



# XINGQUAN Xingquan International Sports Holdings Limited

Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company No. 42756)  
Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia (Company No. 995177-V)

## UNAUDITED CONDENSED COMBINED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2009

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.3.2009	31.3.2008	31.3.2009 (note)	31.3.2008 (note)
		RMB'000	RMB'000	RM'000	RM'000
Revenue		222,780	N/A	118,786	N/A
Cost of sales		(144,553)	N/A	(77,076)	N/A
Gross Profit		78,227	N/A	41,710	N/A
Other operating income		176	N/A	94	N/A
Selling and distribution expenses		(17,980)	N/A	(9,587)	N/A
Administrative expenses		(3,564)	N/A	(1,900)	N/A
Finance costs		(1,085)	N/A	(579)	N/A
Profit before taxation		55,774	N/A	29,738	N/A
Income tax expenses		(9,034)	N/A	(4,817)	N/A
Profit after taxation		46,740	N/A	24,921	N/A
Attributable to :					
- Equity holders of the Company		46,740	N/A	24,921	N/A
- Minority interests		-	-	-	-
		46,740	N/A	24,921	N/A
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic (RMB/RM)	B11	0.22	N/A	0.12	N/A
Diluted (RMB/RM)		N/A	N/A	N/A	N/A

**Notes:**

The Condensed Combined Income Statements are prepared based on the combined results of Xingquan International Sports Holdings Limited ("Xingquan International") and its subsidiaries ("Xingquan International Group") for the quarter ended ended 31 March 2009 assuming the Xingquan International Group has existed. Xingquan International completed its restructuring only on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the third quarter ended 31 March 2009 has been made at the exchange rate of RMB1 to RM0.5332 at 31 March 2009. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be, converted into RM at this or any other rate.

No comparable figures are available for the preceding period/year as this is the first quarterly report to Bursa Malaysia Securities Berhad.

The Condensed Combined Income Statements should be read in conjunction with the accompanying notes to the unaudited interim financial report.



# XINGQUAN Xingquan International Sports Holdings Limited

Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company No. 42756)  
Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia (Company No. 995177-V)

## UNAUDITED CONDENSED COMBINED INCOME STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2009

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		31.3.2009	31.3.2008	31.3.2009 (note)	31.3.2008 (note)
		RMB'000	RMB'000	RM'000	RM'000
Revenue		628,660	N/A	335,202	N/A
Cost of sales		(394,923)	N/A	(210,573)	N/A
Gross Profit		233,737	N/A	124,629	N/A
Other operating income		1,463	N/A	780	N/A
Selling and distribution expenses		(54,226)	N/A	(28,913)	N/A
Administrative expenses		(14,196)	N/A	(7,569)	N/A
Finance costs		(3,256)	N/A	(1,736)	N/A
<b>Profit before taxation</b>		<b>163,522</b>	<b>N/A</b>	<b>87,191</b>	<b>N/A</b>
Income tax expenses		(26,969)	N/A	(14,380)	N/A
<b>Profit after taxation</b>		<b>136,553</b>	<b>N/A</b>	<b>72,811</b>	<b>N/A</b>
Attributable to :					
- Equity holders of the Company		136,553	N/A	72,811	N/A
- Minority interests		-	-	-	-
		<u>136,553</u>	<u>N/A</u>	<u>72,811</u>	<u>N/A</u>
<b>Earnings per share attributable to equity holders of the Company :</b>					
Basic (RMB/RM)	B11	0.63	N/A	0.34	N/A
Diluted (RMB/RM)	B11	N/A	N/A	N/A	N/A

### Notes:

The Condensed Combined Income Statements are prepared based on the combined results of Xingquan International Sports Holdings Limited ("Xingquan International") and its subsidiaries ("Xingquan International Group") for the quarter ended 31 March 2009 assuming the Xingquan International Group has existed. Xingquan International completed its restructuring only on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the third quarter ended 31 March 2009 has been made at the exchange rate of RMB1 to RM0.5332 at 31 March 2009. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be, converted into RM at this or any other rate.

No comparable figures are available for the preceding period/year as this is the first quarterly report to Bursa Malaysia Securities Berhad.

The Condensed Combined Income Statements should be read in conjunction with the accompanying notes to the unaudited interim financial report.



# XINGQUAN Xingquan International Sports Holdings Limited

Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company No. 42756)  
Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia (Company No. 995177-V)

## UNAUDITED CONDENSED COMBINED BALANCE SHEET AS AT 31 MARCH 2009

	Unaudited As at 31.3.2009	31.3.2008	Unaudited As at 31.3.2009 (note)	31.3.2008 (note)
	RMB'000	RMB'000	RM'000	RM'000
<b>ASSETS AND LIABILITIES</b>				
<b>Non-current assets</b>				
Property, plant and equipment	62,067	N/A	33,094	N/A
Land use rights	8,924	N/A	4,758	N/A
	70,991	N/A	37,853	N/A
<b>Current assets</b>				
Inventories	27,377	N/A	14,597	N/A
Trade and other receivables	150,260	N/A	80,119	N/A
Cash and bank balances	126,852	N/A	67,637	N/A
	304,489	N/A	162,353	N/A
<b>Current liabilities</b>				
Trade and other payables	113,356	N/A	60,441	N/A
Interest-bearing bank borrowings	61,200	N/A	32,632	N/A
Corporate income tax payables	9,034	N/A	4,817	N/A
	183,590	N/A	97,890	N/A
Net current assets	120,899	N/A	64,463	N/A
Net assets	191,890	N/A	102,316	N/A
<b>EQUITY</b>				
Share capital	147,046	N/A	78,405	N/A
Reserves	44,844	N/A	23,911	N/A
<b>TOTAL EQUITY</b>	<b>191,890</b>	<b>N/A</b>	<b>102,316</b>	<b>N/A</b>
<b>Net assets per share attributable to equity holders of the Company (RMB/RM)</b>	<b>0.89</b>	<b>N/A</b>	<b>0.48</b>	<b>N/A</b>

**Notes:**

The Condensed Combined Balance Sheets are prepared based on the combined results of Xingquan International Sports Holdings Limited ("Xingquan International") and its subsidiaries ("Xingquan International Group") for the quarter ended 31 March 2009 assuming the Xingquan International Group has existed. Xingquan International completed its restructuring only on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the third quarter ended 31 March 2009 has been made at the exchange rate of RMB1 to RM0.5332 at 31 March 2009. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be, converted into RM at this or any other rate.

No comparable figures are available for the preceding period/year as this is the first quarterly report to Bursa Malaysia Securities Berhad.

The Condensed Combined Balance Sheets should be read in conjunction with the accompanying notes to the unaudited interim financial report.



# XINGQUAN Xingquan International Sports Holdings Limited

Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company No. 42756)  
Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia (Company No. 995177-V)

## UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2009

	Attributable to Equity Holders of the Company					Total Equity RMB'000
	Non - distributable			Distributable		
	Share capital RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	
At 1 January 2009	147,046	-	(1,928)	-	-	145,118
Net profit for the period	-	-	-	32	46,740	46,772
At 31 March 2009	147,046	-	(1,928)	32	46,740	191,890

	Attributable to Equity Holders of the Company					Total Equity RM'000
	Non - distributable			Distributable		
	Share capital RM'000	Statutory reserve RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	
At 1 January 2009	78,405	-	(1,028)	-	-	77,377
Net profit for the period	-	-	-	18	24,921	24,939
At 31 March 2009	78,405	-	(1,028)	18	24,921	102,316

**Notes:**

The Condensed Combined Statement of Changes of Equity are prepared based on the combined results of Xingquan International Sports Holdings Limited ("Xingquan International") and its subsidiaries ("Xingquan International Group") for the quarter ended ended 31 March 2009 assuming the Xingquan International Group has existed. Xingquan International completed its restru only on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the third quarter ended 31 March 2009 has been made at the exchange rate of RMB1 to RM0.5332 at 31 March 2009. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be, converted into RM at this or any other rate.

No comparable figures are available for the preceding period/year as this is the first quarterly report to Bursa Malaysia Securities Berhad.

The Condensed Combined Statement of Changes in Equity should be read in conjunction with the accompanying notes to the unaudited interim financial report.



**XINGQUAN Xingquan International Sports Holdings Limited**

Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company No. 42756)  
Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia (Company No. 995177-V)

**UNAUDITED CONDENSED COMBINED CASH FLOW STATEMENT  
FOR THE QUARTER ENDED 31 MARCH 2009**

	Unaudited As at 31.3.2009	31.3.2008	Unaudited As at 31.3.2009 (note)	31.3.2008 (note)
	RMB'000	RMB'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	55,774	N/A	29,739	N/A
Adjustment for:				
Depreciation of property, plant and equipment	2,880	N/A	1,536	N/A
Loss on disposal of fixed assets	121	N/A	64	N/A
Amortisation of land use rights	47	N/A	25	N/A
Interest expenses on bank borrowings	1,085	N/A	579	N/A
Interest income	(176)	N/A	(94)	N/A
Operating profit before working capital changes	59,731	N/A	31,849	N/A
Decrease/(Increase) in inventories	6,451	N/A	3,440	N/A
Decrease/(Increase) in trade and other receivables	(15,182)	N/A	(8,095)	N/A
Increase/(Decrease) in trade and other payables	(28,511)	N/A	(15,202)	N/A
Cash generated from operations	22,489	N/A	11,992	N/A
Interest paid	(1,085)	N/A	(579)	N/A
Income tax paid	(9,220)	N/A	(4,916)	N/A
Interest received	176	N/A	94	N/A
<b>Net cash generated from operating activities</b>	<b>12,360</b>	<b>N/A</b>	<b>6,591</b>	<b>N/A</b>
<b>Cash flows from investing activities</b>				
Purchase of fixed assets	(1,114)	N/A	(594)	N/A
<b>Net cash used in investing activities</b>	<b>(1,114)</b>	<b>N/A</b>	<b>(594)</b>	<b>N/A</b>
<b>Cash flows from financing activities</b>				
Bank loan obtained	21,300	N/A	11,357	N/A
Repayment of bank loan	(11,500)	N/A	(6,132)	N/A
Fixed deposit pledged with bank	6,900	N/A	3,679	N/A
<b>Net cash from financing activities</b>	<b>16,700</b>	<b>N/A</b>	<b>8,904</b>	<b>N/A</b>
Net increase in cash and cash equivalents	27,946	N/A	14,901	N/A
Cash and cash equivalents at beginning of the financial period	81,887	N/A	43,662	N/A
<b>Cash and cash equivalents at end of financial period</b>	<b>109,833</b>	<b>N/A</b>	<b>58,563</b>	<b>N/A</b>

**Notes:**

The Condensed Combined Cash Flow Statement are prepared based on the combined results of Xingquan International Sports Holdings Limited ("Xingquan International") and its subsidiaries ("Xingquan International Group") for the quarter ended 31 March 2009 assuming the Xingquan International Group has existed. Xingquan International completed its restructuring only on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the third quarter ended 31 March 2009 has been made at the exchange rate of RMB1 to RM0.5332 at 31 March 2009. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be, converted into RM at this or any other rate.

No comparable figures are available for the preceding period/year as this is the first quarterly report to Bursa Malaysia Securities Berhad.

The Condensed Combined Cash Flow Statement should be read in conjunction with the accompanying notes to the unaudited interim financial report.



**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2009**

**A1. Basis of accounting and changes in accounting policies**

**a) Basis of accounting**

The interim financial report of Xingquan International Sports Holdings Limited (the "Company") for the third quarter ended 31 March 2009 is unaudited and has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")

The interim financial report should be read in conjunction with the audited combined financial statement of the Company for the financial year ended 30 June 2008, Prospectus dated 23 June 2009 and the accompanying explanatory notes attached to this interim financial report.

**b) Changes in accounting policies**

There are no changes in accounting policies for the third quarter ended 31 March 2009.

**c) Basis of consolidation**

The consolidated financial statements of the Group have been prepared using the historical cost method similar to the "pooling-of-interest" as acquisition of subsidiary is accounted for as reconstructions of businesses. Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts.

The consolidated financial statements include the results of operations, and the assets and liabilities of the pooled enterprises as part of the Group for the whole of the current period.

Other than for accounting of subsidiaries using the historical cost method as disclosed above, the results of the subsidiaries acquired during the financial year are included in the consolidated income statement from the effective date in which control is transferred to the Group.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Acquisitions of subsidiaries, if any, are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated income statement from the effective date in which control is transferred to the Group.

**d) Functional currency and translation to presentation currency**

**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Renminbi.

**(ii) Transactions and balances**

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

**(iii) Group companies**

The results and financial positions of the Group entities that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) All resulting exchange differences are recognised as a separate component of equity.

**A2. Audit report of the Company's preceding annual financial statements**

The Company's audited combined financial statements for the financial year ended 30 June 2008 were not subject to any audit qualification.

**A3. Seasonal or cyclical factors**

There are no seasonal or cyclical factors which materially affect the Group during the quarter under review.

**A4. Unusual items**

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

**A5. Changes in estimates**

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

**A6. Changes in share capital and debts**

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial year to date.

Details of the movements in the Company's shares since incorporation up to the date of this report are as follows:

Date		Number of shares	USD
6.2.09	Incorporation	10,000	10,000
1.6.09	Issued pursuant to Acquisition of Addnice Holdings Limited	21,503,000	21,503,000
1.6.09	Share split	215,130,000	21,513,000
3.7.09	Issue pursuant to the Public Issue	92,200,000	9,220,000
Total		<u>307,330,000</u>	<u>30,733,000</u>

**A7. Subsequent material events**

Save as disclosed under notes A6 and A11, there are no other material events as at the date of this announcement that will affect the results in the financial period under review.

The Company is expected to be listed on the Main Board of Bursa Securities on 10 July 2009.

**A8. Financial instruments with off-balance sheet risks**

There are no financial instruments with off-balance sheet risks as at the date of this report.



## A9. Segment information

### Business Segments

Third quarter ended 31 March 2009

	Design, manufacture and sale of Shoe soles	Design, manufacture and sale of Sports and Leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB 000	RMB 000	RMB 000	RMB 000
Revenue				
- external sales	41,583	118,847	62,350	222,780
- inter-segment sales	16,727	-	-	16,727
	<u>58,310</u>	<u>118,847</u>	<u>62,350</u>	<u>239,507</u>
Elimination				<u>(16,727)</u>
				<u>222,780</u>
Segment results	9,193	37,905	10,044	57,142
Other income				176
Unallocated expenses				(459)
Finance costs				(1,085)
Profit before taxation				<u>55,774</u>
Income tax expense				(9,034)
Profit after taxation				<u>46,740</u>
<b>Other information</b>				
Capital expenditure	1,064	50	-	1,114
Depreciation of property, plant and equipment	2,079	728	73	2,880
Amortisation of land use rights	-	47	-	47
<b>Segment assets</b>	117,196	106,358	41,911	265,465
Unallocated corporate assets				110,015
Total assets				<u>375,480</u>
<b>Segment liabilities</b>	73,003	28,939	15,182	117,124
Unallocated corporate liabilities				66,466
Total liabilities				<u>183,590</u>

**Business Segments**

Cumulative Third quarter ended 31 March 2009

	Design, manufacture and sale of Shoe soles	Design, manufacture and sale of Sports and Leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB 000	RMB 000	RMB 000	RMB 000
Revenue				
- external sales	128,683	337,859	162,118	628,660
- inter-segment sales	58,716	-	-	58,716
	<u>187,399</u>	<u>337,859</u>	<u>162,118</u>	<u>687,376</u>
Elimination				<u>(58,716)</u>
				<u>628,660</u>
Segment results	29,563	108,086	28,939	166,588
Other income				1,463
Unallocated expenses				(1,273)
Finance costs				<u>(3,256)</u>
Profit before taxation				163,522
Income tax expense				<u>(26,969)</u>
Profit after taxation				<u>136,553</u>
<b>Other information</b>				
Capital expenditure	5,444	50	-	5,494
Depreciation of property, plant and equipment	6,087	2,298	208	8,593
Amortisation of land use rights	-	141	-	141
Negative goodwill				518
<b>Segment assets</b>	117,196	106,358	41,911	265,465
Unallocated corporate assets				110,015
<b>Total assets</b>				<u>375,480</u>
<b>Segment liabilities</b>	73,003	28,939	15,182	117,124
Unallocated corporate liabilities				66,466
<b>Total liabilities</b>				<u>183,590</u>

**A10. Property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the Company's audited combined financial statements for the year ended 30 June 2008.

#### A11. Status of corporate exercise

As an integral part of the listing of and quotation for the entire issue and paid up share capital of the Company on the Main Board of Bursa Securities (as stated in the Company's Prospectus dated 23 June 2009), the Company has undertaken/will be undertaking the following;

(i) Acquisition of Addnice Holdings Limited

Our Company acquired the entire issued and paid-up share capital of Addnice Holdings Limited comprising 1 share of par value HKD1.00 ("Addnice Holdings Share") from Sheng Xiang Shun for a total purchase consideration of USD21.503 million ("Acquisition") which was satisfied entirely by the issuance of 21.503 million new shares of USD1.00 each in Xingquan International ("Consideration Shares") at an issue price of USD1.00 per Consideration Share. The Acquisition was completed on 1 June 2009.

(ii) Share Split

After the completion of the Acquisition, our Company implemented a share split of every 1 share of USD1.00 each into 10 Xingquan International Shares. The share split was effected on 1 June 2009.

The number of issued ordinary shares in our Company changed from 21,513,000 shares of USD1.00 each to 215,130,000 Xingquan International Shares.

(iii) Public Issue

Our Company implemented a public issue of 92,200,000 Issue Shares comprising the Retail Offering and Institutional Offering.

(iv) Proposed Listing

In conjunction with the Public Issue, our Company proposes to seek the listing of and quotation for its entire enlarged issued and paid-up share capital comprising 307,330,000 Xingquan International Shares on the Main Board of Bursa Securities.

(v) Utilisation of proceeds

The gross proceeds from the Public Issue amounting to RM164.577 million are expected to be fully utilized for our core business in the following manner:

	Estimated time for utilisation	Maximum Scenario RM 000
Marketing and advertising activities	24 months	32,000
Expansion of our sales and distribution network	24 months	33,000
Expansion of our production capacity	24 months	55,452
Expansion of our research and development capabilities	24 months	15,000
Working capital	12 months	17,125
Estimated listing expenses	6 months	12,000
<b>Total gross proceeds</b>		<b>164,577</b>

## A12. Contingent liabilities

The Group issued corporate guarantees to financial institutions for bank borrowings of third parties as follows:

	<b>RMB 000</b>
Corporate Guarantees	32,000

As one of Xingquan International's subsidiaries, Xingquan Plastics is unable to procure the discharge of the repayment guarantees prior to the issuance of the Prospectus, the third parties have each placed with Xingquan Plastics a sum equal to the sum currently drawn down by them respectively pursuant to their respective facilities to cover any potential call on their respective guarantees. In addition, Xingquan Plastics has obtained from the third parties and their respective banks irrevocable undertakings from each of them not to drawdown or allow a drawdown, respectively without the written consent of Xingquan Plastics, the balances available pursuant to their respective facilities. In any event, Xingquan Plastics has obtained an indemnity from the Promoters of Xingquan International should any payments be required to be made by Xingquan Plastics pursuant to these repayment guarantees as a result of a breach of any of the undertakings procured from the third parties and/or their respective banks.

## A13. Capital commitments

	<b>RMB 000</b>
Authorised capital expenditure not provided for in the financial statements as at 31 March 2009 are as follows:	
- contracted	59,859
- not contracted	10,000
	<u>69,859</u>

## A14. Changes in the composition of the Group

There are no changes in the composition of the Group for the third quarter ended 31 March 2009.

## A15. Reserves

### Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Company established in the PRC are required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

### Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the net tangible assets of subsidiaries acquired under the pooling interest method of accounting.

### Currency translation reserve

Currency translation reserve represents translation differences arising from translation of foreign currency financial statements into presentation currency of the Group.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1. Review of performance**

Assuming the Group has existed in this quarter, the Group achieved a revenue and profit after taxation of RMB222.8 million and RMB46.7 million respectively for the current quarter and RMB621.3 million and RMB136.6 million respectively for the current year to date.

**B2. Variation of results against immediate preceding quarter**

Not applicable as this is the first set of interim financial report prepared and the Group has only existed from 1 June 2009.

**B3. Prospects for FYE 2009**

Based on research conducted by Converging Knowledge Pte Ltd, the growth rate estimation ranges from 11.7% to 15.8% as the CAGR for China's sportswear market and ranges from 27.0% to 42.0% as the CAGR for China's outdoor sportswear market. As such, our Board of Directors believes that the Group's prospects for the financial year ending 30 June 2009 remain favourable.

**B4. Profit forecast and profit guarantee**

The Group has not provided any profit forecast or profit guarantee in any public document.

**B5. Taxation**

Taxation comprises the following:

	<b>Current Quarter</b>	<b>Current year</b>
	<b>RMB 000</b>	<b>to date</b>
		<b>RMB 000</b>
PRC income tax	9,034	26,969

The effective tax rate of the Group for the current quarter was 16.2% and for the current year to date was 16.5% as compared to the applicable tax rate of 25%. The lower effective tax rate was due to Addnice Sports enjoying the tax reduction of 12.5% up to 31 December 2010.

**B6. Sale of unquoted investments and/or properties**

There were no changes in the unquoted investments and/or properties of the Group in the current quarter and financial year to date.

**B7. Quoted Securities**

There was no purchase or disposal of quoted securities by the Group in the current quarter and financial year to date and there is no investment in quoted securities as at the end of the quarter.

**B8. Group borrowings**

The Group's borrowings as at 31 March 2009 were as follows:

	<b>Total RMB 000</b>
Short term bank loans - secured	<u>61,200</u>

**B9. Changes in material litigation**

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

**B10. Dividend**

There was no dividend declared by the Company for the current quarter.

**B11. Earnings per share**

Basic earnings per share is calculated based on the profit attributable to equity holders of the Company and share capital of 215,130,000 shares assumed to be issue.

By Order of the Board

Kang Shew Meng  
Seow Fei San  
Secretaries

7 July 2009