



## **XiDeLang Holdings Ltd**

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

# **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2009**

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2009**

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

|   | INDIVIDUAL QUARTER                    |  | CUMULATIVE QUARTER                            |  |
|---|---------------------------------------|--|---|--|
|   | Quarter Ended<br>31.12.2009<br>RM'000 | Quarter Ended<br>31.12.2008 <sup>(2)</sup><br>RM'000 | Year To<br>Date Ended<br>31.12.2009<br>RM'000 | Year To<br>Date Ended<br>31.12.2008 <sup>(2)</sup><br>RM'000 |
| Revenue   | 77,079                                | N/A  | 384,924                                       | N/A  |
| Cost of Sales   | (51,829)                              | N/A  | (265,770)                                     | N/A  |
| Gross Profit ("GP")   | 25,250                                | N/A  | 119,154                                       | N/A  |
| Other Income  | 532                                   | N/A  | 666   | N/A  |
| Selling and Distribution Costs                                  | (4,030)                               | N/A  | (10,258)                                      | N/A  |
| Administrative Expenses   | (6,156)                               | N/A  | (12,345)                                      | N/A  |
| Finance Costs   | (681)                                 | N/A  | (2,165)                                       | N/A  |
| <b>Profit Before Tax ("PBT")</b>                                | 14,915                                | N/A  | 95,052  | N/A  |
| Tax Expense   | (4,740)                               | N/A  | (26,657)                                      | N/A  |
| <b>Profit for the period ("PAT")</b>                            | 10,175                                | N/A  | 68,395  | N/A  |
| Attributable to :   |                                       |  |   |  |
| Equity holders of the parent                                    | 10,175                                | N/A  | 68,395  | N/A  |
| Minority Interest   | -                                     | N/A  | -   | N/A  |
|   | 10,175                                | N/A  | 68,395  | N/A  |
|   | RM                                    | RM   | RM  | RM   |
| Earnings per share attributable to equity holders of the parent |                                       |  |   |  |
| - Basic (RM)  | 0.03                                  | N/A  | 0.17  | N/A  |
| - Diluted (RM)  | 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) This is the second interim financial report announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and hence there are no comparative figures for the preceding year's/quarter's corresponding period.

**喜得狼®****XiDeLang Holdings Ltd**

(Bermuda Company No. 43136)

(Malaysian Foreign Company Registration No. 995210-W)

Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended 31 December 2009**CONDENSED CONSOLIDATED BALANCE SHEET**

|  | Unaudited<br>as at<br>31.12.2009<br>RM'000 | Audited<br>as at<br>31.12.2008 <sup>(2)</sup><br>RM'000 |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| <b>Non-Current Assets</b>                                  |  |   |
| Property, Plant and Equipment                              | 59,635                                     | N/A   |
| Prepaid Lease Payments for Land                            | 28,891                                     | N/A   |
|  | 88,526                                     | N/A   |
| <b>Current Assets</b>                                      |  |   |
| Inventories  | 18,671                                     | N/A   |
| Trade and other receivables                                | 57,436                                     | N/A   |
| Current tax assets   | 17   | N/A   |
| Cash and cash equivalents                                  | 116,345                                    | N/A   |
|  | 192,469                                    | N/A   |
| <b>TOTAL ASSETS</b>  | 280,995                                    | N/A   |
| <b>EQUITY AND LIABILITIES</b>                              |  |   |
| <b>Equity attributable to equity holders of the parent</b> |  |   |
| Share capital  | 139,438                                    | N/A   |
| Reserves   | 33,626                                     | N/A   |
| <b>TOTAL EQUITY</b>  | 173,064                                    | N/A   |
| <b>Current Liabilities</b>                                 |  |   |
| Trade and other payables                                   | 60,341                                     | N/A   |
| Bank borrowings  | 41,056                                     | N/A   |
| Current tax liabilities                                    | 6,534                                      | N/A   |
| <b>TOTAL LIABILITIES</b>                                   | 107,931                                    | N/A   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | 280,995                                    | N/A   |
| Net assets per share (RM)                                  | 0.43                                       | N/A   |

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) This is the second interim financial report announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and hence 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 Fourth Financial Quarter ended 31 December 2009

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| 3 months<br>ended 31 December<br>2009 | Non-distributable |                  |                                 |                   |                                    | Distributable        | Total<br>Equity |
|---------------------------------------|-------------------|------------------|---------------------------------|-------------------|------------------------------------|----------------------|-----------------|
|                                       | Share<br>Capital  | Share<br>Premium | Statutory<br>Surplus<br>Reserve | Merger<br>Deficit | Exchange<br>Translation<br>Reserve | Retained<br>Earnings |                 |
|                                       | RM'000            | RM'000           | RM'000                          | RM'000            | RM'000                             | RM'000               | RM'000          |
| At 1 October 2009 <sup>(3)</sup>      | 105,573           | -                | 3,827                           | (105,779)         | -                                  | 105,872              | 109,493         |
| Public Issue of<br>ordinary shares    | 33,865            | 24,135           | -                               | -                 | -                                  | -                    | 58,000          |
| Share issue<br>expenses               | -                 | (2,359)          | -                               | -                 | -                                  | -                    | (2,359)         |
| Foreign currency<br>translation       | -                 | -                | -                               | -                 | (2,245)                            | -                    | (2,245)         |
| Profit for the period                 | -                 | -                | -                               | -                 | -                                  | 10,175               | 10,175          |
| At 31 December<br>2009                | 139,438           | 21,776           | 3,827                           | (105,779)         | (2,245)                            | 116,047              | 173,064         |

| 12 months<br>ended 31 December<br>2009                              | Non-distributable      |                  |                                 |                          |                                    | Distributable        | Total<br>Equity |
|---|------------------------|------------------|---------------------------------|--------------------------|------------------------------------|----------------------|-----------------|
|   | Share<br>Capital       | Share<br>Premium | Statutory<br>Surplus<br>Reserve | Merger<br>Deficit        | Exchange<br>Translation<br>Reserve | Retained<br>Earnings |                 |
|   | RM'000                 | RM'000           | RM'000                          | RM'000                   | RM'000                             | RM'000               | RM'000          |
| At 1 January 2009 <sup>(4)</sup>                                    | 4                      | -                | 3,827                           | -                        | -                                  | 67,173               | 71,004          |
| Issue of ordinary<br>shares   | <sup>(5)</sup>         | -                | -                               | -                        | -                                  | -                    | <sup>(5)</sup>  |
| Arising from<br>restructuring and<br>acquisition of<br>subsidiaries | 105,569 <sup>(6)</sup> | -                | -                               | (105,779) <sup>(7)</sup> | -                                  | -                    | (210)           |
| Public Issue of<br>ordinary shares                                  | 33,865                 | 24,135           | -                               | -                        | -                                  | -                    | 58,000          |
| Share issue<br>expenses   | -                      | (2,359)          | -                               | -                        | -                                  | -                    | (2,359)         |
| Foreign currency<br>translation                                     | -                      | -                | -                               | -                        | (2,245)                            | -                    | (2,245)         |
| Profit for the year   | -                      | -                | -                               | -                        | -                                  | 68,395               | 68,395          |
| Dividend <sup>(8)</sup>   | -                      | -                | -                               | -                        | -                                  | (19,521)             | (19,521)        |
| At 31 December<br>2009  | 139,438                | 21,776           | 3,827                           | (105,779)                | (2,245)                            | 116,047              | 173,064         |



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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended 31 December 2009

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**

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) This is the second interim financial report announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and hence, there are no comparative figures for the preceding year's/quarter's corresponding period.
- (3) The opening balances for current quarter are different from the reported closing balances in preceding quarter's interim financial report. This is due to the preceding quarter's interim financial report was presented in Renminbi ("RMB") and translated into Ringgit Malaysia ("RM") at the exchange rate of RMB1 to RM0.5073 at 30 September 2009 for information purpose and reference only whereas the second interim financial report is presented in RM as presentation currency.
- (4) The opening balances as at 1 January 2009 reported in current quarter's interim financial report are different from the reported opening balances in preceding quarter's interim financial report. This is due to the preceding quarter's interim financial report was presented in RMB and translated into RM at the exchange rate of RMB1 to RM0.5073 at 30 September 2009 for information purpose and reference only whereas the second interim financial report is presented in RM as presentation currency.
- (5) 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.
- (6) Comprised share capital of XiDeLang issued of USD29,999,999 (RMB204,914,993 or RM105,572,996) less share capital of Hong Kong XinYuanChan International Holding Co., Limited ("XinYuanChan") of HKD10,000 (RMB8,804 or RM4,536) upon restructuring and consolidation of the financial statements of XinYuanChan.
- (7) The merger deficit is arising from the restructuring and acquisition of XinYuanChan based on the difference between the amount recorded as cost of merger (comprised the share capital issued by the Company of USD29,999,999 (RM105,572,996) and stamp duty of HKD463,260 (RM210,341)) and the nominal value of XinYuanChan's share capital acquired under the pooling interest method of accounting as follows:

|  | RM'000  |
|--|---------|
| Share capital of XiDeLang issued (USD29,999,999) | 105,783 |
| Less : Share capital of XinYuanChan (HKD10,000)  | (4)     |
|  | 105,779 |
| Merger deficit                                   | 105,779 |

- (8) Interim dividend paid to former equity holder of a subsidiary in respect of the financial year ended 31 December 2009.

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**喜得狼®****XiDeLang Holdings Ltd**

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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended 31 December 2009

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

|  | Current<br>Year To<br>Date Ended<br>31.12.2009<br>RM'000 | Corresponding<br>Year to<br>Date Ended<br>31.12.2008 <sup>(2)</sup><br>RM'000 |
|--|--|---|
| Profit before tax  | 95,052   | N/A   |
| Adjustments for non-cash flow:-                          |  |   |
| Non-cash items   | 601  | N/A   |
| Non-operating items                                      | 7,278  | N/A   |
| Operating profit before working capital changes          | 102,931  | N/A   |
| Changes in working capital                               |  |   |
| Net change in current assets                             | 36,653   | N/A   |
| Net change in current Liabilities                        | (12,811)   | N/A   |
| Cash used in operating activities                        | 126,773  | N/A   |
| Income tax paid  | (28,557)   | N/A   |
| Net cash generated from operating activities             | 98,216   | N/A   |
| Investing activities                                     |  |   |
| Interest received  | 179  | N/A   |
| Net repayment from a related party                       | 4,661  | N/A   |
| Net repayment to a Director                              | (5,989)  | N/A   |
| Placement of deposits pledged to bank                    | (4)  | N/A   |
| Purchase of property, plant and equipment                | (59,591)   | N/A   |
| Net cash used in investing activities                    | (60,744)   | N/A   |
| Financing activities                                     |  |   |
| Dividends paid to former equity holders of a subsidiary  | (19,521)   | N/A   |
| Drawdown of borrowings                                   | 16,644   | N/A   |
| Interest paid  | (2,165)  | N/A   |
| Listing and share issue expenses paid                    | (7,650)  | N/A   |
| Public Issue of ordinary shares                          | 58,000   | N/A   |
| Repayment of borrowings                                  | (6,678)  | N/A   |
| Net cash generated from financing activities             | 38,630   | N/A   |
| Net change in cash and cash equivalents                  | 76,102   | N/A   |
| Cash and cash equivalents at beginning of financial year | 39,803   | N/A   |
| Effect of changes in exchange rate                       | (640)  | N/A   |
| Cash and cash equivalents at end of financial year       | 115,265  | N/A   |

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT (continued)**

|  | Current<br>Year To<br>Date Ended<br>31.12.2009<br>RM'000 | Corresponding<br>Year to<br>Date Ended<br>31.12.2008 <sup>(2)</sup><br>RM'000 |
|--|--|---|
| Cash and cash equivalents at end of financial year |  |   |
| Cash and bank balances                             | 115,265  | N/A   |
| Deposits placed with financial institutions        | 1,080  | N/A   |
|  | 116,345  | N/A   |
| Less: Deposits pledged to financial institutions   | (1,080)  | N/A   |
|  | 115,265  | N/A   |

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) *This is the second interim financial report announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and hence, there are no comparative figures for the preceding year's corresponding period.*

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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended 31 December 2009

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**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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) Adoption of new Financial Reporting Standards ("FRSs")

i) New FRSs adopted

In the current quarter, the Group early adopted FRS 4 *Insurance Contracts* in accordance with the transitional provisions in paragraphs 41 to 45 of FRS 4. These transitional provisions require the following:

- (a) Simultaneous adoption of *Financial Guarantee Contracts* (Amendments to IAS 39 and IFRS 4) issued by the International Accounting Standards Board ('IASB') in August 2005. This pronouncement permits the accounting policy choice of scoping financial guarantee contracts in accordance with FRS 139 *Financial Instruments: Recognition and Measurement*, or as insurance contracts in accordance with FRS 4; and



**A1. Basis of Preparation (continued)**

## c) Adoption of new Financial Reporting Standards ("FRSs") (continued)

## i) New FRSs adopted (continued)

(b) The disclosure requirements in FRS 4 need not apply to comparative information that relates to annual periods beginning before 1 January 2010.

Consequentially, the Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At every reporting date, the Group shall assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities shall only be removed from the balance sheet when, and only when, it is extinguished via a discharge, cancellation or expiration.

The early adoption of FRS 4 does not result in any adjustment to recognised items of assets, liabilities, income and expenses of the Group in both, the current year and prior years.

## ii) New FRSs, Amendments to FRSs ("Amendments") and IC Interpretations ("Interpretations") not adopted

At the date of this report, the following new FRSs, Amendments and Interpretations to existing standards have been issued by the Malaysian Accounting Standards Board ("MASB") but not yet adopted by the Group:

|                             |  |
|-----------------------------|--|
| (i) FRS 8                   | Operating Segments                                 |
| (ii) FRS 7                  | Financial Instruments: Disclosures                 |
| (iii) FRS 101               | Presentation of Financial Statements               |
| (iv) FRS 123                | Borrowing Costs                                    |
| (v) FRS 139                 | Financial Instruments: Recognition and Measurement |
| (vi) IC Interpretation 9    | Reassessment of Embedded Derivatives               |
| (vii) IC Interpretation 10  | Interim Financial Reporting and Impairment         |
| (viii) IC Interpretation 11 | FRS 2 - Group and Treasury Share Transactions      |
| (ix) IC Interpretation 13   | Customer Loyalty Programmes                        |

**A1. Basis of Preparation (continued)**

- c) Adoption of new Financial Reporting Standards ("FRSs") (continued)
- ii) New FRSs, Amendments to FRSs ("Amendments") and IC Interpretations ("Interpretations") not adopted (continued)
- (x) IC Interpretation 14 FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
  - (xi) Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations
  - (xii) Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
  - (xiii) Amendments to FRS 132 Financial Instruments: Presentation and FRS 101 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
  - (xiv) Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
  - (xv) Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"

All the above new FRSs, Amendments and Interpretations take effect for annual periods beginning on or after 1 January 2010 except for FRS 8 Operating Segments which is effective from 1 July 2009.

The adoption of the above new FRSs, Amendments and Interpretations are not expected to have a significant financial impact on the Group.

On 8 January 2010, the MASB issued the following revised FRSs, Amendments and Interpretations:

- (i) FRS 1 First-time Adoption of Financial Reporting Standards
- (ii) FRS 3 Business Combinations
- (iii) FRS 127 Consolidated and Separate Financial Statements
- (iv) Amendments to FRS 2 Share-based Payment
- (v) Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- (vi) Amendments to FRS 138 Intangible Assets
- (vii) Amendments to FRS 139 Financial Instruments: Recognition and Measurement
- (viii) Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
- (ix) IC Interpretation 12 Service Concession Arrangements
- (x) IC Interpretation 15 Agreements for the Construction of Real Estate



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## A1. Basis of Preparation (continued)

- c) Adoption of new Financial Reporting Standards ("FRSs") (continued)
  - ii) New FRSs, Amendments to FRSs ("Amendments") and IC Interpretations ("Interpretations") not adopted (continued)
    - (xi) IC Interpretation 16                      Hedges of a Net Investment in a Foreign Operation
    - (xii) IC Interpretation 17                     Distributions of Non-cash Assets to Owners

The new requirements above take effect for annual periods beginning on or after 1 July 2010 except for Amendments to FRS 139 which applies for annual periods beginning on or after 1 January 2010.

The adoption of the revised new FRSs, Amendments and Interpretations are not expected to have a significant financial impact on the Group.

## A2. Auditors' Report

No auditors' report are available for the preceding annual financial statements as the Company was only incorporated on 17 April 2009 and there were no consolidated financial statements available for the preceding year.

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

We experience some seasonality in our business. Generally, demand for sports shoes reaches its peak during the spring / summer and autumn / winter seasons. This is where we organise launches of each new season's collection of sports shoes and apparel for our existing and potential customers. This takes place twice a year, during the spring / summer and autumn / winter seasons. Customers and potential buyers (including distributors and retailers) will then place their three-month orders for our new collection of sports shoes and apparel. This is a common practice within the sports shoe industry in the Peoples' Republic of China.

#### A4. Unusual Items

Save as disclosed under note B8, 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.

#### 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  |
| 11 November 2009  | 100,000,000            | 400,000,000                       | 0.10          | Pursuant to the Public Issue   | 40,000,000  |

#### A7. Dividends

No dividends had been paid for the current financial quarter ended 31 December 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.

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There are no material events subsequent to the end of the financial quarter ended 31 December 2009 that will affect materially the results in the financial period under review as at the date of this report.

**A11. Changes in the Composition of the Group**

There are no other changes in the composition of the Group during the financial quarter ended 31 December 2009.

**A12. Changes in Contingent Liabilities**

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

**A13. Capital Commitments**

Capital commitment not provided for in the financial statements as at 31 December 2009 is as follows:

|                                 | As at<br>31 December<br>2009<br>RM'000 |
|---------------------------------|--|
| Approved but not contracted for | <u>5,013</u>                           |
| Contracted but not provided for | <u>120,312</u>                         |

**A14. Significant Related Party Transactions**

|                                | INDIVIDUAL QUARTER                       |  | CUMULATIVE QUARTER                            |  |
|--------------------------------|--|--|---|--|
|                                | Quarter<br>Ended<br>31.12.2009<br>RM'000 | Quarter<br>Ended<br>31.12.2008<br>RM'000 | Year To<br>Date Ended<br>31.12.2009<br>RM'000 | Year To<br>Date<br>Ended<br>31.12.2008<br>RM'000 |
| Rental paid to related parties | (339)                                    | -*                                       | (1,347)                                       | -*   |
| Repayments to a director       | (5,989)                                  | -*                                       | (5,989)                                       | -*   |
| Repayments to a related party  | (1,010)                                  | -*                                       | (1,010)                                       | -*   |
| Repayment from a related party | -  | -*                                       | 4,661   | -*   |
| Advances from a related party  | -  | -*                                       | 1,010   | -*   |

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

\* This is the second interim financial report announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and hence, there are no comparative figures for the preceding year's/quarter's corresponding period.

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

**B1. Review of Performance**

The Group recorded revenue of RM77.1 million and PAT of RM10.2 million for the current quarter and RM384.9 million and RM68.4 million for the financial year-to-date. Comparison between performance in the current quarter and preceding quarter is covered under *Note (B2)* below.

For the financial year to date, the Group registered an annual growth in both revenue and GP of approximately 40% and 51% respectively during the current financial year ended ("FYE") 31 December 2009 as compared to previous financial year. Our upward revision of selling price during the financial year had contributed positively to our Group's revenue without erosion of our sales volume. The growth was further corroborated by our continuous expansion of distribution networks during the year with 275 new outlets being established by our authorised distributors throughout the current financial year.

The Group's GP margin had improved from 28.6% in FYE 2008 to 31.0% during the current financial year as a result of increase in selling price as explained in the above. The effect was partially mitigated by the increase in both raw materials and labour costs.

Derived from the increase in GP during the financial year, our Group had registered improvements in PBT by approximately 46% despite at a lower rate as compared to GP improvement of 51%. This was mainly due to additional listing expenses incurred and charged to income statements during the financial year of approximately RM5.3 million (incremental cost that are directly attributable to issuing new shares ("share issue expenses") of RM2.3 million is deducted directly from equity-share premium account).

Correspond to the improvements in both GP and PBT our Group posted an increase in PAT of approximately 41%. A lower increase rate in PAT as compared to PBT was mainly due to listing expenses incurred as mentioned earlier were not allowable for tax deduction purpose.

Had the listing expenses of RM5.3 million excluded, the PBT and PAT would have been improved by 54% and 52% respectively.

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**B2. Variation of Results against Preceding Quarter**

|                        | <b>Current<br/>quarter ended<br/>31 December<br/>2009<br/>RM'000</b> | <b>Preceding<br/>quarter ended<br/>30 September<br/>2009<br/>RM'000</b> |
|------------------------|--|---|
| Revenue                | 77,079   | 117,408   |
| Profit before taxation | <u>14,915</u>  | <u>29,303</u>   |

The Group recorded a decrease in revenue of 34% for the fourth quarter ended 31 December 2009 as compared to preceding quarter ended 30 September 2009 mainly due to the Group had carried out a big-scale product-viewing event during preceding quarter and had resulted higher revenue recorded in previous quarter. However, the Group expects to achieve growth in the following quarter ending 31 March 2010 as a result of strong demand during festive season, i.e. Chinese New Year.

Profit before taxation of the Group for the current quarter had demonstrated a drop of approximately 49% or RM14.4 million as compared to preceding quarter ended 30 September 2009. The decrease was mainly due to increase in administrative expenses and selling and distribution cost. Increase in administrative expenses was primarily due to additional listing expenses accounted for in the current quarter.

**B3. Next Year Prospects**

The growth rate estimation for China's sportswear market, on CAGR basis, ranges from 11.7% to 15.8% from year 2008 to year 2012. This coupled with the rising affluence of China's population are expected to lead to continued growth in consumer expenditure on leisure activities, sporting activities, entertainment and sports shoes/apparels.

The various signals of progressive economy recovery towards the second half of year 2009 indicate that there is a possibility that the domestic consumer demands in China would rebound and escalate subsequently in the following financial year which would cause favourable impact on performance of the sportswear manufacturing industry, if realised.

As such, our Board of Directors is optimistic that the Group's prospects and the outlook of the sportswear industry for the financial year ending 31 December 2010 would be favourable.

**B4. Profit Forecast**

Not applicable as no profit forecast was previously published.



**B5. Income Tax Expense**

Taxation comprises the following:-

|            | <b>Current quarter<br/>ended<br/>31 December<br/>2009<br/>RM'000</b> | <b>Year to date<br/>ended<br/>31 December<br/>2009<br/>RM'000</b> |
|------------|--|---|
| Income tax | 4,740  | 26,657  |

The effective tax rate of the Group for the current quarter was 32% and for the current financial year to date was 28% as compared with the applicable tax rate of 25%. Increased non-allowable expenses in relation to one-off listing expenses coupled with deferred tax assets not recognised in respect of tax losses incurred by the subsidiaries, represented the main factors driving the increase in effective tax rate.

**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 the followings:-

(a) Public Issue

The Company undertook the Public issue of 100,000,000 new ordinary shares of USD0.10 each ("Shares") at an issue / offer price of RM0.58 per Shares in full on application.

(b) Listing

XiDeLang was listed on the Main Market of Bursa Malaysia Securities Berhad on 11 November 2009.



**喜得狼®****XiDeLang Holdings Ltd**

(Bermuda Company No. 43136)

(Malaysian Foreign Company Registration No. 995210-W)

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

## (c) Utilisation of Proceeds

The utilisation of gross proceeds from the Public Issue which amounted to RM58 million during the current quarter was as follows:

|      |   |                    | Proposed           | Actual             | Deviation     |    |        |
|------|---|--------------------|--------------------|--------------------|---------------|----|--------|
|      | Purpose   | Intended timeframe | utilisation RM'000 | Utilisation RM'000 | Amount RM'000 | %  | Remark |
| i)   | Advertising and branding                        | Within 12 months   | 9,200              | -                  | NA            | NA | (N1)   |
| ii)  | Expansion of marketing and distribution network | Within 12 months   | 18,400             | -                  | NA            | NA | (N1)   |
| iii) | Research and extension of product portfolio     | Within 12 months   | 2,300              | -                  | NA            | NA | (N1)   |
| iv)  | Expansion of production capacity                | Within 12 months   | 16,100             | -                  | NA            | NA | (N1)   |
| v)   | Working capital                                 | On-going           | 4,000              | -                  | NA            | NA | (N1)   |
| vi)  | Estimated Listing expenses                      | Immediate          | 8,000              | 7,650              | 350           | 4  | (N2)   |
|      |   |                    | 58,000             | 7,650              | 350           |    |        |

*Note:*

- (1) The allocated gross proceeds from Public Issue in respect of these purposes have not been utilised during the financial period under review as XiDeLang was only listed on 11 November 2009.
- (2) The total listing and share issue expenses are RM7.65 million (out of which RM2.36 million was offset against share premium as these transaction costs were directly attributable to issuing new shares). The excess of RM350,000 as compared to budget of RM8 million will be used for working capital purpose.

**B9. Borrowings**

Details of the Group's borrowings as at 31 December 2009 are as follows:-

|                       | Secured<br>RM'000 | Unsecured<br>RM'000 | Total<br>RM'000 |
|-----------------------|-------------------|---------------------|-----------------|
| <b>Current</b>        |                   |                     |                 |
| Short term bank loans | 11,780            | 18,197              | 29,977          |
| Recourse factoring    | 7,570             | -                   | 7,570           |
| Bankers' acceptances  | 3,509             | -                   | 3,509           |
|                       | 22,859            | 18,197              | 41,056          |

### 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 31 December 2009.

### B13. Earnings per Share

The basic earnings per share is calculated as follows:-

|  | Current quarter<br>ended<br>31 December<br>2009<br>RM'000 | Year to date<br>ended<br>31 December<br>2009<br>RM'000 |
|--|---|--|
| <b>Basic earnings per share</b>                                  |   |  |
| Profit attributable to ordinary equity holders of the parent     | 10,175  | 68,395   |
| Number of ordinary shares in issue ('000) as at 31 December 2009 | 400,000*  | 400,000*   |
|  | <b>RM</b>   | <b>RM</b>  |
| Basic earnings per share   | 0.03  | 0.17   |

\* As the consolidated financial statements have been prepared on the basis of pooling of interest method or merger accounting, the basic earnings per share are calculated based on the assumption that the number of ordinary shares in issue as at 31 December 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.