



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 2020

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	14,583	37,030	8,798	22,507	14,583	37,030	8,798	22,507
Cost of sales	(11,964)	(26,465)	(7,218)	(16,085)	(11,964)	(26,465)	(7,218)	(16,085)
Gross profit	2,619	10,565	1,580	6,422	2,619	10,565	1,580	5,854
Other operating income	981	7,219	592	4,388	981	7,219	592	4,388
Selling and distribution expenses	(182)	(516)	(110)	(314)	(182)	(516)	(110)	(314)
General and administrative expenses	(6,954)	(6,895)	(4,196)	(4,191)	(6,954)	(6,895)	(4,196)	(4,191)
Other operating expenses	(6,191)	-	(3,735)	-	(6,191)	-	(3,735)	-
Operating profit	(9,727)	10,373	(5,869)	6,305	(9,727)	10,373	(5,869)	6,305
Finance costs	(1,073)	(1,336)	(647)	(812)	(1,073)	(1,336)	(647)	(812)
(Loss)/Profit before taxation	(10,800)	9,037	(6,516)	5,493	(10,800)	9,037	(6,516)	5,493
Taxation	-	-	-	-	-	-	-	-
(Loss)/Profit after taxation	(10,800)	9,037	(6,516)	5,493	(10,800)	9,037	(6,516)	5,493
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income after tax	(10,800)	9,037	(6,516)	5,493	(10,800)	9,037	(6,516)	5,493



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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 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/Profit attributable to:-								
- Equity holders of HB	(10,800)	9,037	(6,516)	5,493	(10,800)	9,037	(6,516)	5,493
- Non-controlling interest	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income attributable to:-								
- Equity holders of HB	(10,800)	9,037	(6,516)	5,493	(10,800)	9,037	(6,516)	5,493
- Non-controlling interest	-	-	-	-	-	-	-	-
(Loss)/Earning Per Share *								
- Basic (RMB cents/ sen)	(2.31)	1.93	(1.39)	1.17	(2.31)	1.93	(1.39)	1.17
- 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: RM0.6033 at 31 March 2020 and : RM0.6078 at 31 March 2019 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 2020

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 31 March 2020	Audited As at 31 Dec 2019	Unaudited As at 31 March 2020	Audited As at 31 Dec 2019
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	227,182	230,974	137,059	135,767
Construction in progress	49,620	49,602	29,936	29,156
Land use right	62,512	62,512	37,714	36,745
	339,314	343,089	204,708	201,668
Current Assets				
Inventories	15,595	10,802	9,408	6,350
Trade and other receivables	41,688	59,336	25,150	34,878
Prepayment for land use right	66,434	66,434	40,080	39,050
Cash and bank balance	152	1,574	91	925
	123,868	138,146	74,729	81,202
TOTAL ASSETS	463,182	481,235	279,438	282,870
Capital and Reserves				
Share capital	146,161	146,161	88,179	85,913
Reserves	67,483	67,483	40,712	39,666
Retained earnings	116,637	127,438	70,367	74,908
Non-Controlling Interest	404	403	244	237
Total Equity	330,684	341,484	199,502	200,725
Non-Current Liabilities				
Borrowings	21,550	20,977	13,001	12,330
	21,550	20,977	13,001	12,330
Current Liabilities				
Trade payables and other payables	23,353	19,115	14,089	11,236
Income tax liabilities	-	-	-	-
Amount due to ex-shareholders	2,839	3,061	1,713	1,799
Amount due to director	705	13,429	425	7,893
Short term loan	84,050	83,170	50,707	48,887
	110,948	118,774	66,935	69,815
Total Liabilities	132,948	139,751	79,936	82,146
TOTAL EQUITY AND LIABILITIES	463,182	481,235	279,438	282,870
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽ⁱ⁾	0.71	0.73	0.43	0.43

The Company had submitted its Audited Financial Statements for the year ended 31 December 2019 on due date and had made announcement on 30 June 2020.

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 2020 and 31 December 2019 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: RM0.6033 at 31 March 2020 and : RM0.5878 at 31 December 2019 with comparatives are shown for illustration purpose. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.



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Unaudited Condensed Consolidated Statements Of Changes In Equity

3 months ended 31 March 2020	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 2020	146,161	76,090	(16,844)	8,237	127,437	404	341,484
Total comprehensive loss for the period	-	-	-	-	(10,800)	-	(10,800)
At 31 March 2020	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>116,637</u>	<u>404</u>	<u>330,684</u>

3 months ended 31 March 2020	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 2020	88,179	45,905	(10,162)	4,969	76,884	244	206,018
Total comprehensive loss for the period	-	-	-	-	(6,516)	-	(6,516)
At 31 March 2020	<u>88,179</u>	<u>45,905</u>	<u>(10,162)</u>	<u>4,969</u>	<u>70,368</u>	<u>244</u>	<u>199,502</u>

Note:

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Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

3 months ended 31 March 2019	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 2019	146,161	76,090	(16,844)	8,237	110,603	404	324,651
Total comprehensive loss for the period	-	-	-	-	9,037	-	9,037
At 31 March 2019	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>119,640</u>	<u>404</u>	<u>333,688</u>

3 months ended 31 March 2019	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 2019	88,836	46,248	(10,238)	5,006	67,223	245	197,320
Total comprehensive loss for the period	-	-	-	-	5,493	-	5,493
At 31 March 2019	<u>88,836</u>	<u>46,248</u>	<u>(10,238)</u>	<u>5,006</u>	<u>72,716</u>	<u>245</u>	<u>202,813</u>

The Company had submitted its Audited Financial Statements for the year ended 31 December 2019 on due date and had made announcement on 30 June 2020.

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before income tax	(10,800)	9,037	(6,516)	5,493
Adjustments for:				
Depreciation	3,793	4,996	2,288	3,036
Property, plant and equipment written off	-	94	-	57
Reversal of provision of doubtful debts	6,191	(6,506)	3,735	(3,954)
Interest expenses	1,073	1,336	647	812
Unrealised foreign exchange gain	981	(58)	592	(35)
OPERATING GAIN BEFORE WORKING CAPITAL CHANGES	1,237	8,899	746	5,409
In inventories	(4,793)	(5,923)	(2,892)	(3,600)
In trade and other receivables	11,457	28,727	6,912	17,460
In trade and other payables	3,258	(14,812)	1,966	(9,003)
Cash from operations	11,160	16,891	6,733	10,266
Interest paid	(1,073)	(1,336)	(647)	(812)
Net cash generated from operating activities	10,087	15,555	6,085	9,454
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	(185)	-	(112)
Purchase of intangible assets	-	(12)	-	(7)
Payment of work-in-construction	(18)	-	(11)	-
Net cash used in investing activities	(18)	(197)	(11)	(119)
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown from short-term loan	880	-	531	-
(Repayment) / advance from director	(12,150)	(13,439)	(7,330)	(8,168)
Repayment of loan	-	-	-	-
Repayment from shareholder	(221)	-	(124)	-
Net cash used in financing activities	(11,491)	(13,439)	(6,933)	(8,168)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,422)	1,919	(859)	1,167
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,574	108	950	65
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	152	2,027	91	1,232

The Company had submitted its Audited Financial Statements for the year ended 31 December 2019 on due date and had made announcement on 30 June 2020.

Note:

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THE FIRST QUARTER ENDED 31 MARCH 2020

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2020

1. Basis of preparation

a) Basis of accounting

The financial statements are unaudited and have been prepared in accordance with the provisions of the Singapore Companies Act (the “Act”), Singapore Financial Reporting Standards (International) [“SFRS(I)s”] which are simultaneously compliant with International Financial Reporting Standard (IFRSs) issued by the International Accounting Standards Board (IASB) 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 2019 and the accompanying explanatory notes attached to this unaudited financial report.

b) Changes in accounting policies

The Group has adopted a new financial reporting framework, SFRS(I) on 1 January 2018. SFRS(I)s comprise standards and interpretations that are equivalent to IFRSs as issued by the International Accounting Standards Board. An entity that compiles with SFRS(I)s can also elect to simultaneously include an explicit and unreserved statement of compliance with IFRS. The Group has elected to assert dual compliance with both SFRS(I)s and IFRSs with effect from annual periods beginning on or after 1 January 2018. All references to SFRS(I)s and IFRSs are referred collectively as SFRS(I)s in these financial statements, unless specified otherwise. The financial statements for the financial year ended 31 December 2018 are the first set of annual financial statements the Group prepared in accordance with SFRS(I)s. The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of accounting estimates and assumptions. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2018

On 1 January 2018, the Company adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Company’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I). The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries 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



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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 2019 were not subject to any audit qualification.

However, the auditor UHY Lee Seng Chan & Co have issued a statement in respect of HB's Financial Statements for 31 December 2019 ("FS 2019") to draw an attention to the board and shareholders as regard to the emphasis of matter and key audit matters as follow:

Emphasis of Matter and Key Audit Matter

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

"Key Audit Matters"

Key audit matters are those matters that, our external auditors, UHY Lee Seng Chan & Co in their professional judgement, were of most significance in their audit of the financial statements of FY2019. 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 2019.

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**

The Coronavirus (Covid-19) outbreak was identified in Wuhan, China in December 2019. The World Health Organisation ("WHO") has declared the outbreak a Public Health Emergency of International Concern on 30 January 2020 and subsequently WHO declared the Covid-19 outbreak as global pandemic on 11 March 2020.

China Government has on February 2020 imposed lockdown on Wuhan and in a later stage throughout the whole country. Following the WHO's declaration, Malaysia Government also on 16 March 2020 imposed the Movement Control Order ("MCO") starting from 18 March 2020 to restrain the spread of Covid-19 outbreak in Malaysia. The emergence of the Covid-19 outbreak since early 2020 has brought economic uncertainties in the whole world and markets in which the Group and the Company operate.

In view of the uncertainty of the macro-economic conditions, the Group is unable to reasonably quantify the related financial effects for the period ended 31 March 2020 to be disclosed in current quarterly results. The Group will continuously monitor and to take appropriate and timely measures to minimise any impact of the outbreak that might arises.

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 31 March 2020					
	<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	7,936	2,824	-	3,823	14,583
Segment results	1,503	998	-	119	2,619
Other income					981
Unallocated costs					(13,327)
Finance expenses					(1,073)
Loss before income tax					(10,800)
Income tax expense					-
Loss for the period					(10,800)
Other segment information:					
Depreciation and amortization					3,793
Capital expenditures					18

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8. Segment information (continue)

Financial Period Ended 31 March 2020					
	<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	4,788	1,703	-	2,306	8,798
Segment results	907	602	-	71	1,580
Other income					592
Unallocated costs					(8,041)
Finance expenses					(647)
Loss before income tax					(6,516)
Income tax expense					-
Loss for the period					(6,516)
Other segment information:					
Depreciation and amortisation					2,288
Capital expenditures					11

Note:

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Financial Period Ended 31 March 2019					
	<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	11,847	15,658	-	9,525	37,030
Segment results	2,702	5,811	-	2,052	10,565
Other income					7,219
Unallocated costs					(7,411)
Finance expenses					(1,336)
Profit before income tax					9,037
Income tax expense					-
Profit for the period					9,037
Other segment information:					
Depreciation and amortisation					4,996
Capital expenditures					197



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8. Segment information (continue)

Financial Period Ended 31 March 2019					
	<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	7,201	9,517	-	5,789	22,507
Segment results	1,642	3,532	-	1,248	6,422
Other income					4,388
Unallocated costs					(4,505)
Finance expenses					(812)
Profit before income tax					5,493
Income tax expense					-
Profit for the period					5,493
Other segment information:					
Depreciation and amortisation					3,036
Capital expenditures					119

Note:

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9. Subsequent events

There were no material events as at the date of this announcement that will affect the results of the current quarter and financial year-to-date.

10. Changes in the composition of the Group

There is no changes in the composition of the Group.

11. Contingent liability or assets

There were no material contingent liabilities or assets which may have material effect on the financial position of the Group.

12. Non-current assets

The Group had acquired additional non-current assets of approximately RMB 18.0 million during the quarter under review.

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:-



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	RMB'000	RM'000
Construction of meat duck farms	52,720	31,824
Construction of feedstock plant	30,000	18,099
Construction of production factory	278	168

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	188	113	188	113
Post employment benefits	-	-	-	-

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020

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 sharply by RMB22.7 million or approximately 60.5% from RMB37.0 million in financial period ended 31 March 2019 (“FPE2019”) to RMB14.6 million in financial period ended 31 March 2020 (“FPE2020”). The decreased was mainly due to the Chinese New Year effect which having total of 15 days off and the outbreak of the corona virus in early FY2020.

Average Gross Profits (“GP”) margin decreased from 28.5% for FPE2019 to 18.0% for FPE2020 was mainly attributable to low volume of trade and we have high level of fixed and variable cost incurred. Other income decreased was mainly due to the reversal of provision for doubtful debts of approximately RMB6.5 million in FPE2019 whereas in FPE2020 the other income comprise mainly the unrealised exchange gain of RMB1.0 million.

Selling and distribution expenses decreased in FPE2020 as a result of low trade volume. General and administration expenses although were tightly control by the management but still show a slightly increase of RMB0.1 million in FPE2020. Depreciation charged for an amount of RMB3.8 million and RMB2.0 million form the major part of the general and administration expenses for FPE2020. Other operating expenses increased in FPE2020 was mainly due to the additional provision of doubtful debts of RMB6.2 million. The Group recorded net loss before taxation of RMB10.8 million in FPE2020 was mainly due to the low volume of revenue, lower profit margin achieved and provision of doubtful debts during the period under review.

Review of Balance Sheet

There was a small amount of RMB18,000 payment in construction in progress for the current quarter.

Inventories increase of RM4.8 million was mainly due to the low demand of our products and the restriction of movement imposed by the governor during this quarter. Trade and other receivables decreased by RMB11.4 million from RMB59.3 million in FYE2019 to RMB47.9 million in FPE2020 due to tight control of credit terms given to customers during the periods under review and lower sales in Q1 2020. Trade and other payables increased from RMB19.1 million in FYE2019 to RMB23.4 million in FPE2020 was mainly due to delay payment to suppliers and services in the lockdown period.

Review of Cash Flow Statement

Net cash generated from operating activities decreased by RMB5.5 million from RMB15.6 million for FPE2019 to RMB10.1 million in FPE2020. The decrease was mainly due to the non-cash flow items of depreciation RMB3.8 million and the provision of doubtful debts of RMB6.2 million in current quarter. Management practice tight control of working capital and cash to survive through this specific periods.

Due to the suspension of investment plans in duck farming division, there is only minimum investment during the current quarter.

The increase in short term and long term loan was mainly due to the accrued interest during the period.



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2. Variation of results against immediate preceding quarter

	Current Quarter 31 Mar 2020		Preceding Quarter 31 Dec 2019	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	14,583	8,798	48,688	28,618
(Loss)/Profit Before Taxation	(10,800)	(6,516)	3,474	2,042
(Loss)/Profit After Taxation	(10,800)	(6,516)	3,474	2,042

The Group recorded revenue of RMB14.6 million in the current quarter, decreased by approximately RMB34.1 million (70.0%) from RMB48.7 million in the immediate preceding quarter due to the Chinese New Year season effect and production was halted during the lockdown period as a result of the outbreak of corona virus.

The loss before taxation and after taxation is mainly due to the provision of doubtful debts occurred in FPE2020 for an amount of RMB6.2 million and the low revenue generated in the current quarter.

3. Prospects for FYE 2020

The outbreak of corona virus in late 2019 which had paralysed many industries and global economy as many countries imposed lockdown to contain the corona virus. The impact can be clearly seen in this quarter results and it is anticipated that further losses to be incurred should there be no positive development on the vaccine for the corona virus. The management is now focus on survival and hope that as each country re-open its economy especially where the goods are mostly exported, that is Japan, will see a gradual resumption in production.

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.

6. Sales of unquoted investment / properties

There was no sale of unquoted investments / properties in the current financial quarter and financial year-to-date.



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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 31 March 2020 were as follows:

	RMB'000	RM'000
Loans – unsecured*	21,550	13,001
Short-term Loan – unsecured	-	-
Short-term Loan – secured®	84,050	50,707

Loans – unsecured*

On 31 December 2018, the company (HB Global Ltd) entered into a loan agreement with Shen Hengbao (referred to as the “Ultimate-shareholder”) amounting to SGD4.06 million (approximately RMB20.09 million) as lender. The loan is at interest rate of 5.5% market rate. The tenure of the loan is 3 years and will be automatically renewed for another 3 years unless the Directors decide that the loan is no longer required.

Short-term Loan – secured®

The subsidiary company entered into several short-term agreements with several local banks for a total amount of RMB83 million loan and are secured by pledging of few pieces of land use rights.

Due to the impact of trade war between China and USA, economic slowdown in china and outbreak of swine fever, the Peoples's Government had initiated a financial assistance to special category of business such as food industry's company to avert any possible financial crises in the near future. One of the subsidiary had entered into this arrangement with Xing Ye Bank Co. Ltd, Rizhao Branch and also endorsed by the Court on the pledging of its properties and two guarantors provided for this special financial assistance.

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

Due to the impact of trade war between China and USA, economic slowdown in china and outbreak of swine fever, the Peoples's Government had initiated a financial assistance to special category of business such as food industry's company to avert any possible financial crises in the near future. One of the subsidiary had entered into this arrangement with Xing Ye Bank Co. Ltd, Rizhao Branch and also endorsed by the Court on the pledging of its properties and two guarantors provided for an amount of RMB14.4 million to apply this special financial assistance. This subsidiary also negotiated with other banks for this special financial assistance on its current borrowing and may needed further endorsement by the Court in near future.



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12. Realised and Unrealised Profit/Losses Disclosure

The retained earnings as at 31 March 2020 and 31 December 2018 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	117,618	70,959	128,160	75,332
- Unrealised	(981)	(592)	(714)	(420)
Total Group Retained Earnings	116,637	70,367	127,446	74,912

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13. Earning per share

Basic Earning per Share

	Quarter Ended 31 Mar 2020 RMB'000	Preceding Year Corresponding Quarter 31 Mar 2019 RMB'000	Quarter Ended 31 Mar 2020 RM'000	Preceding Year Corresponding Quarter 31 Mar 2019 RM'000	Year to Date Ended 31 Mar 2020 RMB'000	Year to Date Ended 31 Mar 2019 RMB'000	Year to Date Ended 31 Mar 2020 RM'000	Year to Date Ended 31 Mar 2019 RM'000
(Loss)/Profit attributable to - equity holders of the company - Non-controlling interest	(10,800) -	9,037 -	(6,516) -	5,493 -	(10,800) -	9,037 -	(6,516) -	5,493 -
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
(Loss)/Earning Per Share - Basic (RMB cents/ sen)	(2.31)	0.21	(1.39)	0.13	(2.31)	0.21	(1.39)	0.13

By Order of the Board

SHEN HENGBAO
Chief Executive Officer