



XL HOLDINGS BERHAD

(199801012014(468142-U))

(Formerly known as Xian Leng Holdings Berhad)

KL Office: B-09-09, Gateway Corporate Suites, Gateway Kiaromas,

No.1, Jalan Desa Kiara, Mont Kiara, 50480 Kuala Lumpur

Tel: 03-64136154 Fax: 03-6419 1386

Johor Office: No. 35, Jalan Penjaja 3, 83000 Batu Pahat, Johor.

Tel: 07-4330313 Fax: 07-4313697

Date : 27 June 2022

Badan Pengawas Pemegang Saham Minority Berhad

Level 23, Unit 23-2, Menara AIA Sentral

No.30 Jalan Sultan Ismail

50250 Kuala Lumpur

Attention: Mr. Devanesan Evanson (Chief Executive Officer)

RE: 23rd AGM of XL Holdings Berhad to be held on 29 June 2022 – Operational & Financial Matters

Refers to your letter dated 20 June 2022.

1. For Financial Year Ended 31 Jan 2022 ("FYE 2022"), the Group achieved Profit After Tax RM116k compared to RM469k in FYE 2021 mainly due to:

(a) Higher corporate exercise expenses

The Company had incurred total corporate exercise expenses of RM 1.255 million in FYE 2022 compared to RM 10.6k in FYE 2021. The corporate exercise expenses mainly for Bonus issue of 47,734,099 shares and issuing of RCN. These one-off expenses are not recurring as the corporate exercise has been completed.

(b) Adverse performance for bird nest segment

During FYE 2022, this segment's performance was adversely affected by the covid 19. Bird nest suffered lost after tax of RM 39k vs. profit after tax RM 305k in FYE 2021 mainly due to low revenue resulted from export restriction. As the country's border being open and MCO being fully lifted, the management are taking measures to improve the performance of this segment for FYE 2023.

Meanwhile, the management will continue to improve the production efficiency and cost control measures to reduce the cost of sales as well as operating expenses.

Besides, the management not only focuses on the current business segment but also ambitions to look forward to different industries and diversify into other business segments. With the completion of acquisition of Ergobumi Sdn Bhd and Xtra Delivery Sdn Bhd in 1st quarter of 2023, the group believes that the new segment plantation and the new business will bring optimal revenue and enhance the performance of the group for FYE 2023.



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2. (a) XL Foods Sdn Bhd is a new segment for the group during the FYE 2022.
The management will continue to explore the foods market and increase the variety of products. The Company also exploring the overseas market to expand the customer base. Apart from wholesalers and retailer, the management plan to provide an online platform and delivery service to deliver the product to the end users' doorstep. With this planning, the Company expects to enhance the revenue for the food business for FYE 2023.

(b) Based on the company's sales and marketing plan, the management has set an internal target to improve the annual revenue of the food segment by 20% for FY2023.
3. Below are the few measures that the management has planned and to continue its implementation throughout into an endemic stage:
 - a. Putting more marketing to young generation via social media eg. *Facebook* and *Instagram*.
 - b. Building more networking with wholesaler and retailers via contacts and relationships
 - c. Survey new markets or regions to expand customer base
 - d. Breeding more varieties of tropical fish suited / demanded by the local market
4. In view that Hong Kong's borders are not fully open to date; the management is currently exploring opportunities in new market (i.e. Thailand and Indonesia) in the effort of expanding our customer base.

We foresee greater demand and market potential when international borders are reopened after the Covid-19 pandemic being the new norm.



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5. Yes, the Board is of the view that while a selection of candidates for appointment to the Board will be based on a range of diverse perspectives including gender, merit and contribution that the selected candidates will bring to the Board should be prioritised in deciding appointments to the Board. The Board endeavor to continuously identify potential women Director for nomination and shall appoint additional women Director when suitable candidates are identified by the Year 2023.

Thank you.

Yours faithfully

Ng Min Lin

Executive Chairman