



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2015

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2015 ⁽¹⁾ RMB'000	Quarter ended 31.12.2014 RMB'000	Year to date ended 31.12.2015 ⁽¹⁾ RMB'000	Year to date ended 31.12.2014 RMB'000 (audited)
Revenue	148,849	119,614	544,812	530,035
Cost of Sales	(121,899)	(92,339)	(441,619)	(399,284)
Gross Profit ("GP")	26,950	27,275	103,193	130,751
Other Income	1,178	2,448	2,748	4,309
Selling and Distribution Costs	(280)	(474)	(933)	(1,101)
Administrative and Other Expenses	(26,056)	(23,916)	(92,078)	(66,157)
Finance Costs	(133)	(127)	(560)	(594)
Profit before Tax ("PBT")	1,659	5,206	12,370	67,208
Tax Expense	(1,614)	1,440	(5,572)	(17,629)
Profit For The Period ("PAT")	45	6,646	6,798	49,579
Other Comprehensive Income:				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income	45	6,646	6,798	49,579
Profit attributable to:				
Equity holders of the parent	45	6,646	6,798	49,579
Total Comprehensive Income attributable to:				
Equity holders of the parent	45	6,646	6,798	49,579
Earnings per share attributable to equity holders of the parent				
- Basic ⁽²⁾ (RMB cent)	0.002	0.289	0.271	2.189
- 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.
- (2) The basic earnings per ordinary share for both the financial years/periods ended 31 December 2015 and 2014 have taken into effect of the bonus issue completed subsequent to the financial year ended 31 December 2015 (i.e. on 28 January 2016). The effect of bonus issue was reflected in accordance with MFRS 133, where the earnings per share calculations for all periods shall be adjusted retrospectively.



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

	As at 31.12.2015 ⁽¹⁾ RMB'000	As at 31.12.2014 RMB'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	569,409	581,051
Land use rights	50,330	51,547
	619,739	632,598
Current Assets		
Inventories	7,179	11,091
Trade and other receivables (Note #)	265,204	138,514
Cash and cash equivalents	508,649	517,914
Tax recoverable	1,942	-
	782,974	667,519
TOTAL ASSETS	1,402,713	1,300,117
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	246,681	699,209
Reserves	996,981	485,650
TOTAL EQUITY	1,243,662	1,184,859
Non-current Liabilities		
Deferred tax liabilities	19,546	19,014
Current Liabilities		
Trade and other payables (Note @)	129,505	84,650
Bank borrowings	10,000	10,000
Current tax liabilities	-	1,594
	139,505	96,244
TOTAL LIABILITIES	159,051	115,258
TOTAL EQUITY AND LIABILITIES	1,402,713	1,300,117
Net assets per share (RMB) ⁽²⁾	0.50	0.52

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 120 days.*

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



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

Quarter and year to date ended 31 December 2014	←----- 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 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)	-	-	51,027	-	(2,946)	-
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	-	-	-	5,571	-	-	-	(5,571)	-
Total comprehensive income for the year	-	-	-	-	-	-	-	49,579	49,579
At 31 December 2014	<u>699,209</u>	<u>-</u>	<u>47,685</u>	<u>35,034</u>	<u>(204,906)</u>	<u>33,401</u>	<u>(1)</u>	<u>574,437</u>	<u>1,184,859</u>



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

Quarter and year to date ended 31 December 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	15,087	(13,099)	-	-	-	-	-	-	-	38,902
- Exercise of warrants	4	*	-	-	*	-	-	-	-	-	4
Reversal of warrants reserve upon expiry of the exercise rights of Warrants 2012/2015	-	-	-	-	(23,710)	-	-	-	-	23,710	-
Transfer to statutory surplus reserve	-	-	-	-	-	1,398	-	-	-	(1,398)	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	6,798	6,798
At 31 December 2015	246,681	15,087	-	489,446	23,975	36,432	(204,906)	33,401	(1)	603,547	1,243,662

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	
	31.12.2015 ⁽¹⁾ RMB'000	31.12.2014 RMB'000 (audited)
Profit before tax	12,370	67,208
Adjustments for non-cash flow:-		
Non-cash items	28,725	15,278
Non-operating items	(1,535)	(1,297)
Operating profit before working capital changes	39,560	81,189
Changes in working capital		
Net change in current assets	(122,840)	67,726
Net change in current liabilities	44,909	(42,849)
Cash (used in)/generated from operating activities	(38,371)	106,066
Income tax paid	(8,575)	(25,563)
Net cash (used in)/ generated from operating activities	(46,946)	80,503
Investing activities		
Interest received	2,095	1,891
Proceeds from disposal of property, plant and equipment	135	-
Purchase of property, plant and equipment	(2,866)	(6,537)
Net cash used in investing activities	(636)	(4,646)
Financing activities		
Proceeds from issuance of shares, net of expenses	-	153,053
Proceeds from issuance of shares pursuant to exercise of ESOS	38,902	-
Proceeds from issuance of shares pursuant to conversion of warrants	4	-
Interest paid	(560)	(594)
Net cash generated from financing activities	38,346	152,459
Net change in cash and cash equivalents	(9,236)	228,316
Cash and cash equivalents at beginning of financial year	517,914	289,873
Effect of changes in exchange rate	(29)	(275)
Cash and cash equivalents at end of financial year	508,649	517,914
Cash and cash equivalents at end of financial year		
Cash and bank balances	508,649	517,914

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 year 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 financial year 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 year 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**").



A6. Debts and Equity Securities (cont'd)

- (i) Corporate proposals relating to debts and/or equity securities (cont'd)

Corporate exercise announced during the financial year but completed after the financial year ended 31 December 2015

▪ *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, with the entitlement date fixed on 27 January 2016. The Proposed Bonus Issue of Shares has been completed on 28 January 2016, following the listing of and quotation for 1,347,738,911 Bonus Shares on the Main Market of Bursa Securities.

- (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 year under review.

The exercise rights of Warrants 2012 / 2015 have expired during the financial year 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.



A6. Debts and Equity Securities (cont'd)

(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 RMB5,953,215.

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 year under review.

A7. Dividend Paid or Declared

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



A8. Segment Information (cont'd)

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

(Quarter ended)	Own branding manufacturer RMB'000	Original equipment manufacturer ("OEM") RMB'000	Total RMB'000
<u>31 December 2015</u>			
Revenue	119,297	29,552	148,849
Interest income	515	10	525
Finance Cost	(133)	-	(133)
Net finance income/(expense)	382	10	392
<u>31 December 2014</u>			
Revenue	84,579	35,035	119,614
Interest income	467	13	480
Finance Cost	(131)	-	(131)
Net finance income/(expense)	336	13	349
(Year-to-date ended)			
	Own branding manufacturer RMB'000	Original equipment manufacturer ("OEM") RMB'000	Total RMB'000
<u>31 December 2015</u>			
Revenue	403,967	140,845	544,812
Interest income	2,052	43	2,095
Finance Cost	(560)	-	(560)
Net finance income/(expense)	1,492	43	1,535
<u>31 December 2014</u>			
Revenue	392,534	137,501	530,035
Interest income	1,727	68	1,795
Finance Cost	(594)	-	(594)
Net finance income/(expense)	1,133	68	1,201



A8. Segment Information (cont'd)

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 year 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 and Shandong
- 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 and Jilin

	Quarter ended 31.12.2015 RMB'000	Quarter ended 31.12.2014 RMB'000	Year to date ended 31.12.2015 RMB'000	Year to date ended 31.12.2014 RMB'000
Within the PRC:				
- Eastern region	8,565	5,602	28,238	26,399
- Southern region	64,668	59,771	260,420	252,167
- Western region	41,961	29,359	140,877	137,714
- Northern region	33,655	24,882	115,277	113,755
	148,849	119,614	544,812	530,035

Revenue by products

	Quarter ended 31.12.2015 RMB'000	Quarter ended 31.12.2014 RMB'000	Year to date ended 31.12.2015 RMB'000	Year to date ended 31.12.2014 RMB'000
Sports shoes	105,299	84,460	408,877	356,681
Sports apparels, accessories and equipment	43,550	35,154	135,935	173,354
	148,849	119,614	544,812	530,035



A9. Material Events

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

- (i) Completion of the Proposed Bonus Issue of Shares as disclosed under Note A6(i);
- (ii) 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.

The Company and YangSen have, on 29 February 2016, mutually agreed to terminate the HOA (“**Mutual Termination**”). Following negotiations, both parties concluded that it would be in both parties’ mutual interest to terminate the HOA as both parties were unable to come to an agreement on the terms and conditions for the Proposed Acquisition of YangSen after taking into consideration the recent and current market development.

Upon the Mutual Termination, the HOA becomes null and void and neither party shall have any claims whatsoever, directly or indirectly against the other in respect of the HOA.

Relevant details have been announced to Bursa Securities on 29 July 2015, 31 July 2015, 3 August 2015, 23 October 2015 and 29 February 2016 accordingly.

A10. Changes in the Composition of the Group

There are no changes in the composition of the Group during the financial year 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 December 2015 is as follows:

	As at 31.12.2015 RMB'000
Property, plant and equipment	
Approved but not contracted for	<u>40,658</u>

A13. Significant Related Party Transactions

	Quarter ended 31.12.2015 RMB'000	Quarter ended 31.12.2014 RMB'000	Year to date ended 31.12.2015 RMB'000	Year to date ended 31.12.2014 RMB'000
Rental paid to related parties	-	403	268	1,609

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 recorded improved sales during the current quarter and financial year under review, with revenue stood at RMB148.8 million and RMB544.8 million respectively, increased by approximately 24.4% and 2.8% when compared to the corresponding periods in 2014.

The growth was primarily supported by increased sales volume of sports shoes, in line with the gradual recovery of market demand. Total units of sports shoes sold stood at approximately 1.4 million pairs (Q4, 2014: 1.2 million pairs) and 5.6 million pairs (2014: 5.0 million pairs) respectively for the current quarter and financial year under review.

Gross profit for the current quarter and financial year under review remained commendable, stood at approximately RMB27.0 million and RMB103.2 million respectively, although this is lower by approximately 1.2% and 21.1% respectively when compared to the corresponding periods in preceding year despite the increase in sales. This was primarily due to lower sales achieved from sports apparels and accessories, which generally command higher margin as compared to sports shoes.

Profit level

Profit before tax ("PBT") for the current quarter and financial year under review stood at approximately RMB1.7 million (Q4, 2014: RMB5.2 million) and RMB12.4 million (2014: RMB67.2 million) respectively.

Net profit after tax ("PAT") for the current quarter and financial year under review stood at approximately RMB0.05 million (Q4, 2014: RMB6.6 million) and RMB6.8 million (2014: RMB49.6 million) respectively.

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

- (i) Lower gross profit as explained above; and
- (ii) Increase in administrative and other expenses incurred as a result of:
 - Higher advertisement costs incurred during the financial year under review, which is necessary to sustain the market awareness and brand exposure of the Group's proprietary 'XiDeLang' brand;
 - Higher payroll costs incurred during the current quarter and financial year under review, in line with the increase in headcounts and salary revision; and
 - One-off employees' benefit expenses of approximately RMB13.1 million in respect of ESOS granted to the eligible employees during the financial year 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 31 December 2015 RMB'000	Preceding quarter ended 30 September 2015 RMB'000
Revenue	148,849	138,375
Profit before taxation ("PBT")	<u>1,659</u>	<u>3,589</u>

Revenue for the current quarter ended 31 December 2015 stood at RMB148.8 million, improved by approximately 7.6% as compared to the preceding quarter ended 30 September 2015. This was primarily due to increase in sales of own-branding products, benefited from the improved market demand and launching of seasonal products (to cater for winter).

PBT for the current quarter ended 31 December 2015 stood at RMB1.7 million, halved as compared to RMB3.6 million in the preceding quarter ended 30 September 2015. This was primarily due to additional accruals made for property tax and land use right tax during the current quarter under review, directors' remuneration as well as audit fees. The increased in administrative and other expenses during the current quarter under review was, however, partially offset by the non-recurrence of employees' benefit expenses in respect of ESOS granted as incurred in the preceding quarter ended 30 September 2015.

B3. Prospects

The Group is cautiously optimistic that the consumer goods/ retail sectors in China will remain stable and positive for the foreseeable future fuelled by the following favourable factors:

- On-going urbanisation process with rising per capita disposable income;
- Proactive policies and measures implemented by Chinese Government to stabilise inflation and sustaining a healthy momentum in economic growth;
- Population growth, supported by the loosening of the restrictive one-child policy by the Chinese Government; and
- Rising awareness of healthy lifestyle and growing popularity of sports in China

The growth of China's sportswear industry, in the near term, is expected to be moderate due to the economic uncertainties. Nonetheless, barring any unforeseen circumstances, the Group expects the financial performance for financial year ending 31 December 2016 to remain robust in view of the stable domestic demand within China for sportswear coupled with stable 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. Tax (Expense) / Income

	Quarter ended 31.12.2015 RMB'000	Quarter ended 31.12.2014 RMB'000	Year to date ended 31.12.2015 RMB'000	Year to date ended 31.12.2014 RMB'000
Tax (expense)/income	(1,614)	1,440	(5,572)	(17,629)
Effective tax rate	-97.3%	+27.7%	-45.0%	-26.2%

The Group's operations are primarily concentrated in the PRC, where the prevailing statutory corporate tax rate stood at 25%.

In line with the lower profit for the current financial year, tax expenses of the Group reduced by approximately 68.4% from RMB17.6 million in year 2014 to RMB5.6 million in the current financial year.

Tax expenses stood at RMB1.6 million for the current quarter under review, as compared to tax income of RMB1.4 million during the Quarter 4, 2014.

Effective tax rate stood at 97.3% (Quarter 4, 2014: positive 27.7%) and 45.0% (Year 2014: 26.2%) for the current quarter and financial year under review respectively.

The effective tax rate of the Group for the current quarter and financial year under review were significantly higher than the statutory tax rate of 25% applicable in China primarily 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) Non-allowable expenses added back for the tax computation, in particular the accruals made for the property tax and land use right tax; 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 31 December 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 2016	29,100	17,509	11,591	39.7	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	18,109	11,591		

(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 2016	53,670	32,379	21,291	39.7	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	33,486	21,291		

N1 The remaining funds is expected to be fully utilised before 31 December 2016.

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

Rights Issue in 2014

The status of utilisation, as of 31 December 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 31 December 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Basic earnings per share				
Profit attributable to equity holders of the parent	45	6,646	6,798	49,579
Weighted average number of ordinary shares in issue ('000)	2,695,480	2,298,994	2,510,876	2,264,518
	RMB cent	RMB cent	RMB cent	RMB cent
BEPS	0.002	0.289	0.271	2.189

The basic earnings per ordinary share for both the financial years/periods ended 31 December 2015 and 2014 have taken into effect of the bonus issue completed subsequent to the financial year ended 31 December 2015 (i.e. on 28 January 2016). The effect of bonus issue was reflected in accordance with MFRS 133, where the earnings per share calculations for all periods shall be adjusted retrospectively.

(2) Diluted Earnings per Share (“DEPS”)

As of 31 December 2015, the Group has 181,499,212 Warrant 2014 / 2017 and 440,619,890 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.

Pursuant to the bonus issue completed subsequent to the financial year ended 31 December 2015 (i.e. on 28 January 2016), the following adjustments have been effected:

- Warrant 2014 / 2017 – The number of warrants in issue have been increased to 362,998,424 while the exercise price has been revised to RM0.18 each; and
- Warrant 2015 / 2018 – The number of warrants in issue have been increased to 881,239,780 with no adjustment to the exercise price of RM0.115 each (or RM equivalent of the par value of the Shares whichever is higher).



B9. Earnings per Share (cont'd)

(2) Diluted Earnings per Share ("DEPS) (cont'd)

The warrants in issue 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 12-months average closing market price of the Company's ordinary shares (after adjusted to take into effect the bonus issue completed subsequent to the financial year ended 31 December i.e. on 28 January 2016) was lower than the adjusted exercise price of both warrants in issue. As such, the diluted earnings per ordinary share is same as the basic earnings per ordinary share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the financial year/period.

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 December 2015 are analysed as follows:

	As at 31.12.2015 RMB'000
The retained earnings of the Company and its subsidiaries:	
- Realised	646,267
- Unrealised	24
	<hr/> 646,291
Add: Consolidation adjustments	(42,744)
	<hr/>
Total Group retained earnings as per consolidated financial statements	<hr/> 603,547 <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 year 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 31.12.2015 RMB'000	Year to date ended 31.12.2015 RMB'000
Interest income	524	2,095
Interest expense	(133)	(560)
Depreciation and amortisation expenses	(3,798)	(15,120)
Exceptional item		
- Employees' benefits expenses in respect of ESOS granted	-	(13,099)
Property, plant and equipment ('PPE') written off	-	(61)
Provision for and write off of inventories	(61)	(61)
(Gain)/Loss on disposal of PPE	(409)	(409)
Provision for and write off of receivables	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 RM0.6628 at 31 December 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 31.12.2015 RM'000	Quarter ended 31.12.2014 RM'000	Year to date ended 31.12.2015 RM'000	Year to date ended 31.12.2014 RM'000
Revenue	98,657	79,280	361,101	351,307
Cost of Sales	<u>(80,795)</u>	<u>(61,202)</u>	<u>(292,705)</u>	<u>(264,645)</u>
Gross Profit ("GP")	17,862	18,078	68,396	86,662
Other Income	781	1,623	1,821	2,856
Selling and Distribution Costs	(186)	(314)	(618)	(730)
Administrative and Other Expenses	(17,270)	(15,852)	(61,029)	(43,849)
Finance Costs	<u>(88)</u>	<u>(84)</u>	<u>(371)</u>	<u>(394)</u>
Profit before Tax ("PBT")	1,099	3,451	8,199	44,545
Tax Expense	<u>(1,070)</u>	<u>954</u>	<u>(3,693)</u>	<u>(11,685)</u>
Profit For The Period ("PAT")	<u>29</u>	<u>4,405</u>	<u>4,506</u>	<u>32,680</u>
Other Comprehensive Income:				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
Total Comprehensive Income	<u>29</u>	<u>4,405</u>	<u>4,506</u>	<u>32,680</u>
Profit attributable to:				
Equity holders of the parent	<u>29</u>	<u>4,405</u>	<u>4,506</u>	<u>32,680</u>
Total Comprehensive Income attributable to:				
Equity holders of the parent	<u>29</u>	<u>4,405</u>	<u>4,506</u>	<u>32,680</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	0.001	0.192	0.180	1.451
- Diluted (sen)	*	*	*	*



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

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	377,404	385,121
Land use rights	33,359	34,165
	410,763	419,286
Current Assets		
Inventories	4,758	7,351
Trade and other receivables	175,777	91,808
Cash and cash equivalents	337,133	343,273
Tax recoverable	1,287	-
	518,955	442,432
TOTAL ASSETS	929,718	861,718
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	163,500	463,436
Reserves	660,799	321,889
TOTAL EQUITY	824,299	785,325
Non-current Liabilities		
Deferred tax liabilities	12,955	12,602
Current Liabilities		
Trade and other payables	85,836	56,106
Bank borrowings	6,628	6,628
Current tax liabilities	-	1,057
	92,464	63,791
TOTAL LIABILITIES	105,419	76,393
TOTAL EQUITY AND LIABILITIES	929,718	861,718
Net assets per share (RM)	0.33	0.34



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

Quarter and year to date ended 31 December 2014	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	←----- Non-distributable ----->			Treasury Shares RM'000	Distributable		Total Equity RM'000
				Statutory Surplus Reserve RM'000	Merger Deficit RM'000	Exchange Translation Reserve RM'000		Retained Earnings RM'000		
At 1 January 2014	323,633	-	16,670	19,528	(135,811)	(11,683)	(1)	438,685	651,021	
Effects on conversion of functional currency	(29,989)	-	(1,879)	-	-	33,821	-	(1,953)	-	
Issue of new shares pursuant to the right issues exercise	97,024	4,420	-	-	-	-	-	-	101,444	
Bonus issue	72,768	(4,420)	-	-	-	-	-	(68,348)	-	
Free warrants pursuant to the right issues exercise	-	-	16,815	-	-	-	-	(16,815)	-	
Transfer to statutory surplus reserve	-	-	-	3,693	-	-	-	(3,693)	-	
Total comprehensive income for the year	-	-	-	-	-	-	-	32,860	32,860	
At 31 December 2014	463,436	-	31,606	23,221	(135,811)	22,138	(1)	380,736	785,325	



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

Quarter and year to date ended 31 December 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	463,436	-	-	-	31,606	23,221	(135,811)	22,138	(1)	380,736	785,325
Surplus arising from par value reduction	(324,405)	-	-	324,405	-	-	-	-	-	-	-
Granting of employees' share option scheme (ESOS)	-	-	8,682	-	-	-	-	-	-	-	8,682
Issuance of shares pursuant to:											
- Exercise of ESOS	24,467	9,999	(8,682)	-	-	-	-	-	-	-	25,784
- Exercise of warrants	2	*	-	-	*	-	-	-	-	-	2
Reversal of warrants reserve upon expiry of the exercise rights of Warrants 2012/2015	-	-	-	-	(15,715)	-	-	-	-	15,715	-
Transfer to statutory surplus reserve	-	-	-	-	-	927	-	-	-	(927)	-
Total comprehensive income for the year	-	-	-	-	-	-	-	-	-	4,506	4,506
At 31 December 2015	163,500	9,999	-	324,405	15,891	24,148	(135,811)	22,138	(1)	400,030	824,299

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

	Year to date ended	
	31.12.2015 RM'000	31.12.2014 RM'000
Profit before tax	8,199	44,545
Adjustments for non-cash flow:-		
Non-cash items	19,039	10,126
Non-operating items	(1,017)	(860)
Operating profit before working capital changes	26,221	53,811
Changes in working capital		
Net change in current assets	(81,418)	44,889
Net change in current liabilities	29,766	(28,400)
Cash generated from operating activities	(25,431)	70,300
Income tax paid	(5,684)	(16,943)
Net cash (used in)/ generated from operating activities	(31,115)	53,357
Investing activities		
Interest received	1,389	1,253
Proceeds from disposal of property, plant and equipment	89	-
Purchase of property, plant and equipment	(1,900)	(4,333)
Net cash used in investing activities	(422)	(3,080)
Financing activities		
Proceeds from issuance of shares, net of expenses	-	101,444
Proceeds from issuance of shares pursuant to exercise of ESOS	25,785	-
Proceeds from issuance of shares pursuant to conversion of warrants	2	-
Interest paid	(371)	(394)
Net cash generated from financing activities	25,416	101,050
Net change in cash and cash equivalents	(6,121)	151,327
Cash and cash equivalents at beginning of financial period	343,273	192,128
Effect of changes in exchange rate	(19)	(182)
Cash and cash equivalents at end of financial period	337,133	343,273
Cash and cash equivalents at end of financial period		
Cash and bank balances	337,133	343,273