

XIN HWA HOLDINGS BERHAD

(Incorporated in Malaysia)

Registration No.: 201301002265 (1032102-P)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2023

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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 31 DECEMBER 2023

		Third Quarter Ended		Cumulative Quarter Ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		RM'000	RM'000	RM'000	RM'000
	Note	Unaudited	Unaudited	Unaudited	Unaudited
REVENUE	A9	32,333	37,126	101,103	95,215
COST OF SALES		(25,840)	(29,148)	(82,783)	(75,536)
GROSS PROFIT		6,493	7,978	18,320	19,679
OTHER INCOME		158	168	945	548
		6,651	8,146	19,265	20,227
ADMINISTRATIVE EXPENSES		(7,664)	(7,052)	(22,945)	(20,664)
SELLING AND DISTRIBUTION EXPENSES		(417)	(409)	(1,106)	(1,048)
FINANCE COSTS		(1,762)	(1,560)	(5,202)	(4,352)
LOSS BEFORE TAX	B5	(3,192)	(875)	(9,988)	(5,837)
INCOME TAX EXPENSE	B6	(216)	(285)	(1,002)	(650)
LOSS AFTER TAX		(3,408)	(1,160)	(10,990)	(6,487)
OTHER COMPREHENSIVE (EXPENSE)/ INCOME		(48)	(130)	30	(130)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		(3,456)	(1,290)	(10,960)	(6,617)
(LOSS)/ PROFIT AFTER TAX ATTRIBUTABLE TO:-					
- Owners of the Company		(3,874)	(1,506)	(11,149)	(6,803)
- Non-controlling interests		466	346	159	316
		(3,408)	(1,160)	(10,990)	(6,487)
TOTAL COMPREHENSIVE (LOSS)/ INCOME ATTRIBUTABLE TO:-					
- Owners of the Company		(3,922)	(1,636)	(11,119)	(6,933)
- Non-controlling interests		466	346	159	316
		(3,456)	(1,290)	(10,960)	(6,617)
Loss per share (sen) attributable to owners of the Company:-	B11				
- Basic		(1.52)	(0.61)	(4.36)	(2.76)
- Diluted		(1.52)	(0.61)	(4.36)	(2.76)

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 2023 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 31 DECEMBER 2023

		As at 31.12.2023 RM'000 Unaudited	As at 31.3.2023 RM'000 Audited
	Note		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		256,866	243,453
Right-of-use assets		64,188	68,837
Goodwill		4,879	4,879
Prepayments		-	-
		325,933	317,169
CURRENT ASSETS			
Inventories		3,917	8,493
Trade receivables		27,848	28,669
Other receivables, deposits and prepayments		6,521	6,811
Current tax assets		2,846	2,926
Fixed deposits with licensed banks		3,926	7,192
Cash and bank balances		3,218	10,083
		48,276	64,174
TOTAL ASSETS		374,209	381,343
EQUITY AND LIABILITIES			
EQUITY			
Share capital		120,905	120,905
Reserves		56,394	67,514
Equity attributable to owners of the Company		177,299	188,419
Non-controlling interests		6,007	5,848
TOTAL EQUITY		183,306	194,267
NON-CURRENT LIABILITIES			
Lease liabilities		34,663	39,948
Hire purchase payables	B8	2,978	3,033
Term loans	B8	76,669	75,925
Deferred tax liabilities		6,148	6,149
		120,458	125,055
CURRENT LIABILITIES			
Trade payables		11,797	12,000
Other payables and accruals		10,088	13,130
Lease liabilities		6,571	5,242
Hire purchase payables	B8	954	567
Term loans	B8	17,033	12,390
Bankers' acceptances	B8	7,672	2,660
Bank overdrafts	B8	16,330	15,788
Current tax liabilities		-	244
		70,445	62,021
TOTAL LIABILITIES		190,903	187,076
TOTAL EQUITY AND LIABILITIES		374,209	381,343
Net assets per share attributable to ordinary equity holders of the parent (RM) (1)		0.69	0.74

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

(1) - Based on the issued share capital of 255,657,879 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 31 DECEMBER 2023

	----- Attributable to owners of the Company -----							Total Equity RM'000
	----- Non-Distributable -----			----- Distributable -----				
	Share Capital RM'000	Merger Deficit RM'000	Revaluation Reserve RM'000	Foreign Exchange anslation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	
As at 1 April 2023	120,905	(68,979)	37,330	52	99,110	188,418	5,848	194,266
Loss after tax for the financial period	-	-	-	-	(11,149)	(11,149)	159	(10,990)
Other comprehensive income for the financial period:- - Foreign currency translation differences	-	-	-	30	-	30	-	30
Total comprehensive loss for the financial period	-	-	-	30	(11,149)	(11,119)	159	(10,960)
As at 31 December 2023	120,905	(68,979)	37,330	82	87,961	177,299	6,007	183,306
As at 1 April 2022	117,905	(68,979)	37,330	(2)	115,160	201,414	1,554	202,968
Loss after tax for the financial period	-	-	-	-	(6,803)	(6,803)	316	(6,487)
Other comprehensive expense for the financial period:- - Foreign currency translation differences	-	-	-	(130)	-	(130)	-	(130)
Total comprehensive loss for the financial period	-	-	-	(130)	(6,803)	(6,933)	316	(6,617)
Issuance of ordinary shares	3,000	-	-	-	-	3,000	-	3,000
Acquisition of a subsidiary	-	-	-	-	-	-	4,077	4,077
As at 31 December 2022	120,905	(68,979)	37,330	(132)	108,357	197,481	5,947	203,428

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 2023 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 31 DECEMBER 2023

	Note	As at 31.12.2023 RM'000 Unaudited	As at 31.12.2022 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(9,988)	(5,837)
Adjustments for:-			
Depreciation expenses		13,272	11,765
Interest expenses		5,066	4,252
Interest income		(159)	(265)
Gain on disposal of property, plant and equipment		(54)	-
Gain on lease termination		-	(20)
Unrealised gain on foreign exchange		(375)	-
Operating profit before working capital changes		7,762	9,895
Decrease/ (Increase) in inventories		4,576	(4,721)
Decrease/ (Increase) in trade and other receivables		899	(2,669)
(Decrease)/ Increase in trade and other payables		(2,058)	3,273
CASH FROM OPERATIONS		11,179	5,778
Income tax paid		(1,210)	(1,159)
Income tax refunded		45	-
NET CASH FROM OPERATING ACTIVITIES		10,014	4,619
CASH FLOWS FOR INVESTING ACTIVITIES			
Acquisition of subsidiary company		-	(13,072)
Interest income received		159	265
Withdrawal of fixed deposits		3,265	6,451
Proceeds from disposal of property, plant and equipment		155	-
Purchase of property, plant and equipment		(22,121)	(19,142)
NET CASH FOR INVESTING ACTIVITIES		(18,542)	(25,498)
CASH FLOWS FROM/ (FOR) FINANCING ACTIVITIES			
Draw down of bankers' acceptances		17,467	15,960
Draw down of hire purchase payables		242	2,107
Draw down of term loans		14,523	5,696
Interest paid		(5,066)	(4,252)
Net repayment of bankers' acceptance		(12,456)	(15,960)
Net repayment of hire purchase payables		(497)	(200)
Net repayment of lease liabilities		(3,957)	(3,329)
Net repayment of term loans		(9,136)	(10,205)
Proceeds from the issuance of ordinary shares	A7	-	-
NET CASH FROM/ (FOR) FINANCING ACTIVITIES		1,120	(10,183)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,408)	(31,062)
EFFECT OF FOREIGN EXCHANGE TRANSLATION		1	(104)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD		(933)	29,235
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD		(8,340)	(1,931)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISE:-			
- Deposit with financial institutions		4,772	9
- Cash and bank balances		3,218	9,998
- Bank overdraft		(16,330)	(11,938)
		(8,340)	(1,931)

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 2023 and the accompanying explanatory notes attached to these interim financial statements.

Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities**

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 2023 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 2023.

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 2023 except for the following: -

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
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 112: International Tax Reform – Pillar Two Model Rules	1 January 2023

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 2023.

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.

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Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****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 was 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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Land transport, warehousing and other services	27,524	32,665	87,093	87,777
Manufacturing	4,809	4,461	14,010	7,438
Total	32,333	37,126	101,103	95,215
<u>(Loss)/ Profit before tax</u>				
Land transport, warehousing and other services	(3,719)	(1,405)	(11,692)	(6,823)
Manufacturing	527	529	1,704	986
Total	(3,192)	(876)	(9,988)	(5,837)

Geographical area

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>				
Malaysia	30,659	33,945	88,096	87,627
Singapore	1,335	2,829	11,376	6,634
Indonesia	339	352	1,631	954
Total	32,333	37,126	101,103	95,215

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Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities**

A10. Valuation of Property, Plant and Equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material Events Subsequent to the End of Interim Period

There were no material events that have occurred subsequent to the end of the current financial quarter from 1 January 2024 to the date of this report.

A12. Changes in Composition of the Group

During the current financial quarter, the Company had on 19 October 2023, incorporated a new subsidiary, Xin Hwa Supply Chain Sdn Bhd, with an 80% shareholding. Its intended principle activities are to provide transportation services as well as warehousing and distribution services, with a focus on serving multinational corporations as their target customers.

Save for the above, 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: -

	RM'000
Secured:	
- Corporate guarantee given to licensed bank for credit facilities granted to subsidiary	117,704

A14. Capital Commitments

Capital commitments for property, plant and equipment not provided for as at 31 December 2023 are as follows:-

	RM'000
Approved and contracted for:	
- Property, plant and equipment	7,810

A15. Related party transactions

There was no material related party transactions during the current financial quarter under review.

Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023**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 31 December 2023, the Group recorded a revenue of RM32.33 million, reflecting a 12.9% decrease or RM4.79 million compared to the corresponding preceding financial period. This reduction was mainly due to the revenue drop in manufacturing and fabrication of trailers division as a result of completion of the contract awarded.

The Group's revenue was principally derived from land transport, warehousing and other services segment, which contributing approximately 85.1% of the Group's total revenue. Further zooming into the division, of the RM32.33 million, land transport and warehousing contributed RM22.44 million (69.4%) and RM4.46 million (13.8%) respectively followed by others at RM0.62 million (1.9%) in current financial quarter.

On the other hand, the manufacturing segment accounted for the remaining 14.9% or RM4.81 million of the Group's total revenue, achieved a profit before tax ("PBT") of RM0.53 million for current quarter ended 31 December 2023.

The Group reported a loss before tax ("LBT") of RM3.19 million in the current financial quarter as compared to a LBT of RM0.88 million in the corresponding preceding financial period. The increase in LBT was primarily due to the decline in revenue, coupled with higher finance costs, depreciation and salaries expenses in current financial quarter.

B2. Variation of Quarterly Results Compared to the Results of the Preceding Quarter

	3 Months Ended		Deviation	
	31.12.2023	30.09.2023	Amount	
	RM'000	RM'000	RM'000	%
Revenue	32,333	31,743	590	1.86
Loss Before Tax	(3,192)	(3,322)	130	3.91

The Group experienced a marginal uptick in total revenue, showing a 1.86% increase from RM31.74 million in the immediate preceding financial quarter to RM32.33 million in the current financial quarter. The slight increase in revenue as compared to immediate preceding quarter was primarily driven by an increase in land transport services, although it was partially offset by a slight dip in warehouse services.

For the current quarter, the Group reported a LBT of RM3.19 million, which represents a minor decrease from the RM3.32 million LBT recorded in the immediate preceding quarter. This decline can be attributed to the marginal uptick in revenue and proactive measures implemented by management to reduce administrative expenses.

B3. Prospects of the Group

The Group anticipates persistent challenges in its operating business environment and has proactively implemented measures to address these economic conditions. In response to the demanding business environment, the Group has taken necessary measures to actively engage with businesses, ensuring cost-savings and reductions while combating the challenging economic environment. The Group will continuously monitor the changes in business environment and supply chains.

The Group is dedicated to expanding its operations 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
- Expansion of the manufacturing capacity

Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023
Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities
B4. Profit Forecast and Profit Estimate

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

B5. Loss before tax

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Loss before tax is arrived after charging/ (crediting):				
Depreciation expenses	4,409	3,662	13,272	11,765
Gain on disposal of property, plant and equipment	-	-	(54)	-
(Gain)/ loss on foreign exchange				
- Realised	(3)	7	(18)	(45)
- Unrealised	(40)	-	(375)	-
Interest expense	1,679	1,536	5,066	4,252
Interest income	(59)	(59)	(159)	(265)

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
<u>Income tax expense</u>				
Current tax expense	216	285	1,002	650
Deferred tax expense	-	-	-	-
Total	216	285	1,002	650

The Group's effective tax rates for current quarter and cumulative quarter ended were lower than the Malaysian statutory tax rate of 24% mainly due to the qualifying capital expenditure and the losses incurred by some of the subsidiary companies.

B7. Status of Corporate Proposals

There was no other corporate proposal announced and not completed as at the date of this report.

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Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B8. Group Borrowings**

The Group's borrowings as at 31 December 2023 are as follows:

	As at 31.12.2023 RM'000 Unaudited	As at 31.3.2023 RM'000 Audited
<u>Long-term borrowings (Secured)</u>		
Hire purchase payables	2,978	3,033
Term loans	76,669	75,925
	<u>79,647</u>	<u>78,958</u>
 <u>Short-term borrowings (Secured)</u>		
Hire purchase payables	954	567
Term loans	17,033	12,390
Banker acceptance	7,672	2,660
Bank overdrafts	16,330	15,788
	<u>41,989</u>	<u>31,405</u>
 Total borrowings	<u>121,636</u>	<u>110,363</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.

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Interim Financial Report for the Financial Period Ended 31 DECEMBER 2023**Part B – Explanatory Notes Pursuant to the Main Market Listing Requirements of Bursa Securities****B11. Loss Per Share**

Basic and Diluted Loss Per Share

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

	Individual Quarter Ended		Cumulative Quarter Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Loss after tax attributable to owners of the Company	(3,874)	(1,506)	(11,149)	(6,803)
Weighted average number of ordinary shares in issue ('000) (basic)	255,658	248,150	255,658	246,869
Effects of conversion of warrants	-	-	-	-
Weighted average number of ordinary shares in issue ('000) (diluted)	255,658	248,150	255,658	246,869
Basic loss per share (sen)	(1.52)	(0.61)	(4.36)	(2.76)
Diluted loss per share (sen)	(1.52)	(0.61)	(4.36)	(2.76)