



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 2016

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015	30 September 2016	30 September 2015
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	42,207	87,461	26,048	61,151	98,467	174,123	60,770	121,743
Cost of sales	(35,556)	(117,462)	(21,944)	(82,127)	(98,722)	(222,637)	(60,927)	(155,663)
Gross profit/(loss)	6,651	(30,001)	4,104	(20,976)	(255)	(48,514)	(157)	(33,920)
Other operating income	1,393	518	860	362	1,469	1,367	907	956
Selling and distribution expenses	(301)	(267)	(186)	(187)	(926)	(802)	(571)	(561)
General and administrative expenses	(4,185)	(7,110)	(2,583)	(4,971)	(14,966)	(27,419)	(9,236)	(19,171)
Other operating expenses	-	-	-	-	(1,505)	-	(929)	-
Operating profit/(loss)	3,558	(36,860)	2,195	(25,772)	(16,183)	(75,368)	(9,986)	(52,696)
Finance costs	(2,368)	(1,152)	(1,461)	(805)	(9,372)	(1,424)	(5,785)	(996)
Profit/(loss) before taxation	1,190	(38,012)	734	(26,577)	(25,555)	(76,792)	(15,771)	(53,692)
Taxation	-	-	-	-	-	-	-	-
Profit/(loss) after taxation	1,190	(38,012)	734	(26,577)	(25,555)	(76,792)	(15,771)	(53,692)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	1,190	(38,012)	734	(26,577)	(25,555)	(76,792)	(15,771)	(53,692)



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</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	1,190	(37,021)	734	(25,886)	(25,555)	(75,499)	(15,771)	(52,788)
-Non-controlling interest	-	(991)	-	(691)	-	(1,293)	-	(904)
Total comprehensive income attributable to:-								
- Equity holders of HB	1,190	(37,021)	734	(25,886)	(25,555)	(75,499)	(15,771)	(50,387)
-Non-controlling interest	-	(991)	-	(691)	-	(1,293)	-	(3,306)
Earning Per Share *								
- Basic (RMB cents/ sen)	0.25	(7.91)	0.16	(5.53)	(5.46)	(16.13)	(3.37)	(11.28)
- 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: RM0.6172 at 30 September 2016 and RMB1 : RM0.6992 at 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2016

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 Sep 2016	Audited As at 31 Dec 2015	Unaudited As at 30 Sep 2016	Audited As at 31 Dec 2015
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	228,509	240,582	141,026	159,164
Construction in progress	72,911	72,911	44,998	48,236
Biological assets	-	2,487	-	1,645
Intangible assets	65,523	65,523	40,438	43,349
	366,943	381,503	226,462	252,394
Current Assets				
Inventories	16,468	8,741	10,163	5,783
Trade and other receivables	18,903	15,609	11,666	10,326
Prepayment for land use right	61,498	61,348	37,954	40,587
Cash and bank balance	50,118	700	30,931	463
	146,987	86,398	90,714	57,159
TOTAL ASSETS	513,930	467,901	317,176	309,553
Capital and Reserves				
Share capital	146,161	146,161	90,205	96,697
Reserve	66,831	66,831	41,245	44,214
Non-controlling interest	404	404	249	267
Retained profit	70,151	95,706	43,295	63,317
Total Equity	283,547	309,102	174,994	204,495
Non-Current Liabilities				
Borrowings	14,883	14,883	9,185	9,846
	14,883	14,883	9,185	10,536
Current Liabilities				
Trade and other payables	143,354	117,170	88,472	77,517
Income tax liabilities	-	-	-	-
Amount due to ex-shareholder	2,742	2,742	1,692	1,814
Amount due to director	25,404	24,004	15,678	15,881
Short-term loan	44,000	-	27,155	-
	215,500	143,916	132,997	95,212
Total Liabilities	230,383	158,799	142,182	105,058
TOTAL EQUITY AND LIABILITIES	513,930	467,901	317,176	309,553
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	0.61	0.66	0.37	0.44

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 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: RM0.6172 at 30 September 2016 and 1: 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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 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 income for the period	-	-	-	(25,555)	-	(25,555)
Transfer to minority interest	-	-	-	-	-	-
At 30 September 2016	<u>146,161</u>	<u>59,246</u>	<u>7,585</u>	<u>70,151</u>	<u>404</u>	<u>283,547</u>

9 months ended 30 September 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	90,205	36,564	4,681	59,066	249	190,765
Total comprehensive income for the period	-	-	-	(15,771)	-	(15,771)
Transfer to minority interest	-	-	-	-	-	-
At 30 September 2016	<u>90,205</u>	<u>36,564</u>	<u>4,681</u>	<u>43,295</u>	<u>249</u>	<u>174,994</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

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)
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	Non- controlling 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)
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 2016

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2016	As at 30 September 2015	As at 30 September 2016	As at 30 September 2015
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(25,555)	(76,792)	(15,771)	(53,692)
Adjustments for:				
Depreciation	12,285	15,454	7,582	10,805
Biological assets written off	2,487	-	1,534	-
Loss on fair value of biological assets	-	1,352	-	945
Interest income	(1)	(1)	(1)	(1)
Interest expense	9,372	1,424	5,784	996
OPERATING LOSS BEFORE WORKING CAPITAL CHANGES	(1,412)	(58,563)	(872)	(40,947)
In inventories	(7,727)	(17,420)	(4,769)	(12,180)
In trade and other receivables	(3,443)	(16,051)	(2,125)	(11,223)
In trade and other payables	26,183	100,488	16,160	70,260
Cash from operations	15,013	67,017	9,266	46,857
Interest received	1	1	1	1
Net cash generated from operating activities	13,602	8,455	8,395	5,911
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of property, plant and equipment and payment for CIP	(212)	(781)	(131)	(546)
Increase in biological assets	-	(6,741)	-	(4,713)
Payment of construction in progress	-	2,000	-	1,398
Net cash used in investing activities	(212)	(5,522)	(131)	(3,861)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance from director	1,400	(2,354)	864	(1,645)
Borrow from shareholder	-	150	-	105
Interest expense	(9,372)	(1,424)	(5,784)	(996)
Drawdown from short-term loan	44,000	-	27,155	-
Net cash generated from/(used in) financing activities	36,028	(3,628)	22,235	(2,536)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	49,418	(695)	30,499	(486)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	700	5,440	432	3,804
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	50,118	4,745	30,931	3,318

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016

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

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 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	38,723	31,249	6,402	22,093	98,467
Segment results	3,612	7,785	(13,534)	1,882	(255)
Other income					1,469
Unallocated costs					(17,397)
Finance expenses					(9,372)
Loss before income tax					(25,555)
Income tax expense					-
Loss for the period					(25,555)
Other segment information:					
Depreciation and amortisation					12,285
Capital expenditures					212

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8. Segment information (continue)

Financial Period Ended 30 September 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	23,898	19,286	3,951	13,635	60,770
Segment results	2,229	4,805	(8,352)	1,161	(157)
Other income					907
Unallocated costs					(10,736)
Finance expenses					(5,785)
Loss before income tax					(15,771)
Income tax expense					-
Loss for the period					(15,771)
Other segment information:					
Depreciation and amortisation					7,582
Capital expenditures					131

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Financial Period Ended 30 September 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	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					-
Profit 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				Total RM'000
	Ready-to-serve Food RM'000	Frozen Vegetables RM'000	Duck Farming RM'000	Others 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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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 RMB0.2 million, consist of property, plant and equipment.



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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	32,537
Construction of Feedstock plant	30,000	18,515
Power station, compressor and cabling	9,531	5,882

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	1,377	850
Post employment benefits	-	-	-	-

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 RMB75.6 million or approximately 43.4% from RMB174.1 million in financial period ended 30 September 2015 (“FPE2015”) to RMB98.5 million in financial period ended 30 September 2016 (“FPE2016”). The decreased was mainly due to sharp decrease in sales of Ready to Serve (“RTS”) products and minor compensate for the increase of sales of frozen vegetables products and others products. The decrease in sales of the RTS products products was mainly attributable to the general down turn of the economics of the market and the pricing issues of the international market. The decreased of duck farming products was mainly due to the suspension of duck farming business.

Gross Loss (“GL”) margin decreased from 27.9% for FPE2015 to GL margin of 0.3% for FPE2016. This was mainly attributable to the result of the depreciation of Chinese Renminbi and slightly higher selling price for current quarter for the international market. 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. Other operating income increased by RMB0.1 million to RMB1.5 million in FPE2016 which was mainly attributable to the currency exchange rate of RMB and the disposal of Biological assets during the quarter under review.

Selling and distribution expenses increased by RMB0.1 million in FPE2016 as a result of higher transport costs or freights charges incurred for the period under review. General and administration expenses decreased by RMB12.4 million in FPE2016 was mainly due to decrease in depreciation charges and amortization of land use right of approximately RMB2.5 million, decreased of RMB2.9 million land rental and staff salaries of RMB2.5 million and other general expenses in FPE2015. Net Loss before taxation of RMB25.6 million in FPE2016 were mainly due to the low selling price, low demand of our products, continuous losses making of duck farming segment, high fixed costs of processing plant and the high depreciation and amortisation of fixed assets.

Review of Balance Sheet

There were no major investments of assets except for marginal acquisition of RMB0.2 million of property, plant and equipment for the current quarter.

Company policy is to keep the inventories at a minimum stock level, in FPE2015 the inventories was kept at RMB8.7million as compare to FPE2016 stated at RMB16.5 million. The increase in inventories level was mainly due to the slight increase demand of our products in the coming month and required stock up of raw material stock level for production purposes. Trade receivable increased by RMB3.3 million from RMB15.6 million in FPE2015 to RMB18.9 million in FPE2016 due to improved local demand of our products during the quarter under review as compare to preceding year corresponding quarter. Trade payables increased RMB26.2 million from RMB117.2 million in FPE2015 to RMB143.4 million in FPE2016 was mainly due to the increase of purchase in the current quarter for better demand of our products for coming month and longer credit term granted by suppliers.

Review of Cash Flow Statement

Net cash generated from operating activities increased by RMB5.1 million from RMB8.5 million for FPE2015 to RMB13.6 million in FPE2016. The increase of approximately of RMB100.5million for trade and other payables in FPE2015 was mainly due to the longer credit term granted by suppliers for RMB0.5 million and a short term revolving credit granted by customer for an amount of RMB100.0 million whereas in FPE2016 the revolving credit has been rolled over and the increase of RMB26.2 million in the current date under review was due to normal trading activities.



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Net cash used in investing activities decreased by RMB5.3 million from RMB5.5 million in FPE2015 to RMB0.2 million in FPE2016. This was mainly due to the Group has suspended the investment activities in duck farming segment during the period under review.

2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2016		Preceding Quarter 30 June 2016	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	42,207	26,048	32,288	19,575
Profit/(loss) before taxation	1,190	734	(8,443)	(5,119)
Profit/(loss) after taxation	1,190	734	(8,443)	(5,119)

The Group recorded revenue of RMB42.2 million in the current quarter, increased by approximately RMB16.2 million or 62.3% from RMB26.0 million in the immediate preceding quarter due to the high demand for our products from local market and export market.

The Profit before taxation and after taxation increase is mainly due to the increase of gross profit margin of RTS, vegetable products and the depreciation of Chinese Renminbi as compare to preceding quarter. The suspension of duck farming segment reduced the gross loss before taxation and after taxation. Also the current fluctuation of currency RMB against USD also affecting the performance in the current quarter.

3. Prospects for FYE 2016

The Group had halted production for its duck segment in July 2016, and with the huge losses suffered during the first half of 2016, the Group is expected to show net loss at the end of year 2016 despite showing some form of recovery in Q3 2016 with net profit for that quarter. Bearing any unforeseen circumstances, the Group should be showing improving results going forward given that the production relating to duck segment has been halted since July 2016. While being cautious, with the weak property market sentiment, coupled by low rental yield on the building, we may anticipate another round of impairment on our properties and land use rights at the end year 2016.

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.



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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 2016 were as follows:

	RMB'000	RM'000
Loans – unsecured*	14,883	9,185
Short-term Loan - unsecured	44,000	27,155

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 30 September 2016 and 30 June 2016 are analysed as below:



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	Current Financial Period		Preceding Financial Period	
	RMB'000	RM'000	RMB'000	RM'000
Total Retained Earnings of the Company and its subsidiary:				
- Realised	68,766	42,440	68,323	258,967
- Unrealised	1,385	855	638	337
Total Group Retained Earnings	70,151	43,295	68,961	259,304

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13. Earning per share

Basic Earning per Share

	Quarter Ended <u>30 Sep 2016</u>	Preceding Year Corresponding Quarter <u>30 Sep 2015</u>	Quarter Ended <u>30 Sep 2016</u>	Preceding Year Corresponding Quarter <u>30 Sep 2015</u>	Year to Date Ended <u>30 Sep 2016</u>	Year to Date Ended <u>30 Sep 2015</u>	Year to Date Ended <u>30 Sep 2016</u>	Year to Date Ended <u>30 Sep 2015</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Gain/(loss) attributable to - equity holders of the company	1,190	(37,021)	734	(25,886)	(25,555)	(75,499)	(15,771)	(52,788)
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)	0.25	(7.91)	0.16	(5.53)	(5.46)	(16.13)	(3.37)	(11.28)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer