



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 2017

Contents

Unaudited Condensed Consolidated Statements Of Comprehensive Income

Condensed Consolidated Statements Of Financial Position

Unaudited Condensed Consolidated Statements Of Changes in Equity

Unaudited Condensed Consolidated Statements Of Cash Flow

Notes to the Interim Financial Report

Additional information



恒宝环球

## HB Global Limited

(Company Registration No.: 200608505W)  
(Malaysian Foreign Company Registration No.: 995221-H)

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016	30 September 2017	30 September 2016
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	39,922	42,207	25,309	26,048	97,056	98,467	61,530	60,770
Cost of sales	(28,513)	(35,556)	(18,076)	(21,944)	(68,389)	(98,722)	(43,356)	(60,927)
Gross profit/(loss)	11,409	6,651	7,233	4,104	28,667	(255)	18,174	(157)
Other operating income	(311)	1,393	(197)	860	1,603	1,469	1,016	907
Selling and distribution expenses	(306)	(301)	(194)	(186)	(909)	(926)	(577)	(571)
General and administrative expenses	(7,403)	(4,185)	(4,693)	(2,583)	(19,699)	(14,966)	(12,488)	(9,236)
Other operating expenses	(1,101)	-	(698)	-	(1,918)	(1,505)	(1,216)	(929)
Operating profit/(loss)	2,288	3,558	1,451	2,195	7,744	(16,183)	4,909	(9,986)
Finance costs	(1,476)	(2,368)	(936)	(1,461)	(4,743)	(9,372)	(3,007)	(5,785)
Profit/(loss) before taxation	812	1,190	515	734	3,001	(25,555)	1,902	(15,771)
Taxation	-	-	-	-	-	-	-	-
Profit/(loss) after taxation	812	1,190	515	734	3,001	(25,555)	1,902	(15,771)
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive income after tax	812	1,190	515	734	3,001	(25,555)	1,902	(15,771)



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 2017

#### 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit/(loss) attributable to:-								
- Equity holders of HB	812	1,190	515	734	3,001	(25,555)	1,902	(15,771)
-Non-controlling interest	-	-	-	-	-	-	-	-
Total comprehensive income attributable to:-								
- Equity holders of HB	812	1,190	515	734	3,001	(25,555)	1,902	(15,771)
-Non-controlling interest	-	-	-	-	-	-	-	-
Earning Per Share *								
- Basic (RMB cents/ sen)	0.17	0.25	0.11	0.16	0.64	(5.46)	0.41	(3.37)
- 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: RM0.6340 at 30 September 2017 and RMB1 : RM0.6172 at 30 September 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.



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 2017

#### Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 Sep 2017	Audited As at 31 Dec 2016	Unaudited As at 30 Sep 2017	Audited As at 31 Dec 2016
	RMB'000	RMB'000	RM'000	RM'000
<b>Non-Current Assets</b>				
Property, plant and equipment	212,421	228,224	134,666	147,204
Construction in progress	72,911	72,911	46,223	47,028
Land use right	60,007	64,858	38,042	41,833
	345,339	365,993	218,931	236,065
<b>Current Assets</b>				
Inventories	24,990	4,415	15,843	2,848
Trade and other receivables	32,439	20,688	20,565	13,344
Prepayment for land use right	60,630	60,630	38,437	39,106
Cash and bank balance	2,454	10,121	1,556	6,528
	120,513	95,854	76,401	61,826
<b>TOTAL ASSETS</b>	465,852	461,847	295,332	297,891
<b>Capital and Reserves</b>				
Share capital	146,161	146,161	92,660	94,273
Reserve	67,483	67,483	42,782	43,527
Non-controlling interest	404	404	256	260
Retained profit	73,170	70,169	46,388	45,259
<b>Total Equity</b>	287,218	284,217	182,086	183,319
<b>Non-Current Liabilities</b>				
Borrowings	15,626	15,626	9,906	10,079
Bank loans	-	14,600	-	9,417
	15,626	30,226	9,906	19,496
<b>Current Liabilities</b>				
Trade and other payables	45,198	16,183	28,653	10,438
Income tax liabilities	-	-	-	-
Amount due to shareholder	2,839	2,839	1,800	1,831
Amount due to director	27,171	25,482	17,225	16,436
Short-term loan	87,800	92,900	55,662	59,921
Bills payables	-	10,000	-	6,450
	163,008	147,404	103,340	95,076
<b>Total Liabilities</b>	178,634	177,630	113,246	114,572
<b>TOTAL EQUITY AND LIABILITIES</b>	465,852	461,847	295,332	297,891
Net asset per share attributable to equity holders of the Company (RMB / RM) <sup>(1)</sup>	0.61	0.61	0.39	0.39

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 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: RM0.6340 at 30 September 2017 and 1: 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.



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 2017

#### Unaudited Condensed Consolidated Statements Of Changes In Equity

<b>9 months ended 30 September 2017</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Equity contribution reserves</b>	<b>Retained earnings</b>	<b>Non-controlling interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At 1 January 2017	146,161	76,090	(16,844)	8,237	70,169	404	284,217
Total comprehensive income for the period	-	-	-	-	3,001	-	3,001
At 30 September 2017	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>73,170</u>	<u>404</u>	<u>287,218</u>

<b>9 months ended 30 September 2017</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Capital reserves</b>	<b>Equity contribution reserves</b>	<b>Retained earnings</b>	<b>Minority interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 January 2017	92,660	48,238	(10,678)	5,222	44,486	256	180,184
Total comprehensive income for the period	-	-	-	-	1,902	-	1,902
At 30 September 2017	<u>92,660</u>	<u>48,238</u>	<u>(10,678)</u>	<u>5,222</u>	<u>46,388</u>	<u>256</u>	<u>182,086</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: RM0.6340 at 30 September 2017 and : RM0.6172 at 30 September 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.



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 2017

#### Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

<b>9 months ended 30 September 2016</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
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)
	-	-	-	-	-	-
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>

<b>9 months ended 30 September 2016</b>	<b>Share capital</b>	<b>Statutory reserves</b>	<b>Fair value adjustments reserves</b>	<b>Retained earnings</b>	<b>Non- controlling interest</b>	<b>Total equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
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)
	-	-	-	-	-	-
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:

- (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: RM0.6340 at 30 September 2017 and : RM0.6172 at 30 September 2016 with comparatives is shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



恒宝环球

## HB Global Limited

(Company Registration No.: 200608505W)  
(Malaysian Foreign Company Registration No.: 995221-H)

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

#### Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2017 RMB'000	As at 30 September 2016 RMB'000	As at 30 September 2017 RM'000	As at 30 September 2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before income tax	3,001	(25,555)	1,902	(15,771)
Adjustments for:				
Depreciation	10,291	12,285	6,524	7,582
Biological assets written off	-	2,487	-	1,534
Amortisation of land use rights	1,340	-	850	-
Property, plant and equipment written off	424	-	269	-
Loss on disposal of property, plant and equipment and land use rights	964	-	611	-
Unrealised foreign exchange loss	454	-	288	-
Interest income	-	(1)	-	(1)
Interest expense	4,743	9,372	3,007	5,784
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>21,217</b>	<b>(1,412)</b>	<b>13,451</b>	<b>(872)</b>
In inventories	(20,575)	(7,727)	(13,044)	(4,769)
In trade and other receivables	(11,751)	(3,443)	(7,449)	(2,125)
In trade and other payables	26,614	26,183	16,872	16,160
<b>Cash from operations</b>	<b>(5,712)</b>	<b>15,013</b>	<b>9,830</b>	<b>9,266</b>
Interest received	-	1	-	1
<b>Net cash generated from operating activities</b>	<b>15,505</b>	<b>13,602</b>	<b>9,830</b>	<b>8,395</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Addition of property, plant and equipment and payment for CIP	-	(212)	-	(131)
Proceed received from disposal of property, plant and equipment and land use rights	10,000	-	6,340	-
<b>Net cash generated from/(used in) investing activities</b>	<b>10,000</b>	<b>(212)</b>	<b>6,340</b>	<b>(131)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advance from director	1,271	1,400	806	864
Interest expense	(4,743)	(9,372)	(3,007)	(5,784)
Drawdown from short-term loan	-	44,000	-	27,155
Repayment of short-term loan	(29,700)	-	(18,829)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(33,172)</b>	<b>36,028</b>	<b>(21,030)</b>	<b>22,235</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(7,667)</b>	<b>49,418</b>	<b>(4,860)</b>	<b>30,499</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b>	<b>10,121</b>	<b>700</b>	<b>6,416</b>	<b>432</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b>2,454</b>	<b>50,118</b>	<b>1,556</b>	<b>30,931</b>

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: RM0.6340 at 30 September 2017 and : RM0.6172 at 30 September 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.



## 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 2017

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

As of 31 December 2016, the Group incurred a net loss of RMB24,885,000 (2015: 369,871,000) for the financial year ended 31 December 2016. As at 31 December 2016, the Group and the Company have net current liabilities of RMB51,550,000 and RMB36,746,000 (2015: RMB57,518,000 and RMB34,938,000) respectively. The current liabilities include bank loans of RMB92,900,000 which are contractually due within 12 months from the end of the reporting period. Should the Group not be able to rollover the existing bank loans or alternative refinancing of the bank loans be unsuccessful, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates. Hence, our auditor have issued a statement of “Material Uncertainty Related to Going Concern” (“Statement”) in respect of HB’s Audited Financial Statements for the financial year ended 31 December 2016. However, the financial statements of the Group have been prepared on a going-concern basis.

###### b) Changes in accounting policies

There are no changes in accounting policies for the quarter ended 30 September 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 confirm with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.





## 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 2017

#### 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.

However the auditor draw attention to the material uncertainty related to going concern and key audit matters as follow:

#### **Material Uncertainty Related to Going Concern and Key Audit Matters**

The Board of Directors of HB Global Limited ("HB" or "the Company") wishes to announce that its external auditors, RT LLP have issued a statement of "Material Uncertainty Related to Going Concern" ("Statement") in respect of HB's Financial Statements for 31 December 2016 ("FS 2016").

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements, the description of the Statement is as follows:

#### **"Material Uncertainty Related to Going Concern"**

As of 31 December 2016, the Group incurred a net loss of RMB24,885,000 (2015: 369,871,000) for the financial year ended 31 December 2016. As at 31 December 2016, the Group and the Company have net current liabilities of RMB51,550,000 and RMB36,746,000 (2015: RMB57,518,000 and RMB34,938,000) respectively. The current liabilities include bank loans of RMB92,900,000 which are contractually due within 12 months from the end of the reporting period. Should the Group not be able to rollover the existing bank loans or alternative refinancing of the bank loans be unsuccessful, the Group and the Company may have insufficient cash to fulfil obligations at the relevant repayment dates. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, hence, our auditor have issued a statement of "Material Uncertainty Related to Going Concern" ("Statement") in respect of HB's Audited Financial Statements for the financial year ended 31 December 2016.

Our opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, our external auditors, RT LLP in their professional judgement, were of most significance in their audit of the financial statements of FY2016. These matters were addressed in the context of their audit of the financial statements as a whole, and in forming their professional opinion thereon, and did not provide a separate opinion on these matters.

- I) Impairment of property, plant and equipment and land use right
- II) Advance payment for land use rights

The key audit matters highlighted by independent auditors had no material changes or further development as compared to 31 December 2016.

#### 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.



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 2017

#### 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

	<b>Financial Period Ended 30 September 2017</b>				
	<b><u>Ready-to-serve Food</u></b>	<b><u>Frozen Vegetables</u></b>	<b><u>Duck Farming</u></b>	<b><u>Others</u></b>	<b><u>Total</u></b>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	35,067	42,283	-	19,706	97,056
<b>Segment results</b>	8,948	15,476	-	4,243	28,667
Other income					1,603
Unallocated costs					(22,526)
Finance expenses					(4,743)
Profit before income tax					3,001
Income tax expense					-
<b>Profit for the period</b>					<b>3,001</b>
<b>Other segment information:</b>					
Depreciation and amortisation					11,631
Capital expenditures					-

(The rest of this page is intentionally left blank)



恒宝环球

## HB Global Limited

(Company Registration No.: 200608505W)  
(Malaysian Foreign Company Registration No.: 995221-H)

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

#### 8. Segment information (continue)

<b>Financial Period Ended 30 September 2017</b>					
	<b><u>Ready-to- serve Food</u></b> RM'000	<b><u>Frozen Vegetables</u></b> RM'000	<b><u>Duck Farming</u></b> RM'000	<b><u>Others</u></b> RM'000	<b><u>Total</u></b> RM'000
Revenue	22,231	26,806	-	12,493	61,530
<b>Segment results</b>	5,673	9,811	-	2,690	18,174
Other income					1,016
Unallocated costs					(14,281)
Finance expenses					(3,007)
Profit before income tax					1,902
Income tax expense					-
<b>Profit for the period</b>					<b>1,902</b>
<b>Other segment information:</b>					
Depreciation and amortisation					7,374
Capital expenditures					-

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: RM0.6340 at 30 September 2017 and : RM0.6172 at 30 September 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.

<b>Financial Period Ended 30 September 2016</b>					
	<b><u>Ready-to- serve Food</u></b> RMB'000	<b><u>Frozen Vegetables</u></b> RMB'000	<b><u>Duck Farming</u></b> RMB'000	<b><u>Others</u></b> RMB'000	<b><u>Total</u></b> RMB'000
Revenue	38,723	31,249	6,402	22,093	98,467
<b>Segment results</b>	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					-
<b>Profit for the period</b>					<b>(25,555)</b>
<b>Other segment information:</b>					
Depreciation and amortisation					12,285
Capital expenditures					212



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 2017

#### 8. Segment information (continue)

	<b>Financial Period Ended 30 September 2016</b>				<b>Total</b> RM'000
	<b>Ready-to-serve Food</b> RM'000	<b>Frozen Vegetables</b> RM'000	<b>Duck Farming</b> RM'000	<b>Others</b> RM'000	
Revenue	23,898	19,286	3,951	13,635	60,770
<b>Segment results</b>	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					-
<b>Loss for the period</b>					<b>(15,771)</b>
<b>Other segment information:</b>					
Depreciation and amortisation					7,582
Capital expenditures					131

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: RM0.6340 at 30 September 2017 and : RM0.6172 at 30 September 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.

#### 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.



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 2017

#### 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	33,422
Construction of Feedstock plant	30,000	19,019
Power station, compressor and cabling	11,800	7,481

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	222	1,050	666
Post employment benefits	-	-	-	-

(The rest of this page is intentionally left blank)



## **HB Global Limited**

(Company Registration No.: 200608505W)  
(Malaysian Foreign Company Registration No.: 995221-H)

### QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 decreased marginally by RMB1.4 million or approximately 1.4% from RMB98.5 million in financial period ended 30 September 2016 ("FPE2016") to RMB97.1 million in financial period ended 30 September 2017 ("FPE2017"). The decreased was mainly due to decrease in sales of Ready to Serve ("RTS") products and duck farming products but compensated by the increase in sales of frozen vegetables products. The decrease in sales of the RTS products was mainly attributable to consumers consumption behaviour of the market which preferred healthier vegetable products instead of meat products. The decreased in duck farming products was mainly due to the cessation of duck farming business.

Gross Profit ("GP") margin increased from Gross Loss ("GL") 0.3% for FPE2016 to GP margin of 29.5% for FPE2017. This was mainly attributable to the result of the tight cost control of our products and better profit margin of our Frozen Vegetable products. Duck farming segment had ceased operation and some of the facilities were rented out. Other operating income increased by RMB0.1 million to RMB1.6 million in FPE2017 was mainly attributable to the rental income from duck farming facilities and currency exchange rate of RMB during the quarter under review.

Selling and distribution expenses only marginally decreased in FPE2017 as there were about same revenue generated between FPE2016 and FPE2017. General and administration expenses increased by RMB4.7 million in FPE2017 was mainly due to increase in depreciation charges and amortisation of land use right of approximately RMB0.7 million, increased of RMB0.3 million of Tokyo office expenses, increase in provision of Directors' Remuneration of RMB1.3 million, increased in assets written off for approximately RMB0.4 million and other general expenses in FPE2017. Since the Group undertook measure to cease the duck farming segment, the Group had shown progress in turning around and the results had been improving since then. The Group achieved a net profit before taxation of RMB3.0 million in FPE2017 as compared to a net loss before taxation of RMB25.6 million.

###### **Review of Balance Sheet**

There were no investments in property, plant and equipment for the current quarter.

The Group's policy is to keep the inventories level which are sufficient to fulfill demand of orders placed by customers. In FPE2017 the inventories was kept at RMB25.0 million as compared to FPE2016 at RMB4.4 million. The increase in inventories level was mainly due to the increase demand of our products in the coming month and required stock up of raw material for production purposes. Trade receivable increased by RMB11.7 million from RMB20.7 million in FPE2016 to RMB32.4 million in FPE2017 due to improved local demand of our products during the quarter under review as compared to preceding year corresponding quarter. Trade payables increased by RMB29.0 million from RMB16.2 million in FPE2016 to RMB45.2 million in FPE2017 was mainly due to the increase in purchases in the current quarter to meet the increased demand of our products for coming month.

The repayment of bank loan during FPE2017 led to decrease in short term borrowing and bills payable of RMB15.1 million and long term loan of RMB14.6 million during the period under review.

###### **Review of Cash Flow Statement**

Net cash generated from operating activities increased by RMB1.9 million from RMB13.6 million for FPE2016 to RMB15.5 million in FPE2017. The increase was mainly due to the net profit during the period under review.

Net cash generated from investing activities of RMB10.0 million in FPE2017 was mainly due to the disposal of old plant during the period. Net cash used in financing activities increased in FPE2017 was mainly due to the repayment of bank borrowing and interest paid during the period under review.



## 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 2017

#### 2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2017		Preceding Quarter 30 June 2017	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	39,922	25,309	28,223	17,857
Profit before taxation	812	515	3,162	2,001
Profit after taxation	812	515	3,162	2,001

The Group recorded revenue of RMB39.9 million in the current quarter, increased by approximately RMB11.7 million or 41.5% from RMB28.2 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 decreased in the current quarter is mainly due to other income achieved in preceeding quarter of RMB1.8 million as compared to negative RMB0.3 million recorded in other income in current quarter.

#### 3. Prospects for FYE 2017

It is well worth noting that the self-rescue efforts undertaken by the Group to cease the duck farming segment since July 2016 has resulted in the Group steadily showing improved performance. Barring any unforeseen circumstances, the Group is poised to perform better since the cessation of duck farming segment which proven to be a torn in the past. The Group is now focused on its core business in food processing segment and frozen vegetables and continue putting efforts in rebuilding the business surrounding profitable segments, despite the current challenging economy.

#### 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 (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.



## 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 2017

#### 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 2017 were as follows:

	RMB'000	RM'000
Loans – unsecured*	15,626	9,887
Short-term Loan – unsecured	17,300	10,946
Short-term Loan – secured <sup>®</sup>	70,500	44,605

##### 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<sup>®</sup>

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.





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 2017

#### 12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 30 September 2017 and 30 June 2017 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	73,624	46,676	72,859	46,098
- Unrealised	(454)	(288)	(503)	(318)
Total Group Retained Earnings	73,170	46,388	72,356	45,780

(The rest of this page is intentionally left blank)



恒宝环球

**HB Global Limited**

(Company Registration No.: 200608505W)

(Malaysian Foreign Company Registration No.: 995221-H)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR  
THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

**13. Earning per share**

*Basic Earning per Share*

	Quarter Ended <u>30 Sep 2017</u>	Preceding Year Corresponding Quarter <u>30 Sep 2016</u>	Quarter Ended <u>30 Sep 2017</u>	Preceding Year Corresponding Quarter <u>30 Sep 2016</u>	Year to Date Ended <u>30 Sep 2017</u>	Year to Date Ended <u>30 Sep 2016</u>	Year to Date Ended <u>30 Sep 2017</u>	Year to Date Ended <u>30 Sep 2016</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	812	1,190	515	734	3,001	(25,555)	1,902	(15,771)
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)	0.17	0.25	0.11	0.16	0.64	(5.46)	0.41	(3.37)

By Order of the Board

SHEN HENGBAO  
Chief Executive Officer