



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Contents

Unaudited Condensed Consolidated Statements Of Comprehensive Income

Condensed Consolidated Statements Of Financial Position

Unaudited Condensed Consolidated Statements Of Changes in Equity

Unaudited Condensed Consolidated Statements Of Cash Flow

Notes to the Interim Financial Report

Additional information



恒宝环球

HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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
	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013	30 September 2014	30 September 2013
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	79,041	57,436	42,065	26,408	227,366	276,808	121,004	138,792
Cost of sales	(84,042)	(68,382)	(44,727)	(32,138)	(239,559)	(265,632)	(127,493)	(133,188)
Gross Profit	(5,001)	(10,946)	(2,662)	(5,730)	(12,193)	11,176	(6,489)	5,604
Other operating income	26	-	14	(23)	2,681	1,993	1,427	999
Selling and distribution expenses	(810)	(1,951)	(431)	(967)	(1,527)	(2,942)	(813)	(1,475)
General and administrative expenses	(8,450)	(11,870)	(4,497)	(5,854)	(20,545)	(20,849)	(10,934)	(10,454)
Other operating expenses	-	(14,901)	-	(7,426)	(383)	(19,081)	(204)	(9,567)
Operating profits	-	(39,668)	-	(20,000)	-	(29,703)	-	(14,893)
Finance costs	-	(108)	-	(53)	-	(114)	-	(57)
Profit Before Taxation	(14,236)	(39,776)	(7,576)	(20,053)	(31,967)	(29,817)	(17,013)	(14,950)
Taxation	-	471	-	351	(531)	(10,091)	(283)	(5,060)
Profit After Taxation	(14,236)	(39,306)	(7,576)	(19,702)	(32,498)	(39,908)	(17,296)	(20,010)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	(14,236)	(39,306)	(7,576)	(19,702)	(32,498)	(39,908)	(17,296)	(20,010)



恒宝环球

HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Unaudited Condensed Consolidated Statement Of Comprehensive Income (continue)

	Quarter Ended	Preceding Year Corresponding Quarter	Quarter Ended	Preceding Year Corresponding Quarter	Year to Date Ended	Year to Date Ended	Year to Date Ended	Year to Date Ended
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	2014	2013	2014	2013	2014	2013	2014	2013
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/Profit attributable to:-								
- Equity holders of HB	(13,865)	(36,520)	(7,379)	(18,305)	(30,498)	(33,331)	(16,231)	(16,712)
-Non-controlling interest	(371)	(2,786)	(197)	(1,397)	(2,000)	(6,577)	(1,065)	(3,298)
Total comprehensive income attributable to:-								
- Equity holders of HB	(13,865)	(36,520)	(7,379)	(18,305)	(30,498)	(33,331)	(16,231)	(16,712)
-Non-controlling interest	(371)	(2,786)	(197)	(1,397)	(2,000)	(6,577)	(1,065)	(3,298)
Earning Per Share *								
- Basic (RMB cents/ sen)	(2.96)	(7.80)	(1.58)	(3.91)	(6.52)	(7.12)	(3.47)	(3.57)
- Diluted (RMB cents/ sen)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note:

The financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference at the exchange rate of RMB1: RM0.5322 at 30 September 2014 and RMB1 : RM0.5014 at 30 September 2013 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



恒宝环球

HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 Sep 2014	Audited As at 31 Dec 2013	Unaudited As at 30 Sep 2014	Audited As at 31 Dec 2013
	RMB'000	RMB'000	RM'000	RM'000
<u>Non-Current Assets</u>				
Property, plant and equipment	273,307	208,429	145,454	112,404
Construction in progress	145,551	180,643	77,462	97,419
Biological assets	1,844	2,424	981	1,307
Intangible assets	111,152	113,831	59,155	61,388
	531,854	505,327	322,166	272,518
<u>Current Assets</u>				
Inventories	15,671	13,853	8,909	7,471
Trade receivables	26,858	25,597	15,939	13,803
Other receivables	5,624	3	2,993	2
Prepayment for land use right	159,429	165,897	84,848	89,467
Cash and bank balance	37,487	102,317	19,946	55,179
	245,071	307,667	132,636	165,922
TOTAL ASSETS	776,925	812,994	454,802	438,440
<u>Capital and Reserves</u>				
Share capital	146,160	146,161	77,787	78,823
Reserve	84,327	84,327	21,821	45,477
Non-controlling interest	(10,067)	(8,067)	(4,752)	(4,350)
Accumulated profits/(losses)	471,807	502,305	327,628	270,888
Total Equity	692,227	724,726	422,483	390,837
<u>Non-Current Liabilities</u>				
Amount due to directors	14,402	-	6,353	-
Loan from shareholders	2,210	16,612	975	8,959
	16,612	16,612	7,328	8,959
<u>Current Liabilities</u>				
Trade payables	19,883	22,144	4,647	11,942
Other payable, accruals and allowance	22,414	22,826	6,873	12,310
Income tax liabilities	-	897	-	484
Amount due to a shareholder	2,997	2,997	1,539	1,616
Amount due to director	22,792	22,792	11,932	12,291
	68,086	71,656	24,991	38,643
Total Liabilities	84,698	88,268	32,319	47,602
TOTAL EQUITY AND LIABILITIES	776,925	812,994	454,802	438,440
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	1.48	1.55	0.90	0.84

Note:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 September 2014 and 31 December 2013 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: RM0.5322 at 30 September 2014 and 1: RM0.5393 at 31 December 2013 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 2014	Share capital	Statutory reserves	Fair value adjustments reserves	Retained earnings	Non- controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	146,160	76,090	8,237	502,305	(8,067)	724,725
Total comprehensive income for the period	-	-	-	(30,498)	(2,000)	(32,498)
Dividend in respect of the financial ended 31 December 2014	-	-	-	-	-	-
At 30 September 2014	<u>146,160</u>	<u>76,090</u>	<u>8,237</u>	<u>471,807</u>	<u>(10,067)</u>	<u>692,227</u>

9 months ended 30 September 2014	Share capital	Statutory reserves	Fair value adjustments reserves	Retained earnings	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2014	77,787	40,495	4,384	267,327	(4,293)	389,992
Total comprehensive income for the period	-	-	-	(16,231)	(1,065)	(16,231)
Dividend in respect of the financial ended 31 December 2014	-	-	-	-	-	-
At 30 September 2014	<u>77,787</u>	<u>40,495</u>	<u>4,384</u>	<u>251,096</u>	<u>(5,358)</u>	<u>373,761</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: RM0.5322 at 30 September 2014 and : RM0.5014 at 30 September 2013 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

9 months ended 30 September 2013	Share capital	Statutory reserves	Fair value adjustments reserves	Retained earnings	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	146,161	79,595	8,237	597,853	-	831,846
Total comprehensive income for the period	-	-	-	(33,331)	(6,577)	(39,908)
Acquisition of subsidiary	-	-	-	-	600	600
Transfer to reserves	-	-	-	-	-	-
At 30 September 2013	<u>146,161</u>	<u>79,595</u>	<u>8,237</u>	<u>564,522</u>	<u>(5,977)</u>	<u>792,538</u>

9 months ended 30 September 2013	Share capital	Statutory reserves	Fair value adjustments reserves	Retained earnings	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	75,916	41,342	4,278	310,525	-	432,061
Total comprehensive income for the period	-	-	-	(16,712)	(3,298)	(20,010)
Acquisition of subsidiary	-	-	-	-	312	312
Transfer to reserves	-	-	-	-	-	-
At 30 September 2013	<u>75,916</u>	<u>41,342</u>	<u>4,278</u>	<u>293,813</u>	<u>(2,986)</u>	<u>412,362</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: RM0.5322 at 30 September 2014 and : RM0.5014 at 30 September 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.



恒宝环球

HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2014	As at 30 September 2013	As at 30 September 2014	As at 30 September 2013
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before income tax	(31,967)	(29,817)	(17,013)	(14,950)
Adjustments for:				
Depreciation	10,264	3,439	5,462	1,724
Amortisation	2,679	1,340	1,426	672
Impairment loss on property, plant and equipment, construction in progress and intangible assets	-	-	-	-
Impairment loss on property, plant and equipment, construction in progress and intangible assets written back	-	-	-	-
Sales/death of biological assets	-	14,901	-	7,471
Loss on fair value of biological assets	5,034	(585)	2,679	(293)
Interest income	(155)	(254)	(82)	(127)
Interest expense	-	114	-	57
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(14,145)	(10,862)	(7,528)	(5,446)
In inventories	(1,818)	(75,323)	(968)	(37,767)
In trade and other receivables	(415)	47,196	(221)	23,664
In trade and other payables	(2,673)	(5,516)	(1,423)	(2,766)
Cash from operations	(4,907)	(44,505)	(2,611)	(22,315)
Income tax paid	(1,428)	(16,371)	(760)	(8,208)
Interest received	155	254	82	127
Net cash generated from operating activities	(20,325)	(60,622)	(10,817)	(30,396)
CASH FLOWS FROM INVESTING ACTIVITIES				
Advance payment for land use rights	-	-	-	-
Addition of property, plant and equipment and payment for CIP	(75,142)	(63,532)	(39,991)	(31,855)
Increase in biological assets	(4,454)	(24,807)	(2,371)	(12,348)
Addition of intangible assets	-	-	-	-
Payment of construction in progress	35,092	-	18,676	-
Net cash used in investing activities	(44,504)	(88,339)	(23,685)	(44,293)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of short term loan	-	-	-	-
Interest Expense	-	(114)	-	(57)
Acquisition of subsidiary	-	600	-	301
Net cash generated from financing activities	-	486	-	244
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(64,829)	(148,475)	(34,502)	(74,445)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	102,317	252,642	54,453	126,675
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	37,487	104,167	19,951	52,230

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: RM0.5322 at 30 September 2014 and : RM0.5014 at 31 September 2013 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 September 2014

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 2013 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 30 September 2014.

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 year.

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

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

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

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

The Group’s audited consolidated financial statements for the financial year ended 31 December 2013 were not subject to any audit qualification.

The predecessor auditor had issued a disclaimer opinion on the Group’s audited consolidated financial statements for the financial year ended 31 December 2012 on the scope of cash & bank balances, trade receivables & payables balances. The Group was classified under PN17 category by the listing authority (Bursa) and was tasked to conduct a special audit for the items that were specified in the disclaimer opinion. The result of the special audit is disclosed in Note 9 and can be referred to the announcements posted on 21 October 2013 and 24 February 2014 respectively which revealed no adverse findings contrary to the disclaimer opinion by the predecessor auditor. The proposed adjustments of the special audit has been evaluated by the current auditor and adjusted accordingly in the period affected.



恒宝环球

HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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 other than the Bird Flu which has a significant impact to our Duck Farming segment and the holiday effect on the operation for Chinese New Year festival.

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 treasury shares for the current financial year to date.

7. Dividends

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

8. Segment information

	Financial Year Ended 30 September 2014				
	<u>Ready-to-serve Food</u> RMB'000	<u>Frozen Vegetables</u> RMB'000	<u>Duck Farming</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
Revenue	165,197	28,596	20,935	12,638	227,366
Segment results	5,192	(150)	(19,790)	2,556	(12,192)
Other income					2681
Unallocated costs					(22,455)
Finance expenses					-
(Loss) before income tax					(31,966)
Income tax expense					(531)
(Loss) for the period					(32,498)
Other segment information:					
Depreciation and amortisation					12,943
Capital expenditures					79,596

(The rest of this page is intentionally left blank)



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

8. Segment information (continue)

Financial Period Ended 30 September 2014					
	<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	87,918	15,219	11,142	6,726	121,005
Segment results	2,763	(80)	(10,532)	1,360	(6,489)
Other income					1,427
Unallocated costs					(11,951)
Finance expenses					
Loss before income tax					(17,013)
Income tax expense					(283)
Loss for the period					(17,296)
Other segment information:					
Depreciation and amortisation					6,888
Capital expenditures					42,361

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: RM0.5322 at 30 September 2014 and : RM0.5014 at 30 September 2013 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

Financial Year Ended 30 September 2013					
	<u>Ready-to- serve Food</u> RMB'000	<u>Frozen Vegetables</u> RMB'000	<u>Duck Farming</u> RMB'000	<u>Others</u> RMB'000	<u>Total</u> RMB'000
Revenue	205,074	23,169	8,403	40,162	276,808
Segment results	50,160	6,260	(50,813)	5,569	11,176
Other income					1,993
Unallocated costs					(42,872)
Finance expenses					(114)
Loss before income tax					(29,817)
Income tax expense					(10,091)
Profit for the period					(39,908)
Other segment information:					
Depreciation and amortisation					3,439
Capital expenditures					148,339



HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

8. Segment information (continue)

Financial Year Ended 30 September 2013					
	<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	102,824	11,617	4,213	20,137	138,791
Segment results	25,150	3,139	(25,478)	2,792	5,603
Other income					999
Unallocated costs					(21,495)
Finance expenses					(57)
Profit before income tax					(14,950)
Income tax expense					(5,060)
Profit for the period					(20,010)
Other segment information:					
Depreciation and amortisation					1,724
Capital expenditures					77,047

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: RM0.5322 at 30 September 2014 and : RM0.5014 at 30 September 2013 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

9. Subsequent events

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

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.

12. Non-current assets

The Group acquired additional non-current assets of total RMB31.6 million, consist of property, plant and equipment, construction in progress facilities and biological assets.



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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 of meat duck farms	75,000	40,447
Construction of Feedstock plant	50,000	26,965
Power station, compressor and cabling	15,000	8,089

The management has identified various sources of funds available to meet the above capital commitments.

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	524	279	1,572	837
Post employment benefits	10	5	30	16

(The rest of this page is intentionally left blank)



HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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 RMB49.4 million or approximately 17.8% from RMB276.8 million in financial period ended 30 September 2013 (“FPE2013”) to RMB227.4 million in financial period ended 30 September 2014 (“FPE2014”). The decreased was mainly due to decrease in sales of ready-to-serve (“RTS”) products and others products. The decrease in sales of RTS products was mainly attributable to the continuous bird, the depreciation of Japanese Yen against RMB since year 2012 and the general down turn of the economics of the market. The decreased was partially offset by the contribution of revenue from our duck farming business including the sales of duck eggs and ducklings of approximately RMB20.9 million.

Gross Profit (“GP”) margin decreased from 4.0% for FPE2013 to Gross Loss margin of 5.4% for FPE2014. 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. Gross profit margin for RTS Foods reduced from 24.5% for FPE2013 to 3.1% for FPE2014 was mainly due to the lower demand from customers and high level of fixed costs absorbed and the newly commencement of the slaughter house which attract higher labour costs, depreciation and factory expenses for the RTS segment during FPE2014. Other operating income increased by RMB0.7 million from RMB2.0 million in FPE2013 to RMB2.7 million in FPE2014 which was mainly attributable to the government grants of RMB2.5 million.

Selling and distribution expenses decreased by RMB1.4 million in FPE2014 as a result of low transport or freights charges and marketing fees incurred due to the lower volume of export for the period under review. General and administration expenses marginally decreased by RMB0.3 million in FPE2014 was mainly due to increase in depreciation charges and amortization of land use right of approximately RMB12.9 million in FPE2014 and offset for the fair value adjustment on our biological assets to in line with the valuation method in FPE2013. Net Loss before taxation of RMB32.5 million in FPE2014 as compare to Net Loss before taxation of RMB29.8 million mainly due to the high fixed costs of processing plant and duck farming business to include the high depreciation and amortisation of fixed assets.

Review of Balance Sheet

The additions to property, plant and equipment for the current quarter is mainly on the completion of the slaughter house and its related facilities. The fair value adjustment of biological assets in FYE2013 and FPE2014 has reduced the carrying value of biological assets to RMB1.8 million in FPE2014.

The low demand of our products and scale down of the investment in biological assets, inventories were kept at a minimum stock level as comparable to FYE2013. Trade receivables marginally increased by RMB1.3 million from RMB25.6 million in FPE2013 to RMB26.9 million in FPE2014 due to improved demand of our products during the quarter under review as compare to preceding year corresponding quarter. Trade payables decreased from RMB22.1 in FYE2013 to RMB22.4 million in FPE2014 was mainly due to low demand of duck meat RTS products and own supply of duck meat from duck farming segment which reduce the purchase in the current quarter.

Review of Cash Flow Statement

Net cash used from operating activities decreased by RMB40.3 million from RMB60.6 million for FPE2013 to RMB20.3 million in FPE2014. The reduction was mainly due to the sharp decrease in revenue and the gross losses incurred in the duck farming division in FPE2013 and the scale down of duck farming division in FPE2014.



HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

Net cash used in investing activities decreased by RMB43.8 million from RMB88.3 million in FPE2013 to RMB44.5 million in FPE2014. This was mainly due to the Group has slow down the investment activities in duck farming segment where the H7N9 bird flu conditions were still unclear during the period under review.

2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2014		Preceding Quarter 30 June 2014	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	79,041	42,065	83,659	43,628
(Loss) Before Taxation	(14,236)	(7,576)	(15,618)	8,145
(Loss) After Taxation	(14,236)	(7,576)	(15,618)	8,145

The Group recorded revenue of RMB79.0 million in the current quarter, marginally decreased by approximately RMB4.7 million or 5.6% from RMB83.7 million in the immediate preceding quarter due to the low demand for our products from overseas market and general down turn economic condition.

The Loss before taxation and after taxation decrease is mainly due to the better demand of RTS products as compare to preceding quarter which is having gross profit margin as compare to gross loss of duck farming segment. The duck farming segment were still affecting by the H7N9 bird flu where the duck eggs and duckling prices for the period under review still at a low level which are below the costs. Also the commencement of operation of the slaughter house in the current quarter is affecting the performance of the RTS segment as well which incurred more fixed cost than the preceding quarter.

3. Prospects for FYE 2014

Apart from the H7N9 bird flu which is beyond anyone's control, with the anticipation of completion of few more meat duck farms at the end of 2014 to meet the commercial meat duck demand, the usage of slaughter house is expected to be optimized and should improve the Group performance in FY2015.

The Group intends to next focus its attention to export its products to the European market. In order to penetrate to the European market, the Group intends to obtain both the European HACCP and ISO certification on our facilities within the next few years.

The Group has maintained its commitment to cater to the market for halal products, and will be obtaining the required halal certificate for its slaughtered ducks in the near future. This development will add to the Group growing global presence and is expected to boost sales in the future.

4. Profit forecast

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



恒宝环球

HB Global Limited

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

5. Income tax expenses

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

PRC Tax

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

Singapore tax

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

The effective tax rate of our Group for the current quarter and financial year-to-date was approximately (2.9%) as compared to the applicable tax rate of 25.0% due to permanent difference in the tax treatment of expenses that are not deductible under China tax.

6. Sales of unquoted investment / properties

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

7. Purchase or disposal of quoted securities

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

8. Status of utilization of proceeds

The gross proceeds of RM44,304,00 from the Public Issue had been fully utilized. During the period under review there is no issue of new shares.

9. Group's borrowings and debt securities

The Group's borrowings and debt securities as of 31 Mar 2014 were as follows:

	RMB'000	RM'000
Loans – unsecured*	16,612	8,663

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.



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

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 30 September 2014 and 30 June 2014 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	471,424	250,892	485,288	253,077
- Unrealised	383	204	383	200
Total Group Retained Earnings	471,807	251,096	485,671	253,277

(The rest of this page is intentionally left blank)



恒宝环球

HB Global Limited

(Company Registration No.: 200608505W)

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR
THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

13. Earning per share

Basic Earning per Share

	Quarter Ended	Preceding Year	Quarter	Preceding Year	Year to Date	Year to Date	Year to Date	Year to Date
	30 Sep 2014	Corresponding	Ended	Corresponding	Ended	Ended	Ended	Ended
	30 Sep 2014	Quarter	30 Sep 2014	Quarter	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 2013
	RMB'000	30 Sep 2013	RM'000	30 Sep 2013	RMB'000	RMB'000	RM'000	RM'000
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to - equity holders of the company	(13,865)	(36,520)	(7,379)	(18,305)	(30,498)	(33,331)	(16,231)	(16,712)
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)	(2.96)	(7.80)	(1.58)	(3.91)	(6.52)	(7.12)	(3.47)	(3.57)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer