

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 JUNE 2022**

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**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia)

Registration No.: 201301002265 (1032102-P)

**INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED  
30 JUNE 2022**

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**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Period Ended 30 JUNE 2022**

	Note	First Quarter Ended		Cumulative Quarter Ended	
		30.6.2022 RM'000 Unaudited	30.6.2021 RM'000 Unaudited	30.6.2022 RM'000 Unaudited	30.6.2021 RM'000 Unaudited
REVENUE	A9	29,274	23,098	29,274	23,098
COST OF SALES		(23,707)	(15,719)	(23,707)	(15,719)
GROSS PROFIT		5,567	7,379	5,567	7,379
OTHER INCOME		115	78	115	78
		5,682	7,457	5,682	7,457
ADMINISTRATIVE EXPENSES		(6,592)	(6,065)	(6,592)	(6,065)
SELLING AND DISTRIBUTION EXPENSES		(266)	(176)	(266)	(176)
FINANCE COSTS		(1,353)	(1,068)	(1,353)	(1,068)
(LOSS)/ PROFIT BEFORE TAX	B5	(2,529)	148	(2,529)	148
INCOME TAX EXPENSE	B6	(154)	(326)	(154)	(326)
LOSS AFTER TAX		(2,683)	(178)	(2,683)	(178)
OTHER COMPREHENSIVE INCOME/(EXPENSE)		31	13	31	13
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD		(2,652)	(165)	(2,652)	(165)
LOSS AFTER TAX ATTRIBUTABLE TO:-					
- Owners of the Company		(2,653)	(187)	(2,653)	(187)
- Non-controlling interests		(30)	9	(30)	9
		(2,683)	(178)	(2,683)	(178)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		(2,622)	(178)	(2,622)	(178)
- Non-controlling interests		(30)	13	(30)	13
		(2,652)	(165)	(2,652)	(165)
Loss per share (sen) attributable to owners of the Company:-	B11				
- Basic		(1.08)	(0.08)	(1.08)	(0.08)
- Diluted		(1.08)	(0.08)	(1.08)	(0.08)

*The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to these interim financial statements.*

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 JUNE 2022**

Note	As at 30.6.2022 RM'000 Unaudited	As at 31.3.2022 RM'000 Audited
<b>ASSETS</b>		
NON-CURRENT ASSETS		
Property, plant and equipment	261,122	233,688
Right-of-use assets	41,160	42,480
Goodwill	-	-
Prepayments	-	27,065
	302,282	303,233
CURRENT ASSETS		
Inventories	2,151	370
Trade receivables	29,725	25,402
Other receivables, deposits and prepayments	10,380	7,343
Current tax assets	2,408	2,353
Fixed deposits with licensed banks	10,165	10,162
Cash and bank balances	18,000	31,095
	72,829	76,725
<b>TOTAL ASSETS</b>	<b>375,111</b>	<b>379,958</b>
<b>EQUITY AND LIABILITIES</b>		
EQUITY		
Share capital	117,905	117,905
Reserves	80,887	83,509
	198,792	201,414
Equity attributable to owners of the Company	198,792	201,414
Non-controlling interests	1,524	1,554
<b>TOTAL EQUITY</b>	<b>200,316</b>	<b>202,968</b>
NON-CURRENT LIABILITIES		
Lease liabilities	38,901	41,438
Hire purchase payables	1,174	699
Term loans	80,071	84,135
Deferred tax liabilities	5,250	5,251
	125,396	131,523
CURRENT LIABILITIES		
Trade payables	10,085	6,899
Other payables and accruals	10,436	17,139
Lease liabilities	6,074	4,708
Hire purchase payables	271	259
Term loans	16,612	11,716
Bankers' acceptances	2,157	2,660
Bank overdrafts	3,723	1,868
Current tax liabilities	41	218
	49,399	45,467
<b>TOTAL LIABILITIES</b>	<b>174,795</b>	<b>176,990</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>375,111</b>	<b>379,958</b>
Net assets per share attributable to ordinary equity holders of the parent (RM) (1)	0.81	0.82

*The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to these interim financial statements.*

(1) - Based on the issued share capital of 245,149,998 ordinary shares.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 JUNE 2022**

	Note	----- Attributable to owners of the Company -----							Non-controlling Interests RM'000	Total Equity RM'000
		----- Non-Distributable -----				----- Distributable -----		Total RM'000		
		Share Capital RM'000	Merger Deficit RM'000	Revaluation Reserve RM'000	Foreign Exchange Inflation Reserve RM'000	Retained Profits RM'000				
<b>As at 1 April 2022</b>		<b>117,905</b>	<b>(68,979)</b>	<b>37,330</b>	<b>(2)</b>	<b>115,160</b>	<b>201,414</b>	<b>1,554</b>	<b>202,968</b>	
Contributions by owners of the Company:-										
- Issuance of ordinary shares	A7	-	-	-	-	-	-	-	-	
Loss after tax for the financial period		-	-	-	-	(2,653)	(2,653)	(30)	(2,683)	
Other comprehensive expense for the financial period:-										
- Foreign currency translation differences		-	-	-	31	-	31		31	
Total comprehensive income for the financial period		-	-	-	31	(2,653)	(2,622)	(30)	(2,652)	
<b>As at 30 June 2022</b>		<b>117,905</b>	<b>(68,979)</b>	<b>37,330</b>	<b>29</b>	<b>112,507</b>	<b>198,792</b>	<b>1,524</b>	<b>200,316</b>	
<b>As at 1 April 2021</b>		<b>109,458</b>	<b>(68,979)</b>	<b>49,538</b>	<b>42</b>	<b>94,783</b>	<b>184,842</b>	<b>2,608</b>	<b>187,450</b>	
Contributions by owners of the Company:-										
- Issuance of ordinary shares		2,509	-	-	-	-	2,509	-	2,509	
(Loss)/ Profit after tax for the financial period		-	-	-	-	(187)	(187)	9	(178)	
Other comprehensive income for the financial period:-										
- Foreign currency translation differences		-	-	-	9	-	9	4	13	
Total comprehensive income for the financial period		-	-	-	9	(187)	(178)	13	(165)	
<b>As at 30 June 2021</b>		<b>111,967</b>	<b>(68,979)</b>	<b>49,538</b>	<b>51</b>	<b>94,596</b>	<b>187,173</b>	<b>2,621</b>	<b>189,794</b>	

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to these interim financial statements.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 JUNE 2022**

	Note	As at 30.6.2022 RM'000 Unaudited	As at 30.6.2021 RM'000 Unaudited
<b>CASH FLOWS (FOR)/ FROM OPERATING ACTIVITIES</b>			
(Loss)/ Profit before tax		(2,529)	148
Adjustments for:-			
Depreciation expense		4,130	2,986
Interest expense		1,298	850
Interest income		(76)	(2)
Loss on disposal of property, plant and equipment		-	2
Operating profit before working capital changes		2,823	3,984
Increase in inventories		(1,781)	(28)
Increase in trade and other receivables		(4,859)	(3,590)
Increase in trade and other payables		3,186	297
<b>CASH (FOR)/ FROM OPERATIONS</b>		(631)	663
Income tax paid		(387)	(305)
<b>NET CASH (FOR)/ FROM OPERATING ACTIVITIES</b>		(1,018)	358
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>			
Addition to right-of-use assets		-	(423)
Acquisition of subsidiary company		(2,500)	-
Interest income received		76	2
Placement of fixed deposits		(3)	-
Proceeds from disposal of property, plant and equipment		-	(2)
Purchase of property, plant and equipment		(9,880)	(1,797)
<b>NET CASH FOR INVESTING ACTIVITIES</b>		(12,307)	(2,220)
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>			
Draw down of bankers' acceptances		-	1,000
Draw down of hire purchase payables		629	-
Draw down of term loans		4,617	-
Interest paid		(1,298)	(850)
Net repayment of bankers' acceptance		(503)	-
Net repayment of hire purchase payables		(142)	-
Net repayment of lease liabilities		(1,172)	(201)
Net repayment of term loans		(3,786)	(3,245)
Proceeds from the issuance of ordinary shares	A7	-	2,509
<b>NET CASH FOR FINANCING ACTIVITIES</b>		(1,655)	(787)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(14,980)	(2,649)
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>		31	13
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>		29,235	(7,633)
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>		14,286	(10,269)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:-</b>			
- Deposit with financial institutions		9	158
- Cash and bank balances		18,000	3,738
- Bank overdraft		(3,723)	(14,165)
		14,286	(10,269)

*The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to these interim financial statements.*

## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2022

#### Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

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##### A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the audited financial statements.

The accounting policies and methods of computations adopted in these interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2022.

##### A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those adopted as disclosed in the financial statements for the year ended 31 March 2022 except for the following :-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 3: Reference to Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

##### A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2022.

##### A4. Seasonal or Cyclical Factors

The financial performance of the Group is not significantly affected by any seasonal or cyclical factors.

##### A5. Item of Unusual Nature

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow because of their nature, size or incidence for the financial quarter under review.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

**Interim Financial Report for the Financial Period Ended 30 JUNE 2022****Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting****A6. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the current financial quarter.

**A7. Changes in Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

**A8. Dividend Paid**

There was no dividend paid during the current quarter under review.

**A9. Segmental Information**

The Group has two reportable segments as shown below, which are the Group's strategic business units in three principal geographical areas. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

**Business activities**

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.6.2022</b>	<b>30.6.2021</b>	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Revenue</u></b>				
Land transport and warehousing services	25,903	23,035	25,903	23,035
Other services	3,371	63	3,371	63
<b>Total</b>	<b>29,274</b>	<b>23,098</b>	<b>29,274</b>	<b>23,098</b>
<b><u>(Loss)/ Profit before tax</u></b>				
Land transport and warehousing services	(2,300)	144	(2,300)	144
Other services	(229)	4	(229)	4
<b>Total</b>	<b>(2,529)</b>	<b>148</b>	<b>(2,529)</b>	<b>148</b>

**Geographical area**

	<b>Individual Quarter Ended</b>		<b>Cumulative Quarter Ended</b>	
	<b>30.6.2022</b>	<b>30.6.2021</b>	<b>30.6.2022</b>	<b>30.6.2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Revenue</u></b>				
Malaysia	27,003	20,949	27,003	20,949
Singapore	2,008	1,906	2,008	1,906
Indonesia	263	243	263	243
<b>Total</b>	<b>29,274</b>	<b>23,098</b>	<b>29,274</b>	<b>23,098</b>

## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (1032102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2022

#### Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting

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##### A10. Capital Commitments

Capital commitments for property, plant and equipment not provided for as at 30 June 2022 are as follows:-

	<b>RM'000</b>
Approved and contracted for:	
- Property, plant and equipment	506
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##### A11. Material Events Subsequent To the End of Interim Period

On 26 July 2022, UOB Kay Hian Securities (M) Sdn Bhd had on behalf of the Board, announced that all conditions precedent pursuant to the share sale agreement ("SSA") with the Vendors for the acquisition by XHH of 355,500 ordinary shares in Micron Metal Engineering Sdn Bhd ("Micron"), representing 79% equity interest in Micron have been fulfilled. The payment for the balance purchase consideration (comprising balance cash payment of RM14,250,000 and issuance and allotment of 10,507,881 Consideration Shares at an issue price of RM0.2855) has been fully effected and vested in favour of the Vendors. Pursuant thereto, the Acquisition is deemed completed on 26 July 2022.

Further, a total of 10,507,881 Consideration Shares were listed and quoted on the Main Market of Bursa Securities on 27 July 2022.

Save for the above, there were no material events that have occurred subsequent to the end of the current financial quarter from 1 July 2022 to the date of this report.

##### A12. Changes in Composition of the Group

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

##### A13. Contingent Liabilities or Contingent Assets

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	<b>RM'000</b>
Secured:	
- Corporate guarantee given to licensed bank for credit facilities granted to subsidiary	102,563
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## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2022

#### Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

##### B1. Review of Performance of the Group

For the current financial quarter ended 30 June 2022, the Group recorded revenue of RM29.3 million and loss before tax (“LBT”) of RM2.53 million. The revenue was mainly derived from land transport and warehousing services which accounted for approximately 88.5% of the Group’s total revenue. The land transport and warehousing services achieved a LBT of RM2.3 million due to increase of depreciation of right-of-use assets and salaries expenses with compared to the same quarter in the preceding year, the salaries expenses of same quarter in the preceding year were reduced mainly from the wage subsidy program during the movement control order period.

For the current quarter ended 30 June 2022, land transport services accounted for approximately 70.0% of the Group’s total revenue whilst warehousing services accounted for approximately 18.5% of the Group’s total revenue. The period of warehousing varies between customers and the warehousing rental rate is charged based on a weekly or monthly basis. For the financial quarter under review, rental rate of the warehousing services has remained relatively constant. The demand for warehousing for the current quarter has increased and contributed additional revenue of RM2.29 million as compared to the previous year corresponding period.

Revenue derived from other services which comprise of manufacturing and fabrication of trailers as well as e-commerce services have generated a revenue of RM3.37 million for the 3-month period ended 30 June 2022.

Overall, the revenue for the 3-month financial period ended 30 June 2022 has increased by approximately RM6.18 million (representing a 26.7% increase) as compared to the corresponding preceding financial period. This is as a result of higher revenue generated from the warehousing services and other services.

The Group achieved a loss after tax of RM2.68 million for the current financial period as compared to a loss after tax of RM0.18 million for the corresponding preceding financial period. The increase in loss after tax as compared to the corresponding preceding financial period was mainly due to a higher cost of depreciation of right-of-use assets and salaries expenses.

##### B2. Variation of Quarterly Results Compared To the Results of the Preceding Quarter

	3 Months Ended		Deviation	
	30.06.2022	31.03.2022	Amount	
	RM'000	RM'000	RM'000	%
Revenue	29,274	30,600	(1,326)	(4.3)
Profit After Tax	(2,683)	2,828	(5,511)	(194.9)

The Group’s total revenue decreased by 4.3% from RM30.6 million recorded for the immediate preceding financial quarter to RM29.3 million for the current financial quarter. The decrease in revenue as compared to immediate preceding quarter was derived by the land transport services.

The Group achieved a loss after tax of RM2.68 million for the current quarter as compared to a profit after tax of RM2.83 million for the immediate preceding quarter. The increase in loss after tax as compared to the immediate preceding quarter was mainly due to a higher of services and repair & maintenance and depreciation expenses.

## XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

### Interim Financial Report for the Financial Period Ended 30 JUNE 2022

#### Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities

#### B3. Prospects of the Group

The COVID-19 epidemic situation has remained uncertain and continues to disrupt the global and local supply chains. The Group maintains its cautiousness and adheres to the Standard Operating Procedures (“SOPs”) and COVID-19 counter-measures.

Further, the Group had registered the COVID-19 vaccination programme for our employees and the majority of our employees have been vaccinated. Coupling with the opening of the economic sectors, the Group is optimistic that the global economic environment will return to its normal course in the near future. But the Group is also cautious of any risks that may have an adverse effect on the Group and the economic conditions.

The Group continues to actively engage with businesses, ensure cost-savings and reductions to combat the challenging economic environment whilst continuously monitor the changes in business environment and supply chains.

The Group is committed to expand that is in line with the current economic environment through the following business expansion plans:

- Expansion of the Group’s fleet of vehicles;
- Expansion into the Indonesian market;
- Enhance the warehousing facilities of the Group;
- Expansion of the external haulage division in Penang and Kuantan;
- Setting-up the “Integrated Logistic Solution Hub” in Pasir Gudang, Johor Bahru, and
- Diversify to manufacturing sectors

#### B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

#### B5. (Loss)/ Profit before tax

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation expenses	4,130	2,986	4,130	2,986
Interest expense	1,298	850	1,298	850
Interest income	(76)	(2)	(76)	(2)

Save for the above, the other items as required under Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

#### B6. Income Tax Expense

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RM'000	RM'000	RM'000	RM'000
<u>Income tax expense</u>				
Current tax expense	154	76	154	76
Deferred tax expense	-	250	-	250
Total	154	326	154	326

The Company has been granted investment tax allowance of 60% in respect of qualifying capital expenditure incurred for the period of 5 years from 19 January 2018 until 18 January 2023.

**Interim Financial Report for the Financial Period Ended 30 JUNE 2022**

**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities**

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**B7. Status of Corporate Proposals**

a) Private Placement

On 1 April 2022, the Company announce that the timeframe to implement the Private Placement had lapsed.

b) Acquisition and diversification

On 10 May 2022, the company ("XHH") had entered into the conditional share sale agreement ("SSA") with Hoon Eel An, Chia Ming How and See Kai Mun (collectively referred to as the "Vendors") for the acquisition by XHH of 355,500 ordinary shares in Micron Metal Engineering Sdn Bhd ("Micron") ("Micron Share(s)"), representing 79% equity interest in Micron ("Sale Shares") for a purchase consideration of RM19,750,000 ("Purchase Consideration"), to be satisfied via a combination of cash payment of RM16,750,000 and issuance of 10,507,881 new ordinary shares in XHH ("XHH Share(s)" or "Share(s)") at an issue price of RM0.2855 per XHH Share ("Consideration Share(s)") amounting to RM3,000,000, with a put option granted by XHH to the Vendors for the sale of the remaining 94,500 ordinary shares in Micron representing 21% equity interest in Micron ("Option Shares") with a cash consideration of RM5,250,000 ("Put Option"), subject to the terms and conditions contained in the SSA ("Proposed Acquisition").

Moreover, the Company had on even date entered into a shareholders' agreement with the Vendors to regulate the relationship of the shareholders and govern the management and operation of Micron between the shareholders of Micron upon completion of the Proposed Acquisition.

In conjunction with the Proposed Acquisition, the Company proposes to undertake a diversification of the existing principal activities of XHH and its subsidiaries ("XHH Group" or the "Group") to include the manufacturing of precision machining components and parts ("Precision Machining Business") ("Proposed Diversification").

On 26 July 2022, all conditions precedent pursuant to the SSA have been fulfilled, and that the payment for the balance purchase consideration (comprising balance cash payment of RM14,250,000 and issuance and allotment of 10,507,881 Consideration Shares at an issue price of RM0.2855) has been fully effected and vested in favour of the Vendors. Pursuant thereto, the Acquisition is deemed completed on 26 July 2022.

Further, a total of 10,507,881 Consideration Shares were listed and quoted on the Main Market of Bursa Securities on 27 July 2022.

Save for the above, there was no other corporate proposal announced and not completed as at the date of this report.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

**Interim Financial Report for the Financial Period Ended 30 JUNE 2022****Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B8. Group Borrowings**

The Group's borrowings as at 30 June 2022 are as follows:

	<b>As at 30.6.2022 RM'000 Unaudited</b>	<b>As at 31.3.2022 RM'000 Audited</b>
<u>Long-term borrowings (Secured)</u>		
Hire purchase payables	1,174	699
Term loans	80,071	84,135
	<u>81,245</u>	<u>84,834</u>
<u>Short-term borrowings (Secured)</u>		
Hire purchase payables	271	259
Term loans	16,612	11,716
Banker acceptance	2,157	2,660
Bank overdrafts	3,723	1,868
	<u>22,492</u>	<u>16,244</u>
Total borrowings	<u>103,737</u>	<u>101,078</u>

**B9. Material Litigation**

The Group does not have any material litigation and the Directors are not aware of any proceedings pending or threatened against the Group as at the date of issuance of this interim financial report.

**B10. Dividends**

No dividend was declared or paid for the financial quarter under review.

**XIN HWA HOLDINGS BERHAD**

(Incorporated in Malaysia) Registration no.: 201301002265 (132102-P)

**Interim Financial Report for the Financial Period Ended 30 JUNE 2022****Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B11. Earnings Per Share**

Basic and Diluted Earnings Per Share

The basic and diluted Earnings per share for the current quarter and financial period to date are computed as follows:-

**EARNINGS PER SHARE**

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Loss after tax attributable to owners of the Company	(2,653)	(187)	(2,653)	(187)
Weighted average number of ordinary shares in issue ('000) (basic)	245,150	225,702	245,150	225,702
Effects of conversion of warrants	-	18,330	-	18,330
Weighted average number of ordinary shares in issue ('000) (diluted)	245,150	244,032	245,150	244,032
Basic loss per share (sen)	(1.08)	(0.08)	(1.08)	(0.08)
Diluted loss per share (sen)	(1.08)	(0.08)	(1.08)	(0.08)