



XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 OCTOBER 2014 TO 31 DECEMBER 2014

<u>CONTENTS</u>	<u>PAGE</u>
UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1
UNAUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME	2
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS	8
ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD	17
EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF XINGHE HOLDINGS BERHAD (formerly known as : KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD) FOR THE YEAR ENDED 31 JANUARY 2013	
APPENDIX I - CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	22
APPENDIX II - CONSOLIDATED STATEMENT OF FINANCIAL POSITION	23
APPENDIX III - CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	24
APPENDIX IV - CONSOLIDATED STATEMENT OF CASH FLOWS	25

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Profit or Loss

	Notes	Individual Period		Cumulative Period	
		Current Period from 1 Oct 2014 to 31 Dec 2014 RM'000	Preceding Corresponding Period from 1 Oct 2013 to 31 Dec 2013 RM'000 (Note 1)	Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000 (Note 2)	Preceding Corresponding Period from 1 Jan 2013 to 31 Dec 2013 RM'000 (Note 1)
Revenue	A4	255,506	N/A	981,617	N/A
Cost of sales		(213,273)	N/A	(826,914)	N/A
Gross profit		42,233	N/A	154,703	N/A
Other income		3,463	N/A	4,104	N/A
Selling and distribution expenses		(19,943)	N/A	(34,774)	N/A
Administrative expenses		(8,185)	N/A	(21,104)	N/A
Profit from operations		17,568	N/A	102,929	N/A
Reverse acquisition listing expense	A2.1	-	N/A	(29,582)	N/A
Finance costs		(839)	N/A	(2,106)	N/A
Profit before tax	B11	16,729	N/A	71,241	N/A
Income tax expense	B5	(5,664)	N/A	(28,069)	N/A
Profit for the period/year		11,065	N/A	43,172	N/A
Attributable to:					
Owners of the Company		9,939	N/A	36,103	N/A
Non-controlling interest		1,126	N/A	7,069	N/A
		11,065	N/A	43,172	N/A
Earnings per share attributable to owners of the Company					
- Basic (sen)	B10	0.42	N/A	2.11	N/A

Note 1:

There are no comparative figures for the individual and cumulative preceding corresponding periods being presented due to the reverse acquisition of XingHe Holdings Berhad (formerly known as: Key West Global Telecommunications Berhad) (the "Company") by Supreme Global Group Limited ("SGGL") ("Reverse Acquisition") as explained in Note A2.1(i) to this interim financial statements. SGGL being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

Note 2:

The cumulative current period covers from 1 January 2014 to 31 December 2014 as explained in Note A2.1(i) to this interim financial statements.

Note 3:

The audited consolidated statement of profit or loss of the Group for the financial year ended 31 January 2013 is enclosed as Appendix I to this interim financial statements.

The Unaudited Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying explanatory notes attached to this interim financial statements.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Other Comprehensive Income

	Individual Period		Cumulative Period	
	Current Period from 1 Oct 2014 to 31 Dec 2014 RM'000	Preceding Corresponding Period from 1 Oct 2013 to 31 Dec 2013 RM'000 (Note 1)	Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000 (Note 2)	Preceding Corresponding Period from 1 Jan 2013 to 31 Dec 2013 RM'000 (Note 1)
Profit for the period	11,065	N/A	43,172	N/A
Other comprehensive income				
Foreign currency translation	19,858	N/A	17,938	N/A
Total comprehensive income for the period/year	30,923	N/A	61,110	N/A
Attributable to:				
Owners of the Company	27,932	N/A	52,651	N/A
Non-controlling interest	2,991	N/A	8,459	N/A
	30,923	N/A	61,110	N/A

Note 1:

There are no comparative figures for the individual and cumulative preceding corresponding periods being presented due to the Reverse Acquisition as explained in Note A2.1(i) to this interim financial statements. SGGL being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

Note 2:

The cumulative current period covers from 1 January 2014 to 31 December 2014 as explained in Note A2.1(i) to this interim financial statements.

Note 3:

The audited consolidated statement of other comprehensive income of the Group for the financial year ended 31 January 2013 is enclosed as Appendix I to this interim financial statements.

The Unaudited Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to this interim financial statements.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Financial Position

	Notes	31 Dec 2014 RM'000	31 Dec 2013 RM'000 (Note 1)
NON-CURRENT ASSETS			
Property, plant and equipment	A9	21,618	23,484
Prepaid land lease payments		11,508	11,285
Available-for-sale investment		-	1,399
		33,126	36,168
CURRENT ASSETS			
Inventories		29,705	32,263
Trade receivables		140,342	111,379
Other receivables		21,238	13,966
Cash and bank balances		192,931	81,769
		384,216	239,377
TOTAL ASSETS		417,342	275,545
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	A10	234,850	36,204
Reserves		114,372	179,138
Equity attributable to owners of the Company		349,222	215,342
Non-controlling interest		29,728	21,269
TOTAL EQUITY		378,950	236,611
NON-CURRENT LIABILITIES			
Other payable		2,985	2,827
Borrowings	B7	23,876	-
Deferred tax liability		2,263	1,536
		29,124	4,363
CURRENT LIABILITIES			
Borrowings	B7	-	22,610
Trade payables		1,801	1,959
Other payables		6,903	6,947
Tax payable		564	3,055
		9,268	34,571
TOTAL LIABILITIES		38,392	38,934
TOTAL EQUITY AND LIABILITIES		417,342	275,545

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Financial Position (Continued)

	31 Dec 2014	31 Dec 2013
	RM	RM
		(Note 1)
Net assets per share	0.16	(Note 2) 0.12

Note 1:

The latest unaudited Statement of Financial Position of SGGL and its subsidiaries ("SGGL Group") as at 31 December 2013 has been presented as the comparative Statement of Financial Position, following the Reverse Acquisition as explained in Note A2.1(ii) to this interim financial statements.

Note 2:

The net assets per share at 31 December 2013 was calculated based on newly issued 1.9 billion ordinary shares of RM0.10 each in the Company issued in exchange for 91,283,069 ordinary shares of HK\$1.00 each in SGGL following the Reverse Acquisition as explained in Note A2.1 to this interim financial statements.

Note 3:

The audited consolidated statement of financial position of the Group as at 31 January 2013 is enclosed as Appendix II to this interim financial statements.

The Unaudited Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to this interim financial statements.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)

(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Changes in Equity

	Attributable to Owners of the Company										
	Issued equity			Capital reserve	Statutory reserve	Reverse acquisition reserve	Foreign exchange reserve	Retained earnings	Total	Non-controlling Interest	Total
	Share capital	Equity reserve	Share premium								
At 1 January 2014	-	36,204	13,276	3,983	18,901	-	17,632	125,346	215,342	21,269	236,611
Issuance of shares pursuant to acquisition of SGGL	190,000	-	20,000	-	-	-	-	-	210,000	-	210,000
Adjustment arising from Reverse Acquisition	14,850	(36,204)	(12,867)	-	-	(154,550)	-	-	(188,771)	-	(188,771)
Issuance of shares pursuant to private placement	30,000	-	30,000	-	-	-	-	-	60,000	-	60,000
Profit for the year	-	-	-	-	-	-	-	36,103	36,103	7,069	43,172
Foreign currency translation	-	-	-	-	-	-	16,548	-	16,548	1,390	17,938
Total comprehensive income	-	-	-	-	-	-	16,548	36,103	52,651	8,459	61,110
At 31 December 2014	234,850	-	50,409	3,983	18,901	(154,550)	34,180	161,449	349,222	29,728	378,950

Note 1:

There are no comparative figures for the preceding corresponding period being presented due to the Reverse Acquisition as explained in Note A2.1(i) to this interim financial statements. SGGL being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

Note 2:

The audited consolidated statement of changes in equity of the Group for the financial year ended 31 January 2013 is enclosed as Appendix III to this interim financial statements.

The Unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to this interim financial statements.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Cash Flows

	Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000	Preceding Period from 1 Jan 2013 to 31 Dec 2013 RM'000 (Note 1)
Cash flows from operating activities		
Profit before tax	71,241	N/A
Adjustments for:		
Finance costs	2,106	N/A
Interest income	(514)	N/A
Government grant	(300)	N/A
Depreciation of property, plant and equipment	3,250	N/A
Amortisation of prepaid land lease payments	385	N/A
Reverse acquisition listing expense	29,582	N/A
Loss on disposal of subsidiaries	17	N/A
Unrealised foreign exchange gain	(3,290)	N/A
Operating profit before working capital changes	102,477	N/A
Changes in current assets and liabilities		
Decrease in inventories	4,364	N/A
Decrease in trade receivables	40,780	N/A
Increase in other receivables	(2,307)	N/A
Decrease in trade payables	(53,766)	N/A
Decrease in other payables	(13,494)	N/A
Cash flows generated from operations	78,054	N/A
Interest paid	(1,706)	N/A
Income tax paid	(31,884)	N/A
Net cash generated from operating activities	44,464	N/A
Cash flows from investing activities		
Additions of property, plant and equipment	(270)	N/A
Proceeds of disposal of available-for-sale investment	1,478	N/A
Acquisition of the subsidiaries, net of cash and cash equivalents acquired	404	N/A
Interest income	514	N/A
Proceeds of disposal of subsidiaries, net of cash and cash equivalents disposed	(9)	N/A
Net cash generated from investing activities	2,117	N/A
Cash flows from financing activities		
Proceeds of issuance of share capital	60,000	N/A
Net cash generated from financing activities	60,000	N/A
Net increase in cash and cash equivalents	106,581	N/A
Cash and cash equivalents at beginning of year	81,769	N/A
Effects of exchange rate changes on cash and cash equivalents	4,581	N/A
	86,350	N/A
Cash and cash equivalents at end of year	192,931	N/A

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

Unaudited Consolidated Statement of Cash Flows (Continued)

	Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000	Preceding Period from 1 Jan 2013 to 31 Dec 2013 RM'000 (Note 1)
Cash and cash equivalents comprise the following:		
Cash and bank balances	192,931	N/A

Note 1:

There are no comparative figures for the preceding corresponding period being presented due to the Reverse Acquisition as explained in Note A2.1(i) to this interim financial statements. SGGL being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

Note 2:

The audited consolidated statement of cash flows of the Group for the financial year ended 31 January 2013 is enclosed as Appendix IV to this interim financial statements.

The Unaudited Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to this interim financial statements.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The latest unaudited Statement of Financial Position of SGGL as at 31 December 2013 has been presented as the comparative Statement of Financial Position, due to the Reverse Acquisition as explained in Note A2.1 below. SGGL being a non-listed public limited company had not prepared any interim financial statements prior to the Reverse Acquisition.

The accounting policies and methods of computation adopted in this interim financial statements are consistent with those adopted in the unaudited financial statements of SGGL for the year ended 31 December 2013. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries (the “Group”).

The financial year end of the Company was changed from 31 January 2014 to 31 December 2014 on 13 December 2013.

A2 Significant Accounting Policies

A2.1 MFRS 3: Business Combinations – Reverse Acquisition

On 23 May 2013 and 8 January 2014, the Company entered into a share sale agreement and a supplemental share sale agreement respectively with the vendors, Testa Holdings Limited (“Testa”), Fox Empire Group Limited, Hong Kong Hongsheng Investment Company Limited and Superb First Limited, for the acquisition from them of the entire issued and paid-up share capital of SGGL. The total consideration for the Reverse Acquisition amounted to RM210 million and was satisfied by the issuance of 1.9 billion new ordinary shares of the Company of RM0.10 each at an issue price of RM0.1105 per share. Upon completion of the Reverse Acquisition on 29 April 2014, the Company became the legal holding company of SGGL and Testa became the controlling shareholder of the Company.

In accordance with MFRS 3: Business Combinations, the aforementioned business combination between the Company and SGGL is treated as a reverse acquisition whereby for accounting purposes, the accounting acquirer is SGGL while the accounting acquiree is the Company.

Under the reverse acquisition method of accounting, even though the consolidated financial statements of the combined entity are issued under the name of the legal holding company, that is, the Company, the consolidated financial statements represents a continuation of the historical financial statements of the legal subsidiary, that is, SGGL.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A2 Significant Accounting Policies (continued)

A2.1 MFRS 3: Business Combinations – Reverse Acquisition (continued)

Accordingly:

- i) the results of the Group, prior to the completion of the Reverse Acquisition, for the period from 1 January 2014 to 28 April 2014 has been treated as pre-acquisition reserve. Hence, the current period-to-date of the consolidated Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows relates to the period from 1 January 2014 to 31 December 2014.

No comparative figures are presented for these statements as SGGL, a non-listed public limited liability company, had not prepared any interim financial statements prior to the Reverse Acquisition.

- ii) the latest unaudited Statement of Financial Position of SGGL as at 31 December 2013 has been presented as the comparative Statement of Financial Position.
- iii) the amount recognised as issued share capital in the consolidated Statement of Financial Position shall be determined by adding issued equity of SGGL (the legal subsidiary) immediately before the business combination to the cost of the combination determined. However, the share capital appearing in the consolidated Statement of Financial Position shall reflect the share capital of the Company (the legal holding), including the share capital issued by the Company to effect the combination, in total of RM234,850,000.
- iv) the share-based payment expense amounting to RM29,582,000 which arose from the reverse acquisition accounting had been recognised as reverse acquisition listing expense and expensed off in the Statement of Profit or Loss. This reverse acquisition listing expense is derived as follows:

The fair value of the identifiable assets and liabilities of the Company and its subsidiaries
as at 29 April 2014:

	RM'000
Property, plant and equipment	17
Other receivables	920
Cash and cash equivalents	404
Other payables	(7,075)
Amount due to a director	(2,619)
<hr/>	
Total identifiable net liabilities	(8,353)
Deemed purchase consideration of the Company by SGGL	(21,229)
<hr/>	
Share-based payment expense	(29,582)

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A2 Significant Accounting Policies (continued)

A2.1 MFRS 3: Business Combinations – Reverse Acquisition (continued)

v) The reverse acquisition reserve as at 29 April 2014 is derived as follows:

	RM'000
Issued and paid-up share capital of the Company immediately before Reverse Acquisition	14,850
Share premium of the Company immediately before Reverse Acquisition	409
New shares issued by the Company to acquire SGGL	190,000
Share premium arises from new shares issued by the Company to acquire SGGL	20,000
Reversal of issued and paid-up share capital of SGGL pursuant to Reverse Acquisition	(36,204)
Reversal of share premium of SGGL pursuant to Reverse Acquisition	(13,276)
Deemed purchase consideration of the Company by SGGL	(21,229)
<hr/>	
Reverse acquisition reserve	<hr/> 154,550 <hr/>

A2.2 Adoption of new MFRSs

The adoption of the following new standards and interpretations effective for the annual financial period beginning on or after 1 January 2014 have no significant impact to the Group:

- Amendments to MFRS 10 Consolidated Financial Statements : Investment Entities
- Amendments to MFRS 12 Disclosure of Interest in Other Entities : Investment Entities
- Amendments to MFRS 127 Separate Financial Statements (2011) : Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)
- Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136 Recoverable Amount Disclosure for Non-Financial Assets
- Amendments to MFRS 139 Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21 Levies

The Group has not adopted the following new MFRSs and pronouncements:

Effective for annual financial periods beginning on or after 1 July 2014

- Amendments to MFRS 119 Defined Benefit Plans : Employee Contributions
- Amendments to MFRSs Annual Improvements 2010 – 2012 Cycle
- Amendments to MFRSs Annual Improvements 2011 – 2013 Cycle

Effective for annual financial periods beginning on or after 1 January 2016

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A2 Significant Accounting Policies (continued)

A2.2 Adoption of new MFRSs (continued)

- Amendments to MFRS 116 and MFRS 141 Agriculture : Bearer Plants
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRSs Annual Improvements to 2012 – 2014 Cycle
- Amendments to MFRS 101 Disclosure Initiative
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities : Applying the Consolidation Exception

Effective for annual financial periods beginning on or after 1 January 2017

- MFRS 15 Revenue from Contracts with Customers

Effective for annual financial periods beginning on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

The Group anticipates that the adoption of above new/revised MFRS, amendments to MFRS and IC Interpretation will have no material impact on the financial statements of the Group in the period of initial application.

A3 Auditors' report on preceding annual financial statements

The Auditors' Report on the financial statements for the year ended 31 January 2013 was qualified with a disclaimer of opinion. Set out below is the extract of the Auditors' Report concerned for the year ended 31 January 2013 with regards to the qualification:

“Basis of Disclaimer of Opinion

- a) As disclosed in Note 33 to the financial statements, the Company had on 27 May 2011 announced to dispose of its subsidiary companies, namely Keywest Communications Inc. (“KCI”) and KeyWest Networks (Canada) Inc. (“KNI”). The disposals of these subsidiary companies were completed on 27 February 2012. Consequently, all the accounting records and information of KCI and KNI were transferred to the acquirer and the Company has no right to access to these accounting records and information subsequent to 27 February 2012. As such, the relevant accounting records and information of KCI and KNI were not made available to us during the audit for the financial year ended 31 January 2012 which was conducted subsequent to 27 February 2012.

In view of this, the unaudited management financial information of KCI and KNI were used for the preparation of the consolidated financial statements of the Group for the financial year ended 31 January 2012. Based on the unaudited management financial information, the financial contributions of KCI and KNI to the Group's assets and liabilities for the prior financial year were RM26,274,936 and RM22,049,935 respectively and the prior financial year's loss from these discontinued operations, net of tax is RM2,215,266; which is significant to the Group's prior financial year financial position and results.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A3 Auditors' report on preceding annual financial statements (continued)

The financial position and results of KCI and KNI at the date of disposal were prepared based on management estimate due to insufficient information as stated in the preceding paragraphs. Based on the unaudited management financial information, the current year's loss on disposal from these discontinued operations, net of tax is RM1,298,345 which is significant to the Group's financial results.

We are unable to obtain sufficient appropriate audit evidence on the comparative information and whether the opening balance contain misstatements that may materially affect the current year's financial statements. We are also unable to ascertain the possible adjustments, if any, that may be required to be made to the current financial year Group's results and cash flows had the relevant accounting records and information of KCI and KNI up to the date of disposal were made available for our audit purposes.

- b) As disclosed in Note 2.6 to the financial statements, the financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as going concern. The application of going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

The Group and the Company have capital deficiency of RM1,938,224 and RM1,944,237 respectively. The Group and the Company incurred net losses of RM6,284,057 and RM4,334,634 respectively during the financial year ended 31 January 2013 and as at that date, the Group's and the Company's current liabilities exceeded their current assets by RM1,956,680 and RM1,944,240 respectively. There is no revenue generated by the Group and the Company during the financial year ended 31 January 2013 as disclosed in Note 21 to the financial statements. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The going concern basis of preparing the financial statements of the Group and of the Company as stated in Note 2.6 to the financial statements may be inappropriate.

On 31 May 2012, the Company announced that it becomes an Affected Listed Issuer pursuant to Guidance Note 3 ("GN 3") of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market. The Company is in the midst of evaluating various options in its endeavour to formulate a regularisation plan to meet its obligations pursuant to GN 3 of the Listing Requirements of Bursa Securities.

The Directors had not performed a detailed assessment on the Group's and the Company's ability to continue as a going concern, and we were not made available of any management's plan to deal with these events or conditions. We were unable to obtain sufficient appropriate audit evidence regarding the ability of the Group and of the Company to achieve sustainable and viable operations and to generate adequate cash flows for its operating activities. Accordingly, we are unable to satisfy ourselves as to whether the use of going concern basis in the preparation of the financial statements of the Group and of the Company is appropriate. Had the going concern basis used in the preparation of the financial statements of the Group and of the Company is considered inappropriate, adjustments relating to the amounts and classifications of assets and liabilities may be required.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A3 Auditors' report on preceding annual financial statements (continued)

Disclaimer of Opinion

Because of the significant of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, we do not express an opinion on the financial statements."

The Group and the Company are now going concerns following the implementation of the regularisation plan.

A4 Segment information

The Group has two (2) reportable segments:

- (a) Branded products – consist of peanut oil, blended oil, repackaged soybean oil and corn oil.; and
- (b) Non-branded products – consist of non-branded peanut oil and peanut protein cake.

As the Group's chief decision maker relies on internal reports which are similar to those currently disclosed externally, no further segment analysis is available for disclosure except for the following entity-wide disclosures as required by MFRS 8:

Revenue by products

	Individual Period		Cumulative Period	
	Current Period from 1 Oct 2014 to 31 Dec 2014 RM'000	Preceding Corresponding Period from 1 Oct 2013 to 31 Dec 2013 RM'000	Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000	Preceding Corresponding Period from 1 Jan 2013 to 31 Dec 2013 RM'000
Revenue				
Branded products	104,092	N/A	404,969	N/A
Non-branded products	151,414	N/A	576,648	N/A
	255,506	N/A	981,617	N/A

Gross profit by products

Gross Profit				
Branded products	21,621	N/A	80,077	N/A
Non-branded products	20,612	N/A	74,626	N/A
	42,233	N/A	154,703	N/A

The Group's assets and liabilities are managed on a group-wide basis and are not allocated to any of the operating segments.

The Group's business is entirely operated within the People's Republic of China ("PRC"), and therefore no segment information based on geographical location is presented.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A5 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence during the current financial quarter other than the sales incentive charge of RM14.7 million disclosed in Note B2.

A6 Material changes in estimates

There were no changes in estimates of amounts reported in a prior financial quarter/period or a prior financial year that have a material effect on the current financial quarter.

A7 Seasonal or cyclical factors

Peanut (the Group's primary raw material) is an agricultural product and as such, its availability is determined by seasonality, weather conditions as well as other environmental factors. The Group's product lines which also include soybean oil and corn oil in addition to peanut oil to a certain degree reduce the seasonal and cyclicity effects.

A8 Dividend paid

No dividends have been paid during the current financial quarter and year-to-date.

A9 Carrying amount of revalued assets

The Group does not have a policy of revaluing its property, plant and equipment.

A10 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial quarter and year-to-date.

A11 Changes in the composition of the Group

On 31 December 2014, the Company disposed its entire equity interests in two (2) wholly-owned subsidiaries, namely Voicestar Communications Sdn. Bhd. and Full Deal Sdn. Bhd., both of which were dormant/inactive for a cash consideration of RM2.00 per subsidiary ("Disposals").

Other than the above, there were no changes in the composition of the Group during the current financial quarter.

A12 Capital commitments

There were no capital commitments as at 31 December 2014.

A13 Contingent liabilities and contingent assets

The Group has no contingent liabilities or contingent assets since the end of the last financial year.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A14 Material events during the period under review and subsequent to the end of the current financial quarter

On 1 October 2014, the Company announced to undertake the following proposals:

- (a) a proposed call option arrangement, whereby the Company will grant up to 2,340,000 call options to Macquarie Bank Limited (“Macquarie”) or its nominated group entity (“Macquarie Bank”), which entitles Macquarie Bank to subscribe for up to 234,000,000 new ordinary shares of RM0.10 each in the Company (“Shares”) (“Proposed Call Option Arrangement”); and
- (b) a proposed bonus issue of up to 1,291,250,000 warrants in the Company (“Warrant(s)”), on the basis of one (1) Warrant for every two (2) existing Shares held by entitled shareholders on an entitlement date to be determined by the board of directors of the Company (“Proposed Bonus Issue of Warrants”).

The Company and Macquarie had on 25 November 2014 mutually agreed to terminate the letter of commitment and term sheet in relation to the Proposed Call Option Agreement.

Notwithstanding the above, the Proposed Bonus Issue of Warrants was to proceed in the manner as announced on 1 October 2014.

On 28 November 2014 and 3 December 2014, the Company announced that the exercise price per Warrant be changed from RM0.15 to RM0.10 to reflect the current trading price level of the Company’s Shares.

Bursa Securities has, vide its letter dated 6 January 2015, approved the Proposed Bonus Issue of Warrants as follows:

- (i) admission of the Warrants to the Official List of Bursa Securities and the listing and quotation of 1,174,250,000 Warrants to be issued; and
- (ii) the listing and quotation of up to 1,174,250,000 Shares to be issued pursuant to the exercise of the Warrants.

The abovementioned approval is subject to, amongst others, the following conditions:

- (i) the Company and Mercury Securities Sdn. Bhd. must fully comply with the relevant provisions under the ACE Market Listing Requirements pertaining to the implementation of the Proposed Bonus Issue of Warrants;
- (ii) the Company and Mercury Securities Sdn. Bhd. to inform Bursa Securities upon the completion of the Proposed Bonus Issue of Warrants;
- (iii) the Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Bonus Issue of Warrants is completed; and

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

A14 Material events during the period under review and subsequent to the end of the current financial quarter (continued)

- (iv) the Warrants are subject to the similar moratorium as imposed on Testa by Bursa Securities pursuant to the Company's regularisation plan whereby Testa must ensure that:
- (a) its aggregate shareholdings amounting to at least 45% of the Company's enlarged issued and paid-up capital remain under moratorium for a further six (6) months from the initial six (6)-month moratorium; and
 - (b) thereafter, Testa may sell, transfer or assign up to a maximum of one-third per annum (on a straight line basis) of its Shares held under moratorium.

The Proposed Bonus Issue of Warrants was approved at the Extraordinary General Meeting held on 26 February 2015.

Other than the above and the Disposals as disclosed in Note A11, there were no material events during the current financial quarter and subsequent to the end of the current financial quarter, which have not been reflected in this interim financial statements.

A15 Significant Related Party Transactions

	Individual Period		Cumulative Period	
	Current Period from 1 Oct 2014 to 31 Dec 2014 RM'000	Preceding Corresponding Period from 1 Oct 2013 to 31 Dec 2013 RM'000	Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000	Preceding Corresponding Period from 1 Jan 2013 to 31 Dec 2013 RM'000
Rental expense payable to a director	11	N/A	29	N/A

There are no comparative figures for the individual and cumulative preceding corresponding periods as no interim financial statements were prepared for the financial periods concerned.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance

The Group recorded revenue of RM255.5 million for the current financial quarter and RM981.6 million for the period from 1 January 2014 to 31 December 2014 (“year-to-date”). The Group’s gross profit margin for the current financial quarter and year-to-date was fairly consistent at about 16%. This was achieved due to tight control over the purchase cost of raw materials.

The Group recorded a profit before tax of RM16.7 million and RM71.2 million for the current financial quarter and year-to-date respectively. On completion of the Reverse Acquisition as detailed in Note A2.1(iv), the Group incurred a charge to its Statement of Profit or Loss for a one-off reverse acquisition listing expense of RM29.6 million.

If not for this reverse acquisition listing expense, the Group would have achieved a year-to-date profit before tax of RM100.8 million.

No comparison of the current financial quarter’s results can be made with that of the preceding financial year’s corresponding quarter as the Group did not prepare any interim financial statements for the corresponding quarter concerned.

B2 Material change in profit before taxation

The Group’s revenue for the current financial quarter increased by 19.9% to RM255.5 million from that of RM213.1 million in the previous financial quarter.

Despite the increased revenue, the Group’s profit before tax for the current financial quarter declined to RM16.7 million from the profit before tax of RM21.4 million in the previous financial quarter. This decrease in profitability was mainly attributed to the increase in selling expenses in relation to the sales incentive charge of RM14.7 million to its Statement of Profit or Loss in the current financial quarter.

B3 Current year prospects

The Group is confident that the rising disposable income and standard of living in the PRC as well as the increased health awareness among consumers will create a robust demand for high quality branded edible oil. The Group also seeks to expand further in its existing markets and bolster the sales of its branded oil through strengthening its market presence and brand recognition via marketing and branding campaigns.

Premised on the above, the Group is optimistic that it can deliver profitable results for the forthcoming current financial year.

B4 Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax with profit forecast and shortfall in profit guarantee are not applicable.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

B5 Income tax expense

Income tax expense comprises the following:

	Individual Current Period from 1 Oct 2014 to 31 Dec 2014 RM'000	Cumulative Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000
Current quarter/year expense:		
PRC income tax	5,048	27,453
PRC withholding tax	616	616
	5,664	28,069
Effective income tax rate	30.2%	38.5%

The Group's effective PRC income tax rates for the current financial quarter and year-to-date are higher than the applicable PRC's income tax rate of 25% due to the non-deductibility of certain expenses for tax purposes.

B6 Status of corporate proposals announced

- (i) The utilisation of the gross proceeds from the private placement of 300 million new ordinary shares of RM0.10 each to selected investors at an issue price of RM0.20 is as follows:

<u>Purposes</u>	<u>Estimated timeframe for utilisation from 24 April 2014</u>	<u>Proposed utilisation (RM'000)</u>	<u>Actual utilisation up to 23 February 2015 (RM'000)</u>
i) Branding	Within 24 months	23,600	16,188
ii) Marketing	Within 12 months	23,600	18,787
iii) Defraying estimated expenses	Immediate	7,600	7,600
iv) Working capital	On-going	5,200	5,200
Total		60,000	47,775

- (ii) As disclosed in the Company's Circular To Shareholders dated 4 March 2014 in connection with the regularisation plan, Testa has unconditionally and irrecoverably guaranteed that the audited profit after tax of Henan Xinghe Oil and Fat Company Limited ("Henan Xinghe") shall not be less than the sum of RMB135 million (approximately RM76.7 million based on the exchange rate of RMB1:RM0.5685 as at 31 December 2014) for each of the three (3) financial years ended/ending ("FYE") 31 December 2013, 2014 and 2015.

Based on the audited financial statements of Henan Xinghe for the FYE 31 December 2013, Henan Xinghe has recorded a profit after tax of RMB152.7 million (approximately RM86.8 million based on the exchange rate of RMB1:RM0.5685 as at 31 December 2014), and hence the profit guarantee for the FYE 31 December 2013 is met.

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

B6 Status of corporate proposals announced (continued)

Other than the above and the Proposed Bonus Issue of Warrants as disclosed in Note A14, there were no other corporate proposals announced but not completed as at 23 February 2015.

B7 Borrowings and debt securities

The Group's borrowings as at 31 December 2014 are as follows:

	RM'000
NON-CURRENT	
Unsecured borrowings	23,876

All the borrowings are denominated in Renminbi, the functional currency of the primary operating subsidiary in the PRC.

The above borrowings consisting of two (2) separate loan agreements with Henan Agric. Synthesis Exploitation Company were extended on 10 March 2014 for another three (3) years to 17 March 2017 with all other terms remaining unchanged.

B8 Material litigation

The Group has no material litigations pending as of 23 February 2015.

B9 Dividend payable

No dividend has been declared or recommended for the current financial quarter and year-to-date.

B10 Earnings per share

(a) Basic earnings per share

The basic earnings per share is 0.42 sen and 2.11 sen for the current financial quarter and year-to-date respectively.

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Individual Current Period from 1 Oct 2014 to 31 Dec 2014	Cumulative Current Period from 1 Jan 2014 to 31 Dec 2014
Earnings for the period attributable to owners of the Company (RM'000)	9,939	36,103
Weighted average number of ordinary shares in issue ('000)	2,348,500	1,709,048

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

B10 Earnings per share (continued)

(b) Diluted earnings per share

The Company does not have any convertible securities as at the reporting date and therefore, the diluted earnings per share is the same as the basic earnings per share.

B11 Profit before tax

Profit before tax is derived after taking into account of the following income/(expenses) items:

	Individual Current Period from 1 Oct 2014 to 31 Dec 2014 RM'000	Cumulative Current Period from 1 Jan 2014 to 31 Dec 2014 RM'000
Interest income	173	514
Government grant	300	300
Other income	-	-
Interest expenses	(840)	(2,106)
Depreciation and amortisation	(898)	(3,635)
Provision for and write off of receivables	-	-
Provision for and write off of inventories	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Foreign exchange gain or loss	-	-
Gain or loss on derivatives	-	-
Loss on disposal of subsidiaries	(17)	(17)
Reverse acquisition listing expense	-	(29,582)
Unrealised foreign exchange gain	3,290	3,290

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

B12 Realised and unrealised profits/losses

	31 Dec 2014	31 Dec 2013
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	166,281	143,521
- Unrealised	1,138	(1,536)
	<hr/>	<hr/>
	167,419	141,985
Consolidation adjustments	(5,970)	(16,639)
	<hr/>	<hr/>
	161,449	125,346
	<hr/>	<hr/>

By Order of the Board

Datuk Tan Leh Kiah
Lim Chien Joo
Company Secretaries
27 February 2015

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

APPENDIX I - Consolidated Statement of Profit or Loss and Other Comprehensive Income

	31 Jan 2013
	RM'000
Continuing operations	
Revenue	-
Cost of sales	-
Gross profit	-
Other income	76
Administrative expenses	(1,195)
Other expenses	(2,730)
Finance costs	(51)
Loss before tax	(3,900)
Income tax expense	-
Loss from continuing operations, net of tax	(3,900)
Discontinued operations	
Loss from discontinued operations, net of tax	(2,384)
Loss for the year	(6,284)
Other comprehensive income	
Realisation of reserve upon disposal of assets held for sale	1,353
	(4,931)
Loss per share attributable to owners of the Company	
- Basic (sen)	(4.23)

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

APPENDIX II - Consolidated Statement of Financial Position

	31 Jan 2013
	RM'000
	(Audited)
NON-CURRENT ASSETS	
Property, plant and equipment	18
	18
CURRENT ASSETS	
Trade and other receivables	252
Tax receivables	49
Cash and bank balances	9
	310
TOTAL ASSETS	328
EQUITY AND LIABILITIES	
Equity attributable to owners of the Company	
Share capital	14,850
Share premium	409
Retained earnings	(17,197)
Equity attributable to owners of the Company	(1,938)
TOTAL EQUITY	(1,938)
NON-CURRENT LIABILITIES	
Borrowings	-
	-
CURRENT LIABILITIES	
Trade and other payables	1,487
Provision for liabilities	-
Deferred revenue	-
Borrowings	779
	2,266
Liabilities for subsidiaries held for sale	-
TOTAL LIABILITIES	2,266
TOTAL EQUITY AND LIABILITIES	328
Net liabilities per share (RM)	(0.01)

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

APPENDIX III - Consolidated Statement of Changes in Equity

	Share capital RM'000	Share premium RM'000	Reserve classified as held for sale RM'000	Accumulated losses RM'000	Total equity RM'000
At 1 February 2012	14,850	409	(1,353)	(7,346)	2,993
Total comprehensive income	-		1,353	(6,284)	(4,931)
At 31 January 2013	14,850	409		(17,197)	(1,938)

XingHe Holdings Berhad

(formerly known as Key West Global Telecommunications Berhad) (Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Period Ended 31 December 2014

APPENDIX IV - Consolidated Statement of Cash Flows

	31 Jan 2013 RM'000 (Audited)
Cash flows from operating activities	
Loss before tax from continuing operations	(3,900)
Loss before tax from discontinued operations	(2,384)
Loss before tax, total	(6,284)
Adjustment for:	
Interest expenses	51
Bad debts written off	441
Impairment loss on receivables	2,395
Depreciation on property, plant and equipment	7
Gain on disposal of property, plant and equipment	(76)
Loss on disposal of assets held for sale	1,298
Impairment on assets held for sales	1,086
Operating loss before working capital changes	(1,082)
Changes in current assets and liabilities	
Trade and other receivables	(726)
Trade and other payables	(638)
Cash flows used in operations	(2,446)
Interest paid	(51)
Net cash used in operating activities	(2,497)
Cash flows from investing activities	
Proceeds from disposal of property, plant and equipment	129
Proceeds from disposal of assets held for sale	2,927
Net cash generated from investing activities	3,056
Cash flows from financing activities	
Payment of finance lease payables	(131)
Net cash used in financing activities	(131)
Net increase in cash and cash equivalents	428
Cash and cash equivalents at beginning of period	(1,198)
Cash and cash equivalents at end of period	(770)
Cash and cash equivalents comprise the following	
Cash and bank balances	9
Bank overdraft	(779)
	(770)