



## **XiDeLang Holdings Ltd**

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

# **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2010**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>CONDENSED CONSOLIDATED INCOME STATEMENT</b>	<b>1 - 2</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>3</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>4 - 5</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>6 - 7</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW</b>	<b>8 - 11</b>
<b>NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134)</b>	<b>12 - 16</b>
<b>ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES</b>	<b>17 - 21</b>



## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

### CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.9.2010 RM'000	Quarter ended 30.9.2009 <sup>(2)</sup> RM'000	Year to date ended 30.9.2010 RM'000	Year to date ended 30.9.2009 <sup>(2)</sup> RM'000
Revenue	125,248	117,408	339,446	307,845
Cost of Sales	(82,615)	(81,557)	(229,133)	(213,941)
Gross Profit ("GP")	42,633	35,851	110,313	93,904
Other Income	76	57	277	134
Selling and Distribution Costs	(9,970)	(2,386)	(22,555)	(6,228)
Administrative and other expenses	(2,638)	(3,736)	(6,906)	(6,189)
Finance Costs	(513)	(483)	(1,736)	(1,484)
<b>Profit Before Tax ("PBT")</b>	<b>29,588</b>	<b>29,303</b>	<b>79,393</b>	<b>80,137</b>
Tax Expense	(7,668)	(7,999)	(20,385)	(21,917)
<b>Profit for the period ("PAT")</b>	<b>21,920</b>	<b>21,304</b>	<b>59,008</b>	<b>58,220</b>
Attributable to :				
Equity holders of the parent	21,920	21,304	59,008	58,220
Minority Interest	-	-	-	-
	<b>21,920</b>	<b>21,304</b>	<b>59,008</b>	<b>58,220</b>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	5.48	7.10	14.75	19.41
- Diluted (sen)	N/A	N/A	N/A	N/A

The EPS are calculated based on:

	Current quarter ended		Year to date ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
Number of ordinary shares in issue ('000)	400,000	300,000	400,000	300,000

Note:

- (1) The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.
- (2) These comparative figures have been extracted from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.



## QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010

### CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.9.2010 <sup>(2)</sup> RMB'000	Quarter ended 30.9.2009 <sup>(3)</sup> RMB'000	Year to date ended 30.9.2010 <sup>(2)</sup> RMB'000	Year to date ended 30.9.2009 <sup>(3)</sup> RMB'000
Revenue	270,806	231,437	733,937	606,831
Cost of Sales	(178,627)	(160,766)	(495,423)	(421,725)
Gross Profit ("GP")	92,179	70,671	238,514	185,106
Other Income	164	112	599	264
Selling and Distribution Costs	(21,557)	(4,703)	(48,768)	(12,277)
Administrative and other expenses	(5,704)	(7,365)	(14,932)	(12,199)
Finance Costs	(1,109)	(952)	(3,754)	(2,926)
<b>Profit Before Tax ("PBT")</b>	<b>63,973</b>	<b>57,763</b>	<b>171,659</b>	<b>157,968</b>
Tax Expense	(16,579)	(15,768)	(44,076)	(43,203)
<b>Profit for the period ("PAT")</b>	<b>47,394</b>	<b>41,995</b>	<b>127,583</b>	<b>114,765</b>
Attributable to :				
Equity holders of the parent	47,394	41,995	127,583	114,765
Minority Interest	-	-	-	-
	<u>47,394</u>	<u>41,995</u>	<u>127,583</u>	<u>114,765</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	11.85	14.00	31.90	38.26
- Diluted (sen)	N/A	N/A	N/A	N/A

The EPS are calculated based on:

	Current quarter ended		Year to date ended	
	30 Sept 2010	30 Sept 2009	30 Sept 2010	30 Sept 2009
Number of ordinary shares in issue ('000)	400,000	300,000	400,000	300,000

Note:

- (1) The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.
- (2) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the quarter ended 30 September 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RMB0.4625 at 30 September 2010. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.
- (3) These comparative figures have been extracted consistently from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.9.2010 RM'000	Quarter ended 30.9.2009 RM'000	Year to date ended 30.9.2010 RM'000	Year to date ended 30.9.2009 RM'000
Profit for the financial period	21,920	21,304	59,008	58,220
Currency translation differences arising from consolidation	(7,227)	-	(14,668)	-
<b>Total comprehensive income</b>	<b>14,693</b>	<b>21,304</b>	<b>44,340</b>	<b>58,220</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	14,693	21,304	44,340	58,220
Minority Interest	-	-	-	-
	<b>14,693</b>	<b>21,304</b>	<b>44,340</b>	<b>58,220</b>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.9.2010 <sup>(2)</sup> RMB'000	Quarter ended 30.9.2009 <sup>(3)</sup> RMB'000	Year to date ended 30.9.2010 <sup>(2)</sup> RMB'000	Year to date ended 30.9.2009 <sup>(3)</sup> RMB'000
Profit for the financial period	47,395	41,995	127,585	114,765
Currency translation differences arising from consolidation	(15,626)	-	(31,715)	-
<b>Total comprehensive income</b>	<b>31,769</b>	<b>41,995</b>	<b>95,870</b>	<b>114,765</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	31,769	41,995	95,870	114,765
Minority Interest	-	-	-	-
	<b>31,769</b>	<b>41,995</b>	<b>95,870</b>	<b>114,765</b>

*Note:*

- (1) *The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the quarter ended 30 September 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RMB0.4625 at 30 September 2010. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.*
- (3) *These comparative figures have been extracted consistently from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.*



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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

	<i>Unaudited as at 30.9.2010 RM'000</i>	<i>Audited as at 31.12.2009 RM'000</i>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	105,070	59,635
Land use rights	26,233	28,891
	<u>131,303</u>	<u>88,526</u>
<b>Current Assets</b>		
Inventories	15,887	18,671
Trade and other receivables	91,564	57,436
Current tax assets	-	17
Cash and cash equivalents	88,283	116,346
	<u>195,734</u>	<u>192,470</u>
<b>TOTAL ASSETS</b>	<u><u>327,037</u></u>	<u><u>280,996</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	139,438	139,438
Reserves	71,912	33,572
<b>TOTAL EQUITY</b>	<u>211,350</u>	<u>173,010</u>
<b>Current Liabilities</b>		
Trade and other payables	68,111	60,396
Bank borrowings	37,486	41,056
Current tax liabilities	10,090	6,534
<b>TOTAL LIABILITIES</b>	<u>115,687</u>	<u>107,986</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>327,037</u></u>	<u><u>280,996</u></u>
<b>Net assets per share (sen)</b>	<u>52.84</u>	<u>43.25</u>

Note:

- (1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.



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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED (continued)

	Unaudited as at 30.9.2010 <sup>(2)</sup> RMB'000	Audited as at 31.12.2009 <sup>(2)</sup> RMB'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	227,178	128,941
Land use rights	56,720	62,467
	<u>283,898</u>	<u>191,408</u>
<b>Current Assets</b>		
Inventories	34,350	40,370
Trade and other receivables	197,976	124,186
Current tax assets	-	37
Cash and cash equivalents	190,882	251,559
	<u>423,208</u>	<u>416,152</u>
<b>TOTAL ASSETS</b>	<u>707,106</u>	<u>607,560</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	301,488	301,488
Reserves	155,485	72,588
<b>TOTAL EQUITY</b>	<u>456,973</u>	<u>374,076</u>
<b>Current Liabilities</b>		
Trade and other payables	147,267	130,586
Bank borrowings	81,050	88,770
Current tax liabilities	21,816	14,128
<b>TOTAL LIABILITIES</b>	<u>250,133</u>	<u>233,484</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>707,106</u>	<u>607,560</u>
<b>Net assets per share (RMB)</b>	<u>1.14</u>	<u>0.94</u>

Note:

- (1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.
- (2) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the quarter ended 30 September 2010 with comparative figures are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4625 at 30 September 2010. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.



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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

Quarter and year to date ended 30 September 2009 <sup>(2)</sup>	<----- Non-distributable ----->					Distributable	Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	4	-	3,819	-	-	67,027	70,850
Issuance of ordinary shares <sup>(3)</sup>	-	-	-	-	-	-	-
Acquisition of subsidiaries	103,949	-	-	(104,156)	-	-	(207)
Total comprehensive income for the period	-	-	-	-	-	58,220	58,220
Dividend <sup>(4)</sup>	-	-	-	-	-	(19,277)	(19,277)
At 30 September 2009	103,953	-	3,819	(104,156)	-	105,970	109,586

Quarter and year to date ended 30 September 2010	<----- Non-distributable ----->					Distributable	Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	139,438	21,776	3,827	(105,568)	(2,305)	115,842	173,010
Total comprehensive income for the period	-	-	-	-	(14,668)	59,008	44,340
Dividend	-	-	-	-	-	(6,000)	(6,000)
At 30 September 2010	139,438	21,776	3,827	(105,568)	(16,973)	168,850	211,350

Note:

- (1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.
- (2) These comparative figures have been extracted consistently from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.
- (3) Represent USD1, equivalent to RMB6.8305 and RM3.4651 which consist of ten (10) ordinary shares, after consolidation of every two (2) ordinary shares of USD0.05 each into one (1) ordinary share of USD0.10 each.
- (4) Interim dividend paid to former equity holder of a subsidiary in respect of the financial year ended 31 December 2009.



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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED

Quarter and year to date ended 30 September 2009 <sup>(2)</sup>	<----- Non-distributable ----->					Distributable	Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2009	9	-	7,528	-	-	132,126	139,663
Issuance of ordinary shares <sup>(3)</sup>	-	-	-	-	-	-	-
Acquisition of subsidiaries	204,906	-	-	(205,314)	-	-	(408)
Total comprehensive income for the period	-	-	-	-	-	114,765	114,765
Dividend <sup>(4)</sup>	-	-	-	-	-	(38,000)	(38,000)
At 30 September 2009	204,915	-	7,528	(205,314)	-	208,891	216,020

Quarter and year to date ended 30 September 2010 <sup>(1)</sup>	<----- Non-distributable ----->					Distributable	Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	301,488	47,083	8,275	(228,255)	(4,984)	250,469	374,076
Total comprehensive income for the period	-	-	-	-	(31,715)	127,585	95,870
Dividend	-	-	-	-	-	(12,973)	(12,973)
At 30 September 2010	301,488	47,083	8,275	(228,255)	(36,699)	365,081	456,973

Note:

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- (2) These comparative figures have been extracted consistently from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.
- (3) Represent USD1, equivalent to RMB6.8305 and RM3.4651 which consist of ten (10) ordinary shares, after consolidation of every two (2) ordinary shares of USD0.05 each into one (1) ordinary share of USD0.10 each.
- (4) Interim dividend paid to former equity holder of a subsidiary in respect of the financial year ended 31 December 2009.





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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	Quarter and year to date ended	
	30.9.2010	30.9.2009 <sup>(2)</sup>
	RM'000	RM'000
Profit before tax	79,393	80,137
Adjustments for non-cash flow:-		
Non-cash items	1,799	747
Non-operating items	1,483	3,836
Operating profit before working capital changes	82,675	84,720
Changes in working capital		
Net change in current assets	(39,037)	(61,497)
Net change in current liabilities	31,589	50,626
Cash generated from operating activities	75,227	73,849
Income tax paid	(17,009)	(18,611)
Net cash generated from operating activities	58,218	55,238
Investing activities		
Advances to related parties	-	(798)
Interest received	253	112
Proceeds from disposal of property, plant and equipment	122	-
Purchase of property, plant and equipment	(51,928)	(30,947)
Net cash used in investing activities	(51,553)	(31,633)
Financing activities		
Advance from shareholder	-	3
Dividend paid to former equity holder of a subsidiary	(18,099)	(19,277)
Dividend paid to equity holders of the Company	(6,000)	-
Drawdown of borrowings	50,559	18,212
Repayment of borrowings	(50,964)	-
Interest paid	(1,736)	(1,484)
Listing expenses paid	-	(2,463)
Reduction in/(Placement of) pledged deposits	25	(2)
Net cash used in financing activities	(26,215)	(5,011)
Net change in cash and cash equivalents	(19,550)	18,594
Cash and cash equivalents at beginning of financial period	115,265	39,623
Effect of changes in exchange rate	(8,404)	94
Cash and cash equivalents at end of financial period	87,311	58,311



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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED (CONTINUED)

	Quarter and year to date ended	
	30.9.2010	30.9.2009 <sup>(2)</sup>
	RM'000	RM'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	87,311	58,311
Deposits placed with financial institutions	<u>972</u>	<u>1,091</u>
	88,283	59,402
Less: Deposits pledged to financial institutions	<u>(972)</u>	<u>(1,091)</u>
	<u>87,311</u>	<u>58,311</u>

Note:

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *These comparative figures have been extracted consistently from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.*

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED

	Quarter and year to date ended	
	30.9.2010 <sup>(1)</sup>	30.9.2009 <sup>(2)</sup>
	RMB'000	RMB'000
Profit before tax	171,661	157,968
Adjustments for non-cash flow:-		
Non-cash items	3,890	1,473
Non-operating items	3,206	7,561
Operating profit before working capital changes	178,757	167,002
Changes in working capital		
Net change in current assets	(84,404)	(121,224)
Net change in current liabilities	68,300	99,796
Cash generated from operating activities	162,653	145,574
Income tax paid	(36,776)	(36,685)
Net cash generated from operating activities	125,877	108,889
Investing activities		
Advances to related parties	-	(1,572)
Interest received	547	220
Proceeds from disposal of property, plant and equipment	264	-
Purchase of property, plant and equipment	(112,277)	(61,004)
Net cash used in investing activities	(111,466)	(62,356)
Financing activities		
Advance from shareholder	-	7
Dividend paid to former equity holder of a subsidiary	(39,133)	(38,000)
Dividend paid to equity holders of the Company	(12,973)	-
Drawdown of borrowings	109,317	35,900
Repayment of borrowings	(110,193)	-
Interest paid	(3,754)	(2,926)
Listing expenses paid	-	(4,856)
Reduction in/(Placement of) pledged deposits	54	(4)
Net cash used in financing activities	(56,682)	(9,879)
Net change in cash and cash equivalents	(42,271)	36,654
Cash and cash equivalents at beginning of financial period	249,222	78,290
Effect of changes in exchange rate	(18,171)	-
Cash and cash equivalents at end of financial period	188,780	114,944



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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED (CONTINUED)

	Quarter and year to date ended	
	30.9.2010 <sup>(1)</sup>	30.9.2009 <sup>(2)</sup>
	RMB'000	RMB'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	188,780	114,944
Deposits placed with financial institutions	<u>2,102</u>	<u>2,151</u>
	190,882	117,095
Less: Deposits pledged to financial institutions	<u>(2,102)</u>	<u>(2,151)</u>
	<u>188,780</u>	<u>114,944</u>

Note:

- (1) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the quarter ended 30 September 2010 with comparative figures are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.4625 at 30 September 2010. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate
- (2) These comparative figures have been extracted consistently from the first interim financial report (i.e. Third Quarter ended 30 September 2009) announced to Bursa Malaysia Securities Berhad in prior year.

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## **A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010**

### **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. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2009, except for the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations which are mandatory for annual periods beginning on or after 1 January 2010 which had already been disclosed in Quarter 1 2010 interim financial report.

#### **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 comprised 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.



## **A2. Auditors' Report**

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2009 was not qualified.

## **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 when we organise launches of each new season's collection of sports shoes and apparels 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**

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

## **A5. Changes in Estimates**

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

## **A6. Debts and Equity Securities**

On 26 August 2010, the Company had repurchased 1,000 units of its issued shares from the open market at an average price of RM0.48 per share. The average price paid for the share repurchased was RM0.48 per share. The repurchased shares were financed by internally generated fund. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Other than the above, there were no cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.



## A7. Dividends

On 25 August 2010, the Board of Directors declared an interim tax exempt dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2010. Total dividend of RM6.0 million was paid out on 30 September 2010.

## A8. Segment Information

The Group's activities are predominantly in designing, manufacturing and marketing of sports shoes as well as designing and marketing of sports apparel, accessories and equipment within the Peoples' Republic of China ("PRC"). The Group's operations are concentrated in Jinjiang City, Fujian Province of the PRC, which represents its principal place of business and in which the assets and liabilities of the Group are located.

As the Group's chief operating decision maker, the Group's Chief Executive Officer in this context, relies on internal reports which are similar to those currently disclosed externally, no further segmental analysis is available for disclosure except for the following entity-wide disclosures as required under Paragraph 31 of FRS 8:

### *Sales revenue by region*

During the financial period under review, the Group derived all of its revenue from the PRC. In view of the vast geographical areas within the PRC, customers can be stratified on a regional basis within the PRC, as disclosed below:

	<b>Sales revenue by region</b>	
	<b>Quarter ended</b>	<b>Year to date ended</b>
	<b>30.9.2010</b>	<b>30.9.2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Within the PRC:		
- Eastern region	21,227	62,440
- Southern region	42,753	107,537
- Western region	30,000	82,281
- Northern region	31,268	87,188
	<hr/>	<hr/>
	<b>125,248</b>	<b>339,446</b>
	<hr/>	<hr/>

In this context, the regions are grouped in the following manner by the Group:

- Eastern region includes Jiangsu, Zhejiang, Shandong and Shanghai.
- Southern region includes Fujian, Guangdong, Hubei, Hunan, Jiangxi and Anhui.
- Western region includes Sichuan, Guangxi, Guizhou, Yunnan, Chongqing, Gansu and Shaanxi.
- Northern region includes Beijing, Hebei, Henan, Heilongjiang, Liaoning, Shanxi and Tianjin.



## A8. Segment Information (continued)

### *Sales revenue by products*

	Sales revenue by products	
	Quarter ended	Year to date ended
	30.9.2010	30.9.2010
	RM'000	RM'000
Sports shoes	58,343	185,678
Sports apparel, accessories and equipment	66,905	153,768
	<hr/>	<hr/>
	125,248	339,446
	<hr/>	<hr/>

## 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 current quarter 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 changes in the composition of the Group during the financial period under review.

## A12. Changes in Contingent Liabilities

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

## A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 September 2010 is as follows:

	As at
	30.9.2010
	RM'000
<b>Property, plant and equipment</b>	
Approved but not contracted for	4,625
Contracted but not provided for	61,050
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	65,675
	<hr/>





# XiDeLang Holdings Ltd

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

Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

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## A14. Significant Related Party Transactions

	<b>Quarter ended 30.9.2010 RM'000</b>	<b>Year to date ended 30.9.2010 RM'000</b>
Rental paid to related parties	(301)	(929)
Dividends declared in 2009 and paid by a subsidiary to a former equity owner/director	-	(18,099)

These transactions have been entered into in the ordinary course of business and established under negotiated commercial terms.

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

### **B1. Review of Performance**

The Group recorded revenue of RM125.2 million and RM339.4 million for the current quarter and financial year to date respectively, representing an increase of 7% and 10% respectively as compared to corresponding period ended 30 September 2009.

In tandem with that, the Group achieved PAT of RM21.9 million and RM59.0 million for the current quarter and financial year to date respectively, which representing an increase of 3% and 1% respectively as compared to corresponding period ended 30 September 2009.

The Group's financial performance in the nine (9) months ended 30 September 2010 was largely boosted by the improvement in sales of HongPeng (Fujian) due to the following reasons:

- (i) Increased brand awareness as a result of active advertising and promotion.
- (ii) Continuous research and development activities to keep abreast with the changing fashion trend and consumer taste, with new models being launched into the market periodically.

Comparison between performance in the current quarter and preceding quarter is covered under *Note (B2)* below.

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

	<b>Current quarter ended 30 Sept 2010 RM'000</b>	<b>Preceding quarter ended 30 June 2010 RM'000</b>
Revenue	125,248	115,676
Profit before taxation	<u>29,588</u>	<u>25,786</u>

The Group recorded an improvement in revenue of 8% for the third quarter ended 30 September 2010 as compared to preceding quarter ended 30 June 2010 mainly due to launching of new models for the new season; increased brand awareness following active advertising and promotion undertaken by the Group.

Profit before taxation of the Group for the current quarter had demonstrated an increase of 15% as compared to preceding quarter ended 30 June 2010. The increase is mainly due to improvement in sales.



### B3. Current Year Prospects

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.

In addition, rising health-consciousness and growing passion for sports as a result of PRC's government's efforts in promoting healthy lifestyle and successful organisation of Beijing Olympic are expected to further stimulate the consumption and market demands for sportswear. The market's passion is likely to continue with the upcoming major sport events to be held in PRC, the significant one being Guangzhou 2010 Asian Games.

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:-

	Current quarter ended		Year to date ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RM'000	RM'000	RM'000	RM'000
Income tax	7,668	7,999	20,385	21,917

The effective tax rate of the Group for both the current quarter and year to date was 26%, which was relatively consistent with the applicable tax rate in the PRC of 25%. This was mainly attributable to deferred tax assets not recognised in respect of tax losses incurred by the subsidiary and non-deductible items.

### 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

Other than the repurchase of own shares as mentioned in Note A6, there were no other purchases or sales of quoted securities in the current financial quarter.



## B8. Status of Corporate Proposals and Utilisation of Proceeds

The status of the utilisation of gross proceeds from Public Issue is as follows:

			<b>Proposed</b>	<b>Actual</b>	<b>Deviation</b>		
	<b>Purpose</b>	<b>Intended Timeframe</b>	<b>utilisation RM'000</b>	<b>Utilisation RM'000</b>	<b>Amount RM'000</b>	<b>%</b>	<b>Remark</b>
i)	Advertising and branding	Within 12 months	9,200	9,200	-	-	-
ii)	Expansion of marketing and distribution network	Within 12 months	18,400	7,889	10,511	57	N1
iii)	Research and extension of product portfolio	Within 12 months	2,300	796	1,504	65	N2
iv)	Expansion of production capacity	Within 12 months	16,100	16,100	-	-	-
v)	Working capital	On-going	4,000	4,350	(350)	(9)	N3
vi)	Estimated listing expenses	Immediate	8,000	7,650	350	4	N3
			<hr/>	<hr/>	<hr/>		
			58,000	45,985	12,015		

N1 The allocated proceeds have not been fully utilised within the stipulated timeframe. Under-utilisation of the allocated proceeds is due to the following reason:

(i) *Stricter distributor selection*

In line with our efforts to build a stronger 'XiDeLang' brand image, we have taken a more prudent approach in selecting our distributors based on strict criteria such as investment capabilities, understanding of the consumer market, their market coverage and the ability to share our Group's vision for the 'XiDeLang' brand.

As of early this year, we have imposed stricter criteria and are more selective of the distributors who qualify for subsidies. Therefore, given the short period of less than one (1) year for the distributors to comply with our requirements, we have not been able to dispense our funds as planned previously. We envisage that by 30 June 2011, more of our distributors would be able to meet our criteria and the IPO proceeds earmarked for this area will be fully utilised.



## B8. Status of Corporate Proposals and Utilisation of Proceeds

N2 The proceeds allocated have not been fully utilised within the stipulated timeframe due to our plan of moving into our new production facility and thereby investing extensively in research and extension of product portfolio has been deferred due to the delay in construction and renovation works arising from unforeseen weather conditions from July to September 2010.

We expect to relocate our research department into the new production centre in the first quarter of 2011. As such, we envisage that by end of second quarter of 2011, we would be able to fully utilise the amount allocated.

N3 The total listing and share issue expenses were RM7.65 million. The excess of RM350,000 as compared to budget of RM8 million was utilised for working capital purpose.

## B9. Borrowings

Details of the Group's borrowings as at 30 September 2010 are as follows:-

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Current</b>			
Short term bank loans	9,250	12,164	21,414
Recourse factoring	12,834	-	12,834
Bankers' acceptances	3,238	-	3,238
	<u>25,322</u>	<u>12,532</u>	<u>37,486</u>

## 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

On 25 August 2010, the Board of Directors declared an interim tax exempt dividend of 1.5 sen per ordinary share in respect of the financial year ending 31 December 2010. Total dividend of RM6.0 million was paid out on 30 September 2010.



## XiDeLang Holdings Ltd

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Quarterly Report on Consolidated Results for the Third Financial Quarter ended  
30 September 2010

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### B13. Earnings per Share

The basic earnings per share is calculated as follows:-

	Current quarter ended		Year to date ended	
	30 Sept 2010 RM'000	30 Sept 2009 RM'000	30 Sept 2010 RM'000	30 Sept 2009 RM'000
<b>Basic earnings per share</b>				
Profit attributable to ordinary equity holders of the parent	21,920	21,304	59,008	58,220
Weighted average number of ordinary shares in issue ('000)	400,000	300,000	400,000	300,000
	<b>sen</b>	<b>sen</b>	<b>sen</b>	<b>sen</b>
Basic earnings per share	5.48	7.10	14.75	19.41

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

### B14. Financial instruments

#### Derivatives

The Group does not have any derivative financial instruments.

#### Disclosures of Gains/Losses arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities reported by the Group during the financial period under review.