



## **XingHe Holdings Berhad**

(Company No. 643114-X)

(Incorporated in Malaysia)

### **INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER FROM 1 JANUARY 2018 TO 31 MARCH 2018**

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# XingHe Holdings Berhad

(Company No. 643114-X)

(Incorporated in Malaysia)

## Interim Financial Statements for the Financial Quarter Ended 31 March 2018

### Consolidated Statement of Profit or Loss (Unaudited)

	Note	Individual Period		Cumulative Period	
		Current Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Period from 1 Jan 2017 to 31 Mar 2017 RM'000	Current Year from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Year from 1 Jan 2017 to 31 Mar 2017 RM'000
<b>Revenue</b>	A4	<b>13,914</b>	203,782	<b>13,914</b>	203,782
Cost of sales		<b>(14,681)</b>	(175,873)	<b>(14,681)</b>	(175,873)
<b>Gross (loss)/profit</b>	A4	<b>(767)</b>	27,909	<b>(767)</b>	27,909
Other income		<b>500</b>	431	<b>500</b>	431
Selling and distribution costs		<b>(340)</b>	(3,169)	<b>(340)</b>	(3,169)
Administrative expenses		<b>(1,682)</b>	(2,230)	<b>(1,682)</b>	(2,230)
Finance costs		-	(507)	-	(507)
Unrealised foreign exchange gain		<b>5,173</b>	566	<b>5,173</b>	566
<b>Profit before tax</b>	B11	<b>2,884</b>	23,000	<b>2,884</b>	23,000
Tax expense	B5	-	(5,748)	-	(5,748)
<b>Profit for the period</b>		<b>2,884</b>	17,252	<b>2,884</b>	17,252
<b>Attributable to:</b>					
Owners of the Company		<b>3,042</b>	15,718	<b>3,042</b>	15,718
Non-controlling interests		<b>(158)</b>	1,534	<b>(158)</b>	1,534
		<b>2,884</b>	17,252	<b>2,884</b>	17,252
Earnings per share attributable to owners of the Company					
- Basic (sen)	B10	<b>0.12</b>	0.67	<b>0.12</b>	0.67

The Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

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## Interim Financial Statements for the Financial Quarter Ended 31 March 2018

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### Consolidated Statement of Other Comprehensive Income (Unaudited)

	Individual Period		Cumulative Period	
	Current Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Period from 1 Jan 2017 to 31 Mar 2017 RM'000	Current Year from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Year from 1 Jan 2017 to 31 Mar 2017 RM'000
<b>Profit for the period</b>	<b>2,884</b>	17,252	<b>2,884</b>	17,252
<b>Other comprehensive loss</b>				
Foreign currency translations	(12,165)	(2,214)	(12,165)	(2,214)
<b>Total comprehensive (loss)/income for the period</b>	<b>(9,281)</b>	15,038	<b>(9,281)</b>	15,038
<b>Attributable to:</b>				
Owners of the Company	(9,163)	13,701	(9,163)	13,701
Non-controlling interests	(118)	1,337	(118)	1,337
	<b>(9,281)</b>	15,038	<b>(9,281)</b>	15,038

The Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

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### Consolidated Statement of Financial Position

	<b>31 Mar 2018</b>	31 Dec 2017
	<b>RM'000</b>	RM'000
	<b>(Unaudited)</b>	(Audited)
		(Restated)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	<b>16,409</b>	17,234
Land use rights	<b>11,236</b>	11,481
	<b>27,645</b>	28,715
<b>CURRENT ASSETS</b>		
Inventories	<b>9,687</b>	11,517
Trade and other receivables	<b>7,261</b>	70,473
Current tax assets	<b>1,569</b>	1,590
Cash and bank balances	<b>499,300</b>	431,470
	<b>517,817</b>	515,050
<b>TOTAL ASSETS</b>	<b>545,462</b>	543,765
<b>EQUITY AND LIABILITIES</b>		
Share capital	<b>296,709</b>	285,259
Reserves	<b>179,027</b>	188,190
Equity attributable to owners of the Company	<b>475,736</b>	473,449
Non-controlling interests	<b>41,246</b>	41,364
<b>TOTAL EQUITY</b>	<b>516,982</b>	514,813
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	<b>3,228</b>	3,272
Deferred tax liabilities	<b>15,343</b>	15,343
	<b>18,571</b>	18,615
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>9,304</b>	9,637
Government grant	<b>605</b>	700
	<b>9,909</b>	10,337
<b>TOTAL LIABILITIES</b>	<b>28,480</b>	28,952
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>545,462</b>	543,765
Net assets per share (sen)	<b>20.1</b>	21.9

The Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

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## Interim Financial Statements for the Financial Quarter Ended 31 March 2018

### Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to the owners of the Company							Total	Non-controlling Interests	Total
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
At 31 December 2016	234,850	50,409	3,983	18,901	(154,550)	89,012	265,391	507,996	42,792	550,788
Effects of adoption of MFRS 9	-	-	-	-	-	-	(3,163)	(3,163)	(307)	(3,470)
At 1 January 2017 (Restated)	234,850	50,409	3,983	18,901	(154,550)	89,012	262,228	504,833	42,485	547,318
Transition to no par value regime on 31 January 2017	50,409	(50,409)	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	15,718	15,718	1,534	17,252
Foreign currency translation, net of tax	-	-	-	-	-	(2,017)	-	(2,017)	(197)	(2,214)
Total comprehensive (loss)/income	-	-	-	-	-	(2,017)	15,718	13,701	1,337	15,038
At 31 March 2017 (Restated)	285,259	-	3,983	18,901	(154,550)	86,995	277,946	518,534	43,822	562,356

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### Consolidated Statement of Changes in Equity (Unaudited) (Continued)

	Attributable to the owners of the Company							Total	Non-controlling Interests	Total
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Statutory reserve RM'000	Reverse acquisition reserve RM'000	Exchange translation reserve RM'000	Retained earnings RM'000			
At 31 December 2017	285,259	-	3,983	18,901	(154,550)	61,459	258,707	473,759	41,394	515,153
Effects of adoption of MFRS 9	-	-	-	-	-	-	(310)	(310)	(30)	(340)
At 1 January 2018 (Restated)	285,259	-	3,983	18,901	(154,550)	61,459	258,397	473,449	41,364	514,813
<b>Transactions with owners of the Company</b>										
Issue of shares pursuant to private placement	11,900	-	-	-	-	-	-	11,900	-	11,900
Share issue expenses written-off against share premium in accordance with Section 618(3) of the Companies Act 2016	(450)	-	-	-	-	-	-	(450)	-	(450)
	11,450	-	-	-	-	-	-	11,450	-	11,450
Profit for the period	-	-	-	-	-	-	3,042	3,042	(158)	2,884
Foreign currency translation, net of tax	-	-	-	-	-	(12,205)	-	(12,205)	40	(12,165)
Total comprehensive loss	-	-	-	-	-	(12,205)	3,042	(9,163)	(118)	(9,281)
<b>At 31 March 2018</b>	<b>296,709</b>	<b>-</b>	<b>3,983</b>	<b>18,901</b>	<b>(154,550)</b>	<b>49,254</b>	<b>261,439</b>	<b>475,736</b>	<b>41,246</b>	<b>516,982</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

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## Interim Financial Statements for the Financial Quarter Ended 31 March 2018

### Unaudited Consolidated Statement of Cash Flows

	<b>Current Year from 1 Jan 2018 to 31 Mar 2018 RM'000</b>	Preceding Year from 1 Jan 2017 to 31 Mar 2017 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,884	23,000
Adjustments for:		
Finance costs	-	507
Interest income	(413)	(341)
Allowance for doubtful debts written back	(310)	
Amortisation of government grant	(87)	(90)
Depreciation of property, plant and equipment	658	686
Amortisation of land use rights	94	97
Unrealised foreign exchange gain	(5,173)	(566)
Operating (loss)/profit before working capital changes	(2,347)	23,293
Changes in working capital:		
Inventories	1,677	(26,950)
Advances for peanut purchases	-	20,996
Receivables	67,526	176,920
Payables	(5,174)	2,734
Cash flows generated from operations	61,682	196,993
Interest paid	-	(507)
Tax paid	-	(5,532)
<b>Net cash generated from operating activities</b>	<b>61,682</b>	<b>190,954</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(57)	(253)
Interest income	413	341
<b>Net cash generated from investing activities</b>	<b>356</b>	<b>88</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	11,900	-
Share issue expenses	(450)	-
Proceeds from subscription of shares in a subsidiary company by non-controlling interest	10	-
Repayment of borrowings	-	(26,955)
<b>Net cash generated from/(used in) financing activities</b>	<b>11,460</b>	<b>(26,955)</b>
<b>Net increase in cash and cash equivalents</b>	<b>73,498</b>	<b>164,087</b>
Effects of exchange rate changes on cash and cash equivalents	(5,668)	(318)
<b>Cash and cash equivalents at beginning of period</b>	<b>431,470</b>	<b>77,545</b>
<b>Cash and cash equivalents at end of period</b>	<b>499,300</b>	<b>241,314</b>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	499,300	241,314

The Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to this interim financial statements.

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Interim Financial Statements for the Financial Quarter Ended 31 March 2018

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## A NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

### A1 Basis of preparation

The interim financial statements is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ["MFRS"] 134: *Interim Financial Reporting* and Rule 9.22 of the ACE Market Listing Requirements ["Listing Requirements"] of Bursa Malaysia Securities Berhad ["Bursa Securities"].

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and these explanatory notes.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2017.

### A2 Significant Accounting Policies

The accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2017 except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs, Amendments to MFRS and Interpretation that are effective for financial periods beginning on or after 1 January 2018.

Except for MFRS 9 *Financial Instruments*, the adoption of these new and revised MFRSs, Amendments to MFRS and Interpretation did not have any material impact on the interim financial statements upon their initial application.

#### MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* effective from 1 January 2018. MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets, amortised cost, fair value through profit and loss ["FVTPL"] and fair value through other comprehensive income ["FVOCI"]. The basis of classification depends on the entity's business model and the cash flow characteristics of the financial assets.

The Group's debt instruments that were previously classified as loans and receivables are classified as amortised cost. Equity instruments previously classified as available-for-sale are measured as FVOCI and financial assets previously designated at FVTPL will continue to be measured on the same basis under MFRS 9.

The Group adopted an Expected Credit Loss ["ECL"] model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward looking and recognises the impairment loss based on expected credit losses. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

The Group applied this new standard retrospectively from 1 January 2018, with the practical expedients permitted under the standard, where comparatives are not restated.



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The Group will refine the adjustments from the adoption of this new standard as facts and circumstances evolve during the financial year.

The impacts arising from the adoption of MFRS 9 are set out below:

	As previously reported as at 31 Dec 2017 RM'000	Adjustments Effects of adoption of MFRS 9 RM'000	Restated as at 1 January 2018 RM'000
<b>Consolidated Statement of Financial Position</b>			
<u>Current Assets</u>			
Trade and other receivables	<b>70,813</b>	(340)	<b>70,473</b>
<u>Equity and Liabilities</u>			
Retained earnings	<b>188,500</b>	(310)	<b>188,190</b>
Non-controlling interest	<b>41,397</b>	(30)	<b>41,364</b>

The Group has not adopted the following new MFRSs, Amendments to MFRSs and Interpretations issued by Malaysian Accounting Standards Board ["MASB"]:

### MFRS, Amendments to MFRSs and Interpretation effective 1 January 2019

MFRS 16	<i>Leases</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 119	<i>Plan amendment, Curtailment or Negative Compensation</i>
Amendments to MFRS 128	<i>Long-term interest in Associates and Joint Venture</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to MFRS Standards 2015-2017 Cycle	

### Amendments to MFRSs (deferred, effective dates to be announced by MASB)

MFRS 10 and MFRS 128#	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
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### MFRS effective 1 January 2021

MFRS 17#	<i>Insurance Contracts#</i>
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# Not applicable to the Group's existing operations

The Group is in the process of assessing the financial impacts on implementing the above pronouncements, which are applicable to the Group's existing operations, the effects of which would only be observable in the period of initial application.

### **A3 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

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### A4 Segment information

The Group has 3 reportable segments:

- (a) Branded products – peanut oil, blended oil, repackaged soybean oil and corn oil;
- (b) Non-branded products – non-branded peanut oil; and
- (c) Others – raw peanuts, peanut protein cake (a by-product) and other peanut by-products.

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:

	Individual Period		Cumulative Period	
	Current Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Period from 1 Jan 2017 to 31 Mar 2017 RM'000	Current Year from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Year from 1 Jan 2017 to 31 Mar 2017 RM'000
<b>Revenue by products</b>				
Branded products	2,853	80,130	2,853	80,130
Non-branded products	9,000	90,295	9,000	90,295
Others	2,061	33,357	2,061	33,357
	<b>13,914</b>	<b>203,782</b>	<b>13,914</b>	<b>203,782</b>
<b>Gross profit/(loss) by products</b>				
Branded products	260	12,477	260	12,477
Non-branded products	(940)	14,545	(940)	14,545
Others	(87)	887	(87)	887
	<b>(767)</b>	<b>27,909</b>	<b>(767)</b>	<b>27,909</b>

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, segment information based on geographical location is not presented.

### A5 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial year to-date.

### A6 Changes in estimates

There were no changes in estimates of amounts reported in a prior financial quarter of a prior financial year that have a material effect on the current financial year to-date.

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## **A7 Seasonality or cyclicalities of operations**

Peanut (the Group's primary input 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 cyclicalities effects.

## **A8 Dividends paid**

No dividends were paid by the Company during the current financial year to-date.

## **A9 Changes in debt and equity securities**

During the current financial year, Bursa Securities approved the Company's proposed private placement of up to 234,850,000 new ordinary shares. In pursuance thereof, the Company's issued ordinary share capital was increased from RM285,258,833 to RM297,158,833 by the following placements:

- (i) 200 million new ordinary shares at an issue price of 5.2 sen per share on 26 January 2018; and
- (ii) 25 million new ordinary shares at an issue price per share of 6.0 sen on 5 February 2018.

As of 24 February 2018, there is a balance of 9,850,000 ordinary shares to be issued and placed out pursuant to the above private placement.

As a consequence of the above placements, Perfect Timing Holdings Limited and Testa Holdings Limited, both of which were incorporated in the British Virgin Islands, ceased to be the Group's ultimate and immediate holding corporations respectively.

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the current financial year to-date.

## **A10 Changes in the composition of the Group**

There were no changes in the composition of the Group during the current financial quarter.

Subsequent to the end of the current financial quarter, the Company incorporated a wholly-owned subsidiary, XJ Marine Sdn. Bhd.

## **A11 Capital commitments**

At the end of the current financial quarter, the Group has no capital commitments.

## **A12 Contingent liabilities and contingent assets**

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

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## **A13 Material events subsequent to the end of the current financial quarter**

There were no material events subsequent to the end of the current financial quarter, which have not been reflected in the interim financial statements.

## **A14 Related party transactions**

The Group has no significant related party transactions during the current financial year to-date.

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## B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

### B1 Review of performance

	Individual Period		Changes (+/-) RM'000	%
	Current Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Preceding Corresponding Period from 1 Jan 2017 to 31 Mar 2017 RM'000		
Revenue	13,914	203,782	-189,868	-93.2
Profit before tax	2,884	23,000	-20,116	-87.5
Profit after tax	2,884	17,252	-14,368	-83.3
Profit attributable to owners of the Company	3,042	15,718	-12,676	-80.6

The production curbs imposed by the local authorities in PRC to cut emissions that would affect air quality which the Group experienced in the last two preceding financial quarters continued into the current financial quarter ["CFQ"]. These curbs together with the curtailment of natural gas supply to the Group's plant (started on 15 November 2017) during the CFQ due to the natural gas supplier's priority to supply gas to residential users for heating purposes caused the Group's plant in Neihuang, Henan Province to operate only 10 days during the CFQ (20 days in the preceding financial quarter). All these factors made it almost impossible for the Group to run its production for a reasonable of time to fulfil sales orders and as a consequence, the Group stopped accepting new orders for its products save and except where it has ready inventories on hand.

The above were the reasons for the year-on-year ["YoY"] decline of 93.2% in revenue to RM13.9 million for the CFQ from that of RM203.8 million achieved in the corresponding period in the last financial year.

Despite the above YoY drop in revenue, the Group managed to achieve a profit before and after tax of RM2.9 million for the CFQ. This was due to the unrealised foreign exchange gain of RM5.2 million which was not taxable.

As the unrealised foreign exchange gain was due to the Group's net investment in the PRC and Hong Kong subsidiaries, the profit attributable to owners of the Company for the CFQ was higher at RM3.0 million due to the loss attributable to non-controlling interests.

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## B2 Comments on material changes in profit before taxation

	<b>Current Period from 1 Jan 2018 to 31 Mar 2018 RM'000</b>	<b>Immediate Preceding Corresponding Period from 1 Oct 2017 to 31 Dec 2017 RM'000</b>	<b>Changes (+/-) RM'000</b>	<b>%</b>
Revenue	<b>13,914</b>	43,135	-29,221	-67.7
Profit before tax	<b>2,884</b>	(4,618)	-	-
Profit after tax	<b>2,884</b>	(17,302)	-	-
Profit attributable to owners of the Company	<b>3,042</b>	(16,425)	-	-

The Group's revenue for the CFQ of RM13.9 million decreased by 67.7% from that of RM43.1 million achieved in the preceding financial quarter. This decrease was mainly due to the production curbs, the curtailment of natural gas supply and reduced operating days as detailed in Note B1. In addition, the CFQ was also affected by seasonality due to the Lunar New Year festivities.

The losses incurred in the immediate preceding financial quarter was higher operating expenses compared with the CFQ, a write-down in inventories of RM2.4 million and the recognition of RM13.8 million in relation to the deferred tax on the temporary differences associated with the Group's share of its PRC subsidiaries and the tax base of investment in the subsidiaries based on the prevailing applicable withholding tax rate of 5%.

## B3 Commentary on prospects

As mentioned in Note B1, PRC's campaign against environmental pollution during the CFQ in its northern cities especially in the Beijing-Tianjin-Hebei region as well as cities in the smog-prone provinces of Shanxi, Shandong and Henan showed no signs of abating and this was evident by the fact that the Group's production plant located in Neihuang County only operated 5 days in April 2018.

The seriousness with which the PRC central government addresses pollution is indicated by its landmark environmental protection tax designed to reduce air, soil and water contamination which came into effect on 1 January 2018. This legislation taxes factories, power plants and other pollution emitters for releasing contaminants such as nitrogen oxide or sulphur dioxide at the rate of up to 12 yuan for each 0.95 kilogram of nitrogen oxide or sulphur dioxide released. In addition, PRC is also currently carrying out a revision of all its environmental regulations and until this revision is completed, the on-going production curbs would be continued to be applied at the discretion of the local authorities.

Premised on the above, the Group's earlier estimate of a recovery in its performance in the 2nd financial quarter of 2018 is at best uncertain and this uncertainty may last until the end of the 3rd financial quarter. In any case, the 2nd and 3rd financial quarters are normally low season for the Group's peanut oil production.

The Group's net investment in its PRC and Hong Kong subsidiaries is denominated in Renmimbi ["RMB"] and Hong Kong Dollars ["HK\$"] respectively and all of the Group's transactions denominated in RMB, hence ceteris paribus, the RMB and HK\$ parity with RM will also has an impact on the Group's results.

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## Interim Financial Statements for the Financial Quarter Ended 31 March 2018

### **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.

### **B5 Tax expense**

Despite a profit for the CFQ, the Group did not incur a taxation charge due to the non-taxability of the unrealised foreign exchange gain.

### **B6 Status of corporate proposals announced**

The on-going post-completion matter arising from the private placement referred to in Note A9 in relation to the utilisation of the proceeds of the placement proceeds is as set out below:

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation up to 24 May 2018 RM'000</b>	<b>Estimated timeframe for utilisation from 26 Jan 2018 (date of 1st placement)</b>
Working capital/Funding future investments or business projects in Malaysia	11,640	4,315	Within 24 months
Expenses relating to the private placement	260	260	Within 1 month
<b>Total proceeds</b>	<u>11,900</u>	<u>4,575</u>	

On 20 March 2018, the Company's subsidiary company, XingHe-Jefi Sdn. Bhd. (fka XingHe Marketing Sdn. Bhd.) entered into a Joint Venture and Shareholders Agreement ["JVSA"] with two third parties to jointly establish a company under the name "Sea Tuna Industry Sdn. Bhd. to undertake the business of tuna and other seafood processing and trading. The completion of this JVSA was extended on 18 May 2018 to 18 June 2018.

Save for the above and the balance of the ordinary shares to be placed out pursuant to the private placement as detailed in Note A9, there were no corporate proposals announced but not completed as at 24 May 2018.

### **B7 Borrowings and debt securities**

The Group has no borrowings and debt securities as at the end of the CFY.

### **B8 Material litigation**

The Group has no material litigation pending as of 24 May 2018.

### **B9 Dividends payable**

No dividend has been declared or recommended for the CFY to-date.

# XingHe Holdings Berhad

(Company No. 643114-X)

(Incorporated in Malaysia)

## Interim Financial Statements for the Financial Quarter Ended 31 March 2018

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### B10 Earnings per share

(a) Basic loss per share

The basic earnings per share of 0.12 sen for the CFQ and CFY to-date were derived as follows:

	<b>Individual current quarter from 1 Jan 2018 to 31 Mar 2018</b>	<b>Cumulative current year from 1 Jan 2018 to 31 Mar 2018</b>
Profit attributable to owners of the Company (RM'000)	<u>3,042</u>	<u>3,042</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,498,778</u>	<u>2,498,778</u>

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as the average market price of the ordinary shares during the CFQ was lower than the exercise price of the warrants and accordingly, the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary shares in issue as at the end of the CFQ.



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### B11 Profit before tax

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

	<b>Individual current quarter from 1 Jan 2018 to 31 Mar 2018 RM'000</b>	<b>Cumulative current year from 1 Jan 2018 to 31 Mar 2018 RM'000</b>
Interest income	413	413
Amortisation of government grant	87	87
Other income including investment income	-	-
Interest expenses	-	-
Depreciation of property, plant and equipment	(658)	(658)
Amortisation of land use rights	(94)	(94)
Provision for and write-off of inventories	-	-
Impairment of assets	-	-
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Allowance for doubtful debts written back	(310)	(310)
Gain or (loss) on derivatives	-	-
Foreign exchange gain or (loss)	5,173	5,173
Exceptional items (with details)	-	-

By Order of the Board

Datuk Tan Leh Kiah  
Lim Chien Joo (Ms)  
Company Secretaries

31 May 2018