



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2013

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.3.2013 ⁽¹⁾ RMB'000	Quarter ended 31.3.2012 RMB'000	Year to date ended 31.3.2013 ⁽¹⁾ RMB'000	Year to date ended 31.3.2012 RMB'000
Revenue	136,166	228,593	136,166	228,593
Cost of Sales	(99,674)	(157,105)	(99,674)	(157,105)
Gross Profit ("GP")	36,492	71,488	36,492	71,488
Other Income	299	300	299	300
Selling and Distribution Costs	(4,233)	(9,354)	(4,233)	(9,354)
Administrative and Other Expenses	(4,039)	(4,913)	(4,039)	(4,913)
Finance Costs	(115)	(628)	(115)	(628)
Profit before Tax ("PBT")	28,404	56,893	28,404	56,893
Tax Expense	(7,083)	(14,505)	(7,083)	(14,505)
Profit For The Period ("PAT")	21,321	42,388	21,321	42,388
Other Comprehensive Income:				
Foreign currency translations	(197)	(204)	(197)	(204)
Other Comprehensive Income, net of tax	(197)	(204)	(197)	(204)
Total Comprehensive Income	21,124	42,184	21,124	42,184
Profit attributable to:				
Equity holders of the parent	21,321	42,388	21,321	42,388
Total Comprehensive Income attributable to:				
Equity holders of the parent	21,124	42,184	21,124	42,184
Earnings per share attributable to equity holders of the parent				
- Basic (RMB cent)	2.94	6.06	2.94	6.06
- 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 2012 and the accompanying explanatory notes attached to this interim financial report.



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

	As at 31.3.2013⁽¹⁾ RMB'000	As at 31.12.2012 RMB'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	526,101	494,565
Land use rights	53,677	53,982
	579,778	548,547
Current Assets		
Inventories	36,013	22,500
Trade and other receivables	132,256	170,295
Tax recoverable	2,359	-
Cash and cash equivalents	311,300	305,108
	481,928	497,903
TOTAL ASSETS	1,061,706	1,046,450
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	488,281	488,281
Reserves	434,664	414,594
TOTAL EQUITY	922,945	902,875
Non-current Liabilities		
Deferred tax liabilities	28,497	27,443
Current Liabilities		
Trade and other payables	92,346	100,536
Bank borrowings	10,000	-
Current tax liabilities	7,918	15,596
	110,264	116,132
TOTAL LIABILITIES	138,761	143,575
TOTAL EQUITY AND LIABILITIES	1,061,706	1,046,450
Net assets per share (RMB)	1.27	1.24

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 2012 and the accompanying explanatory notes attached to this interim financial report.



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

Quarter and year to date ended	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	
31 March 2012								
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	8,497	-	-	-	-	-	36,201
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(2,176)	(2,176)
Total comprehensive income for the period	-	-	-	-	(204)	-	42,388	42,184
At 31 March 2012	327,256	67,158	24,836	(204,906)	(292)	(1)	546,759	760,810

Quarter and year to date ended	Non-distributable						Distributable	Total Equity RMB'000
	Share Capital 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	
31 March 2013 ⁽¹⁾								
At 1 January 2013	488,281	25,151	24,912	(204,906)	(373)	(1)	569,811	902,875
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(1,054)	(1,054)
Transfer to statutory surplus reserve	-	-	82	-	-	-	(82)	-
Total comprehensive income for the period	-	-	-	-	(197)	-	21,321	21,124
At 31 March 2013	488,281	25,151	24,994	(204,906)	(570)	(1)	589,996	922,945

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 2012 and the accompanying explanatory notes attached to this interim financial report.



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

	Year to date ended	
	31.3.2013 ⁽¹⁾ RMB'000	31.3.2012 RMB'000
Profit before tax	28,404	56,893
Adjustments for non-cash flow:-		
Non-cash items	258	489
Non-operating items	(184)	328
Operating profit before working capital changes	28,478	57,710
Changes in working capital		
Net change in current assets	24,526	(25,393)
Net change in current liabilities	(14,175)	25,515
Cash generated from operating activities	38,829	57,832
Income tax paid	(10,918)	(23,838)
Net cash generated from operating activities	27,911	33,994
Investing activities		
Interest received	299	300
Purchase of property, plant and equipment	(31,705)	(30,000)
Net cash used in investing activities	(31,406)	(29,700)
Financing activities		
Proceeds from issuance of shares pursuant to private placement	-	36,729
Private placement expenses	-	(528)
Drawdown of borrowings	10,000	5,950
Interest paid	(115)	(628)
Placement of deposits pledged to bank	(2,139)	(4)
Net cash generated from financing activities	7,746	41,519
Net change in cash and cash equivalents	4,251	45,813
Cash and cash equivalents at beginning of financial period	305,096	231,198
Effect of changes in exchange rate	(197)	(203)
Cash and cash equivalents at end of financial period	309,150	276,808
Cash and cash equivalents at end of financial period		
Cash and bank balances	309,150	276,808
Deposits placed with financial institutions	2,150	2,109
	311,300	278,917
Less: Deposits pledged to financial institutions	(2,150)	(2,109)
	309,150	276,808

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 2012 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

These interim financial statements are unaudited and have been prepared under the historical cost convention except otherwise stated.

These interim financial statements 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 Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”). These interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein 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 2012.

The significant accounting policies and methods of computation applied in these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs, IC Interpretation and Amendments to MFRSs during the current financial period:

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 (as amended by IASB in June 2011)
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 Consolidated and Separate Financial Statements revised by IASB in December 2003)
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Government Loans (Amendments to MFRS 1)	
Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7)	
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to MFRS 10, MFRS 11 and MFRS 12)	
Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)	
Amendments to MFRSs (Annual Improvements 2009-2011 Cycle)	

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRSs did not have any significant financial impact to the Group.



A1. Basis of Preparation (continued)

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

Effective for annual periods commencing on or after 1 January 2014

Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132)
Investment Entities (Amendments to MFRS 10, MFRS 12 and MFRS 127)

Effective for annual periods commencing on or after 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to
MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by
IASB in October 2010) and MFRS 7)

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

A2. Auditors' Report

The auditors' report on the Group's most recent annual audited financial statements for the year ended 31 December 2012 was not qualified.

A3. Seasonality or Cyclicity of Operation

Our Group's operations are exposed to certain degree of seasonality, inherent in the sportswear industry which is affected by fast-changing fashion trends and consumers' tastes and preferences.

Traditionally, consumer demand for our Group's products would demonstrate increase during the festive season and during the transition of one season to another season (spring/summer and autumn/winter).

It is the Group's practices to organise product launching conferences periodically, in conjunction with the launches of new season's collection of sports shoes and apparels. Authorised distributors and retailers are invited to the conferences during which feedbacks on, and indicative orders for, the new collection of sports shoes and apparels would be gathered. This is common practice within the sportswear industry in China.

A4. Unusual Items due to Their Nature, Size or Incidence

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

There were no issuances of shares, share buy-backs and repayment of debt and equity securities by the Company 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 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 MFRS 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. The following is an analysis of the Group's sales revenue by region by location of customers, irrespective of the origin of the goods/services and based on the following regional groupings:

- 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.



A8. Segment Information (continued)

	Sales revenue by regions		
	Quarter and Year to date ended 31.3.2013 RMB'000	Quarter and Year to date ended 31.3.2012 RMB'000	
	Within the PRC:		
	- Eastern region	9,282	23,504
- Southern region	56,639	82,687	
- Western region	36,731	65,168	
- Northern region	33,514	57,234	
	136,166	228,593	

Sales revenue by products

	Sales revenue by products		
	Quarter and Year to date ended 31.3.2013 RMB'000	Quarter and Year to date ended 31.3.2012 RMB'000	
	Sports shoes	79,349	116,824
	Sports apparel, accessories and equipment	56,817	111,769
	136,166	228,593	

A9. 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.

A10. Changes in the Composition of the Group

There are no changes in the composition of the Group during the financial period under review.



A11. Changes in Contingent Liabilities

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

A12. Capital Commitments

Capital commitments not provided for in the financial statements as at 31 March 2013 is as follows:

	As at 31.3.2013 RMB'000
Property, plant and equipment	
Contracted but not provided for	49,946
Approved but not contracted for	<u>46,995</u>

A13. Significant Related Party Transactions

	Quarter and Year to date ended 31.3.2013 RMB'000	Quarter and Year to date ended 31.3.2012 RMB'000
Rental paid to related parties	<u>568</u>	<u>650</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.

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

B1. Analysis of Performance

The sportswear industry in China is going through a period of consolidation and correction, struggling to recover from the backlash of over-expansion in prior years. The prolonged uncertainties of the global economy and the moderation of China's economy growth have weighed down the market demands for sportswear within the PRC and the consumers' spending sentiment, further complicated the already challenging operating environment.

Affected by these adverse market factors, the Group's revenue decreased from RMB228.6 million in financial period ended 31 March 2012 ("Q1, 2012") to RMB136.2 million during the current quarter under review, representing a decline of approximately 40.4%.

Sales of sports shoes have accounted for approximately 58% of the Group's total revenue during the current quarter under review (51% in Q1, 2012), while sports apparel, accessories and equipment accounted for the remaining 42% of the Group's total revenue (49% in Q1, 2012).

The moderation of the sales performance was primarily volume-driven. Sales volume of 'XiDeLang' brand sports shoes reduced from approximately 1.1 million pairs in Q1, 2012 to 0.6 million pairs in the current quarter under review; while sales volume of 'XiDeLang' brand sports apparel, accessories and equipment lowered from 2.3 million pieces in Q1, 2012 to approximately 0.9 million pieces in the current quarter under review.

The slowdown in sales of 'XiDeLang' brand products in the domestic market within China was partially compensated by increased OEM orders secured by the Group. Sales from OEM orders surged to RMB33.8 million during the financial period under review, reporting an increase of approximately 34% as compared to RMB25.3 million recorded in Q1, 2012. This was mainly due to increased orders from China-based import/export trading companies to cater for export markets, in line with the gradual recovery of consumer demands in overseas markets.

Gross profit for the current quarter under review halved in conjunction with the moderation of the sales performance, stood at RMB36.5 million as compared to RMB71.5 million in Q1, 2012. Gross profit margin for the current quarter under review narrowed to 26.8%, as compared to 31.3% in Q1, 2012. This was primarily due to the change in revenue mix, where lower contribution was recorded from the sales of sports apparel, accessories and equipment which generally command higher margin as compared to sales of sports shoes.

In tandem with the slowdown of sales, selling and distribution costs incurred in the current quarter recorded a significant saving of approximately 55%, stood at RMB4.2 million as compared to RMB9.4 million in Q1, 2012. This was primarily due to lower advertising and marketing expenses incurred in the current quarter, as well as lower outlet subsidies granted to authorised distributors in the current quarter. The Group has coordinated with the authorised distributors to adopt a prudent approach for retail store expansion, considering the prevailing uncertainties and issues encountered by China's sportswear industry,



B1. Analysis of Performance (continued)

The Group also managed to cut down on administrative and other expenses, with a cost saving of approximately 18% recorded for the current quarter under review albeit the decrease rate was not in proportion to the slowdown in sales. This was mainly due to administrative and other expenses are generally 'step-cost' in nature, with a lower degree of correlation to the sales level.

Impacted by the above factors, profit before tax and profit after tax for the current quarter under review narrowed to RMB28.4 million and RMB21.3 million respectively, with the profit margin stood at 20.9% and 15.7% respectively.

The Board is dedicated to stay vigilant on the industry's development and will endeavour to maintain the Group's performance at a healthy level amid the prevailing challenging operating environment.

B2. Variation of Results against Preceding Quarter

	Current quarter ended 31 March 2013 RMB'000	Preceding quarter ended 31 December 2012 RMB'000
Revenue	136,166	208,891
Profit before taxation ("PBT")	28,404	40,317

Revenue for the current financial period under review narrowed to RMB136.1 million, a decline of 34.8% as compared to RMB208.9 million in the preceding quarter ended 31 December 2012.

Correspondingly, profit before taxation harvested by the Group during the current quarter under review experienced a 29.5% contraction as compared to preceding quarter, narrowed to RMB28.4 million in monetary term.

The lukewarm consumer demand amid the uncertainties of the global economy and moderation of the China's economy growth, coupled with the slowdown of the overall market activities in conjunction with the long holidays for celebration of Chinese New Year, were amongst the key factors that caused the revenue contraction.



B3. Next Year Prospects

Looking ahead, the outlook of the China's sportswear industry in the near term is widely expected to remain dim, with the prevailing issues such as excessive inventory, deep discounting at the retail levels and intense competition are widely expected to continue to linger during year 2013. The industry players are also expected to face additional pressures from escalating labour and material costs, and lukewarm new sales orders from distributors and retailers. The domestic retail market and consumer sentiment for the near-term are expected to remain lukewarm amid the moderation of China's economic growth and the prolonged global uncertainties caused by the Eurozone crisis and slow-recovery of the US economy. Consumers are expected to stay prudent and further reduce on spending. These will certainly constrain any optimism on the outlook of the sportswear industry in China for year 2013.

Our Group remains cautious about how far these unfavourable market factors would suppress the market demand and the performance of the industry players in the coming year. Nevertheless, our Group expects the long term future of the sportswear industry remains promising. The current industry consolidation and excessive inventory clearing activities are likely to lead the sector back to stability on long run. Established industry players who survive the current period of turbulence are likely to benefit from stronger demands in the long term. The sportswear industry in China is expected to gradually recover and resume healthy growth on the long run, on the back of the China government's favourable national policies that support sports promotion, urbanisation and rising wages. It is widely-believed that the policy makers of China will continue to focus on curbing inflation and expanding domestic demand as a response to the nation's economic restructuring for sustainable long term development.

Our Group is committed to stay vigilant on the industry's development and react promptly to the market changes and will utilise its resources effectively to ensure a healthy and sustainable development of the Group's operations in the long term. Our Group will adopt a prudent approach to minimise risk exposures and stay full alert and responsive to the changing market environment. Our Group believes that the current challenging market conditions present both risks and opportunities and hence, will emphasize the efforts to strengthen the Group's core competencies so that our Group will be in a better position to tap any future opportunities. Areas that will be emphasized include:

- ◆ Strengthening the brand management to enhance the distinctive image of 'XiDeLang' brand as a trendy and fashion-leading sportswear brand through integrated advertising and promotional activities.
- ◆ Monitoring the distribution and retail network, where our Group will coordinate with the authorised distributors to consolidate duplicating or less efficient retail points and reallocate resources to explore and expand areas with more promising growth prospects.
- ◆ Diversifying product portfolio through continual research and development, to ensure new models with innovative and aesthetic design are launched periodically to capture the fast-changing consumers' taste and preference.
- ◆ Enhancing the production capacity and production efficiency. Our Group expects to relocate the operations to the new production centre in 2013, which houses more production lines. This will enable our Group to significantly reduce the volume of shoes production currently outsourced, thereby allowing our Group better control in terms of cost and quality.



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 31.3.2013 RMB'000	Quarter and Year to date ended 31.3.2012 RMB'000
Income tax expense	7,083	14,505
Effective tax rate	24.9%	25.5%

In tandem with the moderation of the Group's performance during the current quarter under review, income tax expense reduced from RMB14.5 million in Quarter 1, 2012 to RMB7.1 million in current quarter under review, representing a decrease of 51%.

Effective tax rate remained relatively consistent between the current financial period under review and the corresponding period in preceding year, stood at 24.9% marginally lower than the statutory tax rate of 25% applicable in the PRC. As the Group's principal operations are carried out in the PRC, the effective tax rate reported by the Group is generally correlated to the statutory tax rate applicable in the PRC.

B6. Status of Corporate Proposals and Utilisation of Proceeds

Total gross proceeds of RM29.70 million were raised from the private placement and right issue of warrants completed in year 2012, on cumulative basis. The status of utilisation of the gross proceeds 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	9,485	19,615	67	N1
ii) Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	N1
		<u>29,700</u>	<u>10,085</u>	<u>19,615</u>		

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



B7. Borrowings

The Group's borrowings consist of short term loans from financial institutions and recourse factoring, all of which are arranged in the PRC and denominated in RMB.

As at 31 March 2013, the Group's outstanding borrowings liabilities are as follows:-

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Current			
Short term bank loans	10,000	-	10,000
	<u>10,000</u>	<u>-</u>	<u>10,000</u>

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	
	31.3.2013	31.3.2012	31.3.2013	31.3.2012
	RMB'000	RMB'000	RMB'000	RMB'000
Basic earnings per share				
Profit attributable to equity holders of the parent	<u>21,321</u>	<u>42,388</u>	<u>21,321</u>	<u>42,388</u>
Weighted average number of ordinary shares in issue ('000)	<u>725,998</u>	<u>699,933</u>	<u>725,998</u>	<u>699,933</u>
	RMB cent	RMB cent	RMB cent	RMB cent
BEPS	<u>2.94</u>	<u>6.06</u>	<u>2.94</u>	<u>6.06</u>

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

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 gives rise to potential ordinary shares which, upon conversion, could result in dilution to earnings per share in future financial periods.



B9. Earnings per Share (continued)

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 under review 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 and annual financial statements.

B10. Disclosure on realised and unrealised profit/loss

The retained earnings of the Group as at 31 March 2013 are analysed as follows:

	As at 31.3.2013 RMB'000
The retained earnings of the Company and its subsidiaries:	
- Realised	621,352
- Unrealised	1,933
	<hr/> 623,285
Add: Consolidation adjustments	(33,289)
	<hr/>
Total Group retained earnings as per consolidated financial statements	589,996

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 and Year to date ended 31.3.2013 RMB'000
Interest income	(299)
Interest expense	115
Depreciation and amortisation expenses	473
Foreign exchange gain	(215)
Exceptional items	N/A
(Gain)/Loss on disposal of PPE	N/A
(Gain)/Loss on disposal of quoted or unquoted investments or properties	N/A
(Gain)/Loss on derivatives	N/A
Impairment of assets	N/A
Property, plant and equipment ('PPE') written off	N/A
Provision for and write off of receivables	N/A
Provision for and write off of inventories	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 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 RM0.4936 at 31 March 2013. 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 31.3.2013 ⁽¹⁾ RM'000	Quarter ended 31.3.2012 RM'000	Year to date ended 31.3.2013 ⁽¹⁾ RM'000	Year to date ended 31.3.2012 RM'000
Revenue	67,212	112,834	67,212	112,834
Cost of Sales	<u>(49,199)</u>	<u>(77,547)</u>	<u>(49,199)</u>	<u>(77,547)</u>
Gross Profit ("GP")	18,013	35,287	18,013	35,287
Other Income	148	148	148	148
Selling and Distribution Costs	(2,089)	(4,617)	(2,089)	(4,617)
Administrative and Other Expenses	(1,994)	(2,425)	(1,994)	(2,425)
Finance Costs	<u>(57)</u>	<u>(310)</u>	<u>(57)</u>	<u>(310)</u>
Profit before Tax ("PBT")	14,021	28,083	14,021	28,083
Tax Expense	<u>(3,496)</u>	<u>(7,160)</u>	<u>(3,496)</u>	<u>(7,160)</u>
Profit For The Period ("PAT")	<u>10,525</u>	<u>20,923</u>	<u>10,525</u>	<u>20,923</u>
Other Comprehensive Income:				
Foreign currency translations	<u>(99)</u>	<u>(101)</u>	<u>(99)</u>	<u>(101)</u>
Other Comprehensive Income, net of tax	<u>(99)</u>	<u>(101)</u>	<u>(99)</u>	<u>(101)</u>
Total Comprehensive Income	<u>10,426</u>	<u>20,822</u>	<u>10,426</u>	<u>20,822</u>
Profit attributable to:				
Equity holders of the parent	<u>10,525</u>	<u>20,923</u>	<u>10,525</u>	<u>20,923</u>
Total Comprehensive Income attributable to:				
Equity holders of the parent	<u>10,426</u>	<u>20,822</u>	<u>10,426</u>	<u>20,822</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	1.45	2.99	1.45	2.99
- Diluted (sen)	*	*	*	*



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

	As at 31.3.2013⁽¹⁾ RM'000	As at 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	259,683	244,117
Land use rights	26,495	26,646
	286,178	270,763
Current Assets		
Inventories	17,776	11,106
Trade and other receivables	65,282	84,058
Tax recoverable	1,164	-
Cash and cash equivalents	153,658	150,601
	237,880	245,765
TOTAL ASSETS	524,058	516,528
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	241,016	241,016
Reserves	214,550	204,644
TOTAL EQUITY	455,566	445,660
Non-current Liabilities		
Deferred tax liabilities	14,066	13,546
Current Liabilities		
Trade and other payables	45,582	49,624
Bank borrowings	4,936	-
Current tax liabilities	3,908	7,698
	54,426	57,322
TOTAL LIABILITIES	68,492	70,868
TOTAL EQUITY AND LIABILITIES	524,058	516,528
Net assets per share (RM)	0.63	0.61

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

Quarter and year to date ended	←----- 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	
31 March 2012								
At 1 January 2012	147,859	28,955	12,259	(101,142)	(43)	(1)	250,032	337,919
Issuance of ordinary shares pursuant to private placement, net of related expenses	13,675	4,194	-	-	-	-	-	17,869
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(1,074)	(1,074)
Total comprehensive income for the period	-	-	-	-	(101)	-	20,923	20,822
At 31 March 2012	161,534	33,149	12,259	(101,142)	(144)	(1)	269,881	375,536

Quarter and year to date ended	←----- Non-distributable ----->						Distributable	Total Equity RM'000
	Share Capital 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	
31 March 2013 ⁽¹⁾								
At 1 January 2013	241,016	12,415	12,297	(101,142)	(184)	(1)	281,259	445,660
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(520)	(520)
Transfer to statutory surplus reserve	-	-	40	-	-	-	(40)	-
Total comprehensive income for the period	-	-	-	-	(99)	-	10,525	10,426
At 31 March 2013	241,016	12,415	12,337	(101,142)	(283)	(1)	291,224	455,566



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

	Year to date ended	
	31.3.2013 ⁽¹⁾ RM'000	31.3.2012 RM'000
Profit before tax	14,021	28,083
Adjustments for non-cash flow:-		
Non-cash items	127	241
Non-operating items	(91)	162
Operating profit before working capital changes	14,057	28,486
Changes in working capital		
Net change in current assets	12,106	(12,534)
Net change in current liabilities	(6,997)	12,594
Cash generated from operating activities	19,166	28,546
Income tax paid	(5,389)	(11,766)
Net cash generated from operating activities	13,777	16,780
Investing activities		
Interest received	148	148
Purchase of property, plant and equipment	(15,650)	(14,808)
Net cash used in investing activities	(15,502)	(14,660)
Financing activities		
Proceeds from issuance of shares pursuant to private placement	-	18,129
Private placement expenses	-	(261)
Drawdown of borrowings	4,936	2,937
Interest paid	(57)	(310)
Placement of deposits pledged to bank	(1,056)	(2)
Net cash generated from financing activities	3,823	20,493
Net change in cash and cash equivalents	2,098	22,613
Cash and cash equivalents at beginning of financial period	150,595	114,119
Effect of changes in exchange rate	(96)	(100)
Cash and cash equivalents at end of financial period	152,597	136,632
Cash and cash equivalents at end of financial period		
Cash and bank balances	152,597	136,632
Deposits placed with financial institutions	1,061	1,041
	153,658	137,673
Less: Deposits pledged to financial institutions	(1,061)	(1,041)
	152,597	136,632