the remaining RM150,000 is payable in April 2025. The Group is restricted from assigning and subleasing the leased asset.

(a) Carrying amounts of right-of-use assets presented within property, plant and equipment

	Total RMB'000 \$
<u>Leasehold land</u>	
At 1 January 2024	-
Addition	699
Depreciation	(1)
At 31 December 2024	698

(b) Lease liabilities

	2024 RMB'000	2023 RMB'000
Current	210	-
Non-current	-	-
	210	-

The maturity analysis of lease liabilities is disclosed in Note 29.2.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

14. Leases (continued)

As lessor

During the year, the Group leases out its property, plant and equipment consisting of the duck farms and duck hatchery. All leases are classified as operating leases from a lessor perspective.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2024 RMB'000	2023 RMB'000
Less than one year	1,450	-
One to two years	1,100	-
Three to four years	1,100	-
More than five years	867	-
Total undiscounted lease receivables	362	-
	4,879	-
	4,879	-

(c) Amounts recognised in profit or loss

	Group 2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets	1	-
	1	-
	1	-

(d) Total cash outflow

The Group had total cash outflows for leases of RMB489,000 (2023: Nil).



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

15. Share capital

	Group/Company			
	2024		2023	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Issued and fully paid ordinary shares				
Balance at 1 January	781,994	260,129	777,714	259,349
Private placement	-	-	4,280	780
Balance at 31 December	781,994	260,129	781,994	260,129

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

On 6 July 2023, the Company issued 4,280,000 ordinary shares for a total consideration of RMB780,000 via private placement to provide funds for the expansion of the Company's operations. The newly issued shares rank pari passu in all aspects with the previously issued shares.

16. Capital reserve

The capital reserve comprises the difference between purchase consideration and attributable net assets relating to the acquisition of additional interest in a subsidiary in 2015 from non-controlling interests with no change in control.

17. Currency translation reserve

The currency translation reserve of the Group represents exchange differences arising from the translation of the financial statements of the Company whose functional currency, being RM, is different from that of the Group's presentation currency, being RMB. Movements in this account are disclosed in the statements of changes in equity.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

18. Statutory reserve

The Group follows the accounting principles and relevant financial regulations of the People's Republic of China ("PRC") in the preparation of the accounting records and statutory financial statements of the PRC subsidiaries.

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, one of the subsidiaries of the Group is required to make appropriation to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

19. Revenue

(a) Disaggregation of revenue

	Group		
	At a point in time	Over time	Total
	RMB'000	RMB'000	RMB'000
	\$	\$	\$
2024			
Sale of goods	79,676	-	79,676
Rental of premises	-	1,050	1,050
	<u>79,676</u>	<u>1,050</u>	<u>80,726</u>
2023			
Sale of goods	<u>80,049</u>	<u>-</u>	<u>80,049</u>

(b) Transaction price allocated to remaining performance obligations

As permitted under SFRS(I)15, the aggregated transaction price allocated to unsatisfied contracts is not disclosed as the Group's performance obligations are part of a contract that has a original expected durations of one year or less.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

20 Other income

	Group	
	2024	2023
	RMB'000	RMB'000
Waiver of amount due to directors	2,276	-
Gain on disposal of derecognition of a subsidiary	-	321
Foreign exchange gain	233	76
Impairment written back on:		
- property, plant and equipment	-	6,695
Insurance claim	90	-
Sundry income	-	2
	<u>2,599</u>	<u>7,094</u>

21 Other expenses

	Group	
	2024	2023
	RMB'000	RMB'000
Impairment loss on:		
- intangible assets (Note 9)	-	6,698
- property, plant and equipment (Note 10)	-	19,279
Property, plant and equipment written off (Note 10)	-	2
Foreign exchange loss	-	1,260
	<u>-</u>	<u>27,239</u>

22. Finance costs

	Group	
	2024	2023
	RMB'000	RMB'000
Interest expense on		
- bank loans	<u>1,174</u>	<u>1,712</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

23. Loss before income tax

This is stated after charging:

	Group 2024 RMB'000	2023 RMB'000
Amortisation of land use right (Note 9)	852	1,008
Depreciation of property, plant and equipment (Note 10)	11,602	12,858
- recognised in cost of sales	5,399	6,620
- recognised in administrative expenses	6,203	6,238
Employee benefits expense (Note 25)	19,670	18,977
- recognised in cost of sales	17,902	11,788
- recognised in administrative expenses	1,768	7,189
Impairment loss on financial assets	-	1,279
- trade receivables	-	186
- other receivables	-	1,093
Fees paid/payable to external auditors for:		
- audit services	734	560
- non-audit services	-	-
Inventory written down (Note 7)	-	40
Legal and professional fees	42	1,154
Security and share registration fees	-	12
Tax expenses - land	1,510	1,510
Tax expenses - property	2,228	2,228



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. Income tax expense

There is no income tax expense as the Group has no taxable income for the current and previous financial years.

	Group	
	2024	2023
	RMB'000	RMB'000
Current tax		
- current year	-	-

Reconciliation of effective tax rate

	Group	
	2024	2023
	RMB'000	RMB'000
Loss before income tax	(3,612)	(45,840)
Tax using the Singapore tax rate of 17% (2023:17%)	(614)	(7,793)
Effect of tax rates in foreign jurisdictions	(317)	(3,431)
Adjustments:		
- non-deductible expenses	(69)	1,130
- deferred tax assets not recognised	285	9,041
- tax losses disregarded	715	1,053
	-	-



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. Income tax expense (continued)

Unrecognised deferred tax assets

Unused tax losses

As at 31 December 2024, a subsidiary, Shandong Hengbao Foodstuff Co., Ltd. has unused tax losses of approximately RMB41,751,000 (2023: RMB41,786,000) which are subject to agreement with the relevant tax authorities. These unused tax losses can be carried forward for offsetting against future taxable income provided that the provisions of the relevant tax legislations are complied with. The tax losses have the following expiry dates:

	Group	
	2024	2023
	RMB'000	RMB'000
Expiring in:		
2025	8,756	8,791
2026	22,326	22,326
2027	10,669	10,669
	41,751	41,786
	41,751	41,786

Deferred tax assets have not been recognised in respects of these items as the directors are not confident that there will be sufficient future taxable profits to realise these future benefits.

Tax losses disregarded

Pursuant to the corporate income tax law of the PRC under Chapter 4 No 27(1), all PRC companies engaged in livestock and poultry breeding business are tax exempted. Accordingly, the losses of Juxian Hengbao Farming Co., Ltd which is engaged in duck farming business are disregarded given that the profits arising from livestock and poultry breeding are exempted from tax.

Unappropriated profits

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends to foreign investors from foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. As at 31 December 2024, the PRC subsidiaries have unappropriated profits amounting to RMB13,827,000 (2023: RMB139,412,000) which have not yet been utilised.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

24. Income tax expense (continued)

Unrecognised deferred tax liabilities

As at 31 December 2024, the aggregate amount of temporary differences relating to undistributed profits of subsidiaries for which deferred tax liabilities have not been recognised is RMB13,827,000 (2023: RMB13,941,000). No deferred tax liability has been recognised because the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

25. Employee benefits expense

	Group	
	2024	2023
	RMB'000	RMB'000
Salaries, bonuses and related costs (including directors' remuneration)	18,912	17,782
Employer's contributions to defined contribution plans	758	1,195
	<u>19,670</u>	<u>18,977</u>

26. Loss per share

The basic and diluted loss per share attributable to the owners of the Group is computed as follows:

	Group	
	2024	2023
Net loss attributable to owners of the Company (RMB'000)	<u>(3,612)</u>	<u>(45,830)</u>
Weighted average number of ordinary shares in issue ('000)	<u>779,801</u>	<u>779,801</u>
Loss per share (RMB cents)		
- Basic	<u>(0.46)</u>	<u>(5.88)</u>
- Diluted	<u>(0.46)</u>	<u>(5.88)</u>

Diluted loss per share is the same as basic loss per share as the Group does not have potential dilutive shares.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

27. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are the significant transactions between the Group and related parties that took place at terms agreed between the parties during the financial year:

	Group	
	2024	2023
	RMB'000	RMB'000
Compensation of key management personnel		
Short-term benefits paid to:		
Directors of the Company		
- salaries and related costs	852	1,944
- directors' fees	165	149
- employer's contribution to defined contribution plans	76	56
	1,093	2,149
Other key management personnel		
- salaries and related costs	351	151
- employer's contribution to defined contribution plans	50	9
	401	160
	1,494	2,309

28. Segment information

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

- (i) Ready-to-serve food
- (ii) Frozen vegetables
- (iii) Others

Except as indicated above, no operating segments have been aggregated to/from the above reportable operating segments.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

28. Segment information (continued)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Unallocated costs represent corporate expenses.

Capital expenditure comprised additions to property, plant and equipment, construction in progress and intangible assets.

Financial year ended 31 December 2024

	Ready-to- serve food RMB'000	Frozen vegetables RMB'000	Others RMB'000	Total RMB'000
Revenue (external customers)	46,570	13,441	20,715	80,726
Segment results	10,014	4,689	603	15,306
Other income				2,599
Unallocated costs				(20,343)
Finance costs				(1,174)
Loss before income tax				(3,612)
Income tax expense				-
Net loss for the financial year				(3,612)
Other segment information				
Depreciation and amortisation (Notes 9 and 10)				12,454
Interest expense (Note 22)				1,174
Employee benefits expenses (Note 25)				19,670
Capital expenditure				1,093



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

28. Segment information (continued)

Financial year ended 31 December 2023

	Ready-to- serve food RMB'000	Frozen vegetables RMB'000	Others RMB'000	Total RMB'000
Revenue (external customers)	43,988	19,129	16,932	80,049
Segment results	3,354	(1,077)	(1,223)	1,054
Other income				7,094
Unallocated costs				(52,276)
Finance costs				(1,712)
Loss before income tax				(45,840)
Income tax expense				-
Net loss for the financial year				(45,840)
Other segment information				
Depreciation and amortisation (Notes 9 and 10)				13,866
Interest expense (Note 22)				1,712
Impairment loss on intangible asset (Note 21)				6,698
Impairment loss on property, plant and equipment (Note 21)				19,279
Reversal of impairment loss on property, plant and equipment (Note 20)				(6,695)
Capital expenditure				53

The Group's revenue is categorised based on countries where the customers are located.

	Revenue		Non-current assets	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
China	79,012	80,049	189,144	201,516
Malaysia	1,714	-	1,771	48
	80,726	80,049	190,915	201,564



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risk and capital risks management

29.1 Categories of financial assets and liabilities

The carrying amounts of various categories of financial assets and liabilities as at the end of the reporting period are as follows:

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
measured at				
amortised cost				
Cash and bank				
balances (Note 4)	2,777	446	34	176
Trade and other				
receivables (Note 5)	16,566	13,447	498	19
Total financial assets				
measured at amortised cost	19,343	13,893	532	195
Financial liabilities				
measured at				
amortised cost				
Trade and other				
payables (Note 11)	11,443	12,892	6,281	6,394
Amounts due to				
directors (Note 12)	7,303	2,697	165	497
Bank borrowings				
(Note 13)	37,991	44,391	-	-
Lease liabilities (Note 14)	210	-	-	-
Financial liabilities				
at amortised cost	56,947	59,980	6,446	-



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management strategy seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities.

The following sections provide details regarding the Group's exposure to various financial risks and the objectives, policies and processes for the management of the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group's credit risk ratings to categorise exposures according to their degree of risk of default.

The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Credit risk (continued)

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor

Regardless of the above analysis, a significant increase in credit risk is presumed if a debtor is more than 60 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group uses the following categories of internal credit risk rating for financial assets which are subject to expected credit losses ("ECL") under the 3-stage general approach. These four categories reflect the respective credit risk and how the loss provision is determined for each of those categories.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Credit risk (continued)

Category	Definition of category	Basis for recognising expected credit losses (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL - credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Credit risk (continued)

The table below details the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

Group

	Note	Category	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
31 December 2024						
Trade receivables	5	Note 1	Lifetime ECL (simplified)	16,575	(32)	16,543
Other receivables	5	I	12-month ECL	23	-	23
31 December 2023						
Trade receivables	5	Note 1	Lifetime ECL (simplified)	13,461	(32)	13,429
Other receivables	5	I	12-month ECL	18	-	18



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Credit risk (continued)

Company

	Note	Category	12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
31 December 2024						
Other receivables	5	I	12-month ECL	23	-	23
Amount due from subsidiaries		I	12-month ECL	475	-	475
31 December 2023						
Other receivables	5	I	12-month ECL	19	-	19

Trade receivables (Note 1)

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

Financial assets that are neither past due nor impaired

Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

	Current RMB'000	Days past due					Total RMB'000
		≤ 30 days RMB'000	31-60 days RMB'000	61-90 days RMB'000	>90 days RMB'000		
31 December 2024							
ECL rate	0.2%	0.0%	0.0%	0.0%	0.0%		
Trade receivables	16,575	-	-	-	-		16,575
Loss allowances	(32)	-	-	-	-		(32)
							<u>16,543</u>
31 December 2023							
ECL rate	0.2%	0.0%	0.0%	0.0%	0.0%		
Trade receivables	13,461	-	-	-	-		13,461
Loss allowances	(32)	-	-	-	-		(32)
							<u>13,429</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Credit risk (continued)

Information regarding loss allowance movement of trade receivables and contract assets is disclosed in Note 5 and Note 19(b) respectively.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Exposure to credit risk

At the end of the reporting period, approximately 100% (2023: 100%) of the Group's trade receivables were due from 1 (2023: 1) major external customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset presented on the statements of financial position. Cash is placed with banks which are regulated.

Other receivables

The Group assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group has no exposure to interest rate risk as the outstanding bank loans at the end of the reporting period have fixed interest rate. The Group's policy is to obtain the most favourable interest rates available and maintain a balanced portfolio mix of fixed and floating rate borrowings.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Credit risk (continued)

Other receivables (continued)

Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The ability of the Group to pay its debts as and when they fall due is due to the reasons as disclosed in Note 1.2. The directors are satisfied that funds are available to finance the operations of the Group.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	Carrying amount RMB'000	Contractual cash flows RMB'000	One year or less RMB'000	One to five years RMB'000	More than five years RMB'000
2024					
Cash and bank balances	2,777	2,777	2,777	-	-
Trade and other receivables	16,566	16,566	16,566	-	-
Total undiscounted financial assets	19,343	19,343	19,343	-	-
Trade and other payables	11,443	11,443	8,839	2,604	-
Amounts due to directors	7,303	7,303	7,303	-	-
Bank borrowings	37,991	37,991	1,600	6,400	29,991
Lease liabilities	210	276	276	-	-
Total undiscounted financial liabilities	56,947	57,013	18,018	9,004	29,991
Total net undiscounted financial liabilities	(37,604)	(37,670)	1,325	(9,004)	(29,991)



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group

	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000
2023			
Cash and bank balances	446	446	446
Trade and other receivables	13,447	13,447	13,447
Total undiscounted financial assets	13,893	13,893	13,893
Trade and other payables	12,892	12,892	12,892
Amounts due to directors	2,697	2,697	2,697
Bank borrowings	44,391	45,661	45,661
Total undiscounted financial liabilities	59,980	61,250	61,250
Total net undiscounted financial liabilities	(46,087)	(47,357)	(47,357)



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Liquidity risk (continued)

Company

	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000
2024			
Cash and bank balances	34	34	34
Trade and other receivables	498	498	498
Total undiscounted financial assets	532	532	532
Trade and other payables	6,281	6,281	6,281
Amounts due to directors	165	165	165
Total undiscounted financial liabilities	6,446	6,446	6,446
Total net undiscounted financial liabilities	(5,914)	(5,914)	(5,914)



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Liquidity risk (continued)

Company

	Carrying amount RMB'000	Contractual cash flows RMB'000	1 year or less RMB'000
2023			
Cash and bank balances	176	176	176
Trade and other receivables	19	19	19
Total undiscounted financial assets	195	195	195
Trade and other payables	6,394	6,394	6,394
Amounts due to directors	497	497	497
Total undiscounted financial liabilities	6,891	6,891	6,891
Total net undiscounted financial liabilities	(6,696)	(6,696)	(6,696)

Foreign currency risk

The Group's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances

The Group is exposed to foreign currency risk mainly on its sales and purchases and other transactions that are denominated primarily in Malaysian ringgit ("RM") and Singapore dollar ("SGD").



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Foreign currency risk (continued)

The Group does not enter into currency options and does not use forward exchange contracts for speculative trading purposes. The Group's and Company's main exposures to foreign currencies are as follows:

Group

	SGD RMB'000	RM RMB'000
2024		
Cash and bank balances	-	2,777
Trade and other receivables	-	8
Trade and other payables	(687)	(5,250)
Amounts due to directors	-	(872)
	<u>(687)</u>	<u>(3,337)</u>
2023		
Cash and bank balances	-	446
Trade and other receivables	-	18
Trade and other payables	(511)	(380)
Amounts due to directors	-	(653)
	<u>(511)</u>	<u>(569)</u>



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Foreign currency risk (continued)

Company

	SGD RMB'000	RM RMB'000
2024		
Cash and bank balances	-	34
Trade and other receivables	-	497
Trade and other payables	-	(1,104)
Amounts due to directors	-	(165)
	-	(738)
2023		
Cash and bank balances	-	176
Trade and other receivables	-	19
Trade and other payables	-	(1,022)
Amounts due to directors	-	(497)
	-	(1,324)



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.2 Financial risk management policies and objectives (continued)

Foreign currency risk (continued)

Sensitivity analysis

A 3% strengthening of the Chinese renminbi against the following currencies at the reporting date would affect profit or loss before tax as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Group

	2024 RMB'000	2023 RMB'000
	Decrease/(Increase) loss before income tax	
Singapore dollar	34	15
Malaysian ringgit	167	17
	201	32

Company

Singapore dollar	-	-
Malaysian ringgit	37	40
	37	40

A 3% weakening of the Chinese renminbi against the above currencies would have equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.3 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents the recognised financial instruments that are offset as at 31 December 2024 and 31 December 2023.

Group

	Gross amounts RMB'000	Gross amounts set off in the statement of financial position RMB'000	Net amounts presented in the statement of financial position RMB'000
2024			
Financial assets			
Cash and bank balances	2,777	-	2,777
Trade and other receivables	13,498	3,068	16,566
Total	16,275	3,068	19,343
Financial liabilities			
Trade and other payables	8,375	(3,068)	11,443
Amounts due to directors	7,303	-	7,303
Bank borrowings	37,991	-	37,991
Lease liabilities	210	-	210
Total	53,879	(3,068)	56,737



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.3 Offsetting financial assets and financial liabilities (continued)

Group

	Gross amounts RMB'000	Gross amounts set off in the statement of financial position RMB'000	Net amounts presented in the statement of financial position RMB'000
2023			
Financial assets			
Cash and bank balances	446	-	446
Trade and other receivables	31,246	(17,799)	13,447
Total	<u>31,692</u>	<u>(17,799)</u>	<u>13,893</u>
Financial liabilities			
Trade and other payables	30,691	17,799	12,892
Amounts due to directors	2,697	-	2,697
Bank borrowings	44,391	-	44,391
Total	<u><u>77,779</u></u>	<u><u>17,799</u></u>	<u><u>59,980</u></u>

29.4 Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain an adequate and efficient capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may issue new shares or obtain additional borrowings.

No changes were made to the policies or processes of capital management for the financial years ended 31 December 2024 and 2023.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

29. Financial instruments, financial risks and capital risks management (continued)

29.4 Capital management (continued)

The Group is not subject to any externally imposed capital requirements, except for a subsidiary of the Group as disclosed in Note 18 which is required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the subsidiary for the financial years ended 31 December 2024 and 2023.

The Group's overall strategy remains unchanged since 2023.

30. Fair value of financial instruments

30.1 Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quote prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30.2 Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of current financial assets and liabilities approximate their fair values because these instruments are short-term in nature or repriced frequently.



NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

31. Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I)10 <i>Consolidated Financial Statements</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined
Amendments to SFRS(I)1-28 <i>Investment in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined
Amendments to SFRS(I)1-21 <i>The Effects of Changes in Foreign</i> : Lack of Exchangeability	1 January 2025
Amendments to SFRS(I)9 and SFRS(I)7 <i>Financial Instruments</i> : <i>Disclosure</i> : Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to SFRS(I) 9 and SFRS(I)7 <i>Financial Instruments</i> : <i>Disclosure</i> : Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to SFRS(I)18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
Amendments to SFRS(I)19 <i>Subsidiaries without Public Accountability</i> : <i>Disclosures</i>	1 January 2027

The directors expect that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.



GROUP PROPERTIES PORTFOLIO

The landed property of the Group as at the date of this Annual report is as follows:

(i) Land

Our subsidiary, Shandong Hengbao has obtained the State -Owned Land Use Right Certificates for the following four (4) parcels of land , the details of which are set out below:-

No.	Location	State-owned Land Use Right Certificate No./ Certificate Issuance Date	Tenure / Expiry of Tenure"	Revaluation / Acquisition"	Land Area (Square Metres)	Audited NBV as at 31.12.2024 RMB'000
1.	Anzhuang Town, Baowa Village East, Daohuang Road West, Ju County Shandong	Lu (2017) Ju property rights No. 0006656/ 01.11.2017	42 years / 13.10.2061	2024	35,257	4,534
2.	South of Qingzhou Road, East of Chengyang Road, Ju County Shandong	Juguoyong (2015) No. 116/ 07.12.2015	42 years / 28.07.2061	2024	65,046	14,574
3.	Weifang Road No. 39, Ju County Shandong	Lu (2016) Ju property rights No. 0000826/ 10.06.2011	47 years / 07.01.2066	2024	24,034	5,894
4.	Yanzhuang Town Dachang Anpo Village, Jianhua Village, Ju County Shandong	Lu (2017) Ju property rights No. 0006660/ 01.11.2017	44 years / 08.11.2058	2024	64,427	5,766
Grand Total						30,768

(ii) Leasehold Building and Infrastructure

Details of the Leasehold Building and Infrastructure held by our subsidiary, Shangdong Hengbao and Juxian Hengbao are set out below:-

No.	Address / Location	Description / Existing Use	Certificate of Real Estate Ownership No. / Certificate Issuance Date	Built-up Area (Square Metres)	Approximate Age (Years)	Revaluation/ Acquisition	Audited NBV as at 31.12.2024 RMB'000
1	First Production Plant North of Weifang Middle Road No. 1, Ju County Shandong Province PRC	A single-storey factory building and a five-storey workers' hostel, warehouse and workers' hotel	"Lu (2017) Ju property rights No. 0006660/ 01.11.2017"	28,221.12	10	2024	24,139
2	Third Production Plant North of Weifang Middle Road No. 1, Ju County Shandong Province PRC	A single-storey factory building/ Production plant	"Lu (2016) Ju property rights No. 0000826/ 10.06.2011"	18,807.50	5 – 12	2024	30,269



GROUP PROPERTIES PORTFOLIO (cont'd)

No.	Address / Location	Description / Existing Use	Certificate of Real Estate Ownership No. / Certificate Issuance Date	Built-up Area (Square Metres)	Approximate Age (Years)	Revaluation/ Acquisition	Audited NBV as at 31.12.2024 RMB'000
3.	<u>Head Quarter and R&D Centre</u> North of Weifang Middle Road No. 1, Ju County Shandong Province PRC	An eight storey office building equipped with R&D facilities	Ju Fang Quan Zheng Cheng Qu Zi No. 20134138 / 24.10.2013	8,725.39	9 – 12	2024	18,699
4.	<u>Incubation Facilities</u> ZhuDi North Avenue, West AnZhuang Town, Ju County Shandong Province PRC	A single storey factory building/ Hatching plant	Lu (2017) Ju property rights No. 0006656/ 01.11.2017	16,297.00	9 – 10	2024	22,821
5.	<u>Duck Farm 1</u> ZhuDi North Avenue, West AnZhuang Town, Ju County Shandong Province PRC	A duck farm completed 15 duck sheds	The company has yet to receive certificate of real estate ownership as at 31.12.2024	21,450.00	9 – 10	2024	9,456
6.	<u>Duck Farm 2</u> ZhuDi North Avenue, West AnZhuang Town, Ju County Shandong Province PRC	A duck farm completed 15 duck sheds	The company has yet to receive certificate of real estate ownership as at 31.12.2024	21,372.72	9 – 10	2024	8,539
7.	<u>Duck Farm 3</u> 2011-18 / ShiQuanGuanZhuan Village, QiShan Town, Ju County Shandong Province, PRC	A duck farm completed 15 duck sheds	The company has yet to receive certificate of real estate ownership as at 31.12.2024	16,008.00	9	2024	10,756
Grand Total							124,679



STATISTICS OF SHAREHOLDINGS AS AT 26 MARCH 2025

Total Issued Share : 781,993,740 Ordinary Shares
Types of Shares : Ordinary Share
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 26 MARCH 2025

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share
Less than 100	15	441	0.0000
100 to 1,000	231	117,200	0.0150
1,001 to 10,000	971	6,391,058	0.8173
10,001 to 100,000	1,482	64,815,401	8.2885
100,001 to less than 5% of issued shares	720	710,669,640	90.8792
5% and above of issued shares	0	0	0.0000
Total	3,419	781,993,740	100.0000

DIRECTORS' INTERESTS IN SHARES AS AT 26 MARCH 2025

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah	-	-	-	-
2	Shen Hengbao	-	-	15,515,900 ^(a)	1.9841
3	Keh Chuan Yee	-	-	-	-
4	Yang Chin Shen	107,700	0.0138	-	-
5	Ho Pui Hold	-	-	-	-
6	Chin Nyat Fwu	-	-	-	-
7	Elizabeth Siew Wai Kit	-	-	-	-
8	Dato Haji Mohd Hizzat Bin Mohd Shah	20,000	0.0026	-	-

(a) Deemed interested by virtue of his interest in Hengbao Foodstuffs Holding Limited pursuant to Section 4A of the Companies Act of Singapore, Cap.50

SUBSTANTIAL SHAREHOLDERS (ACCORDING TO THE COMPANY'S REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 26 MARCH 2025)

The Company does not have any substantial shareholder as at 26 March 2025.



STATISTICS OF SHAREHOLDINGS (cont'd) AS AT 26 MARCH 2025

LIST OF TOP THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 26 MARCH 2025)

No.	Name of Shareholders	No. of Shares	%
1	HOW KOK SENG	38,750,000	4.9553
2	LOW SU-MING	37,356,880	4.7771
3	LOW GEE SOON	29,750,000	3.8044
4	HOW CHUI PENG	25,930,000	3.3159
5	TAN PEI JUN	19,000,000	2.4297
6	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAM KOON LENG	18,500,000	2.3657
7	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW GEE TEONG (MY2735)	18,076,870	2.3116
8	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR LGT BANK AG (FOREIGN)	15,515,900	1.9841
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM SHIAU TYNG	15,400,000	1.9693
10	INNOVENTIVE HOLDINGS SDN. BHD.	15,336,000	1.9611
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HOOI JIA HAO (7013446)	14,304,400	1.8292
12	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAM YEOW YIN (MY4323)	13,492,000	1.7253
13	WONG POOI LING	13,254,590	1.6950
14	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHU KERD YEE (M01)	12,560,000	1.6062
15	CHOO YU LEONG	8,220,000	1.0512
16	MEP ENVIRO TECHNOLOGY SDN. BHD.	6,657,400	0.8513
17	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENT ACCOUNT)	5,455,000	0.6976
18	YONG KIM SIONG	5,083,600	0.6501
19	FOO FOOK MIN	4,920,000	0.6292
20	BROTHER ASSETS FUND HOUSE CORP.	4,356,700	0.5571
21	LEOW CHOON CHANG	4,350,000	0.5563
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW CHIA WEI	4,300,000	0.5499
23	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN CHOON (M&A)	4,254,900	0.5441
24	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW CHOI HAR	4,200,000	0.5371
25	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KWEE HUWA	4,083,100	0.5221
26	TAN SOR PING	4,046,800	0.5175
27	TAN SWOOI HENG	3,872,000	0.4951
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KUAN KIET	3,700,000	0.4731
29	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEE ENG WEI (M01)	3,441,900	0.4401
30	CHONG LOI TAI	3,434,200	0.4392



NOTICE OF 18TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) Annual General Meeting ("**AGM**") of HB Global Limited ("**HB Global**") will be held at Meeting Room 1, Level 3A, Vivatel Kuala Lumpur, 85, Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, on Monday, 23 June 2025 at 10.30 a.m. or at any adjournment thereof, to transact the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect the following Directors who retires pursuant to the Company's Constitution and who being eligible, have offered themselves for re-election:-
 - (a) Keh Chuan Yee (Clause 99.1) **Ordinary Resolution 1**
 - (b) YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah (Clause 101) **Ordinary Resolution 2**
 - (c) Chin Nyat Fwu (Clause 101) **Ordinary Resolution 3**
 - (d) Elizabeth Siew Wai Kit (Clause 101) **Ordinary Resolution 4**
 - (e) Dato Haji Mohd Hizzat Bin Mohd Shah (Clause 101) **Ordinary Resolution 5***(Please refer to Explanatory Note 2)*
3. To approve the payment of Directors' fees and other benefits payable of RM 101,000 for the financial year ended 31 December 2024. **Ordinary Resolution 6**
4. To re-appoint Messrs UHY Lee Seng Chan & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

AS SPECIAL BUSINESS

To consider and if thought fit, with or without modifications to pass the following resolution:-

5. **Authority for Directors to Allot and Issue Shares** **Ordinary Resolution 8**
(Please refer to Explanatory Note 3)

"**THAT** pursuant to the provisions of Section 161 of the Companies Act of Singapore, Cap. 50, and subject otherwise to the provisions of that Act and the Constitution of the Company, the Directors be and are hereby authorised to issue shares of the Company to such persons and on such terms and conditions and with such rights or restrictions as they may think fit to impose, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, and subject always to the approval of all the relevant regulatory bodies having been obtained for such allotment and issue, and that such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

AND THAT in connection with the above, pursuant to Clause 54 of the Company's Constitution, the shareholders of the Company by approving this resolution are deemed to have waived their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with the existing shares in the Company."
6. **Retention of Independent Non-Executive Director of the Company**

"**THAT** the following Directors be and are hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting or at any adjournment thereof:-"

 - (a) Yang Chin Shen **Ordinary Resolution 9**
 - (b) Ho Pui Hold **Ordinary Resolution 10***(Please refer to Explanatory Note 4)*



NOTICE OF 18TH ANNUAL GENERAL MEETING (cont'd)

7. To transact any other business of the Company for which due notice shall have been given.

By Order of the Board,

KEH CHUAN YEE
EXECUTIVE DIRECTOR
30 April 2025

NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member and / or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.
3. Where a member duly executes the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney who has been duly authorised to act on its behalf.
6. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the AGM or any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend the 18th AGM, only members whose name appears on the Record of Depositors as at 13 June 2025 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of a poll.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, participate, speak and vote at this meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for this meeting and the preparation and compilation of the attendance lists, minutes and other documents relating to this meeting, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty



NOTICE OF 18TH ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES

1. Audited Financial Statements for the Financial Year Ended 31 December 2024

The Agenda 1 is meant for discussion only as Section 174(5) of the Companies Act of Singapore provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item will not be put forward for voting.

2. Ordinary Resolution 1 to 5: Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to the following clauses of the Company's Constitution at the 18th AGM of the Company and are being eligible have offered themselves for re-election:-

- (a) Keh Chuan Yee (Clause 99.1)
- (b) YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah (Clause 101)
- (c) Chin Nyat Fwu (Clause 101)
- (d) Elizabbeth Siew Wai Kit (Clause 101)
- (e) Dato Haji Mohd Hizzat Bin Mohd Shah (Clause 101)

(collectively referred to as "**Retiring Directors**")

The Board of Directors, through the Nomination Committee, has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

3. Ordinary Resolution 8: Authority for Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 8, if passed, is a renewal of the general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM.

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), workings capital and/or acquisitions.

Pursuant to Clause 54 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Clause 54 of the Constitution of the Company provides as follows:

"54. Issue of new shares to existing members

Subject to any direction to the contrary that may be given by the Company in general meeting any shares or securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may in like manner dispose of any such new shares or securities as aforesaid which, by reason of the ratio borne by them to the number of shares or securities held by persons entitled to such offer of new shares or securities cannot, in the opinion of the Directors be conveniently offered in the manner herein provided."

The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.



NOTICE OF 18TH ANNUAL GENERAL MEETING (cont'd)

4. Ordinary Resolution 9 to 10: Retention of Independent Non-Executive Directors of the Company

Yang Chin Shen ("YCS") and Ho Pui Hold ("HPH") were appointed as an Independent Non-Executive Directors of the Company on 3 March 2014 and 18 September 2015 respectively. They have served the Company for a cumulative term of more than nine (9) years. The Nomination Committee and the Board of Directors of the Company, after having assessed the independence of YCS and HPH, consider them to be independent based on amongst others, the following justifications and recommend that YCS and HPH be retained as Independent Non-Executive Directors of the Company subject to the shareholders' approval through a two-tier voting process: -

- a) They are able to bring independent and objective judgment to the Board's deliberations;
- b) They have not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or their ability to act in the best interest of the Company;
- c) They have no potential conflict of interest, whether business or non-business related with the Company;
- d) Their experience enables them to provide the Board with a diverse set of experience, expertise, skills and competence; and
- e) They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

STATEMENT ACCOMPANYING NOTICE OF AGM

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the 18th AGM of the Company. There is therefore no individual standing for election as Director, save for the above Directors who are standing for re-election as a Director at 18th AGM.

Further details of Directors standing for re-election as Director is set out in the Board of Directors' Profiles of this Annual Report and the details of their respective interests in the securities of the Company is disclosed in the Statistics of Shareholdings of this Annual Report.

Please refer to Explanatory Note 3 for information relating to the general mandate for issue of securities.

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HB GLOBAL LIMITED

HB GLOBAL LIMITED

Malaysia Registration No.: 200902000048 (995221-H)

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

Singapore Registration No.: 200608505W

(Incorporated in Singapore under the Companies Act (Chapter 50) of Singapore)

Proxy Form

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

I/We _____ [Full Name in Block Letters]

NRIC No./ Registration No. _____ of _____

_____ [Full Address],

_____ [Email Address], _____ [Contact No.]

being a member(s) of **HB GLOBAL LIMITED**, and is entitled to vote, hereby appoint the following:-

Full Name in Block Letters		No. of Shares	Proportion of Shareholdings to be Represented %
Email Address			
NRIC No./ Passport No			
Full Address			
Contact No.			

And/Or

Full Name in Block Letters		No. of Shares	Proportion of Shareholdings to be Represented %
Email Address			
NRIC No./ Passport No			
Full Address			
Contact No.			

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote on *my/our behalf at the Eighteenth (18th) Annual General Meeting of HB Global Limited ("**HB Global**") to be held at Meeting Room 1, Level 3A, Vivatel Kuala Lumpur, 85, Jalan Loke Yew, Taman Miharja, 55200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, on Monday, 23 June 2025 at 10.30 a.m. or at any adjournment thereof.

**strike out whichever is not applicable*

Please indicate with an "X" in the space below on how you wish your votes to be casted. In the absence of specific directions, the proxy/ proxies may vote or abstain from voting on the resolutions at his/ her/ their discretion.

My/ our proxy/ proxies shall vote as follows:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Keh Chuan Yee who retires pursuant to Clause 99.1 of the Company's Constitution.		
2.	To re-elect YTM Dato' Johan Pahlawan Lela Perkasa Sitiawan Dato' Muhammed Bin Haji Abdullah, who retires pursuant to Clause 101 of the Company's Constitution.		
3.	To re-elect Chin Nyat Fwu who retires pursuant to Clause 101 of the Company's Constitution.		
4.	To re-elect Elizabbeth Siew Wai Kit who retires pursuant to Clause 101 of the Company's Constitution.		
5.	To re-elect Dato Haji Mohd Hizzat Bin Mohd Shah who retires pursuant to Clause 101 of the Company's Constitution.		
6.	To approve the payment of Directors' fees and other benefits payable of RM 101,000 for the financial year ended 31 December 2024.		
7.	To re-appoint Messrs UHY Lee Seng Chan & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
8.	Authority for Directors to Allot and Issue Shares.		
9.	Retention of Yang Chin Shen as an Independent Non-Executive Director of the Company.		
10.	Retention of Ho Pui Hold as an Independent Non-Executive Director of the Company.		

Signed this _____ day of _____, 2025.

Signature of Member/ Common Seal

NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member and / or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportion of his/ her shareholdings to be represented by each proxy.
3. Where a member duly executes the proxy form but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of an officer or attorney who has been duly authorised to act on its behalf.
6. The instrument appointing a proxy must be deposited at the Company's Share Registrar, Aldpro Corporate Services Sdn. Bhd. at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time for holding the AGM or any adjournment thereof, otherwise the instrument of proxy shall not be treated as valid.
7. For the purpose of determining a member who shall be entitled to attend the 18th AGM, only members whose name appears on the Record of Depositors as at 13 June 2025 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of a poll.

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Please affix
postage stamp
here

The Share Registrar of
HB GLOBAL LIMITED
c/o Aldpro Corporate Services Sdn. Bhd.
Registration No.: 202101043817 (1444117-M)
B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Malaysia

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