



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 2016

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	23,972	36,419	14,582	22,029	23,972	36,419	14,582	22,029
Cost of sales	(29,803)	(44,520)	(18,129)	(26,929)	(29,803)	(44,520)	(18,129)	(26,929)
Gross loss	(5,831)	(8,101)	(3,547)	(4,900)	(5,831)	(8,101)	(3,547)	(4,900)
Other operating income	43	155	26	94	43	155	26	94
Selling and distribution expenses	(247)	(302)	(150)	(183)	(247)	(302)	(150)	(183)
General and administrative expenses	(8,042)	(11,456)	(4,892)	(6,929)	(8,042)	(11,456)	(4,892)	(6,929)
Other operating expenses	(867)	-	(527)	-	(867)	-	(527)	-
Operating loss	(12,845)	(19,704)	(9,090)	(11,918)	(14,944)	(19,704)	(9,090)	(11,918)
Finance costs	(3,358)	-	(2,043)	-	(3,358)	-	(2,043)	-
Loss Before Taxation	(18,302)	(19,704)	(11,133)	(11,918)	(18,302)	(19,704)	(11,133)	(11,918)
Taxation	-	-	-	-	-	-	-	-
Loss After Taxation	(18,302)	(19,704)	(11,133)	(11,918)	(18,302)	(19,704)	(11,133)	(11,918)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive loss after tax	(18,302)	(19,704)	(11,133)	(11,918)	(18,302)	(19,704)	(11,133)	(11,918)



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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 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to:-								
- Equity holders of HB	(18,302)	(19,280)	(11,133)	(11,662)	(18,302)	(19,280)	(11,133)	(11,662)
- Non-controlling interest	-	(424)	-	(256)	-	(424)	-	(256)
Total comprehensive loss attributable to:-								
- Equity holders of HB	(18,302)	(19,280)	(11,133)	(11,662)	(18,302)	(19,280)	(11,133)	(11,662)
- Non-controlling interest	-	(424)	-	(256)	-	(424)	-	(256)
Earning Per Share *								
- Basic (RMB cents/ sen)	(3.91)	(4.12)	(2.38)	(2.49)	(3.91)	(4.12)	(2.38)	(2.49)
- 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: RM0.6083 at 31 March 2016 and : 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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2016	Audited As at 31 Dec 2015	Unaudited As at 31 March 2016	Audited As at 31 Dec 2015
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	236,679	240,582	143,972	159,164
Construction in progress	72,911	72,911	44,352	48,236
Biological assets	1,992	2,487	1,212	1,645
Intangible assets	65,523	65,523	39,857	43,349
	377,105	381,503	229,393	252,394
Current Assets				
Inventories	24,236	8,741	14,743	5,783
Trade and other receivables	8,817	15,609	5,363	10,326
Prepayment for land use right	61,348	61,348	37,318	40,587
Cash and bank balance	32,582	700	19,820	463
	126,983	86,398	77,244	57,159
TOTAL ASSETS	504,088	467,901	306,637	309,553
Capital and Reserves				
Share capital	146,161	146,161	88,910	96,697
Reserves	66,831	66,831	40,653	44,214
Retained earnings	77,404	95,706	47,085	63,317
Non-Controlling Interest	404	404	246	267
Total Equity	290,800	309,102	176,894	204,495
Non-Current Liabilities				
Borrowings	14,883	14,883	9,053	9,846
Current Liabilities				
Trade payables and other payables	141,856	117,170	86,291	77,517
Income tax liabilities	-	-	-	-
Amount due to shareholder	2,742	2,742	1,668	1,814
Amount due to director	24,807	24,004	15,090	15,881
Short term loan	29,000	-	17,641	-
	198,405	143,916	120,690	95,212
Total Liabilities	213,288	158,799	129,743	105,058
TOTAL EQUITY AND LIABILITIES	504,088	467,901	306,637	309,553
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	0.62	0.66	0.38	0.44

The Company had submitted its Audited Financial Statements for the year ended 31 December 2015 on due date and had made announcement on 28 April 2016.

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 2016 and 31 December 2015 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: RM0.6083 at 31 March 2016 and : RM0.6616 at 31 December 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.



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Unaudited Condensed Consolidated Statements Of Changes In Equity

3 months ended 31 March 2016	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 2016	146,161	59,246	7,585	95,706	404	309,102
Total comprehensive loss for the period	-	-	-	(18,302)	-	(18,302)
At 31 March 2016	<u>146,161</u>	<u>59,246</u>	<u>7,585</u>	<u>77,404</u>	<u>404</u>	<u>290,800</u>

3 months ended 31 March 2016	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 2016	88,910	36,039	4,614	58,218	246	188,027
Total comprehensive loss for the period	-	-	-	(11,133)	-	(11,133)
At 31 March 2016	<u>88,910</u>	<u>36,039</u>	<u>4,614</u>	<u>47,085</u>	<u>246</u>	<u>176,894</u>

Note:

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Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

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
At 1 January 2015	146,161	76,090	8,237	458,836	(9,499)	679,825
Total comprehensive loss 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
At 1 January 2015	88,410	46,025	4,982	277,541	(5,746)	411,212
Total comprehensive loss for the period	-	-	-	(10,606)	-	(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>

The Company had submitted its Audited Financial Statements for the year ended 31 December 2015 on due date and had made announcement on 28 April 2016.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2016	As at 31 March 2015	As at 31 March 2016	As at 31 March 2015
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(18,302)	(19,704)	(11,133)	(11,918)
Adjustments for:				
Depreciation	3,903	5,503	2,374	3,329
Amortisation	495	626	301	379
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(13,904)	(13,575)	(8,458)	(8,210)
In inventories	(15,495)	3,613	(9,426)	2,186
In trade and other receivables	6,792	11,421	4,132	6,908
In trade and other payables	24,686	3,839	15,016	2,322
Cash from operations	15,983	18,873	9,722	11,416
Income tax paid	-	-	-	-
Interest received	-	-	-	-
Net cash generated from operating activities	2,079	5,298	1,264	3,206
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of property, plant and equipment	-	(1,815)	-	(1,098)
Purchase of biological asset	-	(2,899)	-	(1,754)
Payment of construction in progress	-	2,000	-	1,210
Net cash used in investing activities	-	(2,714)	-	(1,642)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown from short-term loan	29,000	-	17,641	-
Advance from director	803	(2,247)	489	(1,359)
Borrow from shareholder	-	150	-	90
Net cash generated from/(used in) financing activities	29,803	(2,097)	18,130	(1,269)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,882	487	19,394	295
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	700	5,440	426	3,290
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	32,582	5,927	19,820	3,585

The Company had submitted its Audited Financial Statements for the year ended 31 December 2015 on due date and had made announcement on 28 April 2016.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 2015 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 2016.

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 2015 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 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.



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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 Year Ended 31 March 2016					
	<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	13,400	954	2,099	7,519	23,972
Segment results	167	211	(6,293)	84	(5,831)
Other income					43
Unallocated costs					(9,156)
Finance expenses					(3,358)
Loss before income tax					(18,302)
Income tax expense					-
Loss for the period					(18,302)
Other segment information:					
Depreciation and amortisation					4,398
Capital expenditures					-

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8. Segment information (continue)

Financial Period Ended 31 March 2016					
	<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	8,151	580	1,277	4,574	14,582
Segment results	102	128	(3,828)	51	(3,547)
Other income					26
Unallocated costs					(5,569)
Finance expenses					(2,043)
Loss before income tax					(11,133)
Income tax expense					-
Loss for the period					(11,133)
Other segment information:					
Depreciation and amortisation					2,675
Capital expenditures					-

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Financial Year Ended 31 March 2015					
	<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	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



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8. Segment information (continue)

Financial Year 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:

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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

One of the immediate subsidiary namely HB Food (S) Pte Ltd and its subsidiary namely Houz Best Food (M) Sdn Bhd being struck off and in the process of striking off during financial year ended 31 December 2015. Additional of 10% shareholding for one subsidiary namely Juxian Hengbao Farming Co., Ltd to become 100% own subsidiary.

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 did not acquired any additional non-current assets during the quarter under review.



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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	52,720	32,070
Construction of Feedstock plant	30,000	18,249
Power station, compressor and cabling	9,531	5,798

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	459	279	459	279
Post employment benefits	-	-	-	-

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

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 RMB12.4 million or approximately 34.0% from RMB36.4 million in financial period ended 31 March 2015 ("FPE2015") to RMB24.0 million in financial period ended 31 March 2016 ("FPE2016"). The decrease was mainly due to decrease in sales of ready-to-serve ("RTS") products. 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 demand of our RTS Food directly and indirectly from Japan market.

Gross Losses ("GL") margin increased from 22.2% for FPE2015 to GL margin of 24.3% for FPE2016. 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 GP for RTS Foods just 1.2%, this was mainly due to the lower demand from customers, high level of fixed costs absorbed and discounts were offered to local customers with the objective of maintaining the operation of production facilities and workers during FPE2016. Other operating income of RMB43,000 was arose from the exchange difference during FPE2016.

Selling and distribution expenses decreased marginally in FPE2016 as a result of lower export of our products to overseas market. General and administration expenses decreased by RMB3.5 million in FPE2016 was mainly due to decrease of approximately RMB1.2 million in rental, decrease of approximately RMB1.4 million in staff salaries. Other operating expenses increased by RMB0.9 million in FPE2016 was mainly due to the unrealized exchange losses adjustment. Net loss before taxation slightly decrease to RMB18.3 million in FPE2016 as compare to Net loss before taxation of RMB19.7 million in FPE2015 mainly due to the lower operating cost but offset by the increase in finance cost of RMB3.3 million during the period under review.

Review of Balance Sheet

There were no additions to property, plant and equipment for the current quarter. Biological assets decreased by RMB0.5 million from RMB2.5 million in FYE2015 to RMB2.0 million in FPE2016 was mainly due to the amortization of parent ducks during the quarter.

Inventories increase of RM15.5 million was mainly due to the increase of demand of our certain products in 2nd quarter of 2016. Trade and other receivables decreased by RMB6.8 million from RMB15.6 million in FYE2015 to RMB8.8 million in FPE2016 due to reduce demand of our products following the appreciation of RMB against all other currencies in the current quarter. Trade and other payables increased from RMB117.2 million in FYE2015 to RMB141.9 million in FPE2016 was mainly due to slow payment to our suppliers in the current quarter.

Review of Cash Flow Statement

Net cash generated from operating activities decreased by RMB3.2 million from RMB5.3 million for FYE2015 compared to net cash generated from operating activities of RMB2.1 million in FPE2016. The decrease was mainly due to the increase of inventories and marketing strategy of discount price offered to existing customers with lower credit term and the low volume of the revenue achieved during the quarter under review.

Net cash used in investing activities decreased was mainly due to the suspension of investment plans in duck farming division and reducing the size of biological assets.



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2. Variation of results against immediate preceding quarter

	Current Quarter 31 Mar 2016		Preceding Quarter 31 Dec 2015	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	23,972	14,582	96,115	63,754
Loss Before Taxation	(18,302)	(11,133)	(293,986)	(195,001)
Loss After Taxation	(18,302)	(11,133)	(293,089)	(194,406)

The Group recorded revenue of RMB24.0 million in the current quarter, reduced by approximately RMB72.1 million (75.0%) from RMB96.1 million in the immediate preceding quarter due to the Chinese New Year season effect and the lower demand for our products from overseas market where new contract term to be negotiated in April 2016.

The Loss before taxation and after taxation decreased is mainly due to Gross loss of our products and huge impairment losses occurred in FY2015.

3. Prospects for FYE 2016

With the continued weak property market sentiment especially commercial and industrial properties market, coupled by low rental yield on the building and the continuous economy down turn, we anticipate further impairment on our properties and land use rights in FY2016.

The underperform of duck farming segment and the current weak market sentiment for the food industry, by considering the available of finance resources, Group may take measure to cease this segment. The cessation of duck farming segment may also lead to further impairment on our properties in FY2016.

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.

The effective tax rate of our Group for the current quarter and financial year-to-date was approximately Nil 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.



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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 2016 were as follows:

	RMB'000	RM'000
Loans – unsecured*	14,883	9,053

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.

12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 31 March 2016 and 31 December 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	76,537	46,558	95,457	63,152
- Unrealised	867	527	249	165
Total Group Retained Earnings	77,404	47,085	95,706	63,317

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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 2016	Corresponding	Ended	Corresponding	Ended	Ended	Ended	Ended
	31 Mar 2016	Quarter	31 Mar 2016	Quarter	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
	RMB'000	31 Mar 2015	RM'000	31 Mar 2015	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to - equity holders of the company	(18,302)	(19,280)	(11,133)	(11,662)	(18,302)	(19,280)	(11,133)	(11,662)
- Non-controlling interest	-	(424)	-	(256)	-	(424)	-	(256)
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)	(3.91)	(4.12)	(2.38)	(2.49)	(3.91)	(4.12)	(2.38)	(2.49)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer