



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|---|--|
| | Quarter ended 31.12.2012 ⁽¹⁾ RMB'000 | Quarter ended 31.12.2011 RMB'000 (restated) | Year to date ended 31.12.2012 ⁽¹⁾ RMB'000 | Year to date ended 31.12.2011 RMB'000 (restated) |
| Revenue | 208,891 | 260,826 | 947,398 | 1,027,630 |
| Cost of Sales | (150,230) | (180,804) | (657,551) | (720,516) |
| Gross Profit ("GP") | 58,661 | 80,022 | 289,847 | 307,114 |
| Other Income | 1,259 | 1,096 | 2,225 | 1,892 |
| Selling and Distribution Costs | (7,904) | (10,832) | (37,440) | (39,274) |
| Administrative and Other Expenses | (11,523) | (8,793) | (31,088) | (24,306) |
| Finance Costs | (176) | (923) | (2,297) | (3,444) |
| Profit before Tax ("PBT") | 40,317 | 60,570 | 221,247 | 241,982 |
| Tax Expense | (10,918) | (15,419) | (56,837) | (61,188) |
| Profit For The Period ("PAT") | 29,399 | 45,151 | 164,410 | 180,794 |
| Other Comprehensive Income: | | | | |
| Foreign currency translations | 1,549 | (795) | 1,093 | (901) |
| Other Comprehensive Income, net of tax | 1,549 | (795) | 1,093 | (901) |
| Total Comprehensive Income | 30,948 | 44,356 | 165,503 | 179,893 |
| Profit attributable to: | | | | |
| Equity holders of the parent | 29,399 | 45,151 | 164,410 | 180,794 |
| Total Comprehensive Income attributable to: | | | | |
| Equity holders of the parent | 30,948 | 44,356 | 165,503 | 179,893 |
| Earnings per share attributable to equity holders of the parent | | | | |
| - Basic (RMB cent) | 4.05 | 6.62 | 22.85 | 26.62 |
| - Diluted (RMB cent) | * | * | * | * |

* Refer Note B9 for further details.

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 2011 and the accompanying explanatory notes attached to this interim financial report.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

| | As at 31.12.2012 ⁽¹⁾ RMB'000 | As at 31.12.2011 RMB'000 (restated) | As at 1.1.2011 RMB'000 (restated) |
|--|---|--|--|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 494,565 | 390,213 | 266,019 |
| Land use rights | 53,982 | 55,199 | 56,416 |
| | 548,547 | 445,412 | 322,435 |
| Current Assets | | | |
| Inventories | 22,500 | 23,176 | 30,235 |
| Trade and other receivables | 170,295 | 196,620 | 173,621 |
| Cash and cash equivalents | 305,108 | 233,304 | 172,303 |
| | 497,903 | 453,100 | 376,159 |
| TOTAL ASSETS | 1,046,450 | 898,512 | 698,594 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 488,281 | 299,552 | 273,193 |
| Reserves | 414,594 | 385,049 | 208,937 |
| TOTAL EQUITY | 902,875 | 684,601 | 482,130 |
| Non-current Liabilities | | | |
| Deferred tax liabilities | 27,443 | 24,973 | 15,843 |
| Current Liabilities | | | |
| Trade and other payables | 100,536 | 124,475 | 132,301 |
| Bank borrowings | - | 39,900 | 42,750 |
| Current tax liabilities | 15,596 | 24,563 | 25,570 |
| | 116,132 | 188,938 | 200,621 |
| TOTAL LIABILITIES | 143,575 | 213,911 | 216,464 |
| TOTAL EQUITY AND LIABILITIES | 1,046,450 | 898,512 | 698,594 |
| Net assets per share (RMB) | 1.24 | 1.00 ⁽²⁾ | 0.75 ⁽²⁾ |

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 2011 and the accompanying explanatory notes attached to this interim financial report.
- (2) The net assets per share as at 31 December 2011 and 1 January 2011 have been adjusted by taking into consideration the issue of 241,998,950 Bonus Shares during period ended 31 March 2012.



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

| Quarter and year to date ended 31 December 2011 | ←----- Non-distributable -----> | | | | | Distributable | | Total Equity RMB'000 |
|--|---------------------------------|-----------------------------|--|------------------------------|---|-------------------------------|---------------------------------|----------------------------|
| | Share Capital RMB'000 | Share Premium RMB'000 | Statutory Surplus Reserve RMB'000 | Merger Deficit RMB'000 | Exchange Translation Reserve RMB'000 | Treasury Shares RMB'000 | Retained Earnings RMB'000 | |
| At 1 January 2011 | 273,193 | 43,984 | 24,836 | (204,906) | 813 | (1) | 344,211 | 482,130 |
| Issuance of ordinary shares pursuant to private placement, net of related expenses | 26,359 | 14,677 | - | - | - | - | - | 41,036 |
| Deferred tax arising from undistributed profits of the PRC subsidiaries | - | - | - | - | - | - | (9,130) | (9,130) |
| Dividend declared | - | - | - | - | - | - | (9,328) | (9,328) |
| Total comprehensive income for the period | - | - | - | - | (901) | - | 180,794 | 179,893 |
| At 31 December 2011 | 299,552 | 58,661 | 24,836 | (204,906) | (88) | (1) | 506,547 | 684,601 |



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
(UNAUDITED)

| Quarter and year to date ended 31 December 2012 ⁽¹⁾ | ←----- Non-distributable -----> | | | | | | Distributable | | Total Equity RMB'000 |
|--|---------------------------------|-----------------------------|-------------------------------|--|------------------------------|---|-------------------------------|---------------------------------|----------------------------|
| | Share Capital RMB'000 | Share Premium RMB'000 | Warrant Reserve RMB'000 | Statutory Surplus Reserve RMB'000 | Merger Deficit RMB'000 | Exchange Translation Reserve RMB'000 | Treasury Shares RMB'000 | Retained Earnings RMB'000 | |
| At 1 January 2012 | 299,552 | 58,661 | - | 24,836 | (204,906) | (88) | (1) | 506,547 | 684,601 |
| Issuance of ordinary shares pursuant to private placement, net of related expenses | 27,704 | 8,386 | - | - | - | - | - | - | 36,090 |
| Bonus issue | 161,025 | (67,047) | - | - | - | - | - | (93,978) | - |
| Rights issue of warrants | - | - | 25,151 | - | - | - | - | - | 25,151 |
| Deferred tax arising from undistributed profits of the PRC subsidiaries | - | - | - | - | - | - | - | (8,470) | (8,470) |
| Transfer to statutory surplus reserve | - | - | - | 76 | - | - | - | (76) | - |
| Total comprehensive income for the period | - | - | - | - | - | 1,093 | - | 164,410 | 165,503 |
| At 31 December 2012 | 488,281 | - | 25,151 | 24,912 | (204,906) | 1,005 | (1) | 568,433 | 902,875 |

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 2011 and the accompanying explanatory notes attached to this interim financial report.



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

| | Year to date ended | |
|--|--------------------------------------|-------------------------------------|
| | 31.12.2012 ⁽¹⁾ RMB'000 | 31.12.2011 RMB'000 (restated) |
| Profit before tax | 221,247 | 241,982 |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 3,555 | 1,422 |
| Non-operating items | 1,036 | 2,445 |
| Operating profit before working capital changes | <u>225,838</u> | <u>245,849</u> |
| Changes in working capital | | |
| Net change in current assets | 26,966 | (15,952) |
| Net change in current liabilities | (26,144) | (6,352) |
| Cash generated from operating activities | <u>226,660</u> | <u>223,545</u> |
| Income tax paid | (69,640) | (63,550) |
| Net cash generated from operating activities | <u>157,020</u> | <u>159,995</u> |
| Investing activities | | |
| Interest received | 1,261 | 999 |
| Proceeds from disposal of property, plant and equipment | - | 224 |
| Purchase of property, plant and equipment | (105,000) | (125,323) |
| Net cash used in investing activities | <u>(103,739)</u> | <u>(124,100)</u> |
| Financing activities | | |
| Net proceeds from issuance of shares pursuant to private placement | 35,189 | 40,380 |
| Proceeds from right issues of warrants | 24,618 | - |
| Dividend paid | - | (9,328) |
| Drawdown of borrowings | 10,500 | 118,500 |
| Repayment of borrowings | (50,400) | (121,350) |
| Interest paid | (2,297) | (3,444) |
| Reduction in/(Placement) of deposits pledged to bank | 2,094 | (3) |
| Net cash generated from financing activities | <u>19,704</u> | <u>24,755</u> |
| Net change in cash and cash equivalents | 72,985 | 60,650 |
| Cash and cash equivalents at beginning of financial period | 231,199 | 170,201 |
| Effect of changes in exchange rate | 912 | 348 |
| Cash and cash equivalents at end of financial period | <u>305,096</u> | <u>231,199</u> |
| Cash and cash equivalents at end of financial period | | |
| Cash and bank balances | 305,096 | 231,199 |
| Deposits placed with financial institutions | 12 | 2,105 |
| | <u>305,108</u> | <u>233,304</u> |
| Less: Deposits pledged to financial institutions | (12) | (2,105) |
| | <u>305,096</u> | <u>231,199</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 2011 and the accompanying explanatory notes attached to this interim financial report.



A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)

A1. Basis of Preparation

a) Basis of accounting

These interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes attached to these 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 2011.

Since the previous annual audited financial statements for the financial year ended 31 December 2011 were issued, the Group has adopted the MFRS framework issued by the MASB with effect from 1 January 2012. This MFRS framework was introduced by MASB in order to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) framework with the International Financial Reporting Standards (“IFRS”) framework issued by the International Accounting Standards Board (“IASB”). Whilst most of the FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the new MFRS framework, there are some differences in relation to transitional provisions and effective dates contained in certain of the FRSs. Further details are disclosed 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 MFRSs

On 1 January 2012, the Group adopted the following MFRSs and IC Interpretations:-

MFRS 1 First-time Adoption of Financial Reporting Standards
MFRS 2 Share-based Payment
MFRS 3 Business Combination
MFRS 4 Insurance Contracts
MFRS 5 Non-current Assets Held for Sale and Discontinued Operations
MFRS 6 Exploration for and Evaluation of Mineral Resources
MFRS 7 Financial Instruments: Disclosures
MFRS 8 Operating Segments
MFRS 101 Presentation of Financial Statements
MFRS 102 Inventories
MFRS 107 Statement of Cash Flows
MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 110 Events After the Reporting Period
MFRS 111 Construction Contracts
MFRS 112 Income Taxes
MFRS 116 Property, Plant and Equipment
MFRS 117 Leases
MFRS 118 Revenue
MFRS 119 Employee Benefits
MFRS 120 Accounting for Government Grants and Disclosure of Government Assistancess
MFRS 121 The Effects of Changes in Foreign Exchange Rates
MFRS 123 Borrowing Costs
MFRS 124 Related Party Disclosures
MFRS 126 Accounting and Reporting by Retirement Benefit Plans
MFRS 127 Consolidated and Separate Financial Statements
MFRS 128 Investments in Associates
MFRS 129 Financial Reporting in Hyperinflationary Economies
MFRS 131 Interests in Joint Ventures
MFRS 132 Financial Instruments: Presentation
MFRS 133 Earnings Per Share
MFRS 134 Interim Financial Reporting
MFRS 136 Impairment of Assets
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
MFRS 138 Intangible Assets
MFRS 139 Financial Instruments: Recognition and Measurement
MFRS 140 Investment Property
MFRS 141 Agriculture
Improvements to MFRSs
IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 4 Determining Whether an Arrangement Contains a Lease
IC Interpretation 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

A1. Basis of Preparation (cont'd)

c) Adoption of MFRSs (cont'd)

On 1 January 2012, the Group adopted the following MFRSs and IC Interpretations (cont'd):-

IC Interpretation 6 Liabilities Arising from Participating in a Specific Market-
Waste Electrical and Electronic Equipment
IC Interpretation 7 Applying the Restatement Approach under MFRS 129
Financial Reporting in Hyper inflationary Economies
IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 10 Interim Financial Reporting and Impairment
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 13 Customer Loyalty Programmes
IC Interpretation 14 MFRS 119 – The Limit on a Defined Benefit Asset,
Minimum Funding Requirements and their Interaction
IC Interpretation 15 Agreements for the Construction of Real Estate
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
IC Interpretation 18 Transfers of Assets from Customers
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
IC Interpretation 107 Introduction of the Euro
IC Interpretation 110 Government Assistance – No Specific Relation to
Operating Activities
IC Interpretation 112 Consolidation – Special Purpose Entities
IC Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions
by Venturers
IC Interpretation 115 Operating Leases – Incentives
IC Interpretation 125 Income Taxes – Changes in the Tax Status of an Entity or
its Shareholders
IC Interpretation 129 Evaluating the Substance of Transactions Involving the
Legal Form of a Lease
IC Interpretation 131 Revenue – Barter Transactions Involving Advertising
Services
IC Interpretation 132 Intangible Assets – Web Site Costs

The adoption of the above MFRSs and IC Interpretations did not have any significant effects on the financial statements of the Group, except for MFRS 121.

FRS 121 under the previous FRS framework mandates the use of Ringgit Malaysia (“RM”) as the presentation currency in accordance with the Companies Act, 1965. However, MFRS 121 does not have such a similar requirement.

The Board is of the opinion that adopting Renminbi (“RMB”), the functional currency of the Group’s principal operating subsidiaries in China, as the presentation currency in the preparation of the financial statements would provide a more meaningful and reflective information on the Group’s financial performance and position to the shareholders. Accordingly, the comparatives in relation to financial year ended 31 December 2011 have been restated using RMB as the presentation currency and an opening statement of financial position as at 1 January 2011 has been presented.



A1. Basis of Preparation (cont'd)

- d) MFRS, Amendments to MFRS and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRS, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRS, Amendments to MFRS and IC Interpretation

Effective for annual periods beginning on or after 1 July 2012

Amendments to Presentation of Items of Other Comprehensive Income
MFRS 101

Effective for annual periods beginning on or after 1 January 2013

MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 Employee Benefits
MFRS 127 Separate Financial Statements
MFRS 128 Investments in Associates and Joint Ventures
Amendments to Government Loans
MFRS 1
Amendments to Disclosures – Offsetting Financial Assets and Financial
MFRS 7 Liabilities
Amendments to Consolidated Financial Statements, Joint Arrangements and
MFRS 10, 11 Disclosure of Interests in Other Entities: Transition Guidance
and 12)
IC Interpretation Stripping Costs in the Production Phase of a Surface Mine
20
Annual Improvements 2009 – 2011 Cycle

Effective for annual periods beginning on or after 1 January 2014

Amendments to Offsetting Financial Assets and Financial Liabilities
MFRS 132

Effective for annual periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November
2009 and October 2010)

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was unqualified.



A3. Comments about Seasonal or Cyclical Factors

Sportswear industry, by virtue of its nature, has inherent exposure to certain degree of seasonality affected by changing fashion trend and consumer taste and preference. Our Group's operations are therefore inevitably subject to certain degree of seasonality, consistent with the overall industry norm.

Apart from that, consumer demand towards our Group's products is exposed to certain external market factors which, amongst others, include the market spending sentiments, festival effects and overall economic condition.

As a result, our Group's sales performance would demonstrate certain cyclical trend. However, as our Group deals directly with the authorised distributors where product orders are spread across the year, the cyclical effect is contained.

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

(i) Private Placement 2012

On 18 January 2012, the Board of Directors have proposed to undertake a private placement of up to 43,999,990 new ordinary shares of US\$0.10 each in the Company ("Placement Shares"), representing up to ten percent (10%) of the total issued and paid-up share capital of the Company (inclusive of treasury shares). ("**Private Placement 2012**")

On 31 January 2012, the Company has obtained the conditional approval from Bursa Securities for the listing and quotation of up to 43,999,990 Shares to be issued pursuant to the Private Placement 2012.

On 14 February 2012, the Board of Directors has fixed an issue price of RM0.40 per Placement Share for the first tranche of the Private Placement 2012, comprising 39,000,000 Placement Shares.

On 22 February 2012, the Company completed the listing and quotation of the first tranche of the Private Placement 2012, comprising 39,000,000 Placement Shares issued at an issue price of RM0.40 per Placement Share.



A6. Debts and Equity Securities (cont'd)

(i) Private Placement 2012 (cont'd)

On 28 February 2012, the Board of Directors has fixed an issue price of RM0.40 per Placement Share for the second and final tranche of the Private Placement 2012, comprising 4,999,000 Placement Shares.

The Private Placement 2012 was deemed completed on 2 March 2012. Total proceeds of RM17,599,600 was raised from the Private Placement 2012.

(ii) Bonus Issue

On 18 January 2012, the Board of Directors have proposed to undertake a bonus issue of up to 241,999,945 new Shares ("Bonus Shares") (after the Private Placement 2012), to be credited as fully paid-up at par, on the basis of one (1) Bonus Share for every two (2) existing Shares held by the entitled shareholders of the Company on an entitlement date to be determined by the Board and announced later ("Entitlement Date"). ("**Bonus Issue**")

Approval has been obtained from shareholders at the Special General Meeting held on 13 March 2012.

On 15 March 2012, the Board of Directors has determined the Entitlement Date for the Bonus Issue to be on 29 March 2012, at 5.00 p.m.

The Bonus Issue is deemed to be completed on 30 March 2012, following the listing and quotation of 241,998,950 Bonus Shares on the Main Market of Bursa Securities.

(iii) Right Issue of Warrants

On 18 January 2012, the Board of Directors have proposed to undertake a renounceable rights issue of up to 241,999,945 warrants in the Company ("Warrant[s]") (after the Private Placement 2012), at an issue price of RM0.05 per Warrant on the basis of one (1) Warrant for every two (2) existing Shares held by the entitled shareholders of the Company on the same Entitlement Date as the Bonus Issue. ("**Right Issue of Warrants**")

Approval has been obtained from shareholders at the Special General Meeting held on 13 March 2012.

On 13 March 2012, the Board of Directors has resolved to fix the exercise price of the Warrants at RM0.35 each.

On 15 March 2012, the Board of Directors has determined the Entitlement Date for both the Warrants and Bonus Issue to be on 29 March 2012, at 5.00 p.m.

The Right Issue of Warrants is deemed to be completed on 30 April 2012, following the listing of the 241,998,950 Warrants on the Main Market of Bursa Securities. Total proceeds of RM12,099,948 was raised.

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



A7. Dividend paid

The Board of Directors did not recommend any payment of dividend in the current financial period.

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 People's Republic of China ("PRC"), with the principal place of business and the associated assets and liabilities concentrated in Jinjiang City, Fujian Province of the PRC,

As the Group's chief operating decision maker, the Group's managing director / 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 MFRS 8.

Sales revenue by products

| | Quarter ended 31.12.2012 RMB'000 | Quarter ended 31.12.2011 RMB'000 | Year to date ended 31.12.2012 RMB'000 | Year to date ended 31.12.2011 RMB'000 |
|---|---|---|--|--|
| Sports shoes ^(a) | 124,240 | 131,227 | 520,470 | 542,275 |
| Sports apparels, accessories and equipment ^(b) | 84,651 | 129,599 | 426,928 | 485,355 |
| | <u>208,891</u> | <u>260,826</u> | <u>947,398</u> | <u>1,027,630</u> |

^(a) comprise sports shoes under the Group's proprietary 'XiDeLang' brand, as well as OEM sports shoes for export purpose

^(b) sports apparels, accessories and equipment are designed in-house and market under our own 'XiDeLang' brand, the production of which are being outsourced currently.



A8. Segment Information (cont'd)

Sales revenue by region

Our Group's revenues are generated solely within the PRC. In view of the vast geographical areas within the PRC, customers can be stratified on a regional basis within the PRC by reference to the location of the customers concerned irrespective of the origin of the goods/services.

Our customers are grouped on the following basis:

- 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, Xinjiang and Shaanxi.
- Northern region includes Beijing, Hebei, Henan, Heilongjiang, Liaoning, Shanxi, Jilin and Tianjin.

| | Quarter ended 31.12.2012 RMB'000 | Quarter ended 31.12.2011 RMB'000 | Year to date ended 31.12.2012 RMB'000 | Year to date ended 31.12.2011 RMB'000 |
|-------------------|---|---|--|--|
| Within the PRC: | | | | |
| - Eastern region | 19,567 | 27,479 | 97,822 | 124,245 |
| - Southern region | 80,139 | 95,220 | 358,198 | 377,478 |
| - Western region | 58,480 | 83,794 | 261,750 | 276,910 |
| - Northern region | 50,705 | 54,333 | 229,628 | 248,997 |
| | <u>208,891</u> | <u>260,826</u> | <u>947,398</u> | <u>1,027,630</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 materially affect 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. Contingent Assets and Liabilities

There were no material contingent assets and liabilities as at the date of this report.

A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 December 2012 is as follows:

| | As at 31.12.2012 RMB'000 |
|--------------------------------------|---|
| Property, plant and equipment | |
| Contracted but not provided for | - |
| Approved but not contracted for | 16,000 |
| | <u>16,000</u> |

A14. Significant Related Party Transactions

| | Quarter ended 31.12.2012 RMB'000 | Quarter ended 31.12.2011 RMB'000 | Year to date ended 31.12.2012 RMB'000 | Year to date ended 31.12.2011 RMB'000 |
|--------------------------------|---|---|--|--|
| Rental paid to related parties | <u>649</u> | <u>649</u> | <u>2,601</u> | <u>2,601</u> |

These transactions have been entered into in the ordinary course of business and established under negotiated commercial terms, which are not more favourable to the related parties than those available to unrelated external parties.

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

B1. Analysis of Performance

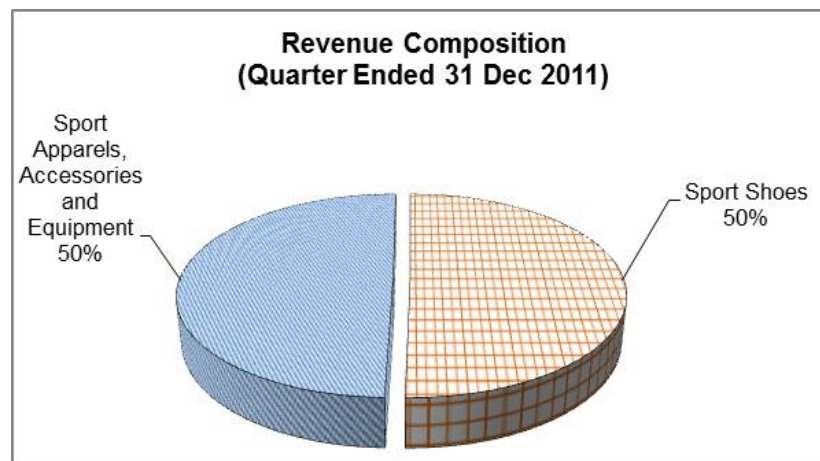
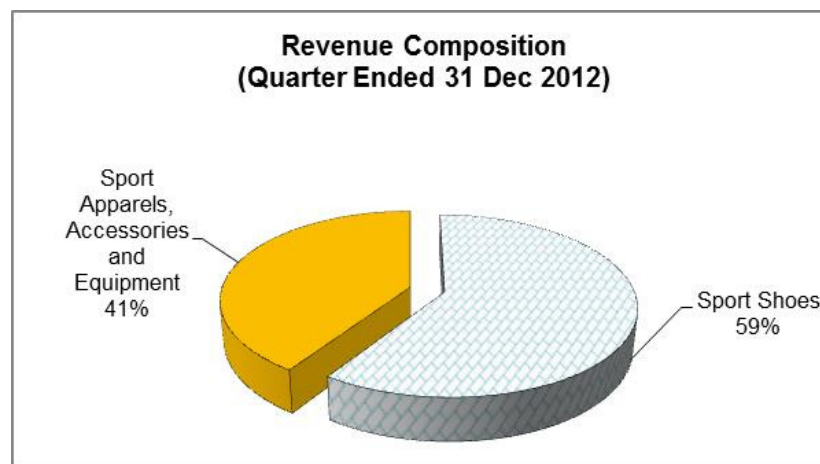
Revenue & Gross profit

Our Group reported a slight decline of 8% in revenue for current financial year, with revenue stood at RMB0.95 billion as compared to RMB1.03 billion in financial year ended 31 December 2011.

Quarter to quarter comparison revealed a decline of approximately 20%, with revenue for current quarter stood at RMB208.9 million as compared to RMB260.8 million for corresponding quarter in 2011.

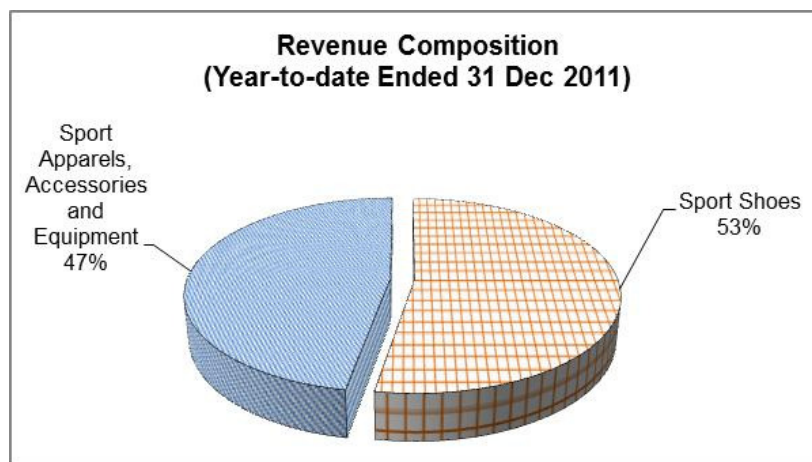
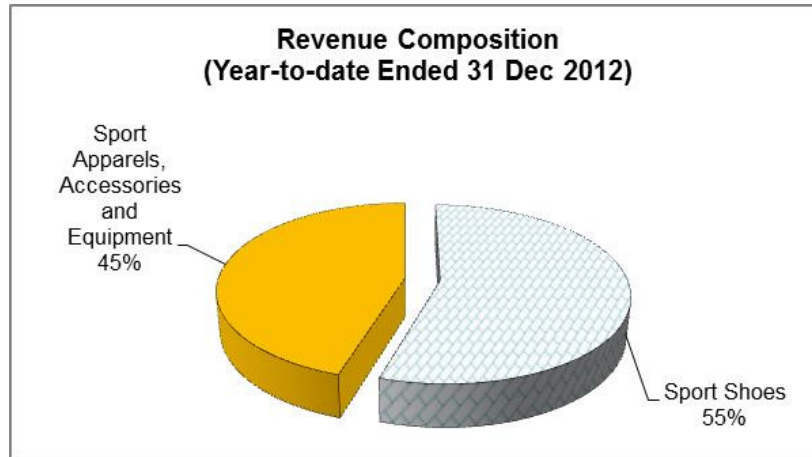
Closer inspection on our Group's revenue composition revealed the following trends:

- *Quarter to Quarter Comparison*



B1. Analysis of Performance (cont'd)

- *Year-to-date Comparison*



Our Group's revenue composition for the current financial year has remained relatively consistent with prior year, with sport shoes contributed approximately 55% of our Group's revenue (2011: 53%) and sport apparels, accessories and equipment contributed approximately 45% of our Group's revenue (2011: 47%).

Quarter to quarter comparison revealed varying trend, with sport shoes contributed approximately 59% of our Group's current quarter revenue, as opposed to 50% contribution rate for the corresponding quarter in 2011. Contribution from sport apparels, accessories and equipment declined to 41% of our Group's current quarter revenue, as compared to 50% contribution for the corresponding quarter in 2011.



B1. Analysis of Performance (cont'd)

Moderation of our Group's performance during the current quarter and current financial year under review was mainly attributable to the following factors:

- Prudent and conservative spending sentiments among the consumers amid the global uncertainties and moderation of China's economy growth, where more consumers only spend for replacement rather than to keep up with changing fashion trend.
- Intensified industry competition, with some of the industry players practicing deep-discounting to rectify excessive stockholding issues, backlash of previous aggressive expansions.
- Slowdown in demands after the thrill over major sporting events dissipated following the closing of major sporting events.

Gross profit for current financial year under review diminished to RMB289.9 million, lower by 6% as compared to RMB307.1 million gross profit level recorded in previous financial year; whilst gross profit for the current quarter narrowed to RMB58.7 million, approximately 26.7% lower as opposed to RMB80.0 million gross profit level recorded during the corresponding quarter in 2011.

The diminution in gross profit was largely in line with the decrease in revenue during the current financial year and current quarter under review.

Gross profit margin for current quarter stood at 28.1%, subordinate to that of corresponding quarter in 2011 which marked at 30.7%. This was mainly due to lower contribution rate from sport apparels, accessories and equipment which generally command higher margin as compared to sport shoes.

On the other hand, gross profit margin for current financial year inched up from 29.9% in preceding financial year to approximate 30.6%, benefited from upward revision of selling prices for new launch models amid the cost increase.

Escalating raw material costs and labour costs remain the risk factors surrounding the sportswear industry as a whole. The Group's management remains vigilant to the industry development to ensure that appropriate actions are taken promptly in response to any adverse fluctuations. The Group is leveraging on its healthy relationship with the raw material suppliers, and pleasant working environments and relationship with its workforce to curb sudden shock of raw material price surge and excessive staff turnover.



B1. Analysis of Performance (cont'd)

Selling and distribution costs

Our Group has recorded savings on selling and distribution costs for both the current quarter and year-to-date under review, lowered by approximately RMB2.9 million and RMB1.8 million respectively as compared to corresponding period in preceding financial year.

The management has maintained close monitor on the expenses level, ensuring appropriate level of advertising and promotions carried out to sustain brand awareness. In addition to that, the Group has shifted from aggressive expansion strategy towards growth potential focus expansion where distributors and retailers are encouraged to concentrate resources on areas with more promising growth potential.

Administrative and other expenses

Administrative and other expenses have demonstrated an increasing trend for both current quarter and year to date ended 31 December 2012, where the total expenses incurred stood at RMB11.5 million and RMB31.1 million respectively. This represented an increase of 31.0% and 27.9% respectively, as compared to corresponding period in preceding financial year.

The increase in administrative and other expenses were mainly due to increased payroll and staff welfare costs incurred which is in line with the Group's objective to create belongingness amongst the workforce, and additional operational-related taxes and surcharges imposed by the local authorities following the revision in regulations.

Profit level

Profit before tax and after tax of the Group in current quarter ended 31 December 2012 stood at RMB40.3 million (2011: RMB60.6 million) and RMB29.4 million (2011: RMB45.2 million) respectively.

Year-to-date profit before tax and after tax of the Group for the current financial year approximated RMB221.2 million (2011: RMB242.0 million) and RMB164.4 million (2011: RMB180.8 million).

The slowdown was in line with the overall decrease in sales performance and gross profit as explained above.



B2. Variation of Results against Preceding Quarter

| | Current quarter ended 31 December 2012 RMB'000 | Preceding quarter ended 30 September 2012 RMB'000 |
|--------------------------------|---|--|
| Revenue | 208,891 | 266,645 |
| Profit before taxation ("PBT") | 40,317 | 64,399 |

Revenue for the current quarter ended 31 December 2012 stood at RMB208.9 million, approximately 21.7% lower as compared to preceding quarter ended 30 September 2012.

Consequently, profit before taxation for the current quarter ended 31 December 2012 narrowed to RMB40.3 million, approximately 37.4% lower as compared to preceding quarter ended 30 September 2012.

Prudent and conservative spending sentiment among consumers, intensified industry competition and cool-off effects post festive season and major sporting events are the main factors suppressing the performance of our Group during the current quarter under review.

B3. Prospects for Financial Year Ending 31 December 2013

Economic uncertainties surrounding the Eurozone with considerable downside risk emanating from major advanced economies, fiscal challenges encountered within the US economy and moderation of China's economy growth are among the concerns facing the global economic outlook in 2013. This has generally discounted the chance of bullish outlook in 2013.

Apart from that, the Board is also cautious about the prevailing issues within the sportswear industry namely excessive stock, cost escalation, unhealthy deep-discounting strategy launched by some industry players and conservative spending sentiment among the consumers, which could weigh on the near-term growth of the sportswear industry.

Bearing all these uncertainties in mind, the Board is prudently optimistic about the Group's performance in the financial year ending 31 December 2013. The Board believes that our Group has established a reasonably solid footing within the PRC's sportswear industry and there will still be room for growth within the industry supported by the rising awareness among the PRC citizen to maintain healthy lifestyle and the PRC Government's stimulus package to boost domestic consumption within the country.

Barring any unforeseen circumstances, the Board expects our Group's financial performance in the coming year 2013 to remain healthy. The Board will remain vigilant over the industry development and will ensure appropriate measures be taken at suitable time to strengthen the Group's performance.



B4. Profit Forecast

Not applicable as no profit forecast was previously published by the Group.

B5. Income Tax Expense

| | Quarter ended 31.12.2012 RMB'000 | Quarter ended 31.12.2011 RMB'000 | Year to date ended 31.12.2012 RMB'000 | Year to date ended 31.12.2011 RMB'000 |
|--------------------|---|---|--|--|
| Income tax expense | 10,918 | 15,419 | 56,837 | 61,188 |
| Effective tax rate | 27.08% | 25.46% | 25.69% | 25.29% |

Our Group's operations are concentrated within the PRC, with income predominantly derived from the PRC market. Hence, the effective tax rate reported by the Group should be positively correlated to the statutory tax rate applicable within the PRC which stood at 25% for fiscal year 2012 and 2011.

Effective tax rate of the Group stood at 27.08% and 25.69%, for the current quarter and year to date ended 31 December 2012 respectively, exceeded the PRC applicable statutory tax rate of 25%.

The deviation between the effective tax rate and the applicable tax rate was mainly due to non-allowable expenses and non-availability of Group's relief, where tax losses incurred by some of the entities within the Group were not allowed for offsetting against the taxable profits reported by other entities within the Group

Income tax expense of the Group for the current quarter and year to date ended 31 December 2012 stood at RMB10.9 million and RMB56.8 million respectively, decreased by 29.2% and 7.1% respectively as compared to corresponding period in preceding year. This was in tandem with the lower profitability recorded during the financial year under review.



B6. Status of Corporate Proposals and Utilisation of Proceeds

Total proceeds of RM29.7 million had been raised from the Private Placement 2012 and Right Issue of Warrants (the relevant details as disclosed in Note A6 above).

Status of utilisation up to the latest practicable date is as follows:

| | Purpose | Intended Timeframe | Proposed | Actual | Deviation | | |
|-----|---|-----------------------|-----------------------|-----------------------|------------------|----|----|
| | | | Utilisation RM'000 | Utilisation RM'000 | Amount RM'000 | % | |
| i) | Purchase machinery and equipment for new design and production centre | Within 18 months | 29,100 | 4,260 | 24,840 | 85 | N1 |
| ii) | Estimated expenses in relation to the Proposals | Immediate | 600 | 600 | - | - | |
| | | | 29,700 | 4,860 | 24,840 | | |

N1 The remaining unutilised portions are expected to be applied in subsequent periods within the stipulated timeframe.

B7. Borrowings

All outstanding borrowings have been fully settled by the Group. As at 31 December 2012, the Group does not have any borrowings from financial institutions.

B8. 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 of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B9. Earnings per Share

(1) Basic Earnings per Share ("BEPS")

The basic earnings per share ("BEPS") is calculated as follows:-

| | Current quarter ended | | Year to date ended | |
|--|-----------------------|------------|--------------------|------------|
| | 31.12.2012 | 31.12.2011 | 31.12.2012 | 31.12.2011 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Profit attributable to equity holders of the parent | 29,399 | 45,151 | 164,410 | 180,794 |
| Weighted average number of ordinary shares in issue ('000) | 725,998 | 681,999 | 719,637 | 679,259 |
| | RMB cent | RMB cent | RMB cent | RMB cent |
| BEPS | 4.05 | 6.62 | 22.85 | 26.62 |

The weighted average number of ordinary shares in issue has been calculated, taking into consideration of the issue of 241,998,950 Bonus Shares in March 2012.

(2) Diluted Earnings per Share ("BEPS")

The Group had, on 30 April 2012, completed the rights issue of 241,998,950 warrants which entitles the holders the rights for conversion into one (1) ordinary share for every one (1) warrant at an exercise price of RM0.35 each. This would give rise to potential ordinary shares which, upon conversion, could result in dilution to earnings per share in future financial periods.

In accordance with MFRS 133, options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options and warrants (i.e. they are 'in the money').

The average market price of the Company's ordinary shares during the current quarter ended 31 December 2012 was lower than the warrant exercise price. As such, the issued warrants are not regarded as dilutive and accordingly, no diluted earnings per share is being presented for the current quarter under review.

Relevant disclosure and information, where applicable, would be made in future interim financial reports for the financial year ending 2013.



B10. Disclosure on realised and unrealised profit/loss

The retained earnings of the Group as at 31 December 2012 are analysed as follows:

| | As at 31.12.2012 RMB'000 |
|--|---|
| The retained earnings of the Company and its subsidiaries: | |
| - Realised | 603,568 |
| - Unrealised | (3,130) |
| | <hr/> |
| | 600,438 |
| Add: Consolidation adjustments | (31,894) |
| | <hr/> |
| Total Group retained earnings as per consolidated financial statements | <u>568,544</u> |

B11. 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.



B12. Disclosure on selected expense / income items as required by the Listing Requirements of Bursa Malaysia Securities Berhad

Included in profit before tax comprised the following expense / (income) items:

| | Quarter ended 31.12.2012 RMB'000 | Year to date ended 31.12.2012 RMB'000 |
|---|---|--|
| Interest income | (296) | (1,261) |
| Interest expense | 176 | 2,297 |
| Depreciation and amortisation expenses | 442 | 1,866 |
| Foreign exchange loss/(gain) – unrealised | 1,654 | 1,654 |
| Provision for and write off of inventories | 35 | 35 |
| Exceptional items | N/A | N/A |
| (Gain)/Loss on disposal of PPE | N/A | N/A |
| (Gain)/Loss on disposal of quoted or unquoted investments or properties | N/A | N/A |
| (Gain)/Loss on derivatives | N/A | N/A |
| Impairment of assets | N/A | N/A |
| Property, plant and equipment ('PPE') written off | N/A | N/A |
| Provision for and write off of receivables | N/A | N/A |

"N/A" denotes not applicable.



APPENDICES – FINANCIAL STATEMENTS TRANSLATED INTO RINGGIT MALAYSIA (FOR ILLUSTRATIVE PURPOSE ONLY)

The Board of Directors wish to highlight that the presentation currency adopted by the Group in preparing the interim financial statements is Renminbi (“RMB”) as allowed under the new MFRS Framework.

The following supplementary financial statements in Ringgit Malaysia (“RM”) (which include condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows) are shown for reference only and have been translated at single exchange rate of RMB1 to RM0.4908 at 31 December 2012. The translation should not be construed as a representation that the RMB amounts actually have been or could be converted into RM at this or any other rate.

In addition, due to the changes of presentation currency on adoption of MFRS Framework, the comparative financial information contained in the following supplementary financial statements translated into RM would not be consistent with previously announced interim and annual financial statements as those statements were prepared using RM as the presentation currency (which was a requirement under the previous FRS Framework).

List of supplementary financial statements in Ringgit Malaysia (“RM”):

Appendix A – Condensed Consolidated Statement of Comprehensive Income

Appendix B – Condensed Consolidated Statement of Financial Position

Appendix C – Condensed Consolidated Statement of Changes in Equity

Appendix D – Condensed Consolidated Statement of Cash Flows



**APPENDIX A –
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|--|---|
| | Quarter ended 31.12.2012 ⁽¹⁾ RM'000 | Quarter ended 31.12.2011 RM'000 (restated) | Year to date ended 31.12.2012 ⁽¹⁾ RM'000 | Year to date ended 31.12.2011 RM'000 (restated) |
| Revenue | 102,524 | 128,013 | 464,983 | 504,361 |
| Cost of Sales | <u>(73,733)</u> | <u>(88,739)</u> | <u>(322,726)</u> | <u>(353,629)</u> |
| Gross Profit ("GP") | 28,791 | 39,274 | 142,257 | 150,732 |
| Other Income | 618 | 538 | 1,092 | 929 |
| Selling and Distribution Costs | (3,879) | (5,316) | (18,376) | (19,276) |
| Administrative and Other Expenses | (5,656) | (4,316) | (15,258) | (11,929) |
| Finance Costs | <u>(86)</u> | <u>(453)</u> | <u>(1,127)</u> | <u>(1,690)</u> |
| Profit before Tax ("PBT") | 19,788 | 29,727 | 108,588 | 118,766 |
| Tax Expense | <u>(5,359)</u> | <u>(7,568)</u> | <u>(27,896)</u> | <u>(30,031)</u> |
| Profit For The Period ("PAT") | <u>14,429</u> | <u>22,159</u> | <u>80,692</u> | <u>88,735</u> |
| Other Comprehensive Income: | | | | |
| Foreign currency translations | 760 | (390) | 536 | (442) |
| Other Comprehensive Income, net of tax | <u>760</u> | <u>(390)</u> | <u>536</u> | <u>(442)</u> |
| Total Comprehensive Income | <u>15,189</u> | <u>21,769</u> | <u>81,228</u> | <u>88,293</u> |
| Profit attributable to: | | | | |
| Equity holders of the parent | <u>14,429</u> | <u>22,159</u> | <u>80,692</u> | <u>88,735</u> |
| Total Comprehensive Income attributable to: | | | | |
| Equity holders of the parent | <u>15,189</u> | <u>21,769</u> | <u>81,228</u> | <u>88,293</u> |
| Earnings per share attributable to equity holders of the parent | | | | |
| - Basic (sen) | 1.99 | 3.25 | 11.21 | 13.07 |
| - Diluted (sen) | * | * | * | * |

* Refer Note B9 for further details.

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 2011 and the accompanying explanatory notes attached to this interim financial report.



**APPENDIX B –
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

| | As at 31.12.2012 ⁽¹⁾ RM'000 | As at 31.12.2011 RM'000 (restated) | As at 1.1.2011 RM'000 (restated) |
|--|--|---|---|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 242,733 | 191,517 | 130,562 |
| Land use rights | 26,494 | 27,092 | 27,689 |
| | <u>269,227</u> | <u>218,609</u> | <u>158,251</u> |
| Current Assets | | | |
| Inventories | 11,043 | 11,374 | 14,839 |
| Trade and other receivables | 83,581 | 96,501 | 85,213 |
| Cash and cash equivalents | 149,747 | 114,506 | 84,566 |
| | <u>244,371</u> | <u>222,381</u> | <u>184,618</u> |
| TOTAL ASSETS | <u>513,598</u> | <u>440,990</u> | <u>342,869</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 239,648 | 147,020 | 134,083 |
| Reserves | 203,483 | 188,982 | 102,546 |
| TOTAL EQUITY | <u>443,131</u> | <u>336,002</u> | <u>236,629</u> |
| Non-current Liabilities | | | |
| Deferred tax liabilities | 13,469 | 12,257 | 7,776 |
| Current Liabilities | | | |
| Trade and other payables | 49,343 | 61,092 | 64,933 |
| Bank borrowings | - | 19,583 | 20,981 |
| Current tax liabilities | 7,655 | 12,056 | 12,550 |
| | <u>56,998</u> | <u>92,731</u> | <u>98,464</u> |
| TOTAL LIABILITIES | <u>70,467</u> | <u>104,988</u> | <u>106,240</u> |
| TOTAL EQUITY AND LIABILITIES | <u>513,598</u> | <u>440,990</u> | <u>342,869</u> |
| Net assets per share (RM) | <u>0.61</u> | <u>0.49⁽²⁾</u> | <u>0.37⁽²⁾</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 2011 and the accompanying explanatory notes attached to this interim financial report.
- (2) The net assets per share as at 31 December 2011 and 1 January 2011 have been adjusted by taking into consideration the issue of 241,998,950 Bonus Shares during period ended 31 March 2012.



**APPENDIX C –
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

| Quarter and year to date ended 31 December 2011 | ←----- Non-distributable -----> | | | | | Distributable | | Total Equity RM'000 |
|--|---------------------------------|----------------------------|---|-----------------------------|--|------------------------------|--------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Statutory Surplus Reserve RM'000 | Merger Deficit RM'000 | Exchange Translation Reserve RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | |
| At 1 January 2011 | 134,083 | 21,587 | 12,190 | (100,568) | 399 | (1) | 168,939 | 236,629 |
| Issuance of ordinary shares pursuant to private placement, net of related expenses | 12,937 | 7,203 | - | - | - | - | - | 20,140 |
| Deferred tax arising from undistributed profits of the PRC subsidiaries | - | - | - | - | - | - | (4,481) | (4,481) |
| Dividend declared | - | - | - | - | - | - | (4,579) | (4,579) |
| Total comprehensive income for the period | - | - | - | - | (442) | - | 88,735 | 88,293 |
| At 31 December 2011 | 147,020 | 28,790 | 12,190 | (100,568) | (43) | (1) | 248,614 | 336,002 |



**APPENDIX C –
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)
(UNAUDITED)**

| Quarter and year to date ended 31 December 2012 ⁽¹⁾ | ←----- Non-distributable -----> | | | | | | Distributable | | |
|--|---------------------------------|----------------------------|------------------------------|---|-----------------------------|--|------------------------------|--------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Warrant Reserve RM'000 | Statutory Surplus Reserve RM'000 | Merger Deficit RM'000 | Exchange Translation Reserve RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | Total Equity RM'000 |
| At 1 January 2012 | 147,020 | 28,790 | - | 12,190 | (100,568) | (43) | (1) | 248,614 | 336,002 |
| Issuance of ordinary shares pursuant to private placement, net of related expenses | 13,597 | 4,116 | - | - | - | - | - | - | 17,713 |
| Bonus issue | 79,031 | (32,906) | - | - | - | - | - | (46,125) | - |
| Rights issue of warrants | - | - | 12,344 | - | - | - | - | - | 12,344 |
| Deferred tax arising from undistributed profits of the PRC subsidiaries | - | - | - | - | - | - | - | (4,156) | (4,156) |
| Transfer to statutory surplus reserve | - | - | - | 37 | - | - | - | (37) | - |
| Total comprehensive income for the period | - | - | - | - | - | 536 | - | 80,692 | 81,228 |
| At 31 December 2012 | 239,648 | - | 12,344 | 12,227 | (100,568) | 493 | (1) | 278,988 | 443,131 |

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 2011 and the accompanying explanatory notes attached to this interim financial report.



**APPENDIX D –
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

| | Year to date ended | |
|--|-------------------------------------|------------------------------------|
| | 31.12.2012 ⁽¹⁾ RM'000 | 31.12.2011 RM'000 (restated) |
| Profit before tax | 108,588 | 118,766 |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 1,745 | 698 |
| Non-operating items | 508 | 1,200 |
| Operating profit before working capital changes | <u>110,841</u> | <u>120,664</u> |
| Changes in working capital | | |
| Net change in current assets | 13,235 | (7,829) |
| Net change in current liabilities | (12,831) | (3,118) |
| Cash generated from operating activities | <u>111,245</u> | <u>109,717</u> |
| Income tax paid | (34,179) | (31,190) |
| Net cash generated from operating activities | <u>77,066</u> | <u>78,527</u> |
| Investing activities | | |
| Interest received | 619 | 490 |
| Proceeds from disposal of property, plant and equipment | - | 110 |
| Purchase of property, plant and equipment | (51,534) | (61,508) |
| Net cash used in investing activities | <u>(50,915)</u> | <u>(60,908)</u> |
| Financing activities | | |
| Net proceeds from issuance of shares pursuant to private placement | 17,271 | 19,819 |
| Proceeds from right issues of warrants | 12,082 | - |
| Dividend paid | - | (4,578) |
| Drawdown of borrowings | 5,153 | 58,160 |
| Repayment of borrowings | (24,736) | (59,559) |
| Interest paid | (1,127) | (1,690) |
| Reduction in/(Placement) of deposits pledged to bank | 1,028 | (1) |
| Net cash generated from financing activities | <u>9,671</u> | <u>12,151</u> |
| Net change in cash and cash equivalents | 35,822 | 29,770 |
| Cash and cash equivalents at beginning of financial period | 113,473 | 83,534 |
| Effect of changes in exchange rate | 446 | 169 |
| Cash and cash equivalents at end of financial period | <u>149,741</u> | <u>113,473</u> |
| Cash and cash equivalents at end of financial period | | |
| Cash and bank balances | 149,741 | 113,473 |
| Deposits placed with financial institutions | 6 | 1,033 |
| | <u>149,747</u> | <u>114,506</u> |
| Less: Deposits pledged to financial institutions | (6) | (1,033) |
| | <u>149,741</u> | <u>113,473</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 2011 and the accompanying explanatory notes attached to this interim financial report.