



XiDeLang Holdings Ltd

(Bermuda Company No. 43136)
(Malaysian Foreign Company Registration No. 995210-W)

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2009

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.09.2009 RMB'000	Quarter Ended 30.09.2008 ⁽³⁾ RMB'000	Year To Date Ended 30.09.2009 RMB'000	Year To Date Ended 30.09.2008 ⁽³⁾ RMB'000
Revenue	231,437	N/A	606,831	N/A
Cost of Sales	(160,766)	N/A	(421,725)	N/A
Gross Profit	70,671	N/A	185,106	N/A
Other Income	112	N/A	264	N/A
Selling and Distribution Costs	(4,703)	N/A	(12,277)	N/A
Administrative Expenses	(7,365)	N/A	(12,199)	N/A
Finance Costs	(952)	N/A	(2,926)	N/A
Profit Before Tax	57,763	N/A	157,968	N/A
Tax Expense	(15,768)	N/A	(43,203)	N/A
Profit for the period	41,995	N/A	114,765	N/A
Attributable to:				
Equity holders of the parent	41,995	N/A	114,765	N/A
Minority Interest	-	N/A	-	N/A
	41,995	N/A	114,765	N/A
	RMB	RMB	RMB	RMB
Earnings per share attributable to equity holders of the parent				
- Basic	0.14	N/A	0.38	N/A
- Diluted	N/A	N/A	N/A	N/A



Quarterly Report on Consolidated Results for the Third Financial Quarter ended 30 September 2009

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.09.2009 RM'000 ⁽²⁾	Quarter Ended 30.09.2008 ⁽³⁾ RM'000	Year To Date Ended 30.09.2009 RM'000 ⁽²⁾	Year To Date Ended 30.09.2008 ⁽³⁾ RM'000
Revenue	117,408	N/A	307,845	N/A
Cost of Sales	(81,557)	N/A	(213,941)	N/A
Gross Profit	35,851	N/A	93,904	N/A
Other Income	57	N/A	134	N/A
Selling and Distribution Costs	(2,386)	N/A	(6,228)	N/A
Administrative Expenses	(3,736)	N/A	(6,189)	N/A
Finance Costs	(483)	N/A	(1,484)	N/A
Profit Before Tax	29,303	N/A	80,137	N/A
Tax Expense	(7,999)	N/A	(21,917)	N/A
Profit for the period	21,304	N/A	58,220	N/A
Attributable to :				
Equity holders of the parent	21,304	N/A	58,220	N/A
Minority Interest	-	N/A	-	N/A
	21,304	N/A	58,220	N/A
	RM	RM	RM	RM
Earnings per share attributable to equity holders of the parent				
- Basic	0.07	N/A	0.19	N/A
- Diluted	N/A	N/A	N/A	N/A

Note:

- (1) The Condensed Consolidated Income Statement should be read in conjunction with the Prospectus dated 23 October 2009 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.
- (2) The Condensed Consolidated Income Statement is presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference only at the exchange rate of RMB1 to RM0.5073 at 30 September 2009. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.
- (3) This is the first interim financial report on the condensed consolidated results for the 3rd quarter ended 30 September 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the first interim financial report being drawn up, there are no comparative figures for the preceding year's/quarter's corresponding period.

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended 30 September 2009

CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited as at 30.09.2009 RMB'000	Audited as at 31.12.2008 ⁽³⁾ RMB'000	Unaudited as at 30.09.2009 RM'000 ⁽²⁾	Audited as at 31.12.2008 ⁽³⁾ RM'000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	77,110	N/A	39,118	N/A
Prepaid Lease Payments for Land	58,079	N/A	29,463	N/A
	<u>135,189</u>	<u>N/A</u>	<u>68,581</u>	<u>N/A</u>
Current Assets				
Inventories	54,557	N/A	27,677	N/A
Trade and other receivables	289,839	N/A	147,035	N/A
Current tax assets	400	N/A	203	N/A
Cash and cash equivalents	117,095	N/A	59,402	N/A
	<u>461,891</u>	<u>N/A</u>	<u>234,317</u>	<u>N/A</u>
TOTAL ASSETS	<u>597,080</u>	<u>N/A</u>	<u>302,898</u>	<u>N/A</u>
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	204,915	N/A	103,953	N/A
Reserves	11,105	N/A	5,633	N/A
TOTAL EQUITY	<u>216,020</u>	<u>N/A</u>	<u>109,586</u>	<u>N/A</u>
Current Liabilities				
Trade and other payables	259,963	N/A	131,880	N/A
Bank borrowings	98,400	N/A	49,918	N/A
Current tax liabilities	22,697	N/A	11,514	N/A
TOTAL LIABILITIES	<u>381,060</u>	<u>N/A</u>	<u>193,312</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES	<u>597,080</u>	<u>N/A</u>	<u>302,898</u>	<u>N/A</u>
Net assets per share (RMB/RM)	<u>0.72</u>	<u>N/A</u>	<u>0.37</u>	<u>N/A</u>

Note:

- (1) The Condensed Consolidated Balance Sheet should be read in conjunction with the Prospectus dated 23 October 2009 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.
- (2) The Condensed Consolidated Balance Sheet is presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference only at the exchange rate of RMB1 to RM0.5073 at 30 September 2009. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.
- (3) This is the first interim financial report on the condensed consolidated results for the 3rd quarter ended 30 September 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the first interim financial report being drawn up, there are no comparative figures for the preceding year's/quarter's corresponding period.

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended 30 September 2009

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<----- Attributable to equity holders of the parent ----->				
	Share Capital RMB'000	<--Non-distributable--> Statutory		Distributable	Total Equity RMB'000
		Surplus Reserve RMB'000	Merger Deficit RMB'000	Retained Earnings RMB'000	
3 months ended 30th September 2009					
At 1st July 2009	9	7,528	-	166,896	174,433
Acquisition of subsidiaries	204,906 ⁽⁵⁾	-	(205,314)	-	(408)
Profit for the period	-	-	-	41,995	41,995
At 30th September 2009	204,915	7,528	(205,314)	208,891	216,020

	<----- Attributable to equity holders of the parent ----->				
	Share Capital RMB'000	<--Non-distributable--> Statutory		Distributable	Total Equity RMB'000
		Surplus Reserve RMB'000	Merger Deficit RMB'000	Retained Earnings RMB'000	
9 months ended 30th September 2009					
At 1st January 2009	9	7,528	-	132,126	139,663
Issues of ordinary shares	(4)	-	-	-	(4)
Acquisition of subsidiaries	204,906 ⁽⁵⁾	-	(205,314)	-	(408)
Profit for the period	-	-	-	114,765	114,765
Dividend ⁽⁶⁾	-	-	-	(38,000)	(38,000)
At 30th September 2009	204,915	7,528	(205,314)	208,891	216,020



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	<----- Attributable to equity holders of the parent ----->				
	Share Capital RM'000 ⁽²⁾	<--Non-distributable--> Statutory		Distributable	
		Surplus Reserve RM'000 ⁽²⁾	Merger Deficit RM'000 ⁽²⁾	Retained Earnings RM'000 ⁽²⁾	Total Equity RM'000 ⁽²⁾
3 months ended 30th September 2009					
At 1st July 2009	4	3,819	-	84,666	88,489
Acquisition of subsidiaries	103,949 ⁽⁵⁾	-	(104,156)	-	(207)
Profit for the period	-	-	-	21,304	21,304
At 30th September 2009	<u>103,953</u>	<u>3,819</u>	<u>(104,156)</u>	<u>105,970</u>	<u>109,586</u>

	<----- Attributable to equity holders of the parent ----->				
	Share Capital RM'000 ⁽²⁾	<--Non-distributable--> Statutory		Distributable	
		Surplus Reserve RM'000 ⁽²⁾	Merger Deficit RM'000 ⁽²⁾	Retained Earnings RM'000 ⁽²⁾	Total Equity RM'000 ⁽²⁾
9 months ended 30th September 2009					
At 1st January 2009	4	3,819	-	67,027	70,850
Issues of ordinary shares	(4)	-	-	-	(4)
Acquisition of subsidiaries	103,949 ⁽⁵⁾	-	(104,156)	-	(207)
Profit for the period	-	-	-	58,220	58,220
Dividend ⁽⁶⁾	-	-	-	(19,277)	(19,277)
At 30th September 2009	<u>103,953</u>	<u>3,819</u>	<u>(104,156)</u>	<u>105,970</u>	<u>109,586</u>

Note:

- (1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Prospectus dated 23 October 2009 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.
- (2) The Condensed Consolidated Statement of Changes in Equity is presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference only at the exchange rate of RMB1 to RM0.5073 at 30 September 2009. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.
- (3) This is the first interim financial report on the condensed consolidated results for the 3rd quarter ended 30 September 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the first interim financial report being drawn up, there are no comparative figures for the preceding year's/quarter's corresponding period.
- (4) Represent USD1, equivalent to RMB6,8305 and RM3,4651 which consist of 10 Shares, after consolidation of every two (2) ordinary shares of USD0.05 each into one (1) Shares of USD0.10 each.
- (5) Comprised share capital of XiDeLang issued of USD29,999,999 (RMB204,914,993 or RM103,953,376) less share capital of Hong Kong XinYuanChan International Holding Co., Limited ("XinYuanChan") of HKD10,000 (RMB8,813 or RM4,471) upon consolidation of the financial statements of XinYuanChan.
- (6) Interim dividend paid to former equity holder of a subsidiary in respect of the financial year ending 31 December 2009.



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year To Date Ended 30.09.2009 RMB'000	Corresponding Year to Date Ended 30.09.2008 ⁽³⁾ RMB'000	Current Year To Date Ended 30.09.2009 RM'000 ⁽²⁾	Corresponding Year to Date Ended 30.09.2008 ⁽³⁾ RM'000
Profit before tax	157,968	N/A	80,137	N/A
Adjustments for non-cash flow:-				
Non-cash items	1,473	N/A	747	N/A
Non-operating items	7,561	N/A	3,836	N/A
Operating profit before working capital changes	167,002	N/A	84,720	N/A
Changes in working capital				
Net change in current assets	(121,224)	N/A	(61,497)	N/A
Net change in current Liabilities	99,796	N/A	50,626	N/A
Cash used in operating activities	145,574	N/A	73,849	N/A
Income tax paid	(36,685)	N/A	(18,611)	N/A
Net cash used in operating activities	108,889	N/A	55,238	N/A
Investing activities				
Purchase of property, plant and equipment	(61,004)	N/A	(30,947)	N/A
Interest received	220	N/A	112	N/A
Placement of deposits pledged to bank	(4)	N/A	(2)	N/A
Advances to related parties	(1,572)	N/A	(798)	N/A
Net cash used in investing activities	(62,360)	N/A	(31,635)	N/A
Financing activities				
Advances from a shareholder	7	N/A	3	N/A
Drawdown of borrowings	35,900	N/A	18,212	N/A
Interest paid	(2,926)	N/A	(1,484)	N/A
Dividends paid to equity holders of a subsidiary	(38,000)	N/A	(19,277)	N/A
Listing expenses paid	(4,856)	N/A	(2,463)	N/A
Net cash generated from financing activities	(9,875)	N/A	(5,009)	N/A
Net change in cash and cash equivalents	36,654	N/A	18,594	N/A
Cash and cash equivalents at beginning of financial period	78,290	N/A	39,623	N/A
Effect of changes in exchange rate	-	N/A	94	N/A
Cash and cash equivalents at end of financial period	114,944	N/A	58,311	N/A



UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)

	30.09.2009 RMB'000	30.09.2008 ⁽³⁾ RMB'000	30.09.2009 RM'000 ⁽²⁾	30.09.2008 ⁽³⁾ RM'000
Cash and cash equivalents at beginning of financial period				
Cash and bank balances	114,944	N/A	58,311	N/A
Deposits placed with financial institutions	2,151	N/A	1,091	N/A
	<u>117,095</u>	<u>N/A</u>	<u>59,402</u>	<u>N/A</u>
Less: Deposits pledged to financial institutions	(2,151)	N/A	(1,091)	N/A
	<u>114,944</u>	<u>N/A</u>	<u>58,311</u>	<u>N/A</u>

Note:

- (1) *The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Prospectus dated 23 October 2009 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The Condensed Consolidated Cash Flow Statement is presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference only at the exchange rate of RMB1 to RM0.5073 at 30 September 2009. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.*
- (3) *This is the first interim financial report on the condensed consolidated results for the 3rd quarter ended 30 September 2009 announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). As this is the first interim financial report being drawn up, there are no comparative figures for the preceding year's corresponding period.*

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A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

A1. Basis of Preparation

a) Basis of accounting

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, and should be read in conjunction with the Prospectus dated 23 October 2009 (including Proforma Consolidated Financial Information) and the accompanying explanatory notes attached to this interim financial report.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Proforma Consolidated Financial Information as included in the Prospectus dated 23 October 2009.

b) Basis of consolidation

The Group is regarded as continuing entity resulting from the reorganisation exercise since the management of all the entities, which took part in the reorganisation exercise were controlled by the same management and under the common controlling parties before and immediately after the reorganisation exercise. Consequently, there was a continuation of the control over the entities' financial and operating policy decision and risk and benefits to the ultimate controlling parties that existed prior to the reorganisation exercise. The reorganisation exercise has been accounted for as a restructuring under common control in a manner similar to pooling of interest or merger. Accordingly, consolidated financial statements have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries, which were under common control of the ultimate controlling parties and management that existed prior to the reorganisation exercise during the relevant period or since their respective dates of incorporation.

c) Basis of translation

The interim financial statements are presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") for information purposes and reference only at the exchange rate of RMB1 to RM0.5073 at 30 September 2009. This translation should not be construed as a representation that RMB amounts actually represented have been or could be converted in RM at this or any other rate.

A2. Auditors' Report

No auditors' report are available for the preceding annual financial statements as these are the first set of the consolidated financial statements prepared by the XiDeLang Group since the incorporation of the Company on 17 April 2009.



A2. Auditors' Report (continued)

All the financial statements of the subsidiaries of the Company were not subject to any qualification for the preceding annual financial statements except the statutory audited financial statements for the financial period ended 31 December 2008 of a subsidiary, XinYuanChan, where the auditors have expressed a qualified opinion on no consolidated financial statements being prepared by XinYuanChan in accordance with the Hong Kong FRSs as disclosed in the Proforma Consolidated Financial Information (Please refer to the Prospectus dated 23 October 2009). We have considered the qualified audit opinion on XinYuanChan's financial statements and are of the opinion that there will not be any impact to XiDeLang Group as the consolidated financial information has consolidated the financial statements of XinYuanChan and its subsidiaries after taking into account of consolidation adjustments at XiDeLang Group. In addition, there is no significant difference between the FRSs in Malaysia and Hong Kong FRSs in the context of XinYuanChan's financial statements.

A3. Seasonality or Cyclicity of Operation

The business of the Group was not affected by any significant seasonal and cyclical factors during the period under review.

A4. Unusual Items

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

A5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior quarter that have a material impact on the current financial quarter.

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended 30 September 2009

A6. Debts and Equity Securities

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

Date of allotment	No. of shares allotted	Cumulative no. of shares allotted	Par value USD	Consideration	Cumulative total issued and fully paid-up share capital USD
5 May 2009	20	20	0.05	Issue (Nil paid)	-
30 June 2009	-	-	0.05	Call for payment	10
30 June 2009	(10)	10	0.10	Consolidation of every two (2) ordinary shares of USD0.05 each into one (1) Shares	10
9 July 2009	299,999,990	300,000,000	0.10	For acquisition of XinYuanChan	30,000,000

Upon completion of the Public Issue as disclosed in Note B8 (a), the issued and fully paid-up capital of the Company will be enlarged to USD40,000,000 comprising 400,000,000 Shares.

A7. Dividends

No dividends had been paid for the current financial quarter ended 30 September 2009.

A8. Segment Information

No segment information was prepared as the Group is primarily involved in the manufacturing and trading of sport wears.

A9. Property, Plant and Equipment

The valuation of property, plant and equipment, if any, has been brought forward without amendment from the previous audited financial statements.

A10. Subsequent Material Events

There are no material events subsequent to the end of the financial quarter ended 30 September 2009 that have not been reflected in the financial statements for the said period as at the date of this report. The Company is expected to be listed on Main Market of Bursa Malaysia on 11 November 2009.

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended 30 September 2009

A11. Changes in the Composition of the Group

On 9 July 2009, the Company acquired the entire issued and fully paid-up share capital of XinYuanChan of HKD10,000, comprising 10,000 ordinary shares of HKD1.00 each, for an aggregate purchase consideration of USD29,999,999, which is to be satisfied entirely by the issuance of an aggregate of 299,999,990 new Shares in XiDeLang, each credited as fully paid-up at par value of USD0.10 per Share.

XinYuanChan had a subsidiary, namely HongPeng (Fujian) Shoes & Garments Co., Ltd. ("HongPeng (Fujian)"). In conjunction with the listing of XiDeLang on the Main Market of Bursa Malaysia Securities Berhad, on 30 April 2009, HongPeng (Fujian) acquired the entire equity interests of Fujian Province Jinjiang City Chendai HongPeng Footwear Manufacturing Co., Ltd. and Fujian Province Jinjiang City XiDeLang Sports Goods Co., Ltd. for considerations of RMB37,000,000 and RMB36,000,000 respectively.

A12. Changes in Contingent Liabilities

There are no material contingent liabilities as at the date of this report.

A13. Capital Commitments

No material commitments for capital expenditure, which upon becoming enforceable may have a material effect on the financial position of the Group for the current quarter under review.

	As at 30 September 2009 RMB'000	As at 30 September 2009 RM'000
Approved but not contracted for	10,000	5,073
Contracted but not provided for	82,000	41,599

A14. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 30.09.2009 RMB'000	Quarter Ended 30.09.2008 RMB'000	Year To Date Ended 30.09.2009 RMB'000	Year To Date Ended 30.09.2008 RMB'000
Rental paid to related parties	650	-*	1,950	-*



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A14. Significant Related Party Transactions (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended	Quarter Ended	Year To Date Ended	Year To Date Ended
	30.09.2009	30.09.2008	30.09.2009	30.09.2008
	RM'000	RM'000	RM'000	RM'000
Rental paid to related parties	<u>330</u>	<u>-*</u>	<u>989</u>	<u>-*</u>

The transactions have been entered into the normal course of business and are based on negotiated and mutually agreed terms.

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended 30 September 2009

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The Group recorded revenue of RMB231.4 (RM117.4) million and profit after taxation of RMB42.0 (RM21.3) million for the current quarter and RMB606.8 (RM307.8) million and RMB114.8 (RM58.2) million for the financial year-to-date.

B2. Variation of Results against Preceding Quarter

Not applicable as this is first set of interim financial report prepared.

B3. Current Year Prospects

For the first half of 2009, China's GDP registered a growth of 7.1% compared to the same period in 2008. China is forecasted to achieve a continuing growth of 8.3% in 2009 while many more developed countries expect very low (e.g. US at 0.1%, Japan at 0.5%) or negative (e.g. United Kingdom at - 0.1%) GDP growth for 2009.

In addition, with an economic slowdown, there is a possibility that domestic mass-market consumers in China would trade down from buying overseas-branded sports shoes to buying relatively-lower-priced local-branded sports shoes for sporting and daily wear as the overall quality of local-branded China-made sports shoes have improved over time. As such, manufacturers whose main markets are in China would be in a better position to ride through the current global economic slowdown.

It is also expected that the rising affluence of China's population will lead to continued growth in consumer expenditure on leisure activities, sporting activities, entertainment and sports shoes / apparel.

As such, our Board of Directors is optimistic that the Group's prospects and the outlook of the sport wear industry for the remaining periods to the end of the financial year would be favourable.

B4. Profit Forecast

Not applicable as no profit forecast was previously published.

**B5. Income Tax Expense**

Taxation comprises the following:-

	Current quarter ended		Year to date ended	
	30 September 2009		30 September 2009	
	RMB'000	RM'000	RMB'000	RM'000
Income tax	15,768	7,999	43,203	21,917

The effective tax rate of the Group for the current quarter was 27% and for the current financial year to date was 27% as compared with the applicable tax rate of 25%. The higher effective tax rate was due to 5% withholding tax amounting to RMB2.1 million which arose from the dividends distributed by a Peoples' Republic of China ("PRC") subsidiary, HongPeng (Fujian) to a Hong Kong Special Administrative Region subsidiary, XinYuanChan.

B6. Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties in the current financial quarter.

B7. Quoted Securities

There were no purchases or sales of quoted securities for the current financial quarter.

B8. Status of Corporate Proposals and Utilisation of Proceeds

In conjunction with and as an integral part of the listing of XiDeLang on the Main Market of Bursa Malaysia Securities Berhad ("Listing"), the Company had undertaken/will be undertaking the followings:-

(a) Public Issue

The Company undertook the Public issue of 100,000,000 new ordinary shares of USD0.10 each ("Shares") comprising:-

- i) 10,000,000 Shares available for application by the Malaysian Public; and
- ii) 90,000,000 Shares available for private placement to selected investors;

at an issue / offer price of RM0.58 per Shares in full on application.

(b) Listing

Subsequent to the Public Issue, XiDeLang Group proposes to seek the listing of and quotation for its entire enlarged issued and paid-up share capital of 400,000,000 on Main Market of Bursa Securities.

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B8. Status of Corporate Proposals and Utilisation of Proceeds (continued)

(c) Utilisation of Proceeds

The gross proceeds from the Public Issue amounting to RM58 million are expected to be utilised in the following manner:-

		Estimated timeframe for utilisation upon Listing	Amount RM'000
i)	Advertising and branding	Within 12 months	9,200
ii)	Expansion of marketing and distribution network	Within 12 months	18,400
iii)	Research and extension of product portfolio	Within 12 months	2,300
iv)	Expansion of production capacity	Within 12 months	16,100
v)	Working capital	On-going	4,000
vi)	Estimated Listing expenses	Immediate	8,000
			58,000

The above Public Issue and Listing are expected to be completed by 11 November 2009.

B9. Borrowings

Details of the Group's borrowings as at 30 September 2009 are as follows:-

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Current			
Short term bank loans	45,300	33,600	78,900
Recourse factoring	8,500	-	8,500
Bankers' acceptances	11,000	-	11,000
	64,800	33,600	98,400

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Short term bank loans	22,981	17,045	40,026
Recourse factoring	4,312	-	4,312
Bankers' acceptances	5,580	-	5,580
	32,873	17,045	49,918



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B10. Off Balance Sheet Financial Instruments

As at the date of this report, there were no financial instruments not recognised on the balance sheet.

B11. Changes in Material Litigation

As at 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.

B12. Dividends

The Board of Directors does not recommend the payment of dividend in respect of the current financial quarter ended 30 September 2009.

B13. Earnings per Share

The basic earnings per share is calculated as follows:-

	Current quarter ended 30 September 2009		Year to date ended 30 September 2009	
	RMB'000	RM'000	RMB'000	RM'000
Basic earnings per share				
Profit attributable to ordinary equity holders of the parent	41,995	21,304	114,765	58,220
Number of ordinary shares in issue ('000) as at 30 September 2009	300,000*	300,000*	300,000*	300,000*
	RMB	RM	RMB	RM
Basic earnings per share	0.14	0.07	0.38	0.19

* As the consolidated financial statements have been prepared on the basis of merger accounting as disclosed in Note A1 (b), the basic earnings per share are calculated based on the assumption that the number of ordinary shares in issue as at 30 September 2009 had taken place on 1 January 2009 and assuming XiDeLang Group had been in existence throughout the financial period under review.

The diluted earnings per share are not shown as there were no dilutive instruments as at balance sheet date.