



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 2017

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	28,911	23,972	18,532	14,582	28,911	23,972	18,532	14,582
Cost of sales	(21,674)	(29,803)	(13,893)	(18,129)	(21,674)	(29,803)	(13,893)	(18,129)
Gross profit / (loss)	7,237	(5,831)	4,639	(3,547)	7,237	(5,831)	4,639	(3,547)
Other operating income	64	43	41	26	64	43	41	26
Selling and distribution expenses	(377)	(247)	(242)	(150)	(377)	(247)	(242)	(150)
General and administrative expenses	(5,435)	(8,042)	(3,484)	(4,892)	(5,435)	(8,042)	(3,484)	(4,892)
Other operating expenses	(760)	(867)	(488)	(527)	(760)	(867)	(488)	(527)
Operating profit / (loss)	729	(12,845)	466	(9,090)	729	(14,944)	466	(9,090)
Finance costs	(1,703)	(3,358)	(1,091)	(2,043)	(1,703)	(3,358)	(1,091)	(2,043)
Loss before taxation	(974)	(18,302)	(625)	(11,133)	(974)	(18,302)	(625)	(11,133)
Taxation	-	-	-	-	-	-	-	-
Loss after taxation	(974)	(18,302)	(625)	(11,133)	(974)	(18,302)	(625)	(11,133)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive loss after tax	(974)	(18,302)	(625)	(11,133)	(974)	(18,302)	(625)	(11,133)



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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 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to:-								
- Equity holders of HB	(974)	(18,302)	(625)	(11,133)	(974)	(18,302)	(625)	(11,133)
- Non-controlling interest	-	-	-	-	-	-	-	-
Total comprehensive loss attributable to:-								
- Equity holders of HB	(974)	(18,302)	(625)	(11,133)	(974)	(18,302)	(625)	(11,133)
- Non-controlling interest	-	-	-	-	-	-	-	-
Earning Per Share *								
- Basic (RMB cents/ sen)	(0.21)	(3.91)	(0.13)	(2.38)	(0.21)	(3.91)	(0.13)	(2.38)
- 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: RM0.6410 at 31 March 2017 and : RM0.6083 at 31 March 2016 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 2017

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2017	Audited As at 31 Dec 2016	Unaudited As at 31 March 2017	Audited As at 31 Dec 2016
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	225,110	228,224	144,298	147,204
Construction in progress	72,911	72,911	46,737	47,028
Land use right	64,858	64,858	41,574	41,833
	362,879	365,993	232,609	236,065
Current Assets				
Inventories	10,211	4,415	6,545	2,848
Trade and other receivables	14,524	20,688	9,310	13,344
Prepayment for land use right	60,630	60,630	38,864	39,106
Cash and bank balance	4,708	10,121	3,018	6,528
	90,073	95,854	57,737	61,826
TOTAL ASSETS	452,952	461,847	290,346	297,891
Capital and Reserves				
Share capital	146,161	146,161	93,690	94,273
Reserves	67,483	67,483	43,258	43,527
Retained earnings	69,195	70,169	44,354	45,259
Non-Controlling Interest	404	404	259	260
Total Equity	283,243	284,217	181,561	183,319
Non-Current Liabilities				
Borrowings	15,626	15,626	10,016	10,079
Bank loans	-	14,600	-	9,417
	15,626	30,226	10,016	19,496
Current Liabilities				
Trade payables and other payables	36,547	16,183	23,427	10,438
Income tax liabilities	-	-	-	-
Amount due to shareholder	2,839	2,839	1,820	1,831
Amount due to director	26,397	25,482	16,921	16,436
Short term loan	88,300	92,900	56,601	59,921
Bills payables	-	10,000	-	6,450
	154,083	147,404	98,769	95,076
Total Liabilities	169,709	177,630	108,785	114,572
TOTAL EQUITY AND LIABILITIES	452,952	461,847	290,346	297,891
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	0.61	0.61	0.39	0.39

The Company had submitted its Audited Financial Statements for the year ended 31 December 2016 on due date and had made announcement on 28 April 2017.

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 2017 and 31 December 2016 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: RM0.6410 at 31 March 2017 and : RM0.6450 at 31 December 2016 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 2017

Unaudited Condensed Consolidated Statements Of Changes In Equity

3 months ended 31 March 2017	Share capital	Statutory reserves	Capital reserves	Equity contribution reserves	Retained earnings	Non-controlling interest	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	146,161	76,090	(16,844)	8,237	70,169	404	284,217
Total comprehensive loss for the period	-	-	-	-	(974)	-	(974)
At 31 March 2017	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>69,195</u>	<u>404</u>	<u>283,243</u>

3 months ended 31 March 2017	Share capital	Statutory reserves	Capital reserves	Equity contribution reserves	Retained earnings	Minority interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	93,690	48,774	(10,796)	5,280	44,979	259	182,186
Total comprehensive loss for the period	-	-	-	-	(625)	-	(625)
At 31 March 2017	<u>93,690</u>	<u>48,774</u>	<u>(10,796)</u>	<u>5,280</u>	<u>44,354</u>	<u>259</u>	<u>181,561</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: RM0.6410 at 31 March 2017 and : RM0.6083 at 31 March 2016 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 2017

Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

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
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
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>

The Company had submitted its Audited Financial Statements for the year ended 31 December 2016 on due date and had made announcement on 28 April 2017.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2017 RMB'000	As at 31 March 2016 RMB'000	As at 31 March 2017 RM'000	As at 31 March 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(974)	(18,302)	(625)	(11,133)
Adjustments for:				
Depreciation	2,690	3,903	1,724	2,374
Amortisation	-	495	-	301
Property, plant and equipment written off	424	-	272	-
Interest expenses	1,703	-	1,092	-
Unrealised foreign exchange loss	613	-	393	-
OPERATING GAIN / (LOSS) BEFORE WORKING CAPITAL CHANGES	4,456	(13,904)	2,856	(8,458)
In inventories	(5,796)	(15,495)	(3,715)	(9,426)
In trade and other receivables	6,164	6,792	3,951	4,132
In trade and other payables	19,751	24,686	12,660	15,016
Cash from operations	24,575	15,983	15,752	9,722
Interest paid	(1,703)	-	(1,092)	-
Net cash generated from operating activities	22,872	2,079	14,660	1,264
CASH FLOWS FROM INVESTING ACTIVITIES				
Addition of property, plant and equipment	-	-	-	-
Purchase of biological asset	-	-	-	-
Payment of construction in progress	-	-	-	-
Net cash used in investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown from short-term loan	-	29,000	-	17,641
Advance from director	915	803	587	489
Repayment of loan	(29,200)	-	(18,717)	-
Net cash (used in) / generated from financing activities	(28,285)	29,803	(18,130)	18,130
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(5,413)	31,882	(3,470)	19,394
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	10,121	700	6,488	426
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	4,708	32,582	3,018	19,820

The Company had submitted its Audited Financial Statements for the year ended 31 December 2016 on due date and had made announcement on 28 April 2017.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 2016 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 2017.

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 conform 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 2016 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 2017					
	<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	11,362	11,278	-	6,271	28,911
Segment results	2,231	3,750	-	1,256	7,237
Other income					64
Unallocated costs					(6,572)
Finance expenses					(1,703)
Loss before income tax					(974)
Income tax expense					-
Loss for the period					(974)
Other segment information:					
Depreciation and amortisation					2,690
Capital expenditures					-

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

8. Segment information (continue)

<u>Financial Period Ended 31 March 2017</u>					
	<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	7,283	7,229	-	4,020	18,532
Segment results	1,430	2,404	-	805	4,639
Other income					41
Unallocated costs					(4,214)
Finance expenses					(1,091)
Loss before income tax					(625)
Income tax expense					-
Loss for the period					(625)
Other segment information:					
Depreciation and amortisation					1,724
Capital expenditures					-

Note:

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<u>Financial Year Ended 31 March 2016</u>					
	<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 Year 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					-

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	33,794
Construction of Feedstock plant	30,000	19,230
Power station, compressor and cabling	11,800	7,564

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	350	224	350	224
Post employment benefits	-	-	-	-

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

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 increased by RMB4.9 million or approximately 20.6% from RMB24.0 million in financial period ended 31 March 2016 ("FPE2016") to RMB28.9 million in financial period ended 31 March 2017 ("FPE2017"). The increased was mainly due to increase in sales of Frozen Vegetables products. Pricing and currency issues still affecting the demand of our RTS foods products and hence no major improvement on this products during the quarter under review.

Gross Profits ("GP") margin of 25.0% for FPE2017 compare to Gross Losses 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 in FPE2016, higher demand of Frozen Vegetables products in FPE2017 and better profit margin achieve in FPE2017 for all our products.

Selling and distribution expenses increased in FPE2017 as a result of more marketing effort for local and oversea markets for our products. General and administration expenses decreased by RMB2.6 million in FPE2017 was mainly due to decrease of approximately RMB1.3 million in depreciation, decrease of approximately RMB1.2 million general and administration expenses for duck farming business. Other operating expenses decreased slightly by RMB0.1 million in FPE2017 was mainly due to the unrealized exchange losses adjustment. Net loss before taxation decrease to RMB1.0 million in FPE2017 as compare to Net loss before taxation of RMB18.3 million in FPE2016 mainly due to the lower operating cost and better profit margin achieved during the period under review.

Review of Balance Sheet

There were no additions to property, plant and equipment for the current quarter. All biological assets had been sold off in FYE2016 due to the cessation of duck farming business.

Inventories increase of RM5.8 million was mainly due to the increase of demand of our certain products in 2nd quarter of 2017. Trade and other receivables decreased by RMB6.2 million from RMB20.7 million in FYE2016 to RMB14.5 million in FPE2017 due to tight control of credit terms given to customers during the periods under review. Trade and other payables increased from RMB16.2 million in FYE2016 to RMB36.6 million in FPE2017 was mainly due to slow payment to our suppliers and higher demand of our products in the last month of this quarter.

Review of Cash Flow Statement

Net cash generated from operating activities increased by RMB20.8 million from RMB2.1 million for FPE2016 compared to net cash generated from operating activities of RMB22.9 million in FPE2017. The increase was mainly due to the sharp changes of our profit margin from Gross Losses in FPE2016 to Gross Profits in FPE2017.

Due to the suspension of investment plans in duck farming division, there is no investment during the current quarter. The repayment of loan for FPE2017 mainly for the repayment of the short-term loan granted by the bank in FYE2016.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

2. Variation of results against immediate preceding quarter

	Current Quarter 31 Mar 2017		Preceding Quarter 31 Dec 2016	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	28,911	18,532	46,687	30,113
Loss Before Taxation	(974)	(625)	(4,347)	(2,804)
Loss After Taxation	(974)	(625)	(4,347)	(2,804)

The Group recorded revenue of RMB28.9 million in the current quarter, reduced by approximately RMB17.8 million (38.1%) from RMB46.7 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 impairment losses occurred in FY2016 and achieved Gross profit for our products in FPE2017.

3. Prospects for FYE 2017

As the global marketplace and china market remains volatile, our customers continue to remain cautious in placing their orders. Nevertheless, based on our current knowledge, we anticipate that our 2017 revenue in RMB will be as good as or better than what we have achieved in 2016. As such, we target a modest estimate of 20% growth for 2017 for local market and export market, assuming that the RMB stays at the current level.

With the cessation of duck farming segment and tight control of expenses, management had turn our products from gross loss to gross profit. In this aspect, management believed that this current strategy will lead to a better performance in FY2017.

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 March 2017 were as follows:

	RMB'000	RM'000
Loans – unsecured*	15,626	10,016
Short-term Loan – unsecured	17,800	11,410
Short-term Loan – secured [®]	70,500	45,190

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.

Short-term Loan – secured[®]

The subsidiary company entered into several short-term agreements with several local banks for a total amount of RMB70.5million loan and are secured by pledging of few pieces of land use rights.

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.



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12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 31 March 2017 and 31 December 2016 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	69,808	44,747	71,269	45,969
- Unrealised	(613)	(393)	(1,100)	(710)
Total Group Retained Earnings	69,195	44,354	70,169	45,259

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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 2017	Corresponding	Ended	Corresponding	Ended	Ended	Ended	Ended
	31 Mar 2017	Quarter	31 Mar 2017	Quarter	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	RMB'000	31 Mar 2016	RM'000	31 Mar 2016	RMB'000	RMB'000	RM'000	RM'000
Loss attributable to - equity holders of the company	(974)	(18,302)	(625)	(11,133)	(974)	(18,302)	(625)	(11,133)
- Non-controlling interest	-	-	-	-	-	-	-	-
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)	(0.21)	(3.91)	(0.13)	(2.38)	(0.21)	(3.91)	(0.13)	(2.38)

By Order of the Board

SHEN HENGBAO
Chief Executive Officer