



(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 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FOURTH QUARTER ENDED 30 JUNE 2016**

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.06.2016	30.06.2015	30.06.2016 (note a)	30.06.2015 (note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	129,739	260,560	82,761	166,211
Cost of sales		<u>(536,856)</u>	<u>(172,112)</u>	<u>(342,460)</u>	<u>(109,790)</u>
Gross (loss)/profit		(407,117)	88,448	(259,699)	56,421
Other income		6,608	8,149	4,215	5,198
Selling and distribution expenses	B1	(27,082)	(54,488)	(17,276)	(34,758)
Administrative expenses		(174,726)	(15,612)	(111,458)	(9,959)
Finance costs		<u>-</u>	<u>(252)</u>	<u>-</u>	<u>(161)</u>
(Loss)/Profit before taxation	B1	(602,317)	26,245	(384,218)	16,741
Income tax expenses		<u>(965)</u>	<u>(7,570)</u>	<u>(616)</u>	<u>(4,829)</u>
(Loss)/Profit after taxation	B1	(603,282)	18,675	(384,834)	11,912
Other comprehensive losses, net of tax					
- Translation differences arising from foreign currency financial statements recognised directly in equity		<u>(2,640)</u>	<u>(6,625)</u>	<u>(1,684)</u>	<u>(4,226)</u>
Total comprehensive (loss)/income for the period		<u>(605,922)</u>	<u>12,050</u>	<u>(386,518)</u>	<u>7,686</u>
Attributable to :					
- Equity holders of the Company		<u>(605,922)</u>	<u>12,050</u>	<u>(386,518)</u>	<u>7,686</u>
(Losses)/Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	(1.62)	0.06	(1.03)	0.04
Diluted (RMB/RM)	B11	*	*	*	*

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 30 June 2016 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6379 at 30 June 2016. 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.

(b) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

* Refer to Note B11 (b) for further details.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		30.06.2016	30.06.2015	30.06.2016 <i>(note a)</i>	30.06.2015 <i>(note a)</i>
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	686,111	1,292,858	437,670	824,714
Cost of sales		<u>(921,690)</u>	<u>(824,449)</u>	<u>(587,946)</u>	<u>(525,916)</u>
Gross (loss)/profit		(235,579)	468,409	(150,276)	298,798
Other income		20,479	50,671	13,064	32,323
Selling and distribution expenses	B1	(99,613)	(142,908)	(63,543)	(91,161)
Administrative expenses		(203,894)	(49,191)	(130,064)	(31,379)
Finance costs		<u>(916)</u>	<u>(1,067)</u>	<u>(584)</u>	<u>(681)</u>
(Loss)/Profit before taxation	B1	(519,523)	325,914	(331,403)	207,900
Income tax expenses		<u>(22,603)</u>	<u>(75,378)</u>	<u>(14,418)</u>	<u>(48,084)</u>
(Loss)/Profit after taxation	B1	(542,126)	250,536	(345,821)	159,816
Other comprehensive losses, net of tax					
- Translation differences arising from foreign currency financial statements recognised directly in equity		<u>(11,554)</u>	<u>(45,207)</u>	<u>(7,370)</u>	<u>(28,838)</u>
Total comprehensive (loss)/income for the year		<u>(553,680)</u>	<u>205,329</u>	<u>(353,191)</u>	<u>130,978</u>
Attributable to :					
- Equity holders of the Company		<u>(553,680)</u>	<u>205,329</u>	<u>(353,191)</u>	<u>130,978</u>
(Losses)/Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	(1.45)	0.74	(0.93)	0.47
Diluted (RMB/RM)	B11	*	*	*	*

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

* Refer to Note B11 (b) for further details.



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Unaudited As At 30.06.2016	Audited As at 30.6.2015	Unaudited As At 30.06.2016 <i>(note a)</i>	Audited As at 30.6.2015 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	226,200	250,419	135,901	150,452
Land use rights	12,424	12,707	7,464	7,634
	238,624	263,126	143,365	158,086
Current assets				
Inventories	29,251	44,055	17,574	26,469
Trade and other receivables	118,369	253,536	71,119	152,326
Cash and bank balances	1,141,751	1,456,947	685,964	875,334
	1,289,371	1,754,538	774,657	1,054,129
Current liabilities				
Trade and other payables	66,639	68,017	40,038	40,865
Interest-bearing bank borrowings	18,000	18,000	10,814	10,815
Corporate income tax payable	287	7,003	172	4,208
	84,926	93,020	51,024	55,888
Net current assets	1,204,445	1,661,518	723,633	998,241
Non-current liability				
Deferred income tax liabilities	3,465	3,233	2,082	1,942
Net assets	1,439,604	1,921,411	864,916	1,154,385
EQUITY				
Share capital	31,699	230,886	19,045	138,716
Reserves	1,407,905	1,690,525	845,871	1,015,669
TOTAL EQUITY	1,439,604	1,921,411	864,916	1,154,385
Net assets per share attributable to equity holders of the Company (RMB/RM)				
	3.86	5.68	2.32	3.41

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016**

	Attributable to Equity Holders of the Company										
	Non - distributable					Distributable					Total Equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contribution surplus account RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Currency translation reserve RMB'000	Warrants reserve RMB'000	Discount on shares RMB'000	Retained earnings RMB'000		
At 1 July 2014	230,886	273,851	-	136,196	(81,403)	28,067	71,923	(71,923)	1,139,860	1,727,457	
Total comprehensive income for the period	-	-	-	-	-	(45,207)	-	-	250,536	205,329	
Dividends	-	-	-	-	-	-	-	-	(11,375)	(11,375)	
Transfer to statutory reserve	-	-	-	10,542	-	-	-	-	(10,542)	-	
At 30 June 2015	230,886	273,851	-	146,738	(81,403)	(17,140)	71,923	(71,923)	1,368,479	1,921,411	
At 1 July 2015	230,886	273,851	-	146,738	(81,403)	(17,140)	71,923	(71,923)	1,368,479	1,921,411	
Rights issue net of share issuance expenses	9,477	62,396	-	-	-	-	-	-	-	71,873	
Transfer in relation to Capital Reorganisation	(208,664)	-	208,664	-	-	-	-	-	-	-	
Issued of Warrant B	-	-	-	-	-	-	20,395	(20,395)	-	-	
Transfer to statutory reserve	-	-	-	260	-	-	-	-	(260)	-	
Total comprehensive loss for the period	-	-	-	-	-	(11,554)	-	-	(542,126)	(553,680)	
At 30 June 2016	31,699	336,247	208,664	146,998	(81,403)	(28,694)	92,318	(92,318)	826,093	1,439,604	

	Attributable to Equity Holders of the Company										
	Non - distributable					Distributable					Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Contribution surplus account RM'000	Statutory reserve RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Warrants reserve RM'000	Discount on shares RM'000	Retained earnings RM'000		
At 1 July 2014	138,716	164,530	-	81,827	(48,907)	16,863	43,211	(43,211)	684,828	1,037,857	
Total comprehensive income for the period	-	-	-	-	-	(27,160)	-	-	150,522	123,362	
Dividends	-	-	-	-	-	-	-	-	(6,834)	(6,834)	
Transfer to statutory reserve	-	-	-	6,334	-	-	-	-	(6,334)	-	
At 30 June 2015	138,716	164,530	-	88,161	(48,907)	(10,297)	43,211	(43,211)	822,182	1,154,385	
At 1 July 2015	138,716	164,530	-	88,161	(48,907)	(10,297)	43,211	(43,211)	822,182	1,154,385	
Rights issue net of share issuance expenses	5,694	37,488	-	-	-	-	-	-	-	43,182	
Transfer in relation to Capital Reorganisation	(125,365)	-	125,365	-	-	-	-	-	-	-	
Issued of Warrant B	-	-	-	-	-	-	12,253	(12,253)	-	-	
Transfer to statutory reserve	-	-	-	156	-	-	-	-	(156)	-	
Total comprehensive income for the period	-	-	-	-	-	(6,942)	-	-	(325,709)	(332,651)	
At 30 June 2016	19,045	202,018	125,365	88,317	(48,907)	(17,239)	55,464	(55,464)	496,317	864,916	

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL YEAR 30 JUNE 2016**

	12 months Ended 30.06.2016	12 months Ended 30.06.2015	12 months Ended 30.06.2016 <i>(note a)</i>	12 months Ended 30.06.2015 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/Profit before tax	(519,523)	325,914	(331,403)	207,900
Adjustments for:				
Depreciation of property, plant and equipment	23,260	24,912	14,838	15,891
Loss on disposal of property, plant and equipment	1,138	728	-	464
Write off of property, plant and equipment	932	120	595	77
Amortisation of land use rights	283	283	181	181
Provision for doubtful debts	157,455	-	100,441	-
Unrealised gain on foreign exchange differences	(10,083)	(45,830)	(6,432)	(29,235)
Interest expenses on bank borrowings	916	1,067	584	681
Interest income	(4,296)	(4,618)	(2,740)	(2,946)
Operating (loss)/profit before working capital changes	(349,918)	302,576	(223,936)	193,013
Decrease/(Increase) in inventories	14,804	(1,796)	9,443	(1,146)
(Increase)/Decrease in trade and other receivables	(22,288)	102,865	(14,218)	65,616
(Decrease)/Increase in trade and other payables	(2,635)	10,340	(1,681)	6,597
Cash (used in)/generated from operations	(360,037)	413,985	(230,392)	264,080
Interest paid	(916)	(1,067)	(584)	(681)
Income tax paid	(29,319)	(80,885)	(18,703)	(51,597)
Interest received	4,296	4,618	2,740	2,946
Net cash (used in)/generated from operating activities	(385,976)	336,651	(246,939)	214,748
Cash flows from investing activities				
Proceeds on disposal of property, plant and equipment	759	639	484	408
Acquisition of property, plant and equipment	(1,870)	(25,206)	(1,193)	(16,079)
Cash used in investing activity	(1,111)	(24,567)	(709)	(15,671)
Cash flows from financing activities				
Proceeds from Rights issue net of share issuance expenses	71,873	-	43,182	-
Bank loans obtained	18,000	18,000	11,482	11,482
Repayment of bank loans	(18,000)	(18,000)	(11,482)	(11,482)
Dividends paid	-	(11,375)	-	(6,834)
Net cash generated from / (used in) financing activities	71,873	(11,375)	43,182	(6,834)
Net (decrease)/increase in cash and cash equivalents	(315,214)	300,709	(204,466)	192,243
Translation differences	18	(5)	15,096	(11,580)
Cash and cash equivalents at beginning of the financial period	1,456,947	1,156,243	875,334	694,671
Cash and cash equivalents at end of financial period	1,141,751	1,456,947	685,964	875,334

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

A1. Basis of accounting and changes in accounting policies

a) Basis of accounting

The interim financial statements of Xingquan International Sports Holdings Limited (the "Company") for the fourth quarter ended 30 June 2016 are unaudited and have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

b) Changes in accounting policies

There are no changes in accounting policies for the financial period ended 30 June 2016.

c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

The Group was formed as a result of the reorganisation exercise undertaken in 2009 for the purpose of the Company's listing on the Main Market of the Bursa Malaysia Securities Berhad. The acquisition of 100% equity in Addnice Holdings Limited by Xingquan International Sports Holdings Limited pursuant to the reorganisation exercise under common control has been accounted for using the pooling-of-interests method of consolidation. Under the pooling-of-interest method, the consolidated financial statements of the Group have been presented as if the Group structure immediately after the reorganisation has been in existence since the earliest financial year presented. The assets and liabilities were brought into the consolidated statement of financial position at their existing carrying amounts. The pooling-of-interest method will continue to be used for the entities in existence up to the Group's next reorganisation exercise.

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 statement of comprehensive income from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Business combination is 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 non-controlling interest.

Any 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 represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in profit and loss on the date of acquisition.

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

d) Functional currency and translation to presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Malaysia Ringgit. The financial statements are presented in Renminbi instead of Malaysia Ringgit as the primary economic environment in which the Group operates is the People's Republic of China.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in term of historical cost in a foreign currency are translated using the exchange rates at the date of the translation.

(iii) Group entities

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

- (a) Assets and liabilities are translated at the closing rate at the reporting date;
- (b) Income and expenses 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
- (c) All resulting exchange differences are recognised as a separate component of equity.

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

The Group's audited consolidated financial statements for the financial year ended 30 June 2015 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 except for the loss of RMB415.7 million arising from the custom made shoes and the provision for doubtful debt of RMB157.5 million.

A5. Material changes in estimates

There were no 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

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 save for A10.

A7. Subsequent material events

There are no other material events as at the date of this announcement that will affect the results in the financial period under review.

A8. Segment information

a) Operating segments

	12 months ended 30 June 2016				
	Shoe soles	Casual Footwear	Apparels and Accessories	Eliminated	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	119,592	172,660	393,859	-	686,111
Inter-segment revenue	80,899	42,733	17,743	(141,375)	-
	200,491	215,393	411,602	(141,375)	686,111
Results					
Segment results	25,467	(364,077)	103,031	-	(235,579)
Other income					20,479
Selling and distribution expenses					(99,613)
Administrative expenses					(203,894)
Finance costs					(916)
(Loss)/Profit before taxation					(519,523)
Income tax expenses					(22,603)
(Loss)/Profit after taxation					(542,126)
Other information					
Segment assets	101,900	79,456	181,248	(4,000)	358,604
Unallocated assets					
- Land use rights					12,424
- Other receivables					15,216
- Cash and bank					1,141,751
Total assets					1,527,995
Segment liabilities	6,476	2,790	6,365	-	15,631
Unallocated liabilities					
- Borrowing					18,000
- Other payables					50,008
- Current tax payable					287
- Deferred tax liability					3,465
Total liabilities					88,391
Capital expenditure	1,788	25	57		1,870
Depreciation of property, plant and equipment	9,074	4,324	9,862		23,260
Amortisation of land use rights	-	-	-		283
Property, plant and equipment written off	931	-	1		932
Loss on disposal of property, plant and equipment	1,138	-	-		1,138

	12 months ended 30 June 2015				
	Shoe soles	Casual Footwear	Apparels and Accessories	Eliminated	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	233,959	391,472	667,427		1,292,858
Inter-segment revenue	16,339	52,891	52,492	(94,206)	-
	250,298	444,363	719,919	(94,206)	1,292,858
Results					
Segment results	67,712	133,094	267,603	-	468,409
Other income					50,671
Selling and distribution expenses					(142,908)
Administrative expenses					(49,191)
Finance costs					(1,067)
Profit before taxation					325,914
Income tax expenses					(75,378)
Profit after taxation					250,536
Other information					
Segment assets	147,615	131,662	224,472	(5,000)	498,749
Unallocated assets					
- Land use rights					12,707
- Other receivables					49,261
- Cash and bank					1,456,947
Total assets					2,017,664
Segment liabilities	14,203	4,990	8,508	-	27,701
Unallocated liabilities					
- Borrowing					18,000
- Other payables					40,316
- Current tax payable					7,003
- Deferred tax liability					3,233
Total liabilities					96,253
Capital expenditure	24,065	422	719		25,206
Depreciation of property, plant and equipment	9,391	5,738	9,783		24,912
Property, plant and equipment written off	119	-	1		120
Loss on disposal on property, plant and equipment	728	-	-		728
Amortisation of land use rights					283

b) Geographical segments

As the business of the Group is engaged entirely in the People's Republic of China, no reporting by geographical location of operation is presented.

A9. Property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the Company's audited consolidated financial statements for the year ended 30 June 2015.

A10. Corporate proposals

On 25th September 2015, the company announced to undertake the following corporate proposals:-

- Proposed reorganisation of the share capital of the Company which involves, among other things, the reduction of the issued and paid-up share capital of Xingquan via the cancellation of United States Dollar ("US\$") 0.09 on each of the existing ordinary issued and paid-up shares of US\$0.10 in Xingquan pursuant to Section 46 of the Companies Act 1981 of Bermuda ("Act") (the "Proposed Par Value Reduction"), to be effective on such date as may be determined by the Board ("Par Value Reduction Effective Date") ("Proposed Capital Reorganisation"). Subsequently, the Proposed Par Value Reduction is completed on 10 February 2016; and
- Proposed renounceable rights issue of up to 253,547,250 new ordinary shares of US\$0.01 in the Company ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing shares held in Xingquan after the Proposed Par Value Reduction Effective Date, together with up to 84,515,750 free detachable warrants ("Warrant(s) B") on the basis of one (1) Warrant B for every three (3) Rights Shares subscribed, on an entitlement date to be determined later by the Board ("Entitlement Date") ("Proposed Rights Issue with Warrants"). A total of 147,106,235 Rights Shares and 49,035,342 Warrants B as well as 23,329,593 Additional Warrants A consequential to the Rights Issue with Warrants were listed and quoted on the Main Market of Bursa Securities on Wednesday, 6 April 2016, marking the completion of the Proposed Rights Issue with Warrants.

A11. Contingent liabilities

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 30 June 2015.

A12. Capital commitments

There were no authorised capital expenditures contracted but not provided for in the financial statements as at 30 June 2016.

A13. Changes in the composition of the Group

There are no changes in the composition of the Group during the financial period to-date.

A14. 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 profits after taxation prepared in accordance with the accounting regulation in the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.

Merger reserve

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

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of the financial statements of foreign entities with functional currencies different from the presentation currency of the Group.

Share premium

The share premium represents the excess of issue price over the par value of the shares issued, net of share issue expenses.

A15. Related party transactions

There are no related party transactions during the current quarter.

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

B1. Review of performance

a) Financial Year-to-date vs. Previous Financial Year-to-date

The Group achieved a revenue and loss before tax ("LBT") of RMB686.1 million and RMB519.5 million respectively for the 12 months financial year ended 30 June 2016 ("FYE2016"). The revenue of RMB686.1 million represents a decrease of 46.9% as compared to the revenue of RMB1,292.8 million recorded for the 12 months financial year ended 30 June 2015 ("FYE2015").

The decrease in revenue is contributed by the following:

- (i) Decrease in sales volume of shoe soles from 15.1 million pairs in FYE2015 to 8.2 million pairs in FYE2016.
- (ii) Decrease in sales volume of apparels from 3.4 million pieces in FYE2015 to 2.2 million pieces in FYE2016.

The LBT of RMB519.5 million for FYE2016 represents a decrease of 259.4% as compared to the Profit before taxation ("PBT") of RMB325.9 million recorded for FYE2015. The decrease in PBT was mainly due to the decrease in overall revenue and

loss recorded on the custom made shoes amounting to RMB415.7 million and provision for doubtful debts amounting to RMB157.5 million.

In October 2015, the Group started the manufacturing process for 3.6 million pairs of custom made shoes and completed the manufacturing process of these shoes in April 2016. The total sales value of the custom made shoes was estimated at RMB547.2 million and the cost was approximately RMB458.9 million. The goods were delivered in April 2016 but the custom made shoes was subsequently found fall short of specifications. Due to the nature of the custom made shoes, it has limited reselling market because of its specifications and functionality, the entire custom made shoes were resold at clearance price of RMB43.2 million and this amount was fully received subsequently. A loss of RMB415.7 million was recorded in cost of sales for FY2016.

Included in the administration expenses was the provision for doubtful debt of RMB157.5 million. It was provided on the trade receivable balances that have exceeded the Group's credit term. These trade receivables are part of the Group's existing and long term distributors for apparels and shoes in various provinces in China. The Group's collection period is longer than expected due to Chinese economic uncertainties that impacted the spending pattern of the Chinese consumers which then impacted our business. In addition, the change of consumer shopping behavior and stiff competition from e-commerce players may have also negatively affected our performance. The Group is working out settlement methods with these trade receivables and may consider taking legal actions against them. Furthermore, the Group has stopped delivering new apparels and shoes to these trade debtors until finalisation of the settlement methods.

The decrease in selling and distribution expenses from RMB142.9 million in FYE2015 to RMB99.6 million in FYE2016 is mainly due to lower expenses in relation to market development costs and subsidy of renovation.

The loss after taxation ("LAT") of RMB542.1 million for FYE2016 represents a decrease of 316.4% as compared to profit before taxation ("PAT") of RMB250.5 million recorded for FYE2015 due to the reasons stated above.

The effective tax rate was 23.1% for FYE2015 due to the expenses incurred at the ultimate holding company is not entitled for tax deduction.

Performance of the respective operating business segments for FYE2016 as compared to FYE2015 is analysed as follows:

Shoe soles. – The decrease in revenue from RMB233.9 million for FYE2015 to RMB119.6 million for FYE2016 was mainly due to decrease in sales volume from 15.1 million pairs for FYE2015 to 8.2 million pairs for FYE2016.

Shoes – The decrease in revenue from RMB391.5 million for FYE2015 to RMB172.7 million for FYE2016 was mainly due to decrease in average selling price.

Apparels - The decrease in revenue from RMB640.5 million for FYE2015 to RMB380.7 million for FYE2016 was mainly due to decrease in sales volume from 3.3 million piece for FYE2015 to 2.2 million piece for FYE2016.

b) Current Quarter vs. Previous Year Corresponding Quarter

The Group achieved a revenue and loss before taxation ("LBT") of RMB129.7 million and RMB602.3 million respectively for the current quarter ("Q4FY2016"), representing decrease of 50.2% and 2,395% in revenue and PBT respectively as compared to the corresponding period in the preceding year.

The decrease in revenue is contributed by the decrease in sales volume of shoe, shoe sole, apparels and accessories in Q4FY2016.

The loss before taxation is RMB602.3 million for this quarter due to the reasons state above, represents a decrease of 2,395% as compared to the PBT of RMB26.2 million recorded for Q4FY2015.

Performance of the respective operating business segments for Q4FY2016 as compared to Q4FY2015 is analysed as follows:

Shoe sole – The decrease in revenue was mainly due to decrease in sales volume.

Shoe – The decrease in revenue was mainly due to decrease in sales volume.

Apparel - The decrease in revenue was mainly due to decrease in sales volume.

B2. Variation of results against immediate preceding quarter

	Current quarter	Preceding quarter
	30 June	31 March
	2016	2016
	RMB 000	RMB 000
Revenue	129,739	106,898
Loss before taxation	(602,317)	(14,276)

The Group recorded revenue of RMB129.7 million for Q4FY2016, representing an increase of 21.4% as compared to the revenue of RMB106.9 million recorded for the quarter ended 31 March 2016 ("Q3FY2016"). The increase in revenue was due to increase in volume for shoe and shoe sole and accessories.

The LBT is RMB602.3 million for this quarter, represents a decrease of 4119% as compared to the LBT of RMB14.3 million recorded for Q3FY2016.

B3. Prospects for FYE 2017

The China economic uncertainties which impact the spending pattern of the Chinese consumers have adversely impact our business. In addition, the change of consumer shopping behavior and stiff competition from e-commerce players have also negatively affected our performance. Our Board of Directors believes the Group's prospect for the financial year ending 30 June 2017 to be challenging.

B4. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document for the current financial quarter.

B5. Profit before taxation

The Group's profit before taxation is arrived at after charging/(crediting):

	Current year	Current
	quarter	year to
	RMB 000	date
	RMB 000	RMB 000
Depreciation of property, plant and equipment	4,995	23,260
Write off of property, plant and equipment	1	932
Amortisation of land use rights	71	283
Loss on disposal of property, plant and		

equipment	1,138	1,138
Provision for doubtful debts	157,455	157,455
Interest expenses	212	916
Interest income	(881)	(4,296)
Unrealised loss/(gain) on foreign exchange differences	(1,002)	(10,083)

Save for the above items, there are no other items required to be disclosed according to Note 16 of Appendix 9B on Quarterly Report issued by Bursa Malaysia.

B6. Taxation

Taxation comprises the following:

	Current Quarter	Current year to date
	RMB 000	RMB 000
PRC income tax	965	22,603

The effective tax rate is not applicable since the Group recorded a loss before taxation for FY2016. The applicable tax rate is 25%.

B7. Status of Issuance of issuance of 147,106,235 ordinary shares

Purpose	Intended Timeframe	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)
Business Expansion	Within 18 months	43,132	-
Estimated expense for the proposal	Within 1 month	1,000	1,000
Total		<u>44,132</u>	<u>1,000</u>

B8. Group borrowings

The Group's borrowings as at 30 June 2016 were as follows:

	Total RMB 000
Short term bank loans – secured	<u>18,000</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**a) Basic**

Basic earnings per share is calculated by dividing (losses)/profits for the period attributable to equity holders of the Company by weighted average number of ordinary shares in issue during the period:-

	Individual Quarter Ended		Individual Quarter Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RMB	RMB	RM	RM
(Loss)/Profit after tax	(603,282,000)	18,675,000	(384,834,000)	11,912,000
Weighted average number of ordinary shares in issue	372,724,000	338,063,000	372,724,000	338,063,000
Basic (losses)/earnings per share	(1.62)	0.06	(1.03)	0.04

	Cumulative Quarter 12 Months Ended		Cumulative Quarter 12 Months Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RMB	RMB	RM	RM
(Loss)/Profit after tax	(542,126,000)	250,536,000	(345,821,000)	151,816,000
Weighted average number of ordinary shares in issue	372,724,000	338,063,000	372,724,000	338,063,000
Basic (losses)/earnings per share	(1.45)	0.74	(0.93)	0.45

b) Diluted

As of 30 June 2016, the Group has 192,361,093 of Warrant A in issue, which entitles the holders the rights for conversion into one (1) ordinary share for every one (1) warrant at an exercise price of RM0.88 each. The Group also has 49,035,342 of Warrant B in issue, which entitles the holders the rights for conversion into one (1) ordinary share for every one (1) warrant at an exercise price of RM0.40 each. This gives rise to potential ordinary shares which, upon conversion, could result in dilution to earnings per share in future financial periods.

In accordance with IAS33, options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options and warrants (i.e. they are 'in the money').

The volume-weighted average market price of the Company's ordinary shares during September 2014 was lower than the warrant exercise price. As such, the issued warrants are not regarded as dilutive and accordingly, no diluted earnings per share is being presented for the current quarter under review. Relevant disclosure and information, where applicable, would be made in future interim financial reports and annual financial statements.

B12. Realised and unrealised profits

	Cumulative Quarter		Cumulative Quarter	
	12 Months Ended		12 Months Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RMB 000	RMB 000	RM 000	RM 000
Total Retained Profit/(Loss)				
Realised	830,583	1,337,730	498,641	802,007
Unrealised	6,618	42,597	4,350	27,293
	<u>837,201</u>	<u>1,380,327</u>	<u>502,991</u>	<u>829,300</u>
Consolidation adjustments	(10,848)	(11,848)	(6,518)	(7,118)
	<u>826,353</u>	<u>1,368,479</u>	<u>496,473</u>	<u>822,182</u>

By Order of the Board

Kang Shew Meng
Seow Fei San
Secretaries

30 August 2016