



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 2015

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 FIRST QUARTER ENDED 31 MARCH 2015

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 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	36,419	64,666	22,029	34,242	36,419	64,666	22,029	34,242
Cost of sales	(44,520)	(63,477)	(26,929)	(33,612)	(44,520)	(63,477)	(26,929)	(33,612)
Gross (loss)/ profit	(8,101)	1,189	(4,900)	630	(8,101)	1,189	(4,900)	630
Other operating income	155	2,586	94	1,370	155	2,586	94	1,370
Selling and distribution expenses	(302)	(425)	(183)	(225)	(302)	(425)	(183)	(225)
General and administrative expenses	(11,456)	(5,189)	(6,929)	(2,748)	(11,456)	(5,189)	(6,929)	(2,748)
Other operating expenses	-	(275)	-	(146)	-	(275)	-	(146)
Operating profits	(19,704)	(2,114)	(11,918)	(1,119)	(19,704)	(2,114)	(11,918)	(1,119)
Finance costs	-	-	-	-	-	-	-	-
Loss Before Taxation	(19,704)	(2,114)	(11,918)	(1,119)	(19,704)	(2,114)	(11,918)	(1,119)
Taxation	-	(531)	-	(281)	-	(531)	-	(281)
Loss After Taxation	(19,704)	(2,645)	(11,918)	(1,400)	(19,704)	(2,645)	(11,918)	(1,400)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	(19,704)	(2,645)	(11,918)	(1,400)	(19,704)	(2,645)	(11,918)	(1,400)



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 2015

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 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/Profit attributable to:-								
- Equity holders of HB	(19,280)	(2,043)	(11,662)	(1,082)	(19,280)	(2,645)	(11,662)	(1,082)
-Non-controlling interest	(424)	(601)	(256)	(318)	(424)	601	(256)	(318)
Total comprehensive income attributable to:-								
- Equity holders of HB	(19,280)	(2,043)	(11,662)	(1,082)	(19,280)	(2,043)	(11,662)	(1,082)
-Non-controlling interest	(424)	(601)	(256)	(318)	(424)	(601)	(256)	(318)
Earning Per Share *								
- Basic (RMB cents/ sen)	(4.12)	(0.44)	(2.49)	(0.23)	(4.12)	(0.44)	(2.49)	(0.23)
- 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: RM0.6049 at 31 March 2015 and : RM0.5295 at 31 March 2014 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 FIRST QUARTER ENDED 31 MARCH 2015

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2015	Audited As at 31 Dec 2014	Unaudited As at 31 March 2015	Audited As at 31 Dec 2014
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	283,667	287,356	171,584	173,816
Construction in progress	140,211	142,211	84,811	86,021
Biological assets	3,572	673	2,161	407
Intangible assets	113,800	114,426	68,835	69,214
	541,250	544,666	327,391	329,458
Current Assets				
Inventories	8,234	11,847	4,980	7,166
Trade and other receivables	8,520	19,941	5,154	12,061
Prepayment for land use right	159,429	159,429	96,435	96,435
Amount due from directors	700	-	423	-
Cash and bank balance	5,927	5,440	3,585	3,291
	182,810	196,657	110,577	118,953
TOTAL ASSETS	724,060	741,323	437,968	448,411
Capital and Reserves				
Share capital	146,161	146,161	88,410	88,410
Reserves	84,327	84,327	51,007	51,007
Retained earnings	439,556	458,836	265,879	277,541
Non-Controlling Interest	(9,923)	(9,499)	(6,002)	(5,745)
Total Equity	660,121	679,825	399,294	411,213
Non-Current Liabilities				
Loan from directors	17,419	17,419	10,536	10,536
Current Liabilities				
Trade payables	10,118	3,487	6,120	2,109
Other payables	10,025	12,818	6,064	7,753
Income tax liabilities	366	366	221	221
Amount due to a shareholder	2,892	2,742	1,749	1,659
Amount due to director	23,119	24,666	13,984	14,920
	46,520	44,079	28,138	26,662
Total Liabilities	63,939	61,498	38,674	37,198
TOTAL EQUITY AND LIABILITIES	724,060	741,323	437,968	448,411
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽ⁱ⁾	1.41	1.45	0.85	0.88

The Company had submitted its Audited Financial Statements for the year ended 31 December 2014 on due date and had made announcement on 30 April 2015.

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 2015 and 31 December 2014 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: RM0.6049 at 31 March 2015 and : RM0.5706 at 31 December 2014 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 FIRST QUARTER ENDED 31 MARCH 2015

Unaudited Condensed Consolidated Statements Of Changes In Equity

3 months ended 31 March 2015	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 2015	146,161	76,090	8,237	458,836	(9,499)	679,825
Total comprehensive income for the period	-	-	-	(19,280)	-	(19,280)
Transfer to minority interest	-	-	-	-	(424)	(424)
At 31 March 2015	<u>146,161</u>	<u>76,090</u>	<u>8,237</u>	<u>439,556</u>	<u>(9,923)</u>	<u>660,121</u>

3 months ended 31 March 2015	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 2015	88,410	46,025	4,982	277,541	(5,746)	411,212
Total comprehensive income for the period	-	-	-	(11,662)	-	(11,662)
Transfer to minority interest	-	-	-	-	(256)	(256)
At 31 March 2015	<u>88,410</u>	<u>46,025</u>	<u>4,982</u>	<u>265,879</u>	<u>(6,002)</u>	<u>399,294</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: RM0.6049 at 31 March 2015 and : RM0.5295 at 31 March 2014 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 FIRST QUARTER ENDED 31 MARCH 2015

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

3 months ended 31 March 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
At 1 January 2014	146,161	79,595	8,237	540,896	(6,929)	767,960
Total comprehensive income for the period	-	-	-	(2,043)	-	(2,043)
Transfer to minority interest	-	-	-	-	(601)	(601)
At 31 March 2014	<u>146,161</u>	<u>79,595</u>	<u>8,237</u>	<u>538,853</u>	<u>(7,530)</u>	<u>765,316</u>

3 months ended 31 March 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
At 1 January 2014	77,392	42,147	4,362	286,413	(3,669)	406,645
Total comprehensive income for the period	-	-	-	(1,082)	-	(1,082)
Transfer to minority interest	-	-	-	-	(318)	(318)
At 31 March 2014	<u>77,392</u>	<u>42,147</u>	<u>4,362</u>	<u>285,331</u>	<u>(3,987)</u>	<u>405,246</u>

The Company had submitted its Audited Financial Statements for the year ended 31 December 2014 on due date and had made announcement on 30 April 2015.

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: RM0.6049 at 31 March 2015 and : RM0.5295 at 31 March 2014 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 FIRST QUARTER ENDED 31 MARCH 2015

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before income tax	(19,704)	(2,114)	(11,918)	(1,119)
Adjustments for:				
Depreciation	5,503	3,731	3,329	1,976
Amortisation	626	335	379	178
Fair value adjustment	-	4,453	-	2,358
Interest income	-	-	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(13,575)	6,406	(8,210)	3,393
In inventories	3,613	(1,824)	2,186	(966)
In trade and other receivables	11,421	(5,362)	6,908	(2,840)
In trade and other payables	3,839	937	2,322	496
Cash from operations	18,873	(6,249)	11,416	(3,308)
Income tax paid	-	102	-	54
Interest received	-	-	-	-
Net cash generated from operating activities	5,298	259	3,206	137
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of property, plant and equipment	(1,815)	(1,956)	(1,098)	(1,036)
Purchase of biological asset	(2,899)	(3,819)	(1,754)	(2,022)
Payment of construction in progress	2,000	(7,689)	1,210	(4,071)
Net cash used in investing activities	(2,714)	(13,464)	(1,642)	(7,129)
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition of subsidiary	-	-	-	-
Advance from director	(2,247)	1,512	(1,359)	800
Borrow from shareholder	150	76	90	41
Net cash generated from financing activities	(2,097)	1,588	(1,269)	841
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	487	(11,617)	295	(6,151)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	5,440	102,309	3,290	54,174
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	5,927	90,692	3,585	48,023

The Company had submitted its Audited Financial Statements for the year ended 31 December 2014 on due date and had made announcement on 30 April 2015.

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: RM0.6049 at 31 March 2015 and : RM0.5295 at 31 March 2014 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 FIRST QUARTER ENDED 31 MARCH 2015

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2015

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 Unaudited Financial Statements for the year ended 31 December 2014 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 2015.

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 2014 were not subject to any audit qualification.

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.



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 2015

6. Changes in share capital and debts

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

7. Dividends

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

8. Segment information

Financial Year Ended 31 March 2015					
	Ready-to- serve Food	Frozen Vegetables	Duck Farming	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	33,085	2,379	-	955	36,419
Segment results	(4,646)	(1,088)	(2,291)	(76)	(8,101)
Other income					155
Unallocated costs					(11,758)
Finance expenses					-
(Loss) before income tax					(19,704)
Income tax expense					-
(Loss) for the period					(19,704)
Other segment information:					
Depreciation and amortisation					6,129
Capital expenditures					4,714

(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 FIRST QUARTER ENDED 31 MARCH 2015

8. Segment information (continue)

Financial Period Ended 31 March 2015					
	<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	20,013	1,439	-	577	22,029
Segment results	(2,810)	(658)	(1,386)	(46)	(4,900)
Other income					94
Unallocated costs					(7,112)
Finance expenses					
Loss before income tax					(11,918)
Income tax expense					-
Loss for the period					(11,918)
Other segment information:					
Depreciation and amortisation					3,708
Capital expenditures					2,852

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: RM0.6049 at 31 March 2015 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 31 March 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	51,360	7,078	1,822	4,406	64,666
Segment results	5,767	629	(5,932)	725	1,189
Other income					2,587
Unallocated costs					(5,889)
Finance expenses					-
Profit before income tax					(2,113)
Income tax expense					(531)
Profit for the period					(2,644)
Other segment information:					
Depreciation and amortisation					4,066
Capital expenditures					5,775



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 2015

8. Segment information (continue)

Financial Year Ended 31 March 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	27,195	3,748	965	2,333	34,241
Segment results	3,054	333	(3,141)	384	630
Other income					1,370
Unallocated costs					(3,118)
Finance expenses					-
Profit before income tax					(1,119)
Income tax expense					(281)
Profit for the period					(1,400)
Other segment information:					
Depreciation and amortisation					2,153
Capital expenditures					3,058

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: RM0.5295 at 31 March 2014 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

No changes to the Group since the end of last financial year ended 31 December 2014.

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 RMB2.7 million, consist of property, plant and equipment, construction in progress facilities and biological assets.



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 2015

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	45,366
Construction of Feedstock plant	50,000	30,244
Power station, compressor and cabling	15,000	9,073

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	448	271	448	271
Post employment benefits	-	-	-	-

(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 FIRST QUARTER ENDED 31 MARCH 2015

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 RMB28.2 million or approximately 43.7% from RMB64.7 million in financial period ended 31 March 2014 (“FPE2014”) to RMB36.4 million in financial period ended 31 March 2015 (“FPE2015”). The decrease was mainly due to decrease in sales of ready-to-serve (“RTS”) products and frozen vegetables. The decrease in sales of RTS products was mainly attributable to the continuous oversupply of the foods industries brought the market prices down. The appreciation of Chinese RMB against the whole world currency also resulted the reduced of demand of our RTS Food directly and indirectly from Japan market.

Gross Profit (“GP”) margin decreased from 1.8% for FPE2014 to a Gross Loss (“GL”) of 22.2% for FPE2015. 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 and the low demand of RTS products. The GL for RTS Foods occurred was mainly due to the lower demand from customers, high level of fixed costs absorbed and discounts were offered with the objective of clearing stocks and maintaining the operation of production facilities and workers during FPE2015. Other operating income decreased by RMB2.4 million from RMB2.6 million in FPE2014 to RMB0.2 million in FPE2015 which was mainly attributable to the government grants of RMB2.5 million in FPE2014.

Selling and distribution expenses decreased marginally by RMB0.1 million in FPE2015 as a result of lower export of our products to overseas market. General and administration expenses increased by RMB6.3 million in FPE2015 was mainly due to increase of approximately RMB2.0 million in depreciation charges and amortization of land use right, increase of approximately RMB0.8 million in land tax and approximately RMB1.8 million in staff salaries. Other operating expenses decreased by RMB0.3 million in FPE2015 was mainly due to the fair value adjustment on our biological assets to in line with the valuation method in FPE2014. Net loss before taxation of RMB19.7 million in FPE2015 as compare to Net loss before taxation of RMB2.6 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, increase in worker and staff salaries and low demand of our products during the period under review.

Review of Balance Sheet

There were no major additions to property, plant and equipment for the current quarter. Biological assets increased by RMB2.9 million from RMB0.7 million in FYE2014 to RMB3.6 million in FPE2015 was mainly due to the growing cost of parent ducks acquired in FYE2014.

Inventories were kept at a minimum stock level, leading to decrease of RM3.6 million. Trade and other receivables decreased by RMB11.4 million from RMB19.9 million in FYE2014 to RMB8.5 million in FPE2015 due to reduce demand of our products following the appreciation of RMB against all other currencies. Trade payables increased from RMB3.5 million in FYE2014 to RMB10.0 million in FPE2015 was mainly due to slow payment to our suppliers in the current quarter.

Review of Cash Flow Statement

Net cash generated from operating activities increased by RMB5.0 million from RMB0.3 million for FYE2014 compared to net cash generated from operating activities of RMB5.3 million in FPE2015. The increase was mainly due to the marketing strategy of discount price offered to existing customers with lower credit term, low level of inventories and request longer credit term from suppliers.

Net cash used in investing activities decreased by RMB10.8 million from RMB13.5 million in FYE2014 to RMB2.7 million in FPE2015. This was mainly due to the slow down investment plans in duck farming division and reducing the size of biological assets.



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 2015**

2. Variation of results against immediate preceding quarter

	Current Quarter 31 Mar 2015		Preceding Quarter 31 Dec 2014	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	36,419	22,029	44,322	25,298
(Loss) Before Taxation	(19,704)	(11,918)	(11,542)	(6,586)
(Loss) After Taxation	(19,704)	(11,918)	(11,542)	(6,586)

The Group recorded revenue of RMB36.4 million in the current quarter, reduced by approximately RMB7.9 million (17.8%) from RMB44.3 million in the immediate preceding quarter due to the Chinese New Year season effect and the lower demand for our products from overseas market.

The Loss before taxation and after taxation increase is mainly due to Gross loss of our products which resulted from the discount given for the selling price, the appreciation of RMB against other currencies and the increase of general administrative expenses for the current quarter.

3. Prospects for FYE 2014

The operating environment in the coming year remains challenging. With the kick start of the duck farming operations, slaughtering plant, the Group is expecting higher operational and fixed costs. The effect of currency issues still remains for our export market which has reduced significant demand on our products. In order to meet the challenges ahead, enhancing operational efficiency, innovative invention and stringent cost control remain the primary focus of the Group to maintain its bottom line profit margin. With the facilities of the Group having and the expansion scheme, the Group believes that these competitive edges able to keep intact with the market development and the future remain favourable.

4. Profit forecast

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

5. Income tax expenses

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

PRC Tax

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

Singapore tax

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



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 2015

The effective tax rate of our Group for the current quarter and financial year-to-date was approximately (25.1%) 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 2015 were as follows:

	RMB'000	RM'000
Loans – unsecured*	17,419	10,536

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.

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.



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 2015

12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 31 March 2015 and 31 December 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	438,536	265,262	457,756	276,888
- Unrealised	1,020	617	1,080	653
Total Group Retained Earnings	439,556	265,879	458,836	277,541

(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 FIRST QUARTER ENDED 31 MARCH 2015

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
	31 Mar 2015	Corresponding	Ended	Corresponding	Ended	Ended	Ended	Ended
	31 Mar 2015	Quarter	31 Mar 2015	Quarter	31 Mar 2015	31 Mar 2014	31 Mar 2015	31 Mar 2014
	RMB'000	31 Mar 2014	RM'000	31 Mar 2014	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to - equity holders of the company	(19,280)	(2,043)	(11,662)	(1,082)	(19,280)	(2,043)	(11,662)	(1,082)
- Non-controlling interest	(424)	(601)	(256)	(318)	(424)	(601)	(256)	(318)
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)	(4.12)	(0.44)	(2.49)	(0.23)	(4.12)	(0.44)	(2.49)	(0.23)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer