



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 2020

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Revenue	28,774	35,028	17,429	20,597	65,036	108,794	39,392	63,970
Cost of sales	(25,391)	(23,573)	(15,379)	(13,861)	(57,875)	(74,461)	(35,055)	(43,782)
Gross profit	3,383	11,455	2,050	6,736	7,161	34,333	4,337	20,188
Other income	3,480	-	2,108	-	1,019	4,436	617	2,608
Selling and distribution expenses	(265)	(426)	(161)	(250)	(755)	(1,331)	(457)	(783)
General and administrative expenses	(5,476)	(7,880)	(3,317)	(4,634)	(18,092)	(21,521)	(11,063)	(12,654)
Other operating expenses	(7,889)	(1,039)	(4,779)	(611)	(7,889)	(591)	(4,779)	(347)
Operating (loss)/profit	(6,768)	2,110	(4,099)	1,241	(18,556)	15,326	(11,345)	9,012
Finance costs	(1,090)	(1,567)	(660)	(921)	(3,252)	(4,229)	(1,970)	(2,487)
(Loss)/Profit before taxation	(7,858)	543	(4,759)	320	(21,808)	11,097	(13,315)	6,525
Taxation	-	-	-	-	-	-	-	-
(Loss)/Profit after taxation	(7,858)	543	(4,759)	320	(21,808)	11,097	(13,315)	6,525
Other comprehensive income for the period (net of tax)	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income after tax	(7,858)	543	(4,759)	320	(21,808)	11,097	(13,315)	6,525



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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
	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019	30 September 2020	30 September 2019
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
Profit attributable to:-								
- Equity holders of HB	(7,858)	543	(4,759)	320	(21,808)	11,097	(13,315)	6,525
- Non-controlling interest	-	-	-	-	-	-	-	-
Total comprehensive income attributable to:-								
- Equity holders of HB	(7,858)	543	(4,759)	320	(21,808)	11,097	(13,315)	6,525
- Non-controlling interest	-	-	-	-	-	-	-	-
Earnings Per Share *								
- Basic (RMB cents/ sen)	(1.68)	0.12	(1.02)	0.07	(4.66)	2.37	(2.85)	1.39
- 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: RM0.6057 at 30 September 2020 and RMB1: RM0.5880 at 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2020

Condensed Consolidated Statements of Financial Positions

	Unaudited As at 30 Sep 2020	Audited As at 31 Dec 2019	Unaudited As at 30 Sep 2020	Audited As at 31 Dec 2019
	RMB'000	RMB'000	RM'000	RM'000
Non-Current Assets				
Property, plant and equipment	211,370	230,974	129,057	135,767
Construction in progress	49,976	49,602	30,514	29,156
Land use right	61,391	62,512	37,483	36,745
	322,737	343,089	197,054	201,668
Current Assets				
Inventories	21,286	10,802	12,997	6,350
Trade and other receivables	42,794	59,336	26,128	34,878
Prepayment for land use right	66,250	66,434	40,451	39,050
Cash and bank balance	437	1,574	267	925
	130,767	138,146	79,843	81,202
TOTAL ASSETS	453,504	481,235	276,897	282,870
Capital and Reserves				
Share capital	146,161	146,161	89,241	85,913
Reserve	67,483	67,483	41,202	39,666
Retained earnings	105,629	127,438	64,495	74,908
Non-controlling interest	403	403	246	237
Total Equity	319,676	341,484	195,184	200,725
Non-Current Liability				
Borrowings	21,498	20,977	13,126	12,330
	21,498	20,977	13,126	12,330
Current Liabilities				
Trade and other payables	14,506	19,115	8,858	11,236
Amount due to shareholder	3,276	-	2,000	-
Amount due to ex-shareholder	-	3,061	-	1,799
Amount due to director	11,538	13,429	7,045	7,893
Short-term loan	83,010	83,170	50,684	48,887
	112,330	118,774	68,587	69,815
Total Liabilities	133,828	139,751	81,713	82,145
TOTAL EQUITY AND LIABILITIES	453,504	481,235	276,897	282,870
Net asset per share attributable to equity holders of the Company (RMB / RM) ⁽¹⁾	0.68	0.73	0.42	0.43

Notes:

- (1) The net assets per share attributable to equity holders of the Company is computed based on the net assets as at 30 September 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: RM0.6106 at 30 September 2020 and 1: 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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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

Unaudited Condensed Consolidated Statements Of Changes In Equity

9 months ended 30 September 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	403	341,484
Total comprehensive income for the period	-	-	-	-	(21,808)	-	(21,808)
At 30 September 2020	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>105,629</u>	<u>403</u>	<u>319,676</u>

9 months ended 30 September 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	89,241	46,458	(10,285)	5,029	77,810	246	208,499
Total comprehensive income for the period	-	-	-	-	(13,315)	-	(13,315)
At 30 September 2020	<u>89,241</u>	<u>46,458</u>	<u>(10,285)</u>	<u>5,029</u>	<u>64,495</u>	<u>246</u>	<u>195,184</u>

Note:

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Unaudited Condensed Consolidated Statements Of Changes In Equity (continue)

9 months ended 30 September 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 income for the period	-	-	-	-	11,097	-	11,097
At 30 September 2019	<u>146,161</u>	<u>76,090</u>	<u>(16,844)</u>	<u>8,237</u>	<u>121,700</u>	<u>404</u>	<u>335,748</u>

9 months ended 30 September 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	85,943	44,741	(9,904)	4,843	65,035	237	190,894
Total comprehensive income for the period	-	-	-	-	6,525	-	6,525
At 30 September 2019	<u>85,943</u>	<u>44,741</u>	<u>(9,904)</u>	<u>4,843</u>	<u>71,560</u>	<u>237</u>	<u>197,419</u>

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

Unaudited Condensed Consolidated Statements Of Cash Flow

	As at 30 September 2020	As at 30 September 2019	As at 30 September 2020	As at 30 September 2019
	RMB'000	RMB'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before income tax	(21,808)	11,097	(13,315)	6,525
Adjustments for:				
Depreciation and amortisation	12,952	14,985	7,908	8,811
Reversal of impairment loss on trade receivables	(254)	3,750	(155)	2,205
Loss on disposal of property, plant and equipment and land use rights	-	94	-	55
Property, plant and equipment written off	7,889	-	4,817	-
Unrealised foreign exchange (gain)/loss	(503)	591	(307)	348
Interest expense	3,252	4,229	1,986	2,487
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1,528	34,746	934	20,431
Inventories	(10,484)	(10,652)	(6,401)	(6,263)
Trade and other receivables	16,979	9,849	10,367	5,791
Trade and other payables	(4,475)	(13,584)	(2,732)	(7,987)
Cash from operations	3,548	20,359	2,168	11,972
Interest received	-	-	-	-
Net cash generated from operating activities	3,548	20,359	2,168	11,972
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment	(489)	(433)	(299)	(255)
Payment of construction in progress	-	(893)	-	(525)
Net cash used in investing activities	(489)	(1,326)	(299)	(780)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance from/ (repayment to) from director	(1,836)	(11,136)	(1,122)	(6,549)
Advance from/ (repayment to) from shareholder	3,276	(1,832)	2,000	(1,077)
Repayment to ex-shareholder	(3,061)	-	(1,869)	-
Interest expense	(2,415)	(4,229)	(1,474)	(2,487)
Repayment of short-term loan	(160)	(10)	(98)	(6)
Net cash used in financing activities	(4,196)	(17,207)	(2,563)	(10,119)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,137)	1,825	(694)	1,073
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,574	108	961	64
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	437	1,933	267	1,137

Note:

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 September 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 Shandong Hengbao Foodstuffs Co., Ltd. (formerly known as 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.



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1. Basis of preparation (continue)

c) *Basis of consolidation (continue)*

All inter-company balances and significant inter-company transactions and resulting unrealized profits and losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Where accounting policies of a subsidiary do not confirm with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

2. Audit report of the Group's preceding annual financial statements

The Group's audited consolidated financial statements for the financial year ended 31 December 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.

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.



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4. Unusual items (continue)

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 30 September 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.

6. Changes in share capital and debts

There was no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasure shares for the current financial year to date.

7. Dividends

In view of the current business climate, no dividend was declared or paid by the Group in the current quarter under review.

8. Segment information

	Financial Period Ended 30 September 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	29,740	17,010	-	18,286	65,036
Segment results	3,419	896	-	2,846	7,161
Other income					1,019
Unallocated costs					(26,736)
Finance costs					(3,252)
Loss before taxation					(21,808)
Income tax expense					-
Loss for the period					(21,808)
Other segment information:					
Depreciation and amortisation					12,952
Capital expenditures					489

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8. Segment information (continue)

Financial Period Ended 30 September 2020					
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Duck Farming</u>	<u>Others</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	18,013	10,303	-	11,076	39,392
Segment results	2,071	542	-	1,724	4,337
Other income					617
Unallocated costs					(16,299)
Finance costs					(1,970)
Loss before taxation					(13,315)
Income tax expense					-
Loss for the period					(13,315)
Other segment information:					
Depreciation and amortisation					7,908
Capital expenditures					299

Note:

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Financial Period Ended 30 September 2019					
	<u>Ready-to-serve Food</u>	<u>Frozen Vegetables</u>	<u>Duck Farming</u>	<u>Others</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	30,834	55,389	-	22,570	108,793
Segment results	6,829	23,001	-	4,504	34,333
Other income					4,436
Unallocated costs					(23,443)
Finance costs					(4,229)
Profit before taxation					11,097
Income tax expense					-
Profit for the period					11,097
Other segment information:					
Depreciation and amortisation					14,985
Capital expenditures					1,326



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8. Segment information (continue)

	Financial Period Ended 30 September 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	18,130	32,569	-	13,271	63,970
Segment results	4,015	13,525	-	2,647	20,187
Other income					2,608
Unallocated costs					(13,784)
Finance costs					(2,487)
Profit before taxation					6,525
Income tax expense					-
Profit for the period					6,525
Other segment information:					
Depreciation and amortisation					8,811
Capital expenditures					780

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 were 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 made a payment of RMB0.5 million for purchase of non-current assets during the quarter under review.



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13. Capital commitment

Save as disclosed below, the Group is not aware of any material commitments, which upon becoming enforceable may have a material effect on the financial position of our Group:

	RMB'000	RM'000
Construction of meat duck farms	52,720	32,191
Construction of feedstock plant	30,000	18,318
Construction of production factory	278	170

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	114	568	344
Post employment benefits	-	-	-	-

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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 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 by RMB43.8 million or approximately 40.2% from RMB108.8 million in financial period ended 30 September 2019 (“FPE2019”) to RMB65.0 million in financial period ended 30 September 2020 (“FPE2020”). The decreased was mainly due to sharp decrease in demand on our frozen vegetable products through direct export during the Covid-19 outbreak since early 2020.

Gross Profit (“GP”) margin decreased from 31.6% in FPE2019 to 11.0% in FPE2020. This was mainly due to lower production volume and revenue generated.

Other income decreased by RMB3.4 million or approximately 77.3% from RMB4.4 million in FPE2019 to RMB1.0 million in FPE2020. This was mainly due to the reversal of provision of doubtful debts for a net amount of RMB3.8 million in FPE2019. Nevertheless, as we have offset the provision of doubtful debts which recognised under other operating expenses previously with reversal of provision of doubtful debts recognised for current quarter, the other income for current quarter is higher than the year to date amount.

Selling and distribution expenses decreased by RMB0.6 million or approximately 38.5% from RMB1.3 million in FPE2019 to RMB0.8 million in FPE2020 was mainly due to the decrease in transportation charges and it is in line with the decrease in revenue.

General and administration expenses decreased by RMB3.4 million or approximately 15.8% from RMB21.5 million in FPE2019 to RMB18.1 million in FPE2020 was mainly due to cost control implemented. The major items included in general and administrative expenses are depreciation of property, plant and equipment and amortisation of land use rights with total amount of RMB13.0 million, which has accounted 71.8% of total general and administrative expenses in FPE2020.

Other operating expenses increased by RMB7.3 million or approximately 1216.7% from RMB0.6 million in FPE2019 to RMB7.9 million in FPE2020 due to written off of property, plant and equipment.

The Group achieved a net loss before taxation of RMB21.8 million in FPE2020 as compared to RMB11.1 million profit before taxation in FPE2019 mainly due to low revenue generated as a result of Covid-19 outbreak.

Review of Financial Position

The decrease in non-current assets was mainly contributed by the written off of property, plant and equipment. During FPE2020, the Group did not carry out any major investment activities, except for addition of RMB0.5 million in property, plant and equipment.

Inventories increased by RMB10.5 million from RMB10.8 million in FYE2019 to RMB21.3 million in FPE2020. It is due to our expectation where there would be increase in demand for our products in the coming financial quarter and hence, we have stock up raw material for future production purposes. Trade and other receivables decreased by RMB16.5 million from RMB59.3 million in FYE2019 to RMB42.8 million in FPE2020 was mainly due to lower revenue generated and reasonable collection during periods under review. Trade and other payables decreased by RMB4.6 million from RMB19.1 million in FYE2019 to RMB14.5 million in FPE2020 was mainly arise from the repayment to other payables.

Non-current liability remains relatively consistent in both FYE0219 and FPE 2020.



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1. Review of the performance of the Group (continue)

Review of Cash Flow Statement

Net cash generated from operating activities decreased by RMB16.8 million from RMB20.3 million in FYE2019 to RMB3.5 million in FPE2020 was mainly due to the sharp decrease in revenue generated in FPE2020.

Net cash used in investing activities amounted RMB0.5 million was mainly for the purchase of property, plant and equipment.

Net cash used in financing activities amounted RMB4.2 million was mainly due for the repayment to ex-shareholder and short-term loan.

2. Variation of results against immediate preceding quarter

	Current Quarter 30 September 2020		Preceding Quarter 30 June 2020	
	RMB'000	RM'000	RMB'000	RM'000
Revenue	28,774	17,429	21,679	13,127
Loss before taxation	(7,858)	(4,759)	(3,151)	(1,907)
Loss after taxation	(7,858)	(4,759)	(3,151)	(1,907)

The Group recorded revenue of RMB28.8 million in the current quarter, increased by approximately RMB7.1 million or 32.7% from RMB21.7 million in the immediate preceding quarter was mainly due to increased local demand for our products as part of a recovery since Covid-19 outbreak.

The loss before taxation and after taxation increased in the current quarter was mainly due to written off of property, plant and equipment.

3. Prospects for FYE 2020

With the uncertainties of export market and relatively constant Covid-19 cases in China, the Group will continue to focus to increase the consumption of our products among consumers in China.

Sustainability remains a top priority for the Group. The Group will stay agile and keep the interests of our consumers and safety of our people at the forefront and hoping that the second and third wave of virus infections would not badly hit the whole world economies and positive development on the vaccine for the corona virus in the near future.

While challenges are expected to persist in the near-term, the Group believe longer term prospects are positive and we will continue to work hard for it.

4. Profit forecast

The Group does not have any profit forecast or guarantee in the public documents.



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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.

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 2020 were as follows:

	RMB'000	RM'000
Loans – unsecured*	21,498	13,7126
Short-term Loan – unsecured	-	-
Short-term Loan – secured [®]	83,010	50,684

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.



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9. Group's borrowings and debt securities (continue)

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.

12. Realised and unrealised profit/losses disclosure

The retained earnings as at 30 September 2020 and 30 June 2020 are analysed as below:

	Current Quarter		Preceding Quarter	
	RMB'000	RM'000	RMB'000	RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised	105,126	64,188	113,266	68,587
- Unrealised	503	307	221	134
Total group retained earnings	105,629	64,495	113,487	68,721

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THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

13. Earnings per share

Basic earnings per share

	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 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	RMB'000	RMB'000	RM'000	RM'000	RMB'000	RMB'000	RM'000	RM'000
(Loss)/Gain attributable to equity holders of HB	(7,858)	543	(4,759)	320	(21,808)	11,097	(13,315)	6,525
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)	(1.68)	0.12	(1.02)	0.07	(4.66)	2.37	(2.85)	1.39

By Order of the Board

SHEN HENGBAO
Chief Executive Officer