



(Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company Registration 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 FOURTH QUARTER ENDED 30 JUNE 2009**

	Note	Individual quarter		Individual quarter	
		Quarter ended		Quarter ended	
		30.6.2009	30.6.2008	30.6.2009	30.6.2008
		RMB'000	RMB'000	RM'000	RM'000
Revenue		215,168	169,950	110,704	87,439
Cost of sales		(139,846)	(115,604)	(71,951)	(59,478)
Gross Profit		75,322	54,346	38,753	27,961
Other operating income		208	5,036	107	2,591
Selling and distribution expenses		(14,695)	(13,105)	(7,561)	(6,743)
Administrative expenses		(7,911)	(3,133)	(4,070)	(1,612)
Finance costs		(1,076)	(987)	(554)	(508)
Profit before taxation		51,848	42,157	26,675	21,689
Income tax expenses		(9,110)	(5,958)	(4,687)	(3,065)
Profit after taxation		42,738	36,199	21,988	18,624
Attributable to :					
- Equity holders of the Company		42,738	36,199	21,988	18,624
- Minority interests		-	-	-	-
		42,738	36,199	21,988	18,624
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	0.20	0.17	0.10	0.09
Diluted (RMB/RM)		N/A	N/A	N/A	N/A
Notes:					
<i>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 30 June 2009. Xingquan International completed its restructuring for its IPO exercise on 1 June 2009.</i>					
<i>The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the fourth quarter ended 30 June 2009 with comparatives shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5145 at 30 June 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.</i>					
<i>The Condensed Combined Income Statements should be read in conjunction with the accompanying notes to the unaudited interim financial report and the audited financial statements for the year ended 30 June 2008.</i>					



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**UNAUDITED CONDENSED COMBINED INCOME STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		30.6.2009	30.6.2008	30.6.2009 <i>(note)</i>	30.6.2008 <i>(note)</i>
		RMB'000	RMB'000	RM'000	RM'000
Revenue		843,828	636,810	434,150	327,639
Cost of sales		<u>(534,769)</u>	<u>(422,698)</u>	<u>(275,139)</u>	<u>(217,478)</u>
Gross Profit		309,059	214,112	159,011	110,161
Other operating income		1,671	5,942	860	3,057
Selling and distribution expenses		(68,921)	(54,745)	(35,460)	(28,166)
Administrative expenses		(22,107)	(14,351)	(11,374)	(7,384)
Finance costs		<u>(4,332)</u>	<u>(3,550)</u>	<u>(2,229)</u>	<u>(1,826)</u>
Profit before taxation		215,370	147,408	110,808	75,842
Income tax expenses		<u>(36,080)</u>	<u>(17,974)</u>	<u>(18,563)</u>	<u>(9,248)</u>
Profit after taxation		<u>179,290</u>	<u>129,434</u>	<u>92,245</u>	<u>66,594</u>
Attributable to :					
- Equity holders of the Company		179,293	129,438	92,247	66,596
- Minority interests		<u>(3)</u>	<u>(4)</u>	<u>(2)</u>	<u>(2)</u>
		<u>179,290</u>	<u>129,434</u>	<u>92,245</u>	<u>66,594</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	0.83	0.60	0.43	0.31
Diluted (RMB/RM)		N/A	N/A	N/A	N/A
<i>Notes:</i>					
<i>The Condensed Combined Income Statements are prepared based on the combined results of Xingquan International Group for the year ended 30 June 2009. Xingquan International completed its restructuring for its IPO exercise on 1 June 2009.</i>					
<i>The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the year ended 30 June 2009 with comparatives shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5145 at 30 June 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.</i>					
<i>The Condensed Combined Income Statements should be read in conjunction with the accompanying notes to the unaudited interim financial report and the audited financial statements for the year ended 30 June 2008.</i>					



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UNAUDITED CONDENSED COMBINED BALANCE SHEET AS AT 30 JUNE 2009

	As at 30.6.2009	As at 30.6.2008	As at 30.6.2009 <i>(note)</i>	As at 30.6.2008 <i>(note)</i>
	RMB'000	RMB'000	RM'000	RM'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	62,727	65,288	32,273	33,591
Land use rights	8,877	9,066	4,567	4,664
	<u>71,604</u>	<u>74,354</u>	<u>36,840</u>	<u>38,255</u>
Current assets				
Inventories	38,425	28,885	19,770	14,862
Trade and other receivables	138,399	160,923	71,206	82,795
Cash and bank balances	202,567	98,065	104,221	50,455
	<u>379,391</u>	<u>287,873</u>	<u>195,197</u>	<u>148,112</u>
Current liabilities				
Trade and other payables	146,090	113,147	75,163	58,214
Interest-bearing bank borrowings	61,200	49,900	31,487	25,674
Corporate income tax payables	9,110	5,959	4,687	3,066
	<u>216,400</u>	<u>169,006</u>	<u>111,337</u>	<u>86,954</u>
Net current assets	162,991	118,867	83,860	61,158
Net assets	<u>234,595</u>	<u>193,221</u>	<u>120,700</u>	<u>99,413</u>
EQUITY				
Share capital	148,716	67,242	76,515	34,597
Reserves	85,879	125,000	44,185	64,312
	<u>234,595</u>	<u>192,242</u>	<u>120,700</u>	<u>98,909</u>
Minority interest	-	979	-	504
TOTAL EQUITY	<u>234,595</u>	<u>193,221</u>	<u>120,700</u>	<u>99,413</u>
Net assets per share attributable to equity holders of the Company (RMB/RM)	<u>1.09</u>	<u>0.90</u>	<u>0.56</u>	<u>0.46</u>

Notes:

The Condensed Combined Balance Sheets are prepared based on the combined results of Xingquan International Group for the quarter ended 30 June 2009. Xingquan International completed its restructuring for its IPO exercise on 1 June 2009. financial report and the audited financial statements for the year ended 30 June 2008.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the fourth quarter ended 30 June 2009 with comparatives shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5145 at 30 June 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.

The Condensed Combined Balance Sheets should be read in conjunction with the accompanying notes to the unaudited interim financial report and the audited financial statements for the year ended 30 June 2008.



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**UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 JUNE 2009**

	Attributable to Equity Holders of the Company						
	Non - distributable				Distributable		
	Share capital RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	Minority Interest RMB'000	Total Equity RMB'000
Balance at 1 July 2007	66,341	12,371	-	-	88,191	-	166,903
Issue of new shares	901	-	-	-	-	-	901
Net profit for the year	-	-	-	-	129,438	(4)	129,434
Acquisition of subsidiary	-	-	-	-	-	983	983
Dividends	-	-	-	-	(105,000)	-	(105,000)
Balance at 30 June 2008	67,242	12,371	-	-	112,629	979	193,221
Issue of new shares	71	-	-	-	-	-	71
Arising from restructuring	81,403	-	(81,403)	-	-	-	-
Translation differences relating to foreign currency financial statements recognised directly in equity	-	-	-	(11)	-	-	(11)
Net profit for the year	-	-	-	-	179,293	(3)	179,290
Total recognised income and expenses for the year	-	-	-	(11)	179,293	(3)	179,279
Dividends	-	-	-	-	(137,000)	-	(137,000)
Acquisition of minority interest	-	-	-	-	-	(976)	(976)
Balance at 30 June 2009	148,716	12,371	(81,403)	(11)	154,922	-	234,595

	Attributable to Equity Holders of the Company						
	Non - distributable				Distributable		
	Share capital RM'000	Statutory reserve RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Minority Interest RM'000	Total Equity RM'000
Balance at 1 July 2007	34,133	6,365	-	-	45,374	-	85,872
Issue of new shares	464	-	-	-	-	-	464
Net profit for the year	-	-	-	-	66,596	(2)	66,594
Acquisition of subsidiary	-	-	-	-	-	506	506
Dividends	-	-	-	-	(54,023)	-	(54,023)
Balance at 30 June 2008	34,597	6,365	-	-	57,947	504	99,413
Issue of new shares	37	-	-	-	-	-	37
Arising from restructuring	41,881	-	(41,881)	-	-	-	-
Translation differences relating to foreign currency financial statements recognised directly in equity	-	-	-	(6)	-	-	(6)
Net profit for the year	-	-	-	-	92,247	(2)	92,245
Total recognised income and expenses for the year	-	-	-	(6)	92,247	(2)	92,239
Dividends	-	-	-	-	(70,487)	-	(70,487)
Acquisition of minority interest	-	-	-	-	-	(502)	(502)
Balance at 30 June 2009	76,515	6,365	-41,881	-6	79,707	-	120,700

Notes:

The Condensed Combined Statement of Changes of Equity are prepared based on the combined results of Xingquan International Group for the year ended 30 June 2009. Xingquan International completed its restructuring for its IPO exercise on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the year ended 30 June 2009 with comparatives shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5145 at 30 June 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.

The Condensed Combined Statement of Changes in Equity should be read in conjunction with the accompanying notes to the unaudited interim financial report and the audited financial statements for the year ended 30 June 2008.



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**UNAUDITED CONDENSED COMBINED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Unaudited As at 30.6.2009	30.6.2008	Unaudited As at 30.6.2009 (note)	30.6.2008 (note)
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	215,370	147,408	110,808	75,842
Adjustment for:				
Depreciation of property, plant and equipment	11,510	10,101	5,922	5,197
Amortisation of land use rights	189	186	97	96
Fixed Asset written off	121	-	62	-
Interest expenses on bank borrowings	4,332	3,550	2,229	1,826
Negative goodwill	(518)	(4,720)	(266)	(2,428)
Interest income	(1,145)	(1,222)	(589)	(629)
Operating profit before working capital changes	229,859	155,303	118,263	79,904
(Increase)/Decrease in inventories	(9,540)	388	(4,908)	200
Increase in trade and other receivables	(29,354)	(32,618)	(15,103)	(16,782)
Increase in trade and other payables	32,932	7,173	16,944	3,691
Cash generated from operations	223,897	130,246	115,196	67,013
Interest paid	(4,332)	(3,550)	(2,229)	(1,826)
Income tax paid	(32,929)	(14,266)	(16,942)	(7,340)
Interest received	1,145	1,222	589	630
Net cash generated from operating activities	187,781	113,652	96,614	58,477
Cash flows from investing activities				
Acquisition of property, plant and equipment	(9,070)	(9,112)	(4,667)	(4,688)
Acquisition of subsidiary	(458)	(3,764)	(236)	(1,937)
Acquisition of land use rights	-	(44)	-	(23)
Net cash used in investing activities	(9,528)	(12,920)	(4,903)	(6,648)
Cash flows from financing activities				
Advances from shareholders	51,878	5,822	26,691	2,995
Dividend paid	(137,000)	(105,000)	(70,487)	(54,023)
Bank loans obtained	66,200	49,900	34,060	25,674
Repayment of bank loan	(54,900)	(49,200)	(28,246)	(25,313)
Fixed deposit pledged with bank	4,330	4,550	2,228	2,341
Proceeds from issue of shares	71	901	37	464
Net cash from financing activities	(69,421)	(93,027)	(35,717)	(47,862)
Net increase in cash and cash equivalents	108,832	7,705	55,994	3,966
Cash and cash equivalents at beginning of the financial year	74,515	66,810	38,340	34,374
Cash and cash equivalents at end of financial period	183,347	74,515	94,334	38,340

Notes:

The Condensed Combined Cash Flow Statement are prepared based on the combined results of Xingquan International Group for the year ended 30 June 2009. Xingquan International completed its restructuring for its IPO exercise on 1 June 2009.

The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the year ended 30 June 2009 with comparatives shown for reference only and has been made at the same exchange rate of RMB1 to RM0.5145 at 30 June 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.

The Condensed Combined Cash Flow Statement should be read in conjunction with the accompanying notes to the unaudited interim financial report and the audited financial statements for the year ended 30 June 2008.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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 fourth quarter ended 30 June 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 fourth quarter ended 30 June 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 and below, there are no other material events as at the date of this announcement that will affect the results in the financial period under review.

- i) The contributions to the registered capital of Addnice (China) Co., Ltd. (a wholly owned subsidiary of Addnice Holdings Limited which in turn is a subsidiary of Xingquan International) has been increased by HKD57,500,000 on 23 July 2009 to HKD100,000,000;
- ii) The contributions to the registered capital of Fujian Aidinai Sports Goods Co., Ltd. (a wholly owned subsidiary of Addnice Holdings Limited which in turn is a subsidiary of Xingquan International) has been increased by HKD45,000,000 on 12 August 2009 to HKD60,000,000; and
- iii) The contributions to the registered capital of Xingquan (Fujian) Shoes Plastics Co. Ltd. (a wholly owned subsidiary of Addnice Holdings Limited which in turn is a subsidiary of Xingquan International) has been increased by HKD51,500,000 on 11 August 2009 to HKD60,000,000.

Our Company was 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

Fourth quarter ended 30 June 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	40,932	110,883	63,353	215,168
- inter-segment sales	23,970	-	-	23,970
	<u>64,902</u>	<u>110,883</u>	<u>63,353</u>	<u>239,138</u>
Elimination				<u>(23,970)</u>
				<u>215,168</u>
Segment results	13,359	32,314	10,748	56,421
Other income				208
Unallocated expenses				(3,705)
Finance costs				<u>(1,076)</u>
Profit before taxation				51,848
Income tax expense				<u>(9,110)</u>
Profit after taxation				<u>42,738</u>
Other information				
Capital expenditure	3,576	-	-	3,576
Depreciation of property, plant and equipment	2,126	717	74	2,917
Amortisation of land use rights	-	47	-	47
Segment assets	150,583	104,510	42,201	297,294
Unallocated corporate assets				<u>153,701</u>
Total assets				<u>450,995</u>
Segment liabilities	94,783	35,461	17,818	148,062
Unallocated corporate liabilities				<u>68,338</u>
Total liabilities				<u>216,400</u>

Business Segments

	Year ended 30 June 2009			Total RMB 000
	Design, manufacture and sale of shoe soles RMB 000	Design, manufacture and sale of sports and leisure footwear RMB 000	Design and sale of sports apparels and accessories RMB 000	
Revenue				
- external sales	169,615	448,742	225,471	843,828
- inter-segment sales	82,686	-	-	82,686
	<u>252,301</u>	<u>448,742</u>	<u>225,471</u>	<u>926,514</u>
Elimination				<u>(82,686)</u>
				<u>843,828</u>
Segment results	42,922	140,399	39,687	223,008
Other income				1,671
Unallocated expenses				(4,977)
Finance costs				<u>(4,332)</u>
Profit before taxation				215,370
Income tax expense				<u>(36,080)</u>
Profit after taxation				<u>179,290</u>
Other information				
Capital expenditure	9,020	50	-	9,070
Depreciation of property, plant and equipment	8,213	3,015	282	11,510
Amortisation of land use rights	-	189	-	189
Negative goodwill				518
Fixed assets written off	25	96	-	121
Segment assets	150,583	104,510	42,201	297,294
Unallocated corporate assets				<u>153,701</u>
Total assets				<u>450,995</u>
Segment liabilities	94,783	35,461	17,818	148,062
Unallocated corporate liabilities				<u>68,338</u>
Total liabilities				<u>216,400</u>

Business Segments

	Year ended 30 June 2008			
	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	131,516	367,294	138,000	636,810
- inter-segment sales	64,245	-	-	64,245
	<u>195,761</u>	<u>367,294</u>	<u>138,000</u>	<u>701,055</u>
Elimination				(64,245)
				<u>636,810</u>
Segment results	27,939	97,973	19,301	145,213
Other income				5,942
Unallocated expenses				(197)
Finance costs				(3,550)
Profit before taxation				<u>147,408</u>
Income tax expense				(17,974)
Profit after taxation				<u>129,434</u>
Other information				
Capital expenditure	8,609	503	-	9,112
Depreciation of property, plant and equipment	7,425	2,637	39	10,101
Amortisation of land use rights	-	186	-	186
Negative goodwill				4,720
Segment assets	140,827	90,637	25,072	256,536
Unallocated corporate assets				105,691
Total assets				<u>362,227</u>
Segment liabilities	94,028	21,175	7,956	123,159
Unallocated corporate liabilities				45,800
Total liabilities				<u>168,959</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 had 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) Listing

In conjunction with the Public Issue, our Company sought 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 and was listed on 10 July 2009.

(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	Proposed Utilisation 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
Total gross proceeds		164,577

A12. Contingent liabilities

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

	RMB 000
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.

The amount of RMB32,000,000 relates to a repayment guarantee provided to Quanzhou Commercial Bank, Jinjiang branch ("Quanzhou Bank") by Xingquan Plastics for the maximum facility of RMB10,000,000 from 20 August 2007 to 20 August 2009 and RMB4,000,000 from 24 August 2008 to 24 August 2009 provided by Quanzhou Bank to Fujian Kebi Sports Products Co., Ltd ("Fujian Kebi") and RMB18,000,000 from 26 August 2008 to 26 February 2010 provided by China Construction Bank, Jingjiang branch ("China Construction Bank") to Quanzhou Baoshu Packing Co.,Ltd ("Baoshu"). The potential exposure to Xingquan Plastics is RMB32,000,000.

The corporate guarantees relating to Fujian Kebi which amounted to RMB14,000,000 will be discharged on 25th August 2009 and only the corporate guarantee to Baoshu amounting to RMB18,000,000 is still in force.

A13. Capital commitments

	RMB 000
Authorised capital expenditure not provided for in the financial statements as at 30 June 2009 are as follows:	
- contracted	50,705
- not contracted	10,000
	<u>60,705</u>

A14. Changes in the composition of the Group

Save as disclosed under notes A11, there are no other changes in the composition of the Group for the fourth quarter ended 30 June 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

The Group achieved a revenue and profit before taxation of RMB215.2 million and RMB51.8 million respectively for the current quarter, representing an increase of 26.6% and 23.0% respectively as compared to the corresponding period in 2008.

The Group recorded a revenue and profit before taxation of RMB843.8 million and RMB215.3 million respectively for the financial year ended 30 June 2009 ("FYE 2009"). The revenue of RMB843.8 million represents an increase of 32.5% as compared to the revenue of RMB636.8 million recorded for the financial year ended 30 June 2008 ("FYE 2008"). The increase in revenue is in line with the Group's increase in the following:

- (i) Increase in sales volume across all product segments, particularly the increase in the sale of shoe soles from approximately 7.0 million pairs in FYE 2008 to approximately 9.7 million pairs in FYE 2009 and increase in the sale of outdoor and indoor sports and leisure shoes from approximately 4.8 million pairs in FYE2008 to approximately 5.4 million pairs in FYE 2009.
- (ii) Increase in average selling price of outdoor and indoor sports and leisure shoes from RMB75.98 per pair in FYE2008 to RMB82.72 per pair in FYE 2009.
- (iii) Increase in penetration in the PRC market. The number of retail locations of our "Addnice" products increased from 1,243 retail locations in FYE 2008 to 1,596 retail locations in FYE 2009.

The profit before taxation of RMB215.4 million for FYE 2009 represents an increase of 46.1% as compared to profit before taxation of RMB147.4 million recorded for FYE 2008. This was mainly due to the increase in revenue and the improvement of the overall gross profit margin from 33.6% in FYE 2008 to 36.6% in FYE 2009.

The profit after taxation of RMB179.3 million for FYE 2009 represents an increase of 38.6% as compared to profit after taxation of RMB129.4 million recorded for FYE 2008 which is in line with the increase in PBT.

Based on the Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises, Addnice Sports, Addnice China and Xingquan Plastics are entitled to full exemption from income tax for the first two years and a 50% reduction in income tax for the next three years starting from their first profitable year of operation. Addnice Sports is exempted from the state corporate income tax for its first two profitable calendar years of operation (i.e. from 1 January 2006 to 31 December 2007) and thereafter, is entitled to a 50% relief from the state corporate income tax for the third to fifth consecutive years (i.e. from 1 January 2008 to 31 December 2010). Addnice China commenced its 5-year tax holiday from 1 January 2008. Xingquan Plastics has fully utilised its tax incentives and was subject to the full state corporate income tax during the financial years and periods under review

B2. Variation of results against immediate preceding quarter

	Current quarter 30 June 2009 RMB 000	Preceding quarter 31 March 2009 RMB 000
Revenue	215,168	222,780
Profit before taxation	51,848	55,774
Profit after taxation	42,738	46,740

The Group recorded a revenue of RMB215.2 million for the fourth quarter ended 30 June 2009 ("Q4"), representing a slight decrease of 3.4% as compared to the revenue of RMB222.8 million as recorded for the third quarter ended 31 March 2009 ("Q3"). The decrease is mainly due to the slight decrease in the revenue of both sport shoes and apparels and accessories in the Q4. The Group enjoyed better sales in Q3 because of the Chinese New Year festive season

The profit before taxation of RMB51.8 million for Q4 represents a decrease of 7.0% as compared to the profit before taxation of RMB55.8 million recorded for Q3. This was mainly due to the slight decrease in revenue as mentioned above and the slight decrease in the gross profit margin of 35.1% in Q3 to 35.01% in Q4 due to the different sale mix of product compositions.

B3. Prospects for FYE 2010

Based on research conducted by Converging Knowledge Pte Ltd, the growth rate estimation ranges from 11.7% to 15.8% for CAGR for China's sportswear market and ranges from 27.0% to 42.0% for CAGR for China's outdoor sportswear market from 2008 to 2012. As such, our Board of Directors believes that the Group's prospects for the financial year ending 30 June 2010 would be 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:

	Current Quarter RMB 000	Current year to date RMB 000
PRC income tax	9,110	36,080

The effective tax rate of the Group for the current quarter was 17.6% and for the current year to date was 16.8% 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 30 June 2009 were as follows:

	Total RMB 000
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 issued.

By Order of the Board

Kang Shew Meng
Seow Fei San
Secretaries

24 August 2009