



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.9.2015 ⁽¹⁾ RMB'000	Quarter ended 30.9.2014 RMB'000	Year to date ended 30.9.2015 ⁽¹⁾ RMB'000	Year to date ended 30.9.2014 RMB'000
Revenue	138,375	147,369	395,963	410,421
Cost of Sales	(113,378)	(109,736)	(319,720)	(306,945)
Gross Profit ("GP")	24,997	37,633	76,243	103,476
Other Income	534	937	1,570	1,861
Selling and Distribution Costs	(274)	(252)	(653)	(627)
Administrative and Other Expenses	(21,523)	(18,021)	(66,022)	(42,241)
Finance Costs	(145)	(156)	(427)	(467)
Profit before Tax ("PBT")	3,589	20,141	10,711	62,002
Tax Expense	(1,360)	(6,116)	(3,958)	(19,069)
Profit For The Period ("PAT")	2,229	14,025	6,753	42,933
Other Comprehensive Income:				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income	2,229	14,025	6,753	42,933
Profit attributable to:				
Equity holders of the parent	2,229	14,025	6,753	42,933
Total Comprehensive Income attributable to:				
Equity holders of the parent	2,229	14,025	6,753	42,933
Earnings per share attributable to equity holders of the parent				
- Basic (RMB cent)	0.17	1.22	0.55	3.81
- 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 2014 and the accompanying explanatory notes attached to this interim financial report.



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

	As at 30.9.2015 ⁽¹⁾ RMB'000	As at 31.12.2014 RMB'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	570,111	581,051
Land use rights	50,634	51,547
	620,745	632,598
Current Assets		
Inventories	10,454	11,091
Trade and other receivables (Note #)	205,191	138,514
Cash and cash equivalents	548,329	517,914
Tax recoverable	870	-
	764,844	667,519
TOTAL ASSETS	1,385,589	1,300,117
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	246,677	699,209
Reserves	997,011	485,650
TOTAL EQUITY	1,243,688	1,184,859
Non-current Liabilities		
Deferred tax liabilities	19,446	19,014
Current Liabilities		
Trade and other payables (Note @)	112,455	84,650
Bank borrowings	10,000	10,000
Current tax liabilities	-	1,594
	122,455	96,244
TOTAL LIABILITIES	141,901	115,258
TOTAL EQUITY AND LIABILITIES	1,385,589	1,300,117
Net assets per share (RMB) ⁽²⁾	1.02	1.05

Notes:

(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 2014 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Calculated based on the weighted average number of ordinary shares in issue for the respective periods.*

Remark

(#) *Average credit terms granted to trade receivables by the Group are ninety (90) days.*

(@) *Average credit terms granted by trade payables to the Group are ninety (90) days.*



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

Quarter and year to date ended 30 September 2014	Share Capital RMB'000	Share Premium RMB'000	←----- Non-distributable ----->				Distributable		Total Equity 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 2014	488,281	-	25,151	29,463	(204,906)	(17,626)	(1)	661,865	982,227
Effects on conversion of functional currency	(45,246)	-	(2,835)	-	-	51,049	-	(2,946)	22
Issue of new shares pursuant to the right issues exercise	146,385	6,668	-	-	-	-	-	-	153,053
Bonus issue	109,789	(6,668)	-	-	-	-	-	(103,121)	-
Free warrants pursuant to the right issues exercise	-	-	25,369	-	-	-	-	(25,369)	-
Transfer to statutory surplus reserve	-	-	-	5,046	-	-	-	(5,046)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	42,933	42,933
At 30 September 2014	699,209	-	47,685	34,509	(204,906)	33,423	(1)	568,316	1,178,235



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

Quarter and year to date ended 30 September 2015 ⁽¹⁾	Share Capital RMB'000	Share Premium RMB'000	ESOS Reserve RMB'000	Capital Reserve RMB'000	←----- Non-distributable ----->					Distributable Retained Earnings RMB'000	Total Equity RMB'000
					Warrant Reserve RMB'000	Statutory Surplus Reserve RMB'000	Merger Deficit RMB'000	Exchange Translation Reserve RMB'000	Treasury Shares RMB'000		
At 1 January 2015	699,209	-	-	-	47,685	35,034	(204,906)	33,401	(1)	574,437	1,184,859
Surplus arising from par value reduction	(489,446)	-	-	489,446	-	-	-	-	-	-	-
Granting of employees' share option scheme (ESOS)	-	-	13,099	-	-	-	-	-	-	-	13,099
Issuance of shares pursuant to:											
- Exercise of ESOS	36,914	15,162	(13,099)	-	-	-	-	-	-	-	38,977
- Exercise of warrants	*	*	-	-	*	-	-	-	-	-	*
Reversal of warrants reserve upon expiry of the exercise rights of Warrants 2012/2015	-	-	-	-	(23,710)	-	-	-	-	23,710	-
Transfer to statutory surplus reserve	-	-	-	-	-	1,382	-	-	-	(1,382)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	6,753	6,753
At 30 September 2015	246,677	15,162	-	489,446	23,975	36,416	(204,906)	33,401	(1)	603,518	1,243,688

Notes:

(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 2014 and the accompanying explanatory notes attached to this interim financial report.

* Less than RMB1,000



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Year to date ended	
	30.9.2015 ⁽¹⁾ RMB'000	30.9.2014 RMB'000
Profit before tax	10,711	62,002
Adjustments for non-cash flow:-		
Non-cash items	24,963	11,149
Non-operating items	(1,144)	(945)
Operating profit before working capital changes	34,530	72,206
Changes in working capital		
Net change in current assets	(66,040)	25,605
Net change in current liabilities	27,805	(16,590)
Cash generated from operating activities	(3,705)	81,221
Income tax paid	(5,990)	(20,181)
Net cash generated from operating activities	(9,695)	61,040
Investing activities		
Interest received	1,571	1,411
Purchase of property, plant and equipment	(11)	(5,635)
Net cash used in investing activities	1,560	(4,224)
Financing activities		
Proceeds from issuance of shares, net of expenses	38,977	153,053
Interest paid	(427)	(466)
Net cash generated from financing activities	38,550	152,587
Net change in cash and cash equivalents	30,415	209,403
Cash and cash equivalents at beginning of financial period	517,914	289,873
Effect of changes in exchange rate	-	22
Cash and cash equivalents at end of financial period	548,329	499,298
Cash and cash equivalents at end of financial period		
Cash and bank balances	548,329	499,298

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 2014 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

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention except otherwise stated.

These unaudited 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 and Appendix 9B of the Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 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 financial year ended 31 December 2014.

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 2014, save for except for the adoption of the following Amendments to MFRSs during the current financial period as disclosed below:

Effective for annual periods commencing on or after 1 July 2014

- Amendment to MFRS 2 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 3 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 3 (Annual Improvements to MFRSs 2011 – 2013 Cycle)
- Amendment to MFRS 8 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 13 (Annual Improvements to MFRSs 2011 – 2013 Cycle)
- Amendment to MFRS 116 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Defined Benefit Plans: Employee Contributions (Amendments to MFRS 119)
- Amendment to MFRS 124 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 138 (Annual Improvements to MFRSs 2010 – 2012 Cycle)
- Amendment to MFRS 140 (Annual Improvements to MFRSs 2011 – 2013 Cycle)

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



A1. Basis of Preparation (cont'd)

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 2016

- Amendments to MFRS 5 (Annual Improvements to MFRSs 2012 – 2014 Cycle)
- Amendments to MFRS 7 (Annual Improvements to MFRSs 2012 – 2014 Cycle)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)
- Investment Entities: Applying the Consolidation Exception (Amendments to MFRS 10, MFRS 12 and MFRS 128)
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to MFRS 11)
- MFRS 14 Regulatory Deferral Accounts
- Disclosure Initiative (Amendments to MFRS 101)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to MFRS 116 and MFRS 138)
- Agriculture: Bearer Plants (Amendments to MFRS 116 and MFRS 141)
- Amendments to MFRS 119 (Annual Improvements to MFRSs 2012 – 2014 Cycle)
- Equity Method in Separate Financial Statements (Amendments to MFRS 127)
- Amendments to MFRS 134 (Annual Improvements to MFRSs 2012 – 2014 Cycle)

Effective for annual periods commencing on or after 1 January 2018

- MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- MFRS 15 Revenue from Contracts with Customers

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 ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 December 2014 were not subject to any qualification.

A3. Seasonality or Cyclicity of Operation

Save for the seasonality that is inherent in the sportswear industry, our Group's operations are not exposed to any anomalous cyclical fluctuation.

A4. Unusual Items

Save for employee benefits charged to profit or loss in respect of the employees' share option scheme granted during the current quarter under review as disclosed under Note A6(iii), there were no other unusual or irregular items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and 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) Corporate proposals relating to debts and/or equity securities

Corporate exercise completed

- *Employees' share option scheme*

On 10 March 2015, the Company announced to establish an employees' share option scheme (ESOS) of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares) for the eligible Directors (including non-executive Directors) and employees of the Company and its subsidiaries (excluding subsidiaries which are dormant) ("**Proposed ESOS**"). The Proposed ESOS was subsequently approved by the shareholders of the Company at a Special General Meeting held on 10 April 2015 and was implemented on 17 April 2015.

- *Bonus issue of warrants*

On 15 May 2015, the Company announced to undertake and implement a bonus issue of up to 501,139,441 warrants ("Warrants") on the basis of one (1) Warrant for every three (3) existing ordinary shares of USD0.03 each in the Company ("Shares") held by registered holders of the Shares on an entitlement date to be determined and announced later by the Board of Directors ("**Proposed Bonus Issue of Warrants**").

The Proposed Bonus Issue of Warrants was subsequently approved by the shareholders of the Company at a Special General Meeting held on 17 June 2015, with the entitlement date fixed on 1 July 2015. The Proposed Bonus Issue of Warrants was completed on 9 July 2015, following the listing of and quotation for 440,639,689 Warrants on the Main Market of Bursa Securities ("**Warrants 2015 / 2018**").

Corporate exercise announced but pending completion

- *Bonus Issue of Shares*

On 7 August 2015, the Company announced to undertake a bonus issue of up to 1,969,858,013 new Shares ("Bonus Shares") on the basis of one (1) Bonus Share for every one (1) existing Share held by entitled shareholders of the Company on an entitlement date to be determined by the Board of Directors at a later date ("**Proposed Bonus Issue of Shares**").

The Proposed Bonus Issue of Shares was subsequently approved by the shareholders of the Company at a Special General Meeting held on 21 September 2015. Up to the date of this report, the entitlement date for the Proposed Bonus Issue of Shares has yet to be determined.



A6. Debts and Equity Securities (cont'd)

(ii) Conversion of existing warrants

▪ *Warrants 2012 / 2015*

100 existing warrants of the Company (“Warrants 2012 / 2015”) have been exercised and converted into 100 new ordinary shares of USD0.03 each in the Company at an exercise price of RM0.35 during the financial period under review.

The exercise rights of Warrants 2012 / 2015 have expired during the financial period under review, on 24 April 2015; and all remaining unexercised Warrants 2012 / 2015 have been delisted from Bursa Securities and withdrawn from the Depositor’s Securities Accounts on 27 April 2015.

▪ *Warrants 2015 / 2018*

(a) 1,333 existing warrants of the Company (“Warrants 2015 / 2018”) have been exercised and converted into 1,333 new Shares in the Company at an exercise price of RM0.115 with the listing date on 5 August 2015.

(b) 18,466 existing warrants of the Company (“Warrants 2015 / 2018”) have been exercised and converted into 18,466 new Shares in the Company at an exercise price of RM0.115 with the listing date on 1 September 2015.

(iii) Exercise of ESOS

(a) 172,424,000 units of ESOS were granted to eligible employees of the Group in May 2015. Accordingly, employee benefits associated with the grant of ESOS of RMB9,856,193 were charged to profit or loss in accordance with the requirements of MFRS 2 *Share-based Payment*.

The entire 172,424,000 units of ESOS were exercised in June 2015, resulting in 172,424,000 units of new Shares being issued at the price of RM0.115 per share with the listing date on 12 June 2015. Total proceeds raised from the exercise of ESOS amounted to RMB32,949,086.

(b) 25,800,000 units of ESOS were granted to eligible employees of the Group on 28 July 2015. Accordingly, employee benefits associated with the grant of ESOS of RMB3,242,852 were charged to profit or loss in accordance with the requirements of MFRS 2 *Share-based Payment*.

The entire 25,800,000 units of ESOS were exercised in August 2015, resulting in 25,800,000 units of new Shares being issued at the price of RM0.145 per share with the listing date on 12 August 2015. Total proceeds raised from the exercise of ESOS amounted to RMB6,028,037.

Save for the above, there were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.



A7. Dividend Paid or Declared

There were no dividends paid or declared for the current quarter and 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.

Due to the similarities in the business operations between the two operating subsidiaries in the PRC, the Group's chief operating decision maker, the Group's Chief Executive Officer in this context manages the operations within the Group as a whole in single segment and relies on internal reports which are similar to those currently disclosed externally to make decisions about allocation of resources.

The Group evaluates performance on the basis of revenue from the respective operations. The analysis is as follows:

(Quarter ended)	Own branding manufacturer	Original equipment manufacturer ("OEM")	Total
	RMB'000	RMB'000	RMB'000
<u>30 September 2015</u>			
Revenue	90,384	47,991	138,375
Interest income	524	11	535
Finance Cost	(145)	*	(145)
Net finance income/(expense)	379	11	390
<u>30 September 2014</u>			
Revenue	117,985	29,384	147,369
Interest income	468	19	487
Finance Cost	(155)	*	(155)
Net finance income/(expense)	313	19	332

* Less than RMB1,000



A8. Segment Information (cont'd)

(Year-to-date ended)	Own branding manufacturer	Original equipment manufacturer ("OEM")	Total
	RMB'000	RMB'000	RMB'000
<u>30 September 2015</u>			
Revenue	284,670	111,293	395,963
Interest income	1,537	34	1,571
Finance Cost	(426)	(1)	(427)
Net finance income/(expense)	1,111	33	1,144
<u>30 September 2014</u>			
Revenue	307,955	102,466	410,421
Interest income	1,260	56	1,316
Finance Cost	(463)	(1)	(464)
Net finance income/(expense)	797	55	852

No further segmental analysis is available for disclosure except for the following entity-wide disclosures as required by MFRS 8:

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 revenue by region by location of customers, irrespective of the origin of the goods/services and based on the following regional groupings:

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

	Quarter ended 30.9.2015 RMB'000	Quarter ended 30.9.2014 RMB'000	Year to date ended 30.9.2015 RMB'000	Year to date ended 30.9.2014 RMB'000
Within the PRC:				
- Eastern region	6,198	8,131	19,673	20,797
- Southern region	74,511	63,949	195,752	192,396
- Western region	31,681	41,262	98,916	108,355
- Northern region	25,985	34,027	81,622	88,873
	138,375	147,369	395,963	410,421



A8. Segment Information (cont'd)

Revenue by products

	Quarter ended 30.9.2015 RMB'000	Quarter ended 30.9.2014 RMB'000	Year to date ended 30.9.2015 RMB'000	Year to date ended 30.9.2014 RMB'000
Sports shoes	106,505	97,926	303,578	272,221
Sports apparels, accessories and equipment	31,870	49,443	92,385	138,200
	138,375	147,369	395,963	410,421

A9. Subsequent Material Events

Save as disclosed below, there are no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report:

- (i) Proposed Bonus Issue of Shares as disclosed under Note [A6\(i\)](#);
- (ii) Conversion of Warrants 2015 / 2018 as disclosed under Note [A6\(ii\)](#);
- (iii) Granting and Exercise of ESOS as disclosed under Note [A6\(iii\)](#); and
- (iv) The Company had, on 29 July 2015, entered into a Heads of Agreement (“HOA”) with Jinjiang Yangsen Garments Co., Ltd. (“YangSen”) for the proposed acquisition of the entire existing business and undertakings of YangSen including all of its assets and certain agreed liabilities (“Proposed Acquisition of YangSen”). The Company originally planned to enter into a Definitive Agreement with YangSen within three (3) months from the HOA (i.e. by 29 October 2015). Both parties have mutually agreed to extend the HOA Cut-Off Date by three (3) months to 29 January 2016, for the satisfactory completion of the due diligence exercise and negotiations of all terms and conditions, taking into consideration the recent and current market development. Relevant details have been announced to Bursa Securities on 29 July 2015, 31 July 2015, 3 August 2015 and 23 October 2015 accordingly.

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 30 September 2015 is as follows:

	As at 30.9.2015 RMB'000
Property, plant and equipment	
Approved but not contracted for	<u>43,524</u>

A13. Significant Related Party Transactions

	Quarter ended 30.9.2015 RMB'000	Quarter ended 30.9.2014 RMB'000	Year to date ended 30.9.2015 RMB'000	Year to date ended 30.9.2014 RMB'000
Rental paid to related parties	<u>-</u>	<u>402</u>	<u>268</u>	<u>1,206</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. The abovementioned related party transactions have ceased with effect from 1 March 2015.



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

B1. Analysis of Performance

Revenue & Gross Profit

The Group's performance remained healthy during the current quarter and financial period under review, with revenue stood at RMB138.4 million and RMB396.0 million respectively, decreased slightly by approximately 6.1% and 3.5% when compared to the corresponding periods in 2014.

The moderation was primarily due to lower sales volume achieved for own-branding sports apparel and accessories, which stood at 0.5 million pieces (Q3, 2014: 0.6 million pieces) and 1.7 million pieces (9-months, 2014: 2.1 million pieces) respectively for the current quarter and financial period under review.

Intensifying industry competition following the active penetration and expansion by the international sportswear brands and fast-fashion brands, coupled with the affected market sentiment due to the unfavourable macroeconomic conditions, are amongst the key factors that weighed down the consumer demand for our own-branding sports apparel and accessories.

Gross profit for the current quarter and financial period under review remained commendable, stood at approximately RMB25.0 million and RMB76.2 million respectively, although this is lower by approximately 33.6% and 26.3% respectively when compared to the corresponding periods in preceding year.

Profit level

In line with the softened sales performance during the current quarter and financial period under review, our Group reported a lower but healthy profitability level.

Profit before tax ("PBT") for the current quarter and financial period under review stood at approximately RMB3.6 million (Q3, 2014: RMB20.1 million) and RMB10.7 million (9 months, 2014: RMB62.0 million) respectively.

Net profit after tax ("PAT") for the current quarter and financial period under review stood at approximately RMB2.2 million (Q3, 2014: RMB14.0 million) and RMB6.8 million (9 months, 2014: RMB42.9 million) respectively.



B1. Analysis of Performance (cont'd)

Profit level (cont'd)

The lower PBT and PAT recorded for the current quarter and financial period under review was primarily due to:

- (i) Lower revenue and gross profit as explained above; and
- (ii) Increase in administrative and other expenses incurred as a result of:
 - Higher advertisement costs incurred during the current quarter and financial period under review, which is necessary to sustain the market awareness and brand exposure of the Group's proprietary 'XiDeLang' brand; and
 - One-off employees' benefit expenses of approximately RMB13.1 million in respect of ESOS granted to the eligible employees during the financial period under review.

The Board remains cautiously optimistic that our Group will be able to maintain a healthy performance in the foreseeable future and withstand the prevailing challenging operating environment.

B2. Variation of Results against Preceding Quarter

	Current quarter ended 30 September 2015 RMB'000	Preceding quarter ended 30 June 2015 RMB'000
Revenue	138,375	155,046
Profit before taxation ("PBT")	3,589	1,279

Revenue for the current quarter ended 30 September 2015 stood at RMB138.4 million, representing a moderation of approximately 10.7% as compared to the revenue of RMB155.0 million in the preceding quarter ended 30 June 2015. This was primarily due to the affected market sentiment within the China market as a result of the unfavourable external macroeconomic factors, resulting in lower sales from the Group's own-branding products. This, however, was partially mitigated by an improvement in OEM sales, which has increased by approximately 23.6% or RMB9.2 million.

PBT for the current quarter ended 30 September 2015 stood at RMB3.6 million, representing an increase of approximately 180.6% or RMB2.3 million as compared to the preceding quarter ended 30 June 2015 of approximately RMB1.3 million. This was primarily due to a lower amount of one-off employees' benefit expenses in respect of ESOS granted reported during the current quarter under review, in line with smaller amount of ESOS granted during the current quarter under review as compared to preceding quarter.



B3. Prospects

The overall market sentiment has unavoidably impacted by the unfavourable development in recent months (i.e. devaluation of Renminbi, turbulence in China stock market, slowdown in growth momentum for China's economy).

Notwithstanding, the Group is cautiously optimistic that the consumer goods/ retail sectors in China will remain stable and positive for the foreseeable future fuelled by ongoing urbanisation process with rising per capita disposable income, improving awareness of healthy lifestyle and growing popularity of sports in China.

Barring any unforeseen circumstances, the Group expects the financial performance for financial year ending 31 December 2015 to remain robust in view of the stable domestic demand within China for sportswear coupled with increasing OEM orders in line the gradual recovery of overseas markets.

B4. Profit Forecast or Profit Guarantee

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group

B5. Income Tax Expense

	Quarter ended 30.9.2015 RMB'000	Quarter ended 30.9.2014 RMB'000	Year to date ended 30.9.2015 RMB'000	Year to date ended 30.9.2014 RMB'000
Income tax expense	1,360	6,116	3,958	19,069
Effective tax rate	37.9%	30.4%	37.0%	30.8%

In line with the lower profit for the current quarter and financial period under review, income tax expense reduced by approximately 77.8% and 79.2% respectively, stood at RMB1.4 million (Q3, 2014: RMB6.1 million) and RMB4.0 million (9 months, 2014: RMB19.1 million) respectively.

The effective tax rate of the Group stood at 37.9% and 37.0% respectively for the current quarter and financial period under review, higher than the statutory tax rate of 25% applicable in China. This was mainly due to:

- (i) Non-availability of Group's relief, where tax losses incurred by some of the entities within the Group were not allowed to be offset against the taxable profits reported by other entities within the Group.
- (ii) Certain non-allowable expenses added back for the tax computation; and
- (iii) Additional deferred tax liabilities provided in relation to the expected withholding tax on undistributed profits of the PRC subsidiaries.

B6. Status of Corporate Proposals and Utilisation of Proceeds

Private placement and rights issue of warrants in 2012

The status of utilisation, as of 30 September 2015 is as follows:

(In RM)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RM'000	Utilisation RM'000	Amount RM'000	%	
i)	Purchase machinery and equipment for new design and production centre	Before December 2015	29,100	16,346	12,754	43.8	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	16,946	12,754		

(In RMB)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RMB'000	Utilisation RMB'000	Amount RMB'000	%	
i)	Purchase machinery and equipment for new design and production centre	Before December 2015	53,670	30,234	23,436	43.8	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	31,341	23,436		

N1 The remaining funds is expected to be fully utilised before 31 December 2015.

B6. Status of Corporate Proposals and Utilisation of Proceeds (cont'd)

Rights Issue in 2014

The status of utilisation, as of 30 September 2015 is as follows:

(In RM)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RM'000	Utilisation RM'000	Amount RM'000	%	
i)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	83,700	-	83,700	100	N2
ii)	Estimated expenses in relation to the Proposals	Immediate	1,000	1,000	-	-	
			84,700	1,000	83,700		

(In RMB)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RMB'000	Utilisation RMB'000	Amount RMB'000	%	
i)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	151,246	-	151,246	100	N2
ii)	Estimated expenses in relation to the Proposals	Immediate	1,807	1,807	-	-	
			153,053	1,807	151,246		

N2 *The proposed building plan for the construction of the second stage of new design and production centre has been submitted to the relevant authorities in China and is still under their assessment. The Management has been following up with the relevant authorities on a regular basis on this matter. The utilisation for the abovementioned amount is expected to be within three (3) years from the commencement of Stage 2 Construction. All the funds are currently kept in the Group's banking account maintained with the Industrial and Commercial Bank of China.*

B7. Borrowings

As at 30 September 2015, the Group's outstanding borrowings liabilities are as follows:

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Current			
Short term bank loan	10,000	-	10,000

The borrowings are arranged in the PRC and denominated in RMB.



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	
	30.9.2015 RMB'000	30.9.2014 RMB'000	30.9.2015 RMB'000	30.9.2014 RMB'000
Basic earnings per share				
Profit attributable to equity holders of the parent	2,229	14,025	6,753	42,933
Weighted average number of ordinary shares in issue ('000)	1,335,950	1,149,497	1,224,331	1,125,563
	RMB cent	RMB cent	RMB cent	RMB cent
BEPS	0.17	1.22	0.55	3.81

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

As of 30 September 2015, the Group has 181,499,212 Warrant 2014 / 2017 and 440,639,689 Warrant 2015/ 2018 in issue, 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 and RM0.115 each (or RM equivalent of the par value of the Shares whichever is higher) respectively. This gives 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 volume-weighted average market price of the Company's ordinary shares during the current quarter ended 30 September 2015 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 30 September 2015 are analysed as follows:

	As at 30.9.2015 RMB'000
The retained earnings of the Company and its subsidiaries:	
- Realised	646,417
- Unrealised	(254)
	<hr/>
	646,163
Add: Consolidation adjustments	(42,645)
	<hr/>
Total Group retained earnings as per consolidated financial statements	<hr/> 603,518 <hr/>

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 income / (expense) items:

	Quarter ended 30.9.2015 RMB'000	Year to date ended 30.9.2015 RMB'000
Interest income	535	1,571
Interest expense	(145)	(427)
Depreciation and amortisation expenses	(3,769)	(11,322)
Exceptional item		
- Employees' benefits expenses in respect of ESOS granted	(3,243)	(13,099)
Property, plant and equipment ('PPE') written off	(542)	(542)
Provision for and write off of receivables	N/A	N/A
Provision for and write off of inventories	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

"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 RM0.6914 at 30 September 2015. 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 30.9.2015 ⁽¹⁾ RM'000	Quarter ended 30.9.2014 RM'000	Year to date ended 30.9.2015 ⁽¹⁾ RM'000	Year to date ended 30.9.2014 RM'000
Revenue	95,672	101,891	273,769	283,765
Cost of Sales	(78,390)	(75,871)	(221,054)	(212,222)
Gross Profit ("GP")	17,282	26,020	52,715	71,543
Other Income	369	648	1,085	1,287
Selling and Distribution Costs	(189)	(174)	(451)	(434)
Administrative and Other Expenses	(14,881)	(12,460)	(45,648)	(29,205)
Finance Costs	(100)	(108)	(295)	(323)
Profit before Tax ("PBT")	2,481	13,926	7,406	42,868
Tax Expense	(940)	(4,229)	(2,737)	(13,184)
Profit For The Period ("PAT")	1,541	9,697	4,669	29,684
Other Comprehensive Income:				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income	1,541	9,697	4,669	29,684
Profit attributable to:				
Equity holders of the parent	1,541	9,697	4,669	29,684
Total Comprehensive Income attributable to:				
Equity holders of the parent	1,541	9,697	4,669	29,684
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	0.12	0.84	0.38	2.63
- Diluted (sen)	*	*	*	*



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

	As at 30.9.2015⁽¹⁾ RM'000	As at 31.12.2014 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	394,174	401,738
Land use rights	35,008	35,640
	429,182	437,378
Current Assets		
Inventories	7,228	7,668
Trade and other receivables (Note #)	141,869	95,769
Cash and cash equivalents	379,115	358,086
Tax recoverable	602	-
	528,814	461,523
TOTAL ASSETS	957,996	898,901
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	170,552	483,433
Reserves	689,333	335,778
TOTAL EQUITY	859,885	819,211
Non-current Liabilities		
Deferred tax liabilities	13,445	13,146
Current Liabilities		
Trade and other payables (Note @)	77,752	58,528
Bank borrowings	6,914	6,914
Current tax liabilities	-	1,102
	84,666	66,544
TOTAL LIABILITIES	98,111	79,690
TOTAL EQUITY AND LIABILITIES	957,996	898,901
Net assets per share (RM) ⁽²⁾	0.71	0.73



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

Quarter and year to date ended 30 September 2014	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	←----- Non-distributable ----->			Exchange Translation Reserve RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
				Statutory Surplus Reserve RM'000	Merger Deficit RM'000					
At 1 January 2014	337,597	-	17,389	20,371	(141,672)	(12,186)	(1)	457,613	679,111	
Effects on conversion of functional currency	(31,283)	-	(1,960)	-	-	35,295	-	(2,036)	16	
Issue of new shares pursuant to the right issues exercise	101,211	4,610	-	-	-	-	-	-	105,821	
Bonus issue	75,908	(4,610)	-	-	-	-	-	(71,298)	-	
Free warrants pursuant to the right issues exercise	-	-	17,540	-	-	-	-	(17,540)	-	
Transfer to statutory surplus reserve	-	-	-	3,489	-	-	-	(3,489)	-	
Total comprehensive income for the period	-	-	-	-	-	-	-	29,684	29,684	
At 30 September 2014	483,433	-	32,969	23,860	(141,672)	23,109	(1)	392,934	814,632	



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

Quarter and year to date ended 30 September 2015 ⁽¹⁾	Share Capital RM'000	Share Premium RM'000	ESOS Reserve RM'000	Capital Reserve RM'000	----- Non-distributable -----					Distributable Retained Earnings RM'000	Total Equity RM'000
					Warrant Reserve RM'000	Statutory Surplus Reserve RM'000	Merger Deficit RM'000	Exchange Translation Reserve RM'000	Treasury Shares RM'000		
At 1 January 2015	483,433	-	-	-	32,969	24,223	(141,672)	23,093	(1)	397,166	819,211
Surplus arising from par value reduction	(338,403)	-	-	338,403	-	-	-	-	-	-	-
Granting of employees' share option scheme (ESOS)	-	-	9,057	-	-	-	-	-	-	-	9,057
Issuance of shares pursuant to:											
- Exercise of ESOS	25,522	10,483	(9,057)	-	-	-	-	-	-	-	26,948
- Exercise of warrants	*	*	-	-	*	-	-	-	-	-	*
Reversal of warrants reserve upon expiry of the exercise rights of Warrants 2012/2015	-	-	-	-	(16,393)	-	-	-	-	16,393	-
Transfer to statutory surplus reserve	-	-	-	-	-	956	-	-	-	(956)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-	4,669	4,669
At 30 September 2015	170,552	10,483	-	338,403	16,576	25,179	(141,672)	23,093	(1)	417,272	859,885

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

	Year to date ended	
	30.9.2015 ⁽¹⁾ RM'000	30.9.2014 RM'000
Profit before tax	7,406	42,868
Adjustments for non-cash flow:-		
Non-cash items	17,259	7,708
Non-operating items	(791)	(653)
Operating profit before working capital changes	23,874	49,923
Changes in working capital		
Net change in current assets	(45,660)	17,703
Net change in current liabilities	19,224	(11,470)
Cash generated from operating activities	(2,562)	56,156
Income tax paid	(4,141)	(13,953)
Net cash generated from operating activities	(6,703)	42,203
Investing activities		
Interest received	1,086	975
Purchase of property, plant and equipment	(8)	(3,896)
Net cash used in investing activities	1,078	(2,921)
Financing activities		
Proceeds from issuance of shares, net of expenses	26,949	105,821
Interest paid	(295)	(322)
Net cash generated from financing activities	26,654	105,499
Net change in cash and cash equivalents	21,029	144,781
Cash and cash equivalents at beginning of financial period	358,086	200,418
Effect of changes in exchange rate	-	16
Cash and cash equivalents at end of financial period	379,115	345,215
Cash and cash equivalents at end of financial period		
Cash and bank balances	379,115	345,215