



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 2015

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014	30 September 2015	30 September 2014
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	87,461	79,041	61,151	42,065	174,123	227,366	121,743	121,004
Cost of sales	(117,462)	(84,042)	(82,127)	(44,727)	(222,637)	(239,559)	(155,663)	(127,493)
Gross Profit	(30,001)	(5,001)	(20,976)	(2,662)	(48,514)	(12,193)	(33,920)	(6,489)
Other operating income	518	26	362	14	1,367	2,681	956	1,427
Selling and distribution expenses	(267)	(810)	(187)	(431)	(802)	(1,527)	(561)	(813)
General and administrative expenses	(7,110)	(8,450)	(4,971)	(4,497)	(27,419)	(20,545)	(19,171)	(10,934)
Other operating expenses	-	-	-	-	-	(383)	-	(204)
Operating profits	(36,860)	-	(25,772)	-	(75,368)	-	(52,696)	-
Finance costs	(1,152)	-	(805)	-	(1,424)	-	(996)	-
Loss Before Taxation	(38,012)	(14,236)	(26,577)	(7,576)	(76,792)	(31,967)	(53,692)	(17,013)
Taxation	-	-	-	-	-	(531)	-	(283)
Loss After Taxation	(38,012)	(14,236)	(26,577)	(7,576)	(76,792)	(32,498)	(53,692)	(17,296)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	(38,012)	(14,236)	(26,577)	(7,576)	(76,792)	(32,498)	(53,692)	(17,296)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>	<u>30 September 2015</u>	<u>30 September 2014</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/Profit attributable to:-								
- Equity holders of HB	(37,021)	(13,865)	(25,886)	(7,379)	(75,499)	(30,498)	(52,788)	(16,231)
-Non-controlling interest	(991)	(371)	(691)	(197)	(1,293)	(2,000)	(904)	(1,065)
Total comprehensive income attributable to:-								
- Equity holders of HB	(37,021)	(13,865)	(25,886)	(7,379)	(75,499)	(30,498)	(50,387)	(16,231)
-Non-controlling interest	(991)	(371)	(691)	(197)	(1,293)	(2,000)	(3,306)	(1,065)
Earning Per Share *								
- Basic (RMB cents/ sen)	(7.91)	(2.96)	(5.53)	(1.58)	(16.13)	(6.52)	(11.28)	(3.47)
- 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: RM0.6992 at 30 September 2015 and RMB1 : RM0.5322 at 30 September 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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 Sep 2015	Audited As at 31 Dec 2014	Unaudited As at 30 Sep 2015	Audited As at 31 Dec 2014
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	272,683	287,356	190,654	173,816
Construction in progress	140,211	142,211	98,033	86,021
Biological assets	6,062	673	4,238	407
Intangible assets	114,426	114,426	80,004	69,214
	533,382	544,666	372,929	329,458
Current Assets				
Inventories	29,267	11,847	20,463	7,166
Trade receivables	33,024	17,626	23,089	10,661
Other receivables	2,968	2,315	2,075	1,400
Prepayment for land use right	159,429	159,429	111,470	96,435
Cash and bank balance	4,745	5,440	3,318	3,291
	229,433	196,657	160,415	118,953
TOTAL ASSETS	762,815	741,323	533,344	448,411
Capital and Reserves				
Share capital	146,161	146,161	102,193	88,410
Reserve	84,327	84,327	58,960	51,007
Non-controlling interest	(10,792)	(9,499)	(7,546)	(5,745)
Accumulated profits/(losses)	383,337	458,836	268,021	277,541
Total Equity	603,033	679,825	421,628	411,213
Non-Current Liabilities				
Amount due to directors	17,419	17,419	12,179	10,536
	17,419	17,419	12,179	10,536
Current Liabilities				
Trade payables	98,845	3,487	69,110	2,109
Other payable, accruals and allowance	17,948	12,818	12,549	7,753
Income tax liabilities	366	366	256	221
Amount due to a shareholder	2,892	2,742	2,022	1,659
Amount due to director	22,312	24,666	15,600	14,920
	142,363	44,079	99,537	26,662
Total Liabilities	159,782	61,498	111,716	37,198
TOTAL EQUITY AND LIABILITIES	762,815	741,323	533,344	448,411
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	1.29	1.45	0.90	0.88

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 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: RM0.6992 at 30 September 2015 and 1: RM0.6049 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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 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	-	-	-	(75,499)	(1,293)	(76,792)
Transfer to minority interest	-	-	-	-	-	-
At 30 September 2015	<u>146,161</u>	<u>76,090</u>	<u>8,237</u>	<u>383,337</u>	<u>(10,792)</u>	<u>603,033</u>

9 months ended 30 September 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	102,193	53,201	5,759	320,809	(6,642)	475,320
Total comprehensive income for the period	-	-	-	(52,788)	(904)	(53,692)
Transfer to minority interest	-	-	-	-	-	-
At 30 September 2015	<u>102,193</u>	<u>53,201</u>	<u>5,759</u>	<u>268,021</u>	<u>(7,546)</u>	<u>421,628</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

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)
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	Non- controlling 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)	385,700
Total comprehensive income for the period	-	-	-	(16,231)	(1,065)	(17,296)
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>368,404</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2015 RMB'000	As at 30 September 2014 RMB'000	As at 30 September 2015 RM'000	As at 30 September 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(76,792)	(31,967)	(53,692)	(17,013)
Adjustments for:				
Depreciation and Amortisation	15,454	12,943	10,805	6,888
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	-	-	-	-
Loss on fair value of biological assets	1,352	5,034	945	2,679
Interest income	(1)	(155)	(1)	(82)
Interest expense	1,424	-	996	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(58,563)	(14,145)	(40,947)	(7,528)
In inventories	(17,420)	(1,818)	(12,180)	(968)
In trade and other receivables	(16,051)	(415)	(11,223)	(221)
In trade and other payables	100,488	(2,673)	70,260	(1,423)
Cash from operations	67,017	(4,907)	46,857	(2,611)
Income tax paid	-	(1,428)	-	(760)
Interest received	1	155	1	82
Net cash generated from / (used in) operating activities	8,455	(20,325)	5,911	(10,817)
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of property, plant and equipment and payment for CIP	(781)	(75,142)	(546)	(39,991)
Increase in biological assets	(6,741)	(4,454)	(4,713)	(2,371)
Payment of construction in progress	2,000	35,092	1,398	18,676
Net cash used in investing activities	(5,522)	(44,504)	(3,861)	(44,293)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance from director	(2,354)	-	(1,645)	-
Borrow from shareholder	150	-	105	-
Interest expense	(1,424)	-	(996)	-
Acquisition of subsidiary	-	-	-	-
Net cash used in financing activities	(3,628)	-	(2,536)	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(695)	(64,829)	(486)	(34,502)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	5,440	102,317	3,804	54,453
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	4,745	37,487	3,318	19,951

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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

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.



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6. Changes in share capital and debts

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

7. Dividends

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

8. Segment information

Financial Period Ended 30 September 2015					
	<u>Ready-to- serve Food</u>	<u>Frozen Vegetables</u>	<u>Duck Farming</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	160,297	11,267	554	2,005	174,123
Segment results	(37,012)	(2,093)	(9,160)	(249)	(48,514)
Other income					1,367
Unallocated costs					(28,221)
Finance expenses					(1,424)
Loss before income tax					(76,792)
Income tax expense					-
Loss for the period					(76,792)
Other segment information:					
Depreciation and amortisation					15,454
Capital expenditures					7,522

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8. Segment information (continue)

	Financial Period Ended 30 September 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	112,076	7,878	387	1,402	121,743
Segment results	(25,878)	(1,463)	(6,405)	(174)	(33,920)
Other income					956
Unallocated costs					(19,732)
Finance expenses					(996)
Loss before income tax					(53,692)
Income tax expense					-
Loss for the period					(53,692)
Other segment information:					
Depreciation and amortisation					10,805
Capital expenditures					5,259

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	Financial Period 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					(114)
Loss before income tax					(31,966)
Income tax expense					(531)
Profit for the period					(32,498)
Other segment information:					
Depreciation and amortisation					12,943
Capital expenditures					79,596



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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					(57)
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:

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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

There is no changes in the composition of the Group.

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 RMB7.5 million, consist of property, plant and equipment, construction in progress facilities and biological assets.



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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	448	313	1,344	940
Post employment benefits	-	-	-	-

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 RMB53.3 million or approximately 23.4% from RMB227.4 million in financial period ended 30 September 2014 (“FPE2014”) to RMB174.1 million in financial period ended 30 September 2015 (“FPE2015”). The decreased was mainly due to decrease in sales of frozen vegetables products, duck farming products and others products. The decrease in sales of the frozen vegetable products and other products was mainly attributable to the general down turn of the economics of the market. The decreased of duck farming products was mainly due to the changeover mother duck which had been reach their life cycle and temporary suspension of duck farming production facilities business.

Gross Loss (“GL”) margin increased from 5.4% for FPE2014 to GL margin of 27.9% for FPE2015. This was mainly attributable to the gross loss for Ready to Serve (“RTS”) products as a result of the depreciation of Chinese Renminbi and low selling price for promoting activities to capture more market share. Gross Loss margin for Duck Farming business increased under the period reviewed was mainly due to the changeover of mother duck and temporary suspension of duck farming production facilities where high level of fixed costs needed to be absorbed during FPE2015. Both Frozen Vegetable products and others products suffering gross losses were mainly due to the low demand of products during the period under reviewed. Other operating income decreased by RMB1.3 million from RMB2.7 million in FPE2014 to RMB1.4 million in FPE2015 which was mainly attributable to the government grants of RMB2.5 million in FPE2014 and offset by the unrealized exchange gain of RMB1.4million in FPE2015.

Selling and distribution expenses decreased by RMB0.7 million in FPE2015 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 RMB6.9 million in FPE2015 was mainly due to increase in depreciation charges and amortization of land use right of approximately RMB3.3 million, increased of RMB1.5 million land rental and staff salaries of RMB1.3 million in FPE2015. Net Loss before taxation of RMB76.8 million in FPE2015 mainly due to the low selling price, low demand of vegetable products, changeover of mother ducks investment, high fixed costs of processing plant and 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 acquisition of mother duck of RMB6.7million to replace the end of life cycle mother ducks.

Company policy is to keep the inventories at a minimum stock level, in FYE2014 the inventories was kept at RMB11.8million as compare to FPE2015 stated at RMB29.3 million. The increase in inventories level was mainly due to the increase of raw material stock level to keep at RMB17.5million in FPE2015 which are to fulfill the demand of our products for next quarter. Trade receivable increased by RMB15.4 million from RMB17.6 million in FYE2014 to RMB33.0 million in FPE2015 due to improved local demand of our products during the quarter under review as compare to preceding year corresponding quarter. Trade payables increased from RMB3.5 million in FYE2014 to RMB98.8 million in FPE2015 was mainly due to the increase of purchase in the current quarter for high demand of our products and longer credit term granted by suppliers.

Review of Cash Flow Statement

Net cash generated from operating activities increased by RMB28.8 million from net cash used of RMB20.3 million for FPE2014 to RMB8.5 million in FPE2015. The increase of approximately of RMB100.5million for trade and other payables was mainly due to the longer credit term granted by suppliers.



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Net cash used in investing activities decreased by RMB39.0 million from RMB44.5 million in FPE2014 to RMB5.5 million in FPE2015. This was mainly due to the Group has slow down the investment activities in RTS and duck farming segment during the period under review.

2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2015		Preceding Quarter 30 June 2015	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	87,461	61,151	50,243	30,953
(Loss) Before Taxation	(38,012)	(26,577)	(19,076)	(11,752)
(Loss) After Taxation	(38,012)	(26,577)	(19,076)	(11,752)

The Group recorded revenue of RMB87.5 million in the current quarter, increased by approximately RMB26.3 million or 43.0% from RMB61.2 million in the immediate preceding quarter due to the high demand for our products from local market with promoted pricing activities.

The Loss before taxation and after taxation increase is mainly due to the decrease of gross profit margin of RTS, vegetable products and the depreciation of Chinese Renminbi as compare to preceding quarter. The duck farming segment were still affecting by the H7N9 bird flu and the general down turn of china's economy where the duck eggs and duckling prices for the period under review still at a low level which are below the costs. Also the replacement of mother ducks and suspension of duck farming production facilities in the current quarter were affecting the performance in the current quarter.

3. Prospects for FYE 2015

With the continued weak property market sentiment, coupled by low rental yield on the building, we anticipate significant impairment on our properties and land use rights towards to the end of the financial year.

Further, our duck farming segment has not been performing since the Group embarked on such business which was part of the Group's commitment to establish a front to end business to our customers. Heavy capital commitments have drained our resources and with current weak economy sentiment, it is unlikely the duck farming segment will show any or much improvement and the Group foresee significant impairment on the assets related to this segment at the end of the financial year.

4. Profit forecast

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



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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

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 30 September 2015 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.



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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.

12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 30 September 2015 and 30 June 2015 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	382,477	267,420	420,353	258,967
- Unrealised	860	601	547	337
Total Group Retained Earnings	383,337	268,021	420,900	259,304

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13. Earning per share

Basic Earning per Share

	Quarter Ended <u>30 Sep 2015</u>	Preceding Year Corresponding Quarter <u>30 Sep 2014</u>	Quarter Ended <u>30 Sep 2015</u>	Preceding Year Corresponding Quarter <u>30 Sep 2014</u>	Year to Date Ended <u>30 Sep 2015</u>	Year to Date Ended <u>30 Sep 2014</u>	Year to Date Ended <u>30 Sep 2015</u>	Year to Date Ended <u>30 Sep 2014</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to - equity holders of the company	(37,021)	(13,865)	(25,886)	(7,379)	(75,499)	(30,498)	(52,788)	(16,231)
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)	(7.91)	(2.96)	(5.53)	(1.58)	(16.13)	(6.52)	(11.28)	(3.47)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer