



XingHe Holdings Berhad

(Company No. 643114-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL QUARTER FROM 1 JANUARY 2019 TO 31 MARCH 2019

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XingHe Holdings Berhad

(Company No. 643114-X)

(Incorporated in Malaysia)

Interim Financial Statements for the Financial Quarter Ended 31 March 2019

Consolidated Statement of Profit or Loss (Unaudited)

	Note	Individual Period		Cumulative Period	
		Current Period from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Current Year from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Year from 1 Jan 2018 to 31 Mar 2018 RM'000
Revenue	A4	268,456	13,914	268,456	13,914
Cost of sales		(262,593)	(14,681)	(262,593)	(14,681)
Gross profit/(loss)	A4	5,863	(767)	5,863	(767)
Other income		236	500	236	500
Selling and distribution costs		(200)	(340)	(200)	(340)
Administrative expenses		(1,831)	(1,682)	(1,831)	(1,682)
Finance costs		(2,156)	-	(2,156)	-
Unrealised foreign exchange gain		2,372	5,173	2,372	5,173
Profit before tax	B11	4,284	2,884	4,284	2,884
Tax expense	B5	(744)	-	(744)	-
Profit for the period		3,540	2,884	3,540	2,884
Attributable to:					
Owners of the Company		3,472	3,042	3,472	3,042
Non-controlling interests		68	(158)	68	(158)
		3,540	2,884	3,540	2,884
Earnings per share attributable to owners of the Company:					
Basic (sen)	B10	0.14	0.12	0.14	0.12

The Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

XingHe Holdings Berhad

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Consolidated Statement of Other Comprehensive Income (Unaudited)

	Individual Period		Cumulative Period	
	Current Period from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Current Year from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Year from 1 Jan 2018 to 31 Mar 2018 RM'000
Profit for the period	3,540	2,884	3,540	2,884
Other comprehensive income/(loss)				
Foreign currency translations	1,289	(12,165)	1,289	(12,165)
Total comprehensive income/(loss) for the period	4,829	(9,281)	4,829	(9,281)
Attributable to:				
Owners of the Company	4,761	(9,163)	4,761	(9,163)
Non-controlling interests	68	(118)	68	(118)
	4,829	(9,281)	4,829	(9,281)

The Consolidated Statement of Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Consolidated Statement of Financial Position

	31 Mar 2019	31 Dec 2018
	RM'000	RM'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	784	809
Land use rights	11,027	11,031
	<u>11,811</u>	<u>11,840</u>
CURRENT ASSETS		
Inventories	4,370	550
Trade and other receivables	440,839	306,392
Advances for peanut purchases	138,911	137,214
Current tax assets	659	1,226
Cash and bank balances	128,045	260,556
	<u>712,824</u>	<u>705,938</u>
TOTAL ASSETS	<u>724,635</u>	<u>717,778</u>
EQUITY AND LIABILITIES		
Share capital	296,763	296,693
Reserves	160,758	155,997
Equity attributable to owners of the Company	457,521	452,690
Non-controlling interests	41,128	41,060
TOTAL EQUITY	<u>498,649</u>	<u>493,750</u>
NON-CURRENT LIABILITIES		
Borrowings	89	95
Trade and other payables	3,192	3,169
Deferred tax liabilities	14,286	14,107
	<u>17,567</u>	<u>17,371</u>
CURRENT LIABILITIES		
Borrowings	198,168	196,763
Trade and other payables	10,251	9,894
	<u>208,419</u>	<u>206,657</u>
TOTAL LIABILITIES	<u>225,986</u>	<u>224,028</u>
TOTAL EQUITY AND LIABILITIES	<u>724,635</u>	<u>717,778</u>
Net assets per share (sen)	<u>19.4</u>	<u>19.2</u>

The Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Consolidated Statement of Changes in Equity (Unaudited)

	Attributable to the owners of the Company						Total	Non-controlling Interests	Total
	Share capital	Capital reserve	Statutory reserve	Reverse acquisition reserve	Exchange translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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
<u>Transactions with owners of the Company</u>									
Issue of ordinary 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)
At 31 March 2018	296,709	3,983	18,901	(154,550)	49,254	261,439	475,736	41,246	516,982

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

	Attributable to the owners of the Company					Retained earnings	Total	Non-controlling Interests	Total
	Share capital	Capital reserve	Statutory reserve	Reverse acquisition reserve	Exchange translation reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2018	296,693	3,983	18,901	(154,550)	52,856	234,807	452,690	41,060	493,750
<u>Transactions with owners of the Company</u>									
Issue of ordinary shares pursuant to exercise of warrants	70	-	-	-	-	-	70	-	70
	70	-	-	-	-	-	70	-	70
Profit for the period	-	-	-	-	-	3,472	3,472	68	3,540
Foreign currency translation, net of tax	-	-	-	-	1,289	-	1,289	-	1,289
Total comprehensive income	-	-	-	-	1,289	3,472	4,761	68	4,829
At 31 March 2019	296,763	3,983	18,901	(154,550)	54,145	238,279	457,521	41,128	498,649

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Consolidated Statement of Cash Flows

	Current Year from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Year from 1 Jan 2018 to 31 Mar 2018 RM'000
Cash flows from operating activities		
Profit before tax	4,284	2,884
Adjustments for:		
Finance costs	2,156	-
Interest income	(236)	(413)
Allowance for doubtful debts written back	-	(310)
Amortisation of government grant	-	(87)
Depreciation of property, plant and equipment	29	658
Amortisation of land use rights	83	94
Impairment of inventories	510	-
Unrealised foreign exchange gain	(2,372)	(5,173)
Operating profit/(loss) before working capital changes	4,454	(2,347)
Changes in working capital:		
Inventories	(4,327)	1,677
Advances for peanut purchases	(1,697)	-
Receivables	(129,531)	67,526
Payables	(1,406)	(5,174)
Cash flows (used in)/generated from operations	(132,507)	61,682
Interest paid	(2,156)	-
Net cash (used in)/generated from operating activities	(134,663)	61,682
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(57)
Interest income	236	413
Net cash generated from investing activities	236	356
Cash flows from financing activities		
Proceeds from issuance of shares	70	11,900
Share issue expenses	-	(450)
Proceeds from subscription of shares in a subsidiary company by non-controlling interest	-	10
Repayment of hire purchase liabilities	(5)	-
Net cash generated from financing activities	65	11,460
Net (decrease)/increase in cash and cash equivalents	(134,362)	73,498
Effects of exchange rate changes on cash and cash equivalents	1,851	(5,668)
Cash and cash equivalents at beginning of period	260,556	431,470
Cash and cash equivalents at end of period	128,045	499,300
Cash and cash equivalents comprise the following:		
Cash and bank balances	128,045	499,300

The Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to these interim financial statements.

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Interim Financial Statements for the Financial Quarter Ended 31 March 2019

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 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 2018 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 2018.

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 2018 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 2019.

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.

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

Amendments to MFRSs and Amendments to References to the Conceptual Framework in MFRS Standards effective 1 January 2020

Amendments to MFRS 3	<i>Business Combinations – Definition of a Business</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Definition of Material</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material</i>

Amendments to References to the Conceptual Framework in MFRS Standards (MFRSs 2*, 3, 6*, 14, 101, 108, 134, 137 and 138*, and IC Interpretations 12*, 19*, 20*, 22 and 132*)

MFRS effective 1 January 2021

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

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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 2018 was not qualified.

A4 Segment information

The Group has 4 reportable segments:

- (a) Raw peanuts;
- (b) Branded products – peanut oil, blended oil, repackaged soybean oil and corn oil;
- (c) Non-branded products – non-branded peanut oil; and
- (d) Others – 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 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Period from 1 Jan 2018 to 31 Mar 2018 RM'000	Current Year from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Year from 1 Jan 2018 to 31 Mar 2018 RM'000
Revenue by products				
Raw peanuts	265,639	-	265,639	-
Branded products	1,084	2,853	1,084	2,853
Non-branded products	1,536	9,000	1,536	9,000
Others	197	2,061	197	2,061
	268,456	13,914	268,456	13,914
Gross profit/(loss) by products				
Raw peanuts	4,904	-	4,904	-
Branded products	449	260	449	260
Non-branded products	658	(940)	658	(940)
Others	(148)	(87)	(148)	(87)
	5,863	(767)	5,863	(767)

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 income generating business is presently entirely operated within the People's Republic of China ["PRC"], and therefore, segment information based on geographical location is not presented.

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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 ["CFY"] 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 CFY to-date.

A7 Seasonality or cyclical nature 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 cyclical effects.

A8 Dividends paid

No dividends were paid by the Company during the CFY to-date.

A9 Changes in debt and equity securities

During the CFY to-date, the Company increased its issued ordinary share capital from RM296,693,184 to RM296,763,184 by the issuance of 700,000 new shares at an issue price of 10 sen per share on the exercise of warrants pursuant to the deed poll of 11 February 2015.

The above warrants had expired on 22 March 2019 and were delisted from the ACE Market of Bursa Securities on 25 March 2019.

Other than the above, there were no issuances, cancellations, repurchases, resales and repayments of debt and equity securities during the CFY 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 ["CFQ"].

A11 Commitments

At the end of the CFQ, the Group has the following commitments:

- (i) purchase of freezer equipment of RM1.9 million; and
- (ii) balance of the purchase price of RM90 million for acquisition of the prawn farm and related assets referred to in Note B6(i).

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 CFQ

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

A14 Related party transactions

The Group has no significant related party transactions during the CFY to-date.

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B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of performance

	Individual Period		Changes	
	Current Period from 1 Jan 2019 to 31 Mar 2019 RM'000	Preceding Corresponding Period from 1 Jan 2018 to 31 Mar 2018 RM'000	RM'000	%
Revenue	268,456	13,914	+254,542	+1,829.4
Profit before tax	4,284	2,884	+1,400	+48.5
Profit after tax	3,540	2,884	+656	+22.7
Profit attributable to owners of the Company	3,472	3,042	+430	+14.1

As anticipated earlier, the Group's plant in Neihuang, Henan Province continued to face production curbs during the CFQ due to anti-pollution measures. The plant operated 5 days during the CFQ, a reduction from 10 days in the previous year corresponding quarter. As a consequence, the Group's revenue from its edible oil and peanut by-products for the CFQ dropped to RM2.8 million from that of RM13.9 million achieved in the previous year corresponding quarter. This decrease in revenue was compensated by the revenue from raw peanuts trading of RM265.6 million for the CFQ. The Group did not have any revenue from the raw peanuts trading in the previous year corresponding quarter.

The above revenue from raw peanuts trading caused the gross profit for the CFQ to increase to RM5.9 million as compared with a gross loss of RM0.8 million incurred in the previous year corresponding quarter. Raw peanuts trading alone contributed RM4.9 million or 83.1% of the gross profit for the CFQ.

The increase in revenue and gross profit year-on-year ["YoY"] led to the Group's profit before tax increasing by 48.5% YoY to RM4.3 million. Net operating expenses (excluding unrealised foreign differences) of RM4.0 million for the CFQ were significantly higher than that of RM1.5 million for the previous year corresponding quarter. This YoY increase was mainly due to finance costs of RM2.2 million, most of which was attributed to the loans referred to in Note B7.

Unrealised foreign exchange gain of RM2.4 million for the CFQ was lower than that of RM5.2 million in the previous year corresponding quarter. This drop was due to the fact that Renminbi ["RMB"] had depreciated by 2.0% against RM YoY.

The Group's profit after tax increased by 22.7% YoY to RM3.5 million from that of RM2.9 million achieved in the previous year corresponding quarter. This YoY increase in percentage terms was lower than that of pre-tax profit as the previous year corresponding quarter's unrealised foreign exchange gain of RM5.2 million was not subject to tax.

In tandem with the increase in profitability during the CFQ, the profit attributable to owners of the Company for the CFQ of RM3.5 million was higher than that of RM3.0 million in the previous year corresponding quarter.

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B2 Comments on material changes in profit before taxation

	Current Period from 1 Jan 2019 to 31 Mar 2019 RM'000	Immediate Preceding Corresponding Period from 1 Oct 2018 to 31 Dec 2018 RM'000	Changes (+/-) RM'000 %	
Revenue	268,456	274,215	-5,759	-2.1
Profit/(loss) before tax	4,284	(11,500)	-	-
Profit/(loss) after tax	3,540	(10,361)	-	-
Profit/(loss) attributable to owners of the Company	3,472	(9,253)	-	-

The Group's revenue for the CFQ of RM268.5 million was marginally lower by 2.1% from that of RM274.2 million achieved in the immediate preceding financial quarter. This decrease was caused by seasonality due to the Lunar New Year festivities. The reduced revenue quarter-on-quarter ["QoQ"] also led to a drop in gross margin of 2.5% in the immediate preceding financial quarter to 2.2% in the CFQ.

The profit and loss on a QoQ basis was not comparable as the immediate preceding financial quarter's operating expenses include exceptional costs such as impairment for property, plant and equipment of RM13.7 million and inventories write-down of RM1.5 million.

Unrealised foreign exchange gain for the CFQ was RM2.4 million as compared to an unrealised foreign exchange loss of RM0.9 million in the immediate preceding financial quarter. This was due to the fact that RMB had appreciated by 0.6% against RM QoQ.

B3 Commentary on prospects

The importance that the PRC's central government places on the campaign against environmental pollution was reinforced recently when its Ministry of Ecology and Environment published lists of some of its major state enterprises which had exceeded pollution limits and breached emissions standards. The enterprises cited in the lists were also told to restrict operations until their "problems" were resolved. In addition, some of these enterprises were fined up to USD1 million ⁽¹⁾.

The Group's production plant located in Neihuang County only operated 5 days in April 2019 and it is anticipated that the plant will continue to face production curbs in the near term and at the very least up to the 3rd financial quarter of the CFY. Raw peanuts trading which was ramped-up in the final financial quarter of 2018 had provided some breathing space but the margin is very thin and as such, is not expected to enhance the Group's financial performance much.

It was in view of this difficult situation faced by the Group's edible oil business in PRC that the Group undertook the prawn farm acquisition referred to in Note B6(i) and the Group hopes that once this acquisition is completed by the 3rd financial quarter of 2019, it and the tuna and other marine seafood processing business (operational by late 2019) will supplement the existing edible oil business going forward.

The Group's net investment in its PRC and Hong Kong subsidiaries is denominated in RMB and Hong Kong Dollars ["HK\$"] respectively and all of the Group's trade 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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(1) *South China Morning Post – 21 May 2019*

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

	Individual current quarter from 1 Jan 2019 to 31 Mar 2019 RM'000	Cumulative current year from 1 Jan 2019 to 31 Mar 2019 RM'000
CFQ/CFY to-date:		
PRC income tax – 25%	568	568
Malaysian income tax – 24%	8	8
	<hr/> 576	<hr/> 576
Deferred tax:		
Origination of temporary differences	168	168
	<hr/> 744	<hr/> 744

The PRC income tax expense for the CFQ and CFY to-date was less than the statutory rate of 24% due to the non-taxability of the unrealised foreign exchange gain.

The Malaysian income tax expense for the CFQ and CFY to-date was in respect of the tax at the statutory rate of 24% on interest income which is deemed to be from non-business sources and as such, was not eligible for set-off against other operating expenses.

B6 Status of corporate proposals announced

- (i) On 31 December 2018, the Company's wholly-owned subsidiary company, XW Aquaculture Sdn. Bhd. (fka XJ Marine Sdn. Bhd.) entered into a Sale and Purchase Agreement ["SPA"] and an Assets Sale and Purchase Agreement ["ASPA"] to acquire a prawn farm comprising:
- (a) a piece of land held under a 99-years Country Lease located in the District of Tawau, Locality of Kg. Wakuba, Sabah, measuring 97.9 hectares, with a lease period expiring on 31 December 2086 for a price of RM12.5 million; and
 - (b) all ponds, other land improvements, buildings, plant and machinery, equipment, motor vehicles, livestock and consumables for an aggregate sum of RM87.5 million;

subject to the terms and conditions as stipulated in the SPA and ASPA. The SPA and ASPA have yet to be completed as at 24 May 2019.

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- (ii) On 6 May 2019, the Company announced that it proposes to undertake the following Proposals:
- (a) the diversification of the principal activities of Group to include the business of prawn aquaculture and processing of marine seafood [**“Proposed Diversification”**];
 - (b) the consolidation of every 8 existing ordinary shares in the Company into 1 new ordinary share [**“Proposed Share Consolidation”**]; and
 - (c) the issuance of redeemable convertible notes [**“Notes”**] with an aggregate principal amount of up to RM120 million [**“Proposed Notes Issue”**].

In relation to the Proposed Notes Issue, the Company had, on 6 May 2019, entered into a conditional subscription agreement [**“Subscription Agreement”**] with Advance Opportunities Fund as subscriber for the Notes, which will be issued in 2 tranches, subject to the terms and conditions as set out in the Subscription Agreement.

The Proposals are subject to the following approvals being obtained:

- (a) Bursa Securities for:
 - (1) Proposed Diversification;
 - (2) Proposed Share Consolidation; and
 - (3) the listing of and quotation for the conversion shares issued pursuant to the Proposed Notes Issue on the ACE Market of Bursa Securities.
- (b) the shareholders of the Company at an extraordinary general meeting to be convened; and
- (c) any other relevant authorities or parties, if required.

The Company has submitted the required application to the relevant authorities in relation to the Proposals on 10 May 2019.

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Share Consolidation is expected to be completed by the 3rd financial quarter of 2019 and accordingly, the first sub-tranche of 1st tranche of Notes should also be available for issuance by the 3rd financial quarter of 2019.

Other than the above, there were no corporate proposals announced but not completed as at 24 May 2019.

B7 Borrowings and debt securities

The Group’s borrowings, all of which are secured, as at the end of the CFQ were as follows:

	Denomination	Short term RM’000	Long term RM’000	Total RM’000
Hire-purchase liabilities	Ringgit Malaysia	22	89	111
Loans	Renminbi	198,146	-	198,146
		198,168	89	198,257

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B8 Material litigation

The Group has no material litigation pending as of 24 May 2019.

B9 Dividends payable

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

B10 Earnings per share

(a) Basic earnings per share

The basic earnings per share of 0.15 sen for the CFQ and CFY to-date were derived as follows:

	Individual current quarter from 1 Jan 2019 to 31 Mar 2019	Cumulative current year from 1 Jan 2019 to 31 Mar 2019
Profit attributable to owners of the Company (RM'000)	<u>3,472</u>	<u>3,472</u>
Weighted average number of shares in issue ('000)	<u>2,573,539</u>	<u>2,573,539</u>

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as the Company has no other dilutive potential ordinary shares in issue as at the end of the CFQ.

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XingHe Holdings Berhad

(Company No. 643114-X)
(Incorporated in Malaysia)

Interim Financial Statements for the Financial Quarter Ended 31 March 2019

B11 Profit before tax

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

	Individual current quarter from 1 Jan 2019 to 31 Mar 2019 RM'000	Cumulative current year from 1 Jan 2019 to 31 Mar 2019 RM'000
Interest income	236	236
Other income including investment income	-	-
Interest expenses	(2,156)	(2,156)
Depreciation of property, plant and equipment	(29)	(29)
Amortisation of land use rights	(83)	(83)
Provision for and write-off of inventories	510	510
Impairment of assets	-	-
Gain or (loss) on disposal of quoted or unquoted investments or properties	-	-
Allowance for doubtful debts written back	-	-
Gain or (loss) on derivatives	-	-
Foreign exchange gain or (loss)	2,372	2,372
Exceptional items (with details)	-	-

By Order of the Board

Chong Voon Wah
Thai Kian Yau
Company Secretaries

31 May 2019