



恒宝环球

**HB Global Limited**

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2013

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### Unaudited Condensed Consolidated Statement Of Comprehensive Income

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	160,355	213,959	79,793	103,963	160,355	213,959	79,793	103,963
Cost of sales	(120,509)	(142,648)	(59,965)	(69,313)	(120,509)	(142,648)	(59,965)	(69,313)
Gross Profit	39,846	71,311	19,828	34,650	39,846	71,311	19,828	34,650
Other operating income	812	504	404	245	812	504	404	245
Selling and distribution expenses	(515)	(290)	(256)	(141)	(515)	(290)	(256)	(141)
General and administrative expenses	(4,614)	(3,447)	(2,296)	(1,675)	(4,614)	(3,447)	(2,296)	(1,675)
Other operating expenses	(2,994)	(290)	(1,490)	(141)	(2,994)	(290)	(1,490)	(141)
Operating profits	32,535	67,788	16,190	32,938	32,535	67,788	16,190	32,938
Finance costs	-	(441)	-	(214)	-	(441)	-	(214)
Profit Before Taxation	32,535	67,347	16,190	32,724	32,535	67,347	16,190	32,724
Taxation	(9,013)	(17,146)	(4,485)	(8,331)	(9,013)	(17,146)	(4,485)	(8,331)
Profit After Taxation	23,522	50,201	11,705	24,393	23,522	50,201	11,705	24,393
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	23,522	50,201	11,705	24,393	23,522	50,201	11,705	24,393



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

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

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012	31 March 2013	31 March 2012
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to:-								
- Equity holders of HB	23,522	50,201	11,705	24,393	23,522	50,201	11,705	24,393
Total comprehensive income attributable to:-								
- Equity holders of HB	23,522	50,201	11,705	24,393	23,522	50,201	11,705	24,393
Earning Per Share *								
- Basic (RMB cents/ sen)	5.03	10.73	2.50	5.21	5.03	10.73	2.50	5.21
- Diluted (RMB cents/ sen)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this financial report.

Note:

- 1) The earning per share attributable to equity holders of the Company is computed based on the total comprehensive income attributable to equity holder as at 31 March 2013 and 31 March 2012 divided by the number of ordinary shares of 468,000,000.
- 2) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.4976 at 31 March 2013 and RMB1: RM0.4859 at 31 March 2012 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.
- 3) The opening balance brought forward from last financial year ended 31 December 2012 has been reported by our auditor with a "disclaimer opinion". The Company has appointed Special Auditor to audit financial statement for year ended 31 December 2012 particularly on the areas that has been qualified with such "disclaimer opinion" by our auditor. The consolidated results for the first quarter ended 31 March 2013 may be subjected to the adjustment as a result of the Special Auditor's finding.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2013	Audited As at 31 Dec 2012	Unaudited As at 31 March 2013	Audited As at 31 Dec 2012
	RMB'000	RMB'000	RM'000	RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	284,637	196,419	141,635	96,992
Construction in progress	83,643	175,027	41,621	86,428
Biological assets	3,548	3,658	1,765	1,806
Intangible assets	128,098	128,098	63,742	63,255
	499,926	503,202	248,763	248,481
<b>Current Assets</b>				
Inventories	32,995	14,453	16,418	7,137
Trade receivables	50,120	79,220	24,940	39,119
Other receivables	253	62	126	31
Prepayment for land use right	98,679	99,429	49,103	49,098
Cash and bank balance	292,909	252,642	145,752	124,752
	474,956	445,806	236,339	220,137
<b>TOTAL ASSETS</b>	974,882	949,008	485,102	468,618
<b>Capital and Reserves</b>				
Share capital	146,161	146,161	72,730	72,174
Reserves	87,832	87,832	43,705	43,371
Retained earnings	622,072	597,853	309,543	295,220
Minority interest	(497)	-	(247)	-
<b>Total Equity</b>	855,568	831,846	425,731	410,765
<b>Non-Current Liabilities</b>				
Loan from shareholders	15,826	15,826	7,875	7,815
<b>Current Liabilities</b>				
Trade payables	39,581	39,280	19,696	19,396
Other payables	30,653	35,517	15,253	17,538
Income tax liabilities	8,126	2,605	4,043	1,286
Amount due to a shareholder	2,986	3,044	1,486	1,503
Amount due to director	22,142	20,890	11,018	10,315
	103,488	101,336	51,496	50,038
<b>Total Liabilities</b>	119,314	117,162	59,371	57,853
<b>TOTAL EQUITY AND LIABILITIES</b>	974,882	949,008	485,102	468,618
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(i)</sup>	1.83	1.78	0.91	0.88

The unaudited Condensed Consolidated Statements of Financial Positions should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this financial report.

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 31 March 2013 and 31 December 2012 divided by the number of ordinary shares of 468,000,000.
- (2) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.4976 at 31 March 2013 and RMB1: RM0.4938 at 31 December 2012 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.
- (3) The opening balance brought forward from last financial year ended 31 December 2012 has been reported by our auditor with a "disclaimer opinion". The Company has appointed Special Auditor to audit financial statement for year ended 31 December 2012 particularly on the areas that has been qualified with such "disclaimer opinion" by our auditor. The consolidated results for the first quarter ended 31 March 2013 may be subjected to the adjustment as a result of the Special Auditor's finding.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE FIRST QUARTER ENDED 31 MARCH 2013

Unaudited Condensed Consolidated Statements Of Changes In Equity

<b>3 months ended 31 March 2013</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Minority interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2013	146,161	79,595	8,237	597,853	-	831,846
Dividend payout	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	200	200
Total comprehensive income for the period	-	-	-	23,522	-	23,522
Transfer to minority interest	-	-	-	697	(697)	-
At 31 March 2013	<u>146,161</u>	<u>79,595</u>	<u>8,237</u>	<u>622,072</u>	<u>(497)</u>	<u>855,568</u>

<b>3 months ended 31 March 2013</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Minority interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2013	72,730	39,606	4,099	297,492	-	413,927
Dividend payout	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	99	99
Total comprehensive income for the period	-	-	-	11,705	-	11,705
Transfer to minority interest	-	-	-	346	(346)	-
At 31 March 2013	<u>72,730</u>	<u>39,606</u>	<u>4,099</u>	<u>309,543</u>	<u>(247)</u>	<u>425,730</u>

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.4976 at 31 March 2013 with comparatives is shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

<b>3 months ended 31 March 2012</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2012	146,161	76,090	8,237	608,313	838,801
Total comprehensive income for the period	-	-	-	50,201	50,201
Transfer to reserves	-	5,128	-	(5,128)	-
At 31 March 2012	<u>146,161</u>	<u>81,218</u>	<u>8,237</u>	<u>653,386</u>	<u>889,002</u>

<b>3 months ended 31 March 2012</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2012	71,020	36,972	4,002	295,579	407,573
Total comprehensive income for the period	-	-	-	24,393	24,393
Transfer to reserves	-	2,491	-	(2,491)	-
At 31 March 2012	<u>71,020</u>	<u>39,463</u>	<u>4,002</u>	<u>317,481</u>	<u>431,966</u>

The unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this financial report.

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.4859 at 31 March 2012 with comparatives is shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2013	As at 31 March 2012	As at 31 March 2013	As at 31 March 2012
	RMB'000	RMB'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before income tax	32,535	67,347	16,190	32,724
Adjustments for:				
Depreciation	3,166	993	1,575	482
Amortisation	750	679	373	330
Fair value adjustment	2,994	-	1,490	-
Interest expense	-	441	-	214
Interest income	(254)	(504)	(126)	(245)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	39,191	68,956	19,502	33,505
In inventories	(18,542)	(1,784)	(9,226)	(867)
In trade and other receivables	28,909	17,569	14,385	8,537
In trade and other payables	(3,369)	11,661	(1,676)	5,666
<b>Cash from operations</b>	46,189	96,402	22,985	46,841
Income tax paid	(3,492)	(16,847)	(1,738)	(8,186)
Interest received	254	504	126	245
<b>Net cash generated from operating activities</b>	42,951	80,059	21,373	38,900
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Addition of property, plant and equipment	-	(17,413)	-	(8,461)
Purchase of biological asset	(2,884)	-	(1,435)	-
<b>Net cash used in investing activities</b>	(2,884)	(17,413)	(1,435)	(8,461)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Interest Expense	-	(441)	-	(214)
Acquisition of subsidiary	200	-	99	-
Repayment of short term loan	-	(10,000)	-	(4,859)
Payment of dividend	-	-	-	-
<b>Net cash (used in)/generated from financing activities</b>	200	(10,441)	99	(5,073)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	40,267	52,205	20,037	25,366
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	252,642	534,171	125,715	259,554
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	292,909	586,376	145,752	284,920

The unaudited Condensed Consolidated Statements Of Cash Flow should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this financial report.

Note:

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- (2) The opening balance brought forward from last financial year ended 31 December 2012 has been reported by our auditor with a "disclaimer opinion". The Company has appointed Special Auditor to audit financial statement for year ended 31 December 2012 particularly on the areas that has been qualified with such "disclaimer opinion" by our auditor. The consolidated results for the first quarter ended 31 March 2013 may be subjected to the adjustment as a result of the Special Auditor's finding.



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2013

##### 1. Basis of preparation

###### a) Basis of accounting

The financial statements are unaudited and have been prepared in accordance with the International Accounting Standards (“IAS”), IAS 34 Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, and should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this unaudited financial report.

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

There are no changes in accounting policies for the quarter ended 31 March 2013.

###### c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary made up to the end of the financial period.

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

All inter-company balances and significant inter-company transactions and resulting unrealized profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial period are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

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

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

Our Auditor had issued a “disclaimer of opinion” on our Group’s Audited Financial Statements for the financial year ended 31 December 2012 in respect of our cash & cash equivalents, receivables & payables balances. As a result, we are now Company under PN17 based on the listing rules. We have since appointed BDO as our Special Auditor for the purpose of auditing the scope as stated under the “disclaimer of opinion”. Our consolidated results for first quarter 2013 results was based on opening figure which pending the final clearance from BDO special audit that may subject to adjustment as a result of the special audit.

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

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





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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### 4. Unusual items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

#### 5. Changes in estimates

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

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

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

#### 7. Dividends

No dividend were declared or paid by the Group in the current quarter under review.

#### 8. Segment information

<b>Financial Year Ended 31 March 2013</b>					
	<b><u>Ready-to- serve Food</u></b> RMB'000	<b><u>Frozen Vegetables</u></b> RMB'000	<b><u>Duck Farming</u></b> RMB'000	<b><u>Others</u></b> RMB'000	<b><u>Total</u></b> RMB'000
Revenue	141,913	12,322	5,908	212	160,355
<b>Segment results</b>	43,924	3,978	(8,124)	68	39,846
Other gains					812
Unallocated costs					(8,123)
Finance expenses					-
Profit before income tax					32,535
Income tax expense					(9,013)
<b>Profit for the period</b>					<b>23,522</b>
<b>Other segment information:</b>					
Depreciation and amortisation					3,916
Capital expenditures					-

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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### 8. Segment information (continue)

<b>Financial Period Ended 31 March 2013</b>					
	<b><u>Ready-to- serve Food</u></b> RM'000	<b><u>Frozen Vegetables</u></b> RM'000	<b><u>Duck Farming</u></b> RM'000	<b><u>Others</u></b> RM'000	<b><u>Total</u></b> RM'000
Revenue	70,617	6,131	2,940	105	79,793
<b>Segment results</b>	21,857	1,979	(4,042)	34	19,828
Other gains					404
Unallocated costs					(4,042)
Finance expenses					-
Profit before income tax					16,190
Income tax expense					(4,485)
<b>Profit for the period</b>					<b>11,705</b>
<b>Other segment information:</b>					
Depreciation and amortisation					1,949
Capital expenditures					-

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<b>Financial Year Ended 31 March 2012</b>					
	<b><u>Ready-to- serve Food</u></b> RMB'000	<b><u>Frozen Vegetables</u></b> RMB'000	<b><u>Duck Farming</u></b> RMB'000	<b><u>Others</u></b> RMB'000	<b><u>Total</u></b> RMB'000
Revenue	188,185	23,608	-	2,165	213,959
<b>Segment results</b>	62,420	7,954	-	936	71,310
Other gains					504
Unallocated costs					(4,027)
Finance expenses					(441)
Profit before income tax					67,347
Income tax expense					(17,146)
<b>Profit for the period</b>					<b>50,201</b>
<b>Other segment information:</b>					
Depreciation and amortisation					1,672
Capital expenditures					17,413



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### 8. Segment information (continue)

<u>Financial Year Ended 31 March 2012</u>					
	<u>Ready-to- serve Food</u> RM'000	<u>Frozen Vegetables</u> RM'000	<u>Duck Farming</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
Revenue	91,439	11,471	-	1,052	103,963
<b>Segment results</b>	30,330	3,865	-	455	34,650
Other gains					245
Unallocated costs					(1,957)
Finance expenses					(214)
Profit before income tax					32,724
Income tax expense					(8,331)
<b>Profit for the period</b>					<b>24,393</b>
<b>Other segment information:</b>					
Depreciation and amortisation					812
Capital expenditures					8,461

Note:

- (1) The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.4859 at 31 March 2012 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

#### 9. Subsequent events

The Company had engaged BDO to conduct special audit which may affect the results of the current quarter and financial year-to-date subject to their findings.

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

The Company had incorporated three China subsidiaries under Rizhao Hengbao Foodstuffs with an amount of RMB1,800,000 representing 90% of paid up capital respectively for the following companies:

- a) On 25 February 2013 - Juxian Hengbao Farming Co. Ltd (Company No. 371122200011483-1)
- b) On 10 April 2013 - Juxian Houz Food Co. Ltd. (Company No. 371122200012038-1)
- c) On 27 April 2013 - Wan Hui Food Co. Ltd. (Company No. 371122200012394-1)

#### 11. Contingent liability or assets

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



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### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2013

#### 12. Non-current assets

No additional non-current asset was acquired as at period end 31 March 2013.

#### 13. Capital commitment

Save as disclosed below, the Group is not aware of any material commitments, which upon becoming enforceable may have a material effect on the financial position of our Group:-

	RMB'000	RM'000
Construction for waste water treatment plant	1,263	628
Construction of duck poultry and slaughter factory	2,750	1,368
Construction of Feedmill plant	4,020	2,000

#### 14. Significant related party transactions

Key management personnel compensation is analysed as follows:

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Salaries and other short-term employee benefits	227	113	227	113
Post employment benefits	1	0.5	1	0.5

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恒宝环球

## HB Global Limited

(Company Registration No.: 200608505W)  
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#### B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

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

###### Review of Group Comprehensive Income

Our revenue decreased by RMB53.6 million or approximately 25.1% from RMB213.9 million in financial period ended 31 March 2012 (“FPE2012”) to RMB160.4 million in financial period ended 31 March 2013 (“FPE2013”). The decreased were mainly due to decrease sales of ready-to-serve (“RTS”) products and frozen vegetables. The decrease in sales of RTS products was mainly attributable to the depreciation of Japanese Yen against RMB by approximately 26% which resulted price reduction from our customers, and reduced in the order of our products directly and indirectly from Japan market. The decreased was partially offset by the contribution of revenue from our duck farming business including the sales of our duck eggs and duckling for approximately RMB5.9 million.

Gross Profit (“GP”) margin decreased from 33% for FPE2012 to 25% for FPE2013. This was mainly attributable to the gross loss for duck farming products as a result of absorbing substantial fixed costs including labour costs, feeding cost, depreciation and amortisation. We commenced our duck farming revenue in March 2013. Other operating income increased marginally from RMB0.5 million in FPE2012 to RMB0.8 million in FPE2013 which was mainly due to unrealized foreign exchange gain.

Selling and distribution expenses increased by RMB0.2 million in FPE2013 as a result of increase in the logistics custom procedural costs in China. General and administration expenses increased by RMB1.2 million in FPE2013 was mainly due to increased in depreciation charges and staff salaries to comply with minimum wage policy in China. Operating expenses increased by RMB2.7 million from RMB0.3 million in FPE2012 to RMB3.0 million in FPE2013 was mainly due to the fair value adjustment on our biological assets in order to be consistent with the valuation method adopted by the last auditor. Net profit before taxation decreased by RMB34.8 million or 51.7% from RMB67.3 million in FPE2012 to RMB32.5 million in FPE2013 due to the reasons as explained the above .

###### Review of Balance Sheet

Inventories increased by RMB18.5 million due to deferred in the delivery of customers orders as a result of depreciation of Japanese Yen. Trade receivables reduced by RMB29.1 million from RMB79.2 million in 31 December 2012 to RMB50.1 million in FPE2013 due to reduction in the revenue that took place in March 2013. Other payables has decreased by RMB4.9 million as a result of payment for construction cost upon completion of works..

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

	Current Quarter 31 Mar 2013		Preceding Quarter 31 Dec 2012	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	160,355	79,793	151,010	74,569
Profit/(Loss) Before Taxation	32,535	16,190	18,293	9,033
Profit/(Loss) After Taxation	23,522	11,705	12,688	6,265



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There is no major fluctuation in revenue, where the Group recorded revenue of RMB160.4 million in the current quarter, only approximately RMB9.3 million (6%) higher than RMB151 million in the immediate preceding quarter.

The higher profit before and after tax in Q1 2013 was mainly due to increase in sales for this quarter and one-off audit adjustment on biological assets in Q4 2012.

#### 3. Prospects for FYE 2013

The outbreak of H7N9 bird flu virus in early April 2013 has caused approximately 130 being hospitalized and approximately 26 reported death as a result of the bird flu. The effect of the outbreak of H7N9 are as follows:-

- a) That the selling price of our duck farming products including duckling and eggs has been adversely affected.
- b) That our earlier plan of installing the meat duck farms and poultry processing plant will have to defer to the last quarter of this year to avoid further losses resulting from the flu.

Since early 2013, we observed the depreciation of Japanese Yen that resulting in the lower selling price of our products and reduction in the orders for our products from Japan. We expect that such depreciation will not be improved in short term and as a result our selling price and orders for our products from Japan.

We believe we will receive Halal certification for our third food processing plant from Muslim Association of Shandong between June to July 2013. The certification will allow us to sell our products to halal market in South East Asia and in China.

Despite the expected poor performance in the next two quarters, we are cautiously optimistic that we will remain positive for our financial performance in FYE 2013.

#### 4. Profit forecast

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

#### 5. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Income tax expenses	9,013	4,485	9,013	4,485

##### PRC Tax

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

##### Singapore tax

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

The effective tax rate of our Group for the current quarter and financial year-to-date were approximately 27.7% as compared to the applicable tax rate of 25.0% due to permanent difference in the tax treatment of expenses that is not deductible under China law.

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

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



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

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

#### 8. Status of utilization of proceeds

The status of the gross proceeds of RM44,304,000 from the Public Issue are as follows:-

	Proposed Utilization Amount RM'000	Actual Utilization Amount RM'000	Deviation Amount RM'000	Expected Utilisation Period After Our Listing
(i) Setting up of a duck poultry farming and breeding facility	5,000	5,000	-	Fully utilized
(ii) Setting up of a modern poultry processing facility	5,000	5,000	-	Fully utilized
(iii) Setting up of a third production plant and corporate headquarters building in PRC	15,000	15,000	-	Fully utilized
(iv) Construction of Halal food processing facility in Malaysia	5,000	-	5,000	Within 24 months
(v) Working capital	4,304	4,304	-	Fully utilized
(vi) Estimated listing expenses	10,000	10,000	-	Fully utilized
<b>Total</b>	<b>44,304</b>	<b>39,304</b>		

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

The Group's borrowings and debt securities as of 31 March 2013 were as follows:

	RMB'000	RM'000
Loans – unsecured*	15,750	7,837

##### Loans – unsecured\*

On 25 September 2009, the subsidiary company entered into a loan agreement with Shen Hengbao, Meng Xiangzhen, Wu Fang, Yao Zhifang and Shi Geli (collectively referred to as the “Ultimate-shareholders”) amounting to RMB21.80 million as lenders. The loan is interest free. The tenure of the loan is 10 years and will be automatically renewed for another 10 years unless the Directors decide that the loan is no longer required.

Notes:-

(a) After incorporating the fair value adjustment made on the loan from Ex-shareholders amounting to RMB15.31 million.

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

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



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#### 11. Changes in material litigation

As at the date of this report, there has been no litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

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

The retained earnings as at 31 March 2013 and 31 December 2012 are analysed as below:

	Current Financial Period		Preceding Financial Period	
	RMB'000	RM'000	RMB'000	RM'000
Total Retained Earnings of the Company and its subsidiary:				
- Realised	597,823	297,477	597,815	290,478
- Unrealised	550	274	38	18
Total Group Retained Earnings	598,373	297,751	597,853	290,496

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THE FIRST QUARTER ENDED 31 MARCH 2013

**13. Earning per share**

*Basic Earning per Share*

	<b>Quarter Ended</b>	<b>Preceding Year</b>	<b>Quarter</b>	<b>Preceding Year</b>	<b>Year to Date</b>	<b>Year to Date</b>	<b>Year to Date</b>	<b>Year to Date</b>
	<b>31 Mar 2013</b>	<b>Corresponding</b>	<b>Ended</b>	<b>Corresponding</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>	<b>Ended</b>
	<b>31 Mar 2013</b>	<b>Quarter</b>	<b>31 Mar 2013</b>	<b>Quarter</b>	<b>31 Mar 2013</b>	<b>31 Dec 2012</b>	<b>31 Mar 2013</b>	<b>31 Dec 2012</b>
	<b>RMB'000</b>	<b>31 Dec 2012</b>	<b>RM'000</b>	<b>31 Dec 2012</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit attributable to equity holders of the company	23,522	50,201	11,705	24,393	23,522	50,201	11,705	24,393
Weighted average number of ordinary share in issue ('000)	468,000	468,000	468,000	468,000	468,000	468,000	468,000	468,000
Earning Per Share - Basic (RMB cents/ sen)	5.03	10.73	2.50	5.21	5.03	10.73	2.50	5.21

By Order of the Board

SHEN HENGBAO  
Chief Executive Officer