



## **XiDeLang Holdings Ltd**

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

### **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 FLOWS</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>

**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 2010

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2010****CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2010 <sup>(1)</sup> RM'000	Quarter ended 31.12.2009 RM'000 (Restated)	Year to date ended 31.12.2010 <sup>(1)</sup> RM'000	Year to date ended 31.12.2009 <sup>(2)</sup> RM'000 (Restated)
Revenue	125,635	77,079	465,081	384,924
Cost of Sales	(84,787)	(51,829)	(313,920)	(265,770)
Gross Profit ("GP")	40,848	25,250	151,161	119,154
Other Income	43	593	320	727
Selling and Distribution Costs	(9,900)	(4,031)	(32,455)	(10,259)
Administrative and other expenses	(2,917)	(6,421)	(9,823)	(12,610)
Finance Costs	(407)	(681)	(2,143)	(2,165)
Profit Before Tax ("PBT")	27,667	14,710	107,060	94,847
Tax Expense	(7,357)	(4,740)	(27,742)	(26,657)
Profit for the period ("PAT")	20,310	9,970	79,318	68,190
Attributable to:				
Equity holders of the parent	20,310	9,970	79,318	68,190
Minority Interest	-	-	-	-
	20,310	9,970	79,318	68,190
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	5.08	2.49	19.83	17.05
- Diluted (sen)	N/A	N/A	N/A	N/A

**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 audited financial statements for the financial year 31 December 2009.

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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended  
31 December 2010**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL  
QUARTER ENDED 31 DECEMBER 2010****CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED (continued)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2010 <sup>(2)</sup> RMB'000	Quarter ended 31.12.2009 <sup>(2)</sup> RMB'000	Year to date ended 31.12.2010 <sup>(2)</sup> RMB'000	Year to date ended 31.12.2009 <sup>(2)</sup> RMB'000
Revenue	269,719	165,477	998,456	826,372
Cost of Sales	(182,024)	(111,269)	(673,937)	(570,567)
Gross Profit ("GP")	87,695	54,208	324,519	255,805
Other Income	92	1,273	687	1,561
Selling and Distribution Costs	(21,254)	(8,654)	(69,676)	(22,024)
Administrative and other expenses	(6,262)	(13,785)	(21,088)	(27,072)
Finance Costs	(874)	(1,462)	(4,601)	(4,648)
<b>Profit Before Tax ("PBT")</b>	<b>59,397</b>	<b>31,580</b>	<b>229,841</b>	<b>203,622</b>
Tax Expense	(15,794)	(10,176)	(59,558)	(57,228)
<b>Profit for the period ("PAT")</b>	<b>43,603</b>	<b>21,404</b>	<b>170,283</b>	<b>146,394</b>
Attributable to :				
Equity holders of the parent	43,603	21,404	170,283	146,394
Minority Interest	-	-	-	-
	<b>43,603</b>	<b>21,404</b>	<b>170,283</b>	<b>146,394</b>
Earnings per share attributable to equity holders of the parent				
- Basic (RMB cent)	10.90	5.35	42.57	36.60
- Diluted (RMB cent)	N/A	N/A	N/A	N/A

**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 31 December 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4658 at 31 December 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 Fourth Financial Quarter ended  
31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
- UNAUDITED**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2010 <sup>(1)</sup> RM'000	Quarter ended 31.12.2009 RM'000 (Restated)	Year to date ended 31.12.2010 <sup>(1)</sup> RM'000	Year to date ended 31.12.2009 RM'000 (Restated)
Profit for the financial period	20,310	9,970	79,318	68,190
Currency translation differences arising from consolidation	1,456	(2,305)	(13,212)	(2,305)
<b>Total comprehensive income</b>	<b>21,766</b>	<b>7,665</b>	<b>66,106</b>	<b>65,885</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	21,766	7,665	66,106	65,885
Minority Interest	-	-	-	-
	<b>21,766</b>	<b>7,665</b>	<b>66,106</b>	<b>65,885</b>

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2010 <sup>(2)</sup> RMB'000	Quarter ended 31.12.2009 <sup>(2)</sup> RMB'000	Year to date ended 31.12.2010 <sup>(2)</sup> RMB'000	Year to date ended 31.12.2009 <sup>(2)</sup> RMB'000
Profit for the financial period	43,603	21,404	170,283	146,394
Currency translation differences arising from consolidation	3,125	(4,948)	(28,364)	(4,948)
<b>Total comprehensive income</b>	<b>46,728</b>	<b>16,456</b>	<b>141,919</b>	<b>141,446</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the parent	46,728	16,456	141,919	141,446
Minority Interest	-	-	-	-
	<b>46,728</b>	<b>16,456</b>	<b>141,919</b>	<b>141,446</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 31 December 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4658 at 31 December 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 Fourth Financial Quarter ended  
31 December 2010**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED**

	<i>Unaudited as at 31.12.2010<sup>(1)</sup> 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	123,912	59,635
Land use rights	26,279	28,891
	<u>150,191</u>	<u>88,526</u>
<b>Current Assets</b>		
Inventories	14,083	18,671
Trade and other receivables	80,872	57,436
Current tax assets	-	17
Cash and cash equivalents	80,259	116,345
	<u>175,214</u>	<u>192,469</u>
<b>TOTAL ASSETS</b>	<u><u>325,405</u></u>	<u><u>280,995</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	139,438	139,438
Reserves	93,678	33,572
<b>TOTAL EQUITY</b>	<u>233,116</u>	<u>173,010</u>
<b>Current Liabilities</b>		
Trade and other payables	61,579	60,395
Bank borrowings	19,913	41,056
Current tax liabilities	10,797	6,534
<b>TOTAL LIABILITIES</b>	<u>92,289</u>	<u>107,985</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>325,405</u></u>	<u><u>280,995</u></u>
<b>Net assets per share (sen)</b>	<u>58.28</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.

**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 2010**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED  
(continued)**

	As at 31.12.2010 <sup>(2)</sup> RMB'000	As at 31.12.2009 <sup>(2)</sup> RMB'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	266,020	128,027
Land use rights	56,417	62,024
	<u>322,437</u>	<u>190,051</u>
<b>Current Assets</b>		
Inventories	30,234	40,084
Trade and other receivables	173,619	123,306
Current tax assets	-	36
Cash and cash equivalents	172,304	249,775
	<u>376,157</u>	<u>413,201</u>
<b>TOTAL ASSETS</b>	<u>698,594</u>	<u>603,252</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	299,352	299,352
Reserves	201,114	72,075
<b>TOTAL EQUITY</b>	<u>500,466</u>	<u>371,427</u>
<b>Current Liabilities</b>		
Trade and other payables	132,200	129,657
Bank borrowings	42,750	88,141
Current tax liabilities	23,178	14,027
<b>TOTAL LIABILITIES</b>	<u>198,128</u>	<u>231,825</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>698,594</u>	<u>603,252</u>
<b>Net assets per share (RMB cent)</b>	<u>125.12</u>	<u>92.86</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 31 December 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4658 at 31 December 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 Fourth Financial Quarter ended  
31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED**

Quarter and year to date ended	Non-distributable					Distributable		Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings		
31 December 2009 (Restated)	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2009	(2)	-	3,827	-	-	67,173	71,000	
Issuance of ordinary shares	33,865	24,135	-	-	-	-	58,000	
Share issue expenses	-	(2,359)	-	-	-	-	(2,359)	
Acquisition of subsidiaries	105,573	-	-	(105,568)	-	-	5	
Total comprehensive income for the period	-	-	-	-	(2,305)	68,190	65,885	
Dividend <sup>(3)</sup>	-	-	-	-	-	(19,521)	(19,521)	
At 31 December 2009	139,438	21,776	3,827	(105,568)	(2,305)	115,842	173,010	

Quarter and year to date ended	Non-distributable						Distributable		Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Treasury Shares	Retained Earnings		
31 December 2010 <sup>(1)</sup>	RM'000	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	
Repurchase of shares	-	-	-	-	-	(4)	-	(4)	
Total comprehensive income for the period	-	-	-	-	(13,212)	-	79,318	66,106	
Transfer to statutory surplus reserves	-	-	8,203	-	-	-	(8,203)	-	
Dividend	-	-	-	-	-	-	(6,000)	(6,000)	
At 31 December 2010	139,438	21,776	12,030	(105,568)	(15,517)	(4)	180,957	233,116	

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) 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.
- (3) Interim dividend paid to former equity holder of a subsidiary in respect of the financial year ended 31 December 2009.
- (4) Represent RM480, equivalent to 1000 units of ordinary shares repurchased at an average price of RM0.48.



**Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended 31 December 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - UNAUDITED**

Quarter and year to date ended 31 December 2009 <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	RMB'000
At 1 January 2009	1 <sup>(2)</sup>	-	8,216	-	-	144,210	-	152,426
Issuance of ordinary shares	72,703	51,814	-	-	-	-	-	124,517
Share issue expenses	-	(5,064)	-	-	-	-	-	(5,064)
Acquisition of subsidiaries	226,649	-	-	(226,638)	-	-	-	11
Total comprehensive income for the period	-	-	-	-	(4,948)	146,394	-	141,446
Dividend <sup>(3)</sup>	-	-	-	-	-	(41,909)	-	(41,909)
At 31 December 2009	299,352	46,750	8,216	(226,638)	(4,948)	248,695	-	371,427

Quarter and year to date ended 31 December 2010 <sup>(1)</sup>	←----- Non-distributable ----->						Distributable		Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Treasury Shares	Retained Earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2010	299,352	46,750	8,216	(226,638)	(4,948)	-	248,695	371,427	
Repurchase of shares	-	-	-	-	-	1 <sup>(4)</sup>	-	1 <sup>(4)</sup>	
Total comprehensive income for the period	-	-	-	-	(28,364)	-	170,283	141,919	
Transfer of statutory surplus reserve	-	-	17,611	-	-	-	(17,611)	-	
Dividend	-	-	-	-	-	-	(12,880)	(12,880)	
At 31 December 2010	299,352	46,750	25,827	(226,638)	(33,312)	1 <sup>(4)</sup>	388,487	500,466	

**Note:**

- (1) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the quarter ended 31 December 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4658 at 31 December 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) 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.
- (3) Interim dividend paid to former equity holder of a subsidiary in respect of the financial year ended 31 December 2009.
- (4) Represent RM480, equivalent to 1000 units of ordinary shares repurchased at an average price of RM0.48.



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31 December 2010**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED**

	Year to date ended	
	31.12.2010 <sup>(1)</sup>	31.12.2009
	RM'000	RM'000
Profit before tax	107,060	94,847
Adjustments for non-cash flow:-		
Non-cash items	2,025	541
Non-operating items	1,823	7,278
Operating profit before working capital changes	110,908	102,666
Changes in working capital		
Net change in current assets	(25,284)	36,654
Net change in current liabilities	24,537	(12,546)
Cash generated from operating activities	110,161	126,774
Income tax paid	(24,008)	(28,557)
Net cash generated from operating activities	86,153	98,217
Investing activities		
Interest received	320	179
Proceeds from disposal of property, plant and equipment	130	-
Purchase of property, plant and equipment	(70,152)	(59,591)
Repayments from a related party	-	4,661
Repayments to a director	-	(3,175)
Net cash used in investing activities	(69,702)	(57,926)
Financing activities		
Dividend paid to former equity holder of a subsidiary	(18,001)	(22,335)
Dividend paid to equity holders of the parent	(6,000)	-
Drawdown of borrowings	48,388	16,644
Repayment of borrowings	(66,934)	(6,678)
Interest paid	(2,143)	(2,165)
Reduction in/(Placement) of deposits pledged to bank	25	(4)
Listing expenses paid	-	(7,650)
Public issue of shares	-	58,000
Net cash (used in)/generated from financing activities	(44,665)	35,812
Net change in cash and cash equivalents	(28,214)	76,103
Cash and cash equivalents at beginning of financial period	115,266	39,803
Effect of changes in exchange rate	(7,772)	(640)
Cash and cash equivalents at end of financial period	79,280	115,266



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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended  
31 December 2010

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

	Year to date ended	
	31.12.2010 <sup>(1)</sup>	31.12.2009
	RM'000	RM'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	79,280	115,265
Deposits placed with financial institutions	<u>979</u>	<u>1,080</u>
	80,259	116,345
Less: Deposits pledged to financial institutions	<u>(979)</u>	<u>(1,080)</u>
	<u>79,280</u>	<u>115,265</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.

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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended  
31 December 2010

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED**

	Year to date ended	
	31.12.2010 <sup>(1)</sup>	31.12.2009 <sup>(1)</sup>
	RMB'000	RMB'000
Profit before tax	229,841	203,622
Adjustments for non-cash flow:-		
Non-cash items	4,348	1,161
Non-operating items	3,914	15,625
Operating profit before working capital changes	238,103	220,408
Changes in working capital		
Net change in current assets	(54,281)	78,690
Net change in current liabilities	52,677	(26,934)
Cash generated from operating activities	236,499	272,164
Income tax paid	(51,541)	(61,307)
Net cash generated from operating activities	184,958	210,857
Investing activities		
Interest received	687	384
Proceeds from disposal of property, plant and equipment	279	-
Purchase of property, plant and equipment	(150,605)	(127,933)
Replacements from a related party	-	10,006
Replacements to a director	-	(6,816)
Net cash used in investing activities	(149,639)	(124,359)
Financing activities		
Dividend paid to former equity holder of a subsidiary	(38,645)	(47,950)
Dividend paid to equity holders of the parent	(12,881)	-
Drawdown of borrowings	103,881	35,732
Repayment of borrowings	(143,697)	(14,337)
Interest paid	(4,601)	(4,648)
Placement of deposits pledged to bank	54	(9)
Listing expenses paid	-	(16,423)
Public issue	-	124,517
Net cash (used in)/generated from financing activities	(95,889)	76,882
Net change in cash and cash equivalents	(60,570)	163,380
Cash and cash equivalents at beginning of financial period	247,458	85,451
Effect of changes in exchange rate	(16,685)	(1,374)
Cash and cash equivalents at end of financial period	170,203	247,457



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Quarterly Report on Consolidated Results for the Fourth Financial Quarter ended  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED  
(CONTINUED)**

	Year to date ended	
	31.12.2010 <sup>(1)</sup>	31.12.2009 <sup>(1)</sup>
	RMB'000	RMB'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	170,203	247,457
Deposits placed with financial institutions	<u>2,101</u>	<u>2,318</u>
	172,304	249,775
Less: Deposits pledged to financial institutions	<u>(2,101)</u>	<u>(2,318)</u>
	<u>170,203</u>	<u>247,457</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 31 December 2010 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4658 at 31 December 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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**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 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.



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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 2010

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## **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 indicate their intended 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.



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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 2010

#### 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 ended 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:

	Sales revenue by region	
	Quarter ended 31.12.2010 RM'000	Year to date ended 31.12.2010 RM'000
Within the PRC:		
- Eastern region	21,565	84,005
- Southern region	43,762	151,299
- Western region	29,533	111,814
- Northern region	30,775	117,963
	<u>125,635</u>	<u>465,081</u>

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.



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 2010

**A8. Segment Information (continued)**

*Sales revenue by products*

	Sales revenue by products	
	Quarter ended 31.12.2010 RM'000	Year to date ended 31.12.2010 RM'000
Sports shoes	62,816	248,494
Sports apparel, accessories and equipment	62,819	216,587
	<u>125,635</u>	<u>465,081</u>

**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**

On 9 December 2010, the Company had proposed to undertake a private placement of up to 40,000,000 new ordinary shares of US\$0.10 each in the Company ("Placement Shares"), representing up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Private Placement"). Conditional approval was obtained from the Bursa Malaysia Securities Berhad on 27 December 2010 (relevant announcement had been made on 28 December 2010).

On 19 January 2011, the Company completed the listing and quotation of the first tranche of the Private Placement, which comprising 20,000,000 Placement Shares issued at an issue price of RM0.48 per Placement Share.

On 8 February 2011, the Company completed listing and quotation of the second and final tranche of the Private Placement, which comprising 19,999,900 Placement Shares issued at an issue price of RM0.48 per Placement Share.

The Private Placement is deemed completed on 8 February 2011.

**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.





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 2010

**A13. Capital Commitments**

Capital commitments not provided for in the financial statements as at 31 December 2010 is as follows:

	As at 31.12.2010 RM'000
<b>Property, plant and equipment</b>	
Approved but not contracted for	4,658
Contracted but not provided for	43,319
	<u>47,977</u>

**A14. Significant Related Party Transactions**

	Quarter ended 31.12.2010 RM'000	Year to date ended 31.12.2010 RM'000
Rental paid to related parties	303	1,232

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

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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 2010

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

**B1. Review of Performance**

The Group recorded revenue of RM125.6 million and RM465.1 million for the current quarter and financial year to date respectively, representing an increase of 63% and 21% respectively as compared to corresponding period ended 31 December 2009.

In tandem with that, the Group achieved PAT of RM20.3 million and RM79.3 million for the current quarter and financial year to date respectively, which representing an increase of 104% and 16% respectively as compared to corresponding period ended 31 December 2009.

The Group's financial performance for the current financial year under review was largely boosted by the improvement in sales of both HongPeng (Fujian) and HongPeng Footwear 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.
- (iii) Increased consumer demands in both domestic (i.e. PRC) and overseas market.

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

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

	Current quarter ended 31 December 2010 RM'000	Preceding quarter ended 30 September 2010 RM'000
Revenue	125,635	125,248
Profit before taxation	27,667	29,588

The Group recorded a relatively consistent level of revenue between current quarter and the preceding quarter ended 30 September 2010.

However, profit before taxation of the Group for the current quarter had decreased by approximately 6% as compared to the preceding quarter ended 30 September 2010. The decrease is mainly due to lower gross profit achieved during the current quarter, due to higher consumption of raw materials for autumn/winter products.



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 2010

### B3. Next Year Prospects

The rising affluence of China's population is expected to lead to continued growth in consumer expenditure on leisure activities, sporting activities, entertainment and sports shoes/apparels. This, coupled with 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 major sport events, are expected to sustain further growth in consumption and market demands for sportswear.

In addition to that, following the gradual recovery of global economy after the financial crisis, demands from overseas markets are expected to rebound and on a growing track. This inevitably will benefit the PRC sportswear manufacturers in terms of increasing exports.

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 2011 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	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
Income tax	7,357	4,740	27,742	26,657

The effective tax rate of the Group for the current quarter and year to date was 26.6% and 25.9% respectively, which was relatively consistent with the applicable tax rate in the PRC of 25%. The difference was mainly attributable to 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:

	Purpose	Intended Timeframe	Proposed	Actual	Deviation		Remark
			utilisation RM'000	Utilisation RM'000	Amount RM'000	%	
i)	Advertising and branding	Within 12 months	9,200	9,200	-	-	-
ii)	Expansion of marketing and distribution network	Within 12 months	18,400	12,721	5,679	31	N1
iii)	Research and extension of product portfolio	Within 12 months	2,300	1,051	1,249	54	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
			<u>58,000</u>	<u>51,072</u>	<u>6,928</u>		

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 disperse 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.

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 31 December 2010 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
<b>Current</b>			
Short term bank loans	-	8,617	8,617
Recourse factoring	8,035	-	8,035
Bankers' acceptances	3,261	-	3,261
	<u>11,296</u>	<u>8,617</u>	<u>19,913</u>

All the borrowings are denominated in RMB.

**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 ended 31 December 2010. Total dividend of RM6.0 million was paid out on 30 September 2010.

The Board of Directors proposed a final tax exempt dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 December 2010.

**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 2010**B13. Earnings per Share**

The basic earnings per share is calculated as follows:-

	Current quarter ended		Year to date ended	
	31.12.2010	31.12.2009	31.12.2010	31.12.2009
	RM'000	RM'000	RM'000	RM'000
<b>Basic earnings per share</b>				
Profit attributable to ordinary equity holders of the parent	20,310	9,970	79,318	68,190
Weighted average number of ordinary shares in issue ('000)	400,000	400,000	400,000	400,000
	sen	sen	sen	sen
Basic earnings per share	5.08	2.49	19.83	17.05

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

**B14. Disclosure on realised and unrealised profit/loss**

The retained earnings of the Group as at 31 December 2010 are analysed as follows:

	As at 31 Dec 2010 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	181,366
- Unrealised	(3,513)
	177,853
Add: Consolidation adjustments	3,104
Total Group retained earnings as per consolidated financial statements	180,957

**B15. 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.