



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2011

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**喜得狼®****XiDeLang Holdings Ltd**

(Bermuda Company No. 43136)

(Malaysian Foreign Company Registration No. 995210-W)

Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL
QUARTER ENDED 31 MARCH 2011****CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2011 ⁽¹⁾ RM'000	Quarter ended 31.03.2010 RM'000	Year to date ended 31.03.2011 ⁽¹⁾ RM'000	Year to date ended 31.03.2010 RM'000
Revenue	93,564	98,522	93,564	98,522
Cost of Sales	(65,332)	(67,774)	(65,332)	(67,774)
Gross Profit ("GP")	28,232	30,748	28,232	30,748
Other Income	-	142	-	142
Selling and Distribution Costs	(1,721)	(4,529)	(1,721)	(4,529)
Administrative and other expenses	(1,741)	(1,843)	(1,741)	(1,843)
Finance Costs	(142)	(499)	(142)	(499)
Profit Before Tax ("PBT")	24,628	24,019	24,628	24,019
Tax Expense	(6,181)	(6,178)	(6,181)	(6,178)
Profit for the period ("PAT")	18,447	17,841	18,447	17,841
Attributable to :				
Equity holders of the parent	18,447	17,841	18,447	17,841
Minority Interest	-	-	-	-
	18,447	17,841	18,447	17,841
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	4.31	4.46	4.31	4.46
- 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 2010 and the accompanying explanatory notes attached to this interim financial report.*

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Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL
QUARTER ENDED 31 MARCH 2011****CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED (continued)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2011 ⁽²⁾ RMB'000	Quarter ended 31.03.2010 ⁽²⁾ RMB'000	Year to date ended 31.03.2011 ⁽²⁾ RMB'000	Year to date ended 31.03.2010 ⁽²⁾ RMB'000
Revenue	203,356	214,132	203,356	214,132
Cost of Sales	(141,995)	(147,303)	(141,995)	(147,303)
Gross Profit ("GP")	61,361	66,829	61,361	66,829
Other Income	-	309	-	309
Selling and Distribution Costs	(3,740)	(9,844)	(3,740)	(9,844)
Administrative and other expenses	(3,784)	(4,006)	(3,784)	(4,006)
Finance Costs	(309)	(1,085)	(309)	(1,085)
Profit Before Tax ("PBT")	53,528	52,203	53,528	52,203
Tax Expense	(13,434)	(13,428)	(13,434)	(13,428)
Profit for the period ("PAT")	40,094	38,775	40,094	38,775
Attributable to :				
Equity holders of the parent	40,094	38,775	40,094	38,775
Minority Interest	-	-	-	-
	40,094	38,775	40,094	38,775
Earnings per share attributable to equity holders of the parent				
- Basic (RMB cent)	9.38	9.69	9.38	9.69
- 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 2010 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 March 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4601 at 31 March 2011. 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 First Financial Quarter ended
31 March 2011**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- UNAUDITED**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year to date ended	Year to date ended
	31.03.2011 ⁽¹⁾	31.03.2010	31.03.2011 ⁽¹⁾	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Profit for the financial period	18,447	17,841	18,447	17,841
Currency translation differences arising from consolidation	(2,015)	(7,463)	(2,015)	(7,463)
Total comprehensive income	16,432	10,378	16,432	10,378
Total comprehensive income attributable to:				
Equity holders of the parent	16,432	10,378	16,432	10,378
Minority interest	-	-	-	-
	16,432	10,378	16,432	10,378

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Year to date ended	Year to date ended
	31.03.2011 ⁽²⁾	31.03.2010 ⁽²⁾	31.03.2011 ⁽²⁾	31.03.2010 ⁽²⁾
	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the financial period	40,094	38,775	40,094	38,775
Currency translation differences arising from consolidation	(4,379)	(16,220)	(4,379)	(16,220)
Total comprehensive income	35,715	22,555	35,715	22,555
Total comprehensive income attributable to:				
Equity holders of the parent	35,715	22,555	35,715	22,555
Minority interest	-	-	-	-
	35,715	22,555	35,715	22,555

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 2010 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 March 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4601 at 31 March 2011. 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 First Financial Quarter ended
31 March 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED

	<i>Unaudited as at 31.03.2011⁽¹⁾ RM'000</i>	<i>Audited as at 31.12.2010 RM'000</i>
ASSETS		
Non-Current Assets		
Property, plant and equipment	137,340	123,912
Land use rights	25,817	26,279
	<u>163,157</u>	<u>150,191</u>
Current Assets		
Inventories	13,006	14,083
Trade and other receivables	63,220	80,872
Cash and cash equivalents	98,370	80,259
	<u>174,596</u>	<u>175,214</u>
TOTAL ASSETS	<u><u>337,753</u></u>	<u><u>325,405</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	151,660	139,438
Reserves	107,472	85,138
TOTAL EQUITY	<u><u>259,132</u></u>	<u><u>224,576</u></u>
Non-current Liabilities		
Deferred tax liabilities	8,210	7,380
Current Liabilities		
Trade and other payables	41,683	61,626
Bank borrowings	19,301	19,913
Current tax liabilities	9,427	11,910
	<u>70,411</u>	<u>93,449</u>
TOTAL LIABILITIES	<u><u>78,621</u></u>	<u><u>100,829</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>337,753</u></u>	<u><u>325,405</u></u>
Net assets per share (sen)	<u><u>58.89</u></u>	<u><u>56.14</u></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 2010 and the accompanying explanatory notes attached to this interim financial report.

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Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED
(continued)**

	As at 31.03.2011 ⁽²⁾ RMB'000	As at 31.12.2010 ⁽²⁾ RMB'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	298,500	269,315
Land use rights	56,112	57,116
	<u>354,612</u>	<u>326,431</u>
Current Assets		
Inventories	28,268	30,609
Trade and other receivables	137,405	175,771
Cash and cash equivalents	213,801	174,438
	<u>379,474</u>	<u>380,818</u>
TOTAL ASSETS	<u>734,086</u>	<u>707,249</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	329,624	303,060
Reserves	233,584	185,042
TOTAL EQUITY	<u>563,208</u>	<u>488,102</u>
Non-current Liabilities		
Deferred tax liabilities	17,844	16,040
Current Liabilities		
Trade and other payables	90,596	133,940
Bank borrowings	41,950	43,280
Current tax liabilities	20,488	25,886
TOTAL LIABILITIES	<u>170,878</u>	<u>219,146</u>
TOTAL EQUITY AND LIABILITIES	<u>734,086</u>	<u>707,248</u>
Net assets per share (RMB cent)	<u>128.00</u>	<u>122.02</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 2010 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 March 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4601 at 31 March 2011. 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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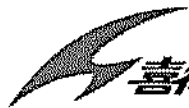
Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED**

Quarter and year to date ended 31 March 2010	Share Capital	Share Premium	Non-distributable			Exchange Translation Reserve	Distributable Retained Earnings	Total Equity
			Statutory Surplus Reserve	Merger Deficit				
At 1 January 2010	139,438	21,776	3,827	(105,568)	(2,305)	115,842	173,010	
Total comprehensive income for the period	-	-	-	-	(7,463)	17,841	10,378	
At 31 March 2010	139,438	21,776	3,827	(105,568)	(9,768)	133,683	183,388	

Quarter and year to date ended 31 March 2011 ⁽¹⁾	Share Capital	Share Premium	Non-distributable			Exchange Translation Reserve	Treasury Shares	Distributable Retained Earnings	Total Equity
			Statutory Surplus Reserve	Merger Deficit					
At 1 January 2011	139,438	21,776	12,026	(105,568)	(15,272)	- ⁽²⁾	172,176	224,576	
Issuance of ordinary shares pursuant to private placement, net of related expenses	12,222	6,825	-	-	-	-	-	19,047	
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(923)	(923)	
Total comprehensive income for the period	-	-	-	-	(2,015)	-	18,447	16,432	
At 31 March 2011	151,660	28,601	12,026	(105,568)	(17,287)	- ⁽²⁾	189,700	259,132	

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 2010 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Represent RM480, equivalent to 1000 units of ordinary shares repurchased at an average price of RM0.48.*

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Quarterly Report on Consolidated Results for the First Financial Quarter ended 31 March 2011**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED**

Quarter and year to date ended 31 March 2010	← Non-distributable →					Distributable		Total Equity RMB'000
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings	Total Equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2010	303,060	47,329	8,318	(229,445)	(5,010)	251,776	376,028	
Total comprehensive income for the period	-	-	-	-	(16,220)	38,776	22,556	
At 31 March 2010	303,060	47,329	8,318	(229,445)	(21,230)	290,552	398,584	

Quarter and year to date ended 31 March 2011 ⁽¹⁾	← Non-distributable →						Distributable		Total Equity RMB'000
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Treasury Shares	Retained Earnings	Total Equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2011	303,060	47,329	26,138	(229,445)	(33,193)	(4)	374,214	488,099	
Issuance of ordinary shares pursuant to private placement, net of related expenses	26,562	14,836	-	-	-	-	-	41,398	
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(2,004)	(2,004)	
Total comprehensive income for the period	-	-	-	-	(4,379)	-	40,094	35,715	
At 31 March 2011	329,622	62,165	26,138	(229,445)	(37,572)	(4)	412,304	563,208	

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 March 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4601 at 31 March 2011. 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 RM480, equivalent to 1000 units of ordinary shares repurchased at an average price of RM0.48.

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Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED**

	Year to date ended	
	31.03.2011 ⁽¹⁾	31.03.2010
	RM'000	RM'000
Profit before tax	24,628	24,019
Adjustments for non-cash flow:-		
Non-cash items	315	657
Non-operating items	136	398
Operating profit before working capital changes	25,079	25,074
Changes in working capital		
Net change in current assets	17,619	(20,857)
Net change in current liabilities	(19,472)	5,917
Cash generated from operating activities	23,226	10,134
Income tax paid	(8,311)	(5,107)
Net cash generated from operating activities	14,915	5,027
Investing activities		
Interest received	73	101
Proceeds from disposal of property, plant and equipment	65	-
Purchase of property, plant and equipment	(15,226)	(14,785)
Net cash used in investing activities	(15,088)	(14,684)
Financing activities		
Proceeds from issuance of shares	19,047	-
Dividend paid to former equity holder of a subsidiary	-	(18,688)
Drawdown of borrowings	3,553	9,196
Net repayment of borrowings	(3,922)	-
Interest paid	(209)	(499)
Reduction in/(Placement) of deposits pledged to bank	-	(2)
Net cash generated from/(used in) financing activities	18,469	(9,993)
Net change in cash and cash equivalents	18,296	(19,650)
Cash and cash equivalents at beginning of financial period	79,280	115,265
Effect of changes in exchange rate	(173)	(4,447)
Cash and cash equivalents at end of financial period	97,403	91,168



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Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011

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

	Year to date ended	
	31.03.2011 ⁽¹⁾ RM'000	31.03.2010 ⁽¹⁾ RM'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	97,403	91,168
Deposits placed with financial institutions	967	1,036
	<u>98,370</u>	<u>92,204</u>
Less: Deposits pledged to financial institutions	<u>(967)</u>	<u>(1,036)</u>
	<u>97,403</u>	<u>91,168</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 2010 and the accompanying explanatory notes attached to this interim financial report.*

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Quarterly Report on Consolidated Results for the First Financial Quarter ended
31 March 2011**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED
(CONTINUED)**

	Year to date ended	
	31.03.2011 ⁽¹⁾	31.03.2010 ⁽¹⁾
	RMB'000	RMB'000
Profit before tax	53,528	52,204
Adjustments for non-cash flow:-		
Non-cash items	685	1,428
Non-operating items	296	865
Operating profit before working capital changes	54,509	54,497
Changes in working capital		
Net change in current assets	38,294	(45,331)
Net change in current liabilities	(42,321)	12,860
Cash generated from operating activities	50,482	22,026
Income tax paid	(18,063)	(11,100)
Net cash generated from operating activities	32,419	10,926
Investing activities		
Interest received	159	220
Proceeds from disposal of property, plant and equipment	141	-
Purchase of property, plant and equipment	(33,093)	(32,134)
Net cash used in investing activities	(32,793)	(31,915)
Financing activities		
Proceeds from issuance of shares	41,398	-
Dividend paid to former equity holder of a subsidiary	-	(40,617)
Drawdown of borrowings	7,722	19,987
Net repayment of borrowings	(8,524)	-
Interest paid	(454)	(1,085)
Reduction in/(Placement) of deposits pledged to bank	-	(4)
Net cash generated from/(used in) financing activities	40,142	(21,719)
Net change in cash and cash equivalents	39,768	(42,708)
Cash and cash equivalents at beginning of financial period	172,310	250,522
Effect of changes in exchange rate	(376)	(9,666)
Cash and cash equivalents at end of financial period	211,702	198,148



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Quarterly Report on Consolidated Results for the First Financial Quarter ended 31 March 2011

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED (CONTINUED)

	Year to date ended	
	31.03.2011 ⁽¹⁾	31.03.2010 ⁽¹⁾
	RMB'000	RMB'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	211,702	198,148
Deposits placed with financial institutions	2,101	2,252
	<u>213,803</u>	<u>200,400</u>
Less: Deposits pledged to financial institutions	<u>(2,101)</u>	<u>(2,252)</u>
	<u>211,702</u>	<u>198,148</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 March 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4601 at 31 March 2011. 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 First Financial Quarter ended
31 March 2011

**A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD
ENDED 31 MARCH 2011**

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 2010 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 2010.

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 2010, 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 2011 as explained in Note A1 (c) below.

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.



A1. Basis of Preparation (cont'd)

c) Adoption of New FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>
Amendments to FRS 1	<i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>
Amendments to FRS 1	<i>Additional Exemptions for First-time Adopters</i>
Amendments to FRS 2	<i>Share-based Payment</i>
Amendments to FRS 2	<i>Group Cash-settled Share-based Payment Transactions</i>
Amendments to FRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
Amendments to FRS 7	<i>Improving Disclosures about Financial Instruments</i>
FRS 3	<i>Business Combinations</i>
FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 132	<i>Financial Instruments: Presentation – Classification of Rights Issues</i>
Amendments to FRS 138	<i>Intangible Assets</i>
IC Interpretation 4	<i>Determining Whether an Arrangement contains a Lease</i>
Amendments to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 12	<i>Service Concession Arrangements</i>
IC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>
IC Interpretation 18	<i>Transfer of Assets from Customers</i>
Amendments to FRSs contained in the document entitled " <i>Improvements to FRSs (2010)</i> "	

The adoption of the above FRSs, Amendments to FRSs and IC Interpretations do not have a material impact on the interim financial information of the Group.

A2. Auditors' Report

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2010 was not qualified.



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Quarterly Report on Consolidated Results for the First Financial Quarter ended
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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

Treasury shares

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.

Issuance of shares

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.

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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A7. Dividends

The Directors propose a final tax exempt dividend of 1.0 sen per ordinary share amounting to RM 4,399,989 in respect of the financial year ended 31 December 2010, subject to the approval of members at the forthcoming Annual General Meeting.

No dividend was proposed and paid by the Company during the current financial period under review.

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 by 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 regions	
	Quarter and	
	Year to date ended	
	31.03.2011	31.03.2010
	RM'000	RM'000
Within the PRC:		
- Eastern region	14,391	19,312
- Southern region	33,184	29,721
- Western region	23,471	24,267
- Northern region	22,518	25,222
	<u>93,564</u>	<u>98,522</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.



A8. Segment Information (cont'd)

Sales revenue by products

	Sales revenue by products	
	Quarter and Year to date ended	
	31.03.2011	31.03.2010
	RM'000	RM'000
Sports shoes	51,715	67,492
Sports apparel, accessories and equipment	41,849	31,030
	<u>93,564</u>	<u>98,522</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

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 31 March 2011 is as follows:

	As at 31.03.2011 RM'000
Property, plant and equipment	
Contracted but not provided for	27,606
Approved but not contracted for	<u>4,601</u>
	<u>32,207</u>



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A14. Significant Related Party Transactions

	Quarter and Year to date ended	
	31.03.2011	31.03.2010
	RM'000	RM'000
Rental paid to related parties	(300)	(320)

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 RM93.6 million for the current quarter and financial year to date, representing a decrease of 5% as compared to corresponding period ended 31 March 2010. This was mainly due to RMB or CNY was weaken against RM or MYR by approximately 6% against Quarter 1 2010. If measured in RMB, revenue of the Group increased by 1.2%.

The Group achieved PAT of RM18.3 million for the current quarter and financial year to date, which representing an increase of 2% as compared to corresponding period ended 31 March 2010 mainly contributed by lower selling and distribution and administrative costs.

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 March 2011 RM'000	Preceding quarter ended 31 December 2010 RM'000
Revenue	93,564	125,635
Profit before taxation	<u>24,628</u>	<u>27,667</u>

The Group recorded a lower revenue by 25.5% in RM comparing between current quarter and the preceding quarter ended 31 December 2010, this was primarily due to festival season in February 2011 and seasonality of business.

Despite the revenue decreased by 25.5%, profit before taxation of the Group for the current quarter had decreased by a lower percentage of approximately 11.5% as compared to the preceding quarter ended 31 December 2010 mainly contributed by the lower selling and distribution and administrative costs.



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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, China's GDP growth for the past years has been driven mainly by governmental spending, during the 12th Five-Year Plan period (2011-2015), the Chinese Government aims to achieve a more balanced GDP growth in China through stronger domestic consumption despite that the country's future prospect is still contingent upon the stability and growth of the global economy. This inevitably will benefit the PRC sportswear manufacturers in terms of domestic consumption.

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:-

	Quarter and Year to date ended	
	31.03.2011 RM'000	31.03.2010 RM'000
Income tax	6,181	6,178

The effective tax rate of the Group for the current quarter and year to date was 25.3%, 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

(i) Initial Public Offering ("IPO")

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	1,183	1,117	48	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
			58,000	51,204	6,796		

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

(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 by end of 2011. As such, we envisage that by end 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.



B8. Status of Corporate Proposals and Utilisation of Proceeds (cont'd)

(ii) Private Placement

On 9 December 2010, the Company proposed to undertake a private placement of up to 40,000,000 new ordinary shares of US\$0.10 each (including 1,000 treasury shares and assuming the 1,000 treasury shares are resold in the market) 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 and the 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 was deemed completed on 8 February 2011. The net proceeds raised were utilised for working capital purpose and has been utilised fully.

B9. Borrowings

Details of the Group's borrowings as at 31 March 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Short term bank loans	-	8,512	8,512
Recourse factoring	7,569	-	7,569
Bankers' acceptances	3,220	-	3,220
	<u>10,789</u>	<u>8,512</u>	<u>19,301</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.



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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 Directors propose a final tax exempt dividend of 1.0 sen per ordinary share amounting to RM 4,399,989 in respect of the financial year ended 31 December 2010, subject to the approval of members at the forthcoming Annual General Meeting.

The Board of Directors does not recommend the payment of dividend in respect of the current financial quarter ended 31 March 2011.

B13. Earnings per Share

The basic earnings per share is calculated as follows:-

	Current quarter ended		Year to date ended	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to ordinary equity holders of the parent	18,447	17,841	18,447	17,841
Weighted average number of ordinary shares in issue ('000)	427,555	400,000	427,555	400,000
	sen	sen	Sen	sen
Basic earnings per share	4.31	4.46	4.31	4.46

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 March 2011 are analysed as follows:

	As at	
	31.03.2011	31.12.2010
	RM'000	RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	198,710	180,263
- Unrealised	(3,575)	(3,575)
	<hr/>	<hr/>
	195,135	176,688
Add: Consolidation adjustments	(5,435)	(4,511)
	<hr/>	<hr/>
Total Group retained earnings as per consolidated financial statements	189,700	172,177

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.