



## **XiDeLang Holdings**

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

# **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021**

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2021 <sup>(1)</sup> RMB'000	Quarter ended 31.03.2020 <sup>(1)</sup> RMB'000	Financial period ended 31.03.2021 <sup>(1)</sup> RMB'000	Financial period ended 31.03.2020 <sup>(1)</sup> RMB'000
Revenue	104,989	n/a	291,958	n/a
Cost of Sales	<u>(84,884)</u>	<u>n/a</u>	<u>(226,058)</u>	<u>n/a</u>
Gross Profit	20,105	n/a	65,900	n/a
Other Income	763	n/a	2,477	n/a
Distribution Costs	(12,643)	n/a	(22,118)	n/a
Administrative and Other Expenses	(15,982)	n/a	(42,770)	n/a
Finance Costs	<u>-</u>	<u>n/a</u>	<u>(296)</u>	<u>n/a</u>
<b>(Loss)/Profit Before Tax</b>	<b>(7,757)</b>	<b>n/a</b>	<b>3,193</b>	<b>n/a</b>
Tax Expense	<u>(755)</u>	<u>n/a</u>	<u>(7,360)</u>	<u>n/a</u>
<b>Loss For The Period</b>	<b><u>(8,512)</u></b>	<b><u>n/a</u></b>	<b><u>(4,167)</u></b>	<b><u>n/a</u></b>
<b>Other Comprehensive Income:</b>				
Foreign currency translations	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>n/a</u>
Other Comprehensive Income, net of tax	<u>-</u>	<u>n/a</u>	<u>-</u>	<u>n/a</u>
<b>Total Comprehensive Loss</b>	<b><u>(8,512)</u></b>	<b><u>n/a</u></b>	<b><u>(4,167)</u></b>	<b><u>n/a</u></b>
<b>Loss attributable to:</b>				
Equity holders of the parent	<u>(8,512)</u>	<u>n/a</u>	<u>(4,167)</u>	<u>n/a</u>
<b>Total Comprehensive Loss attributable to:</b>				
Equity holders of the parent	<u>(8,512)</u>	<u>n/a</u>	<u>(4,167)</u>	<u>n/a</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic <sup>(2)</sup> (RMB cent)	(0.40)	n/a	(0.21)	n/a
- Diluted <sup>(2)</sup> (RMB cent)	(0.40)	n/a	(0.21)	n/a

**Notes:**

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the annual report and audited financial statements for the financial period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

Due to the change of financial year end from 31 December to 30 June, no comparative figures are available for the current quarter and period ended 31 March 2021 as it is not comparable with that of the corresponding quarter and period of the preceding financial year.

(2) Refer Note B9 for further details.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 31.03.2021 <sup>(1)</sup> RMB'000	As at 30.06.2020 RMB'000 (audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	510,180	520,333
Land use rights	43,940	44,852
	554,120	565,185
<b>Current Assets</b>		
Inventories	57,801	1,874
Trade and other receivables (Note @)	158,727	115,476
Current tax assets	1,085	2,098
Cash and cash equivalents	776,006	862,064
	993,619	981,512
<b>TOTAL ASSETS</b>	<b>1,547,739</b>	<b>1,546,697</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	454,658	452,534
Reserves	1,017,281	990,915
<b>TOTAL EQUITY</b>	1,471,939	1,443,449
<b>Non-current Liabilities</b>		
Deferred tax liabilities	24,332	24,318
<b>Current Liabilities</b>		
Trade and other payables (Note #)	51,328	66,390
Tax payable	140	140
Bank borrowings	-	12,400
	51,468	78,930
<b>TOTAL LIABILITIES</b>	75,800	103,248
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,547,739</b>	<b>1,546,697</b>
<b>Net assets per share (RMB)<sup>(2)</sup></b>	0.70	0.80

*Notes:*

- (1) *The Condensed Consolidated Statement of Financial Position should be read in conjunction with the annual report and audited financial statements for the financial period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Calculated based on the number of ordinary shares outstanding (excluding treasury shares) as at the end of the respective financial period(s).*

Remark

- (@) *Average credit terms granted to trade receivables by the Group are 120 to 150 days.*
- (#) *Average credit terms granted by trade payables to the Group are 120 days.*



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

Quarter and period ended 31 March 2021 <sup>(1)</sup>	Non-distributable						Distributable		Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption 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	
Balance at 1 July 2020	452,534	2,290	417,225	49,277	(204,906)	33,401	(1)	693,629	1,443,449
Total comprehensive loss	-	-	-	-	-	-	-	(4,167)	(4,167)
<b>Transactions with owners</b>									
Issue of shares pursuant to exercise of ESOS	2,124	30,533	-	-	-	-	-	-	32,657
Transfer to statutory surplus reserve	-	-	-	822	-	-	-	(822)	-
	2,124	30,533	-	822	-	-	-	(822)	32,657
Balance at 31 March 2021	454,658	32,823	417,225	50,099	(204,906)	33,401	(1)	688,640	1,471,939

**Note:**

(1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual report and audited financial statements for the financial period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

Due to the change of financial year end from 31 December to 30 June, no comparative figures are available for the current quarter and financial period ended 31 March 2021 as it is not comparable with that of the corresponding quarter and period of the preceding financial year.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial period ended	
	31.03.2021 <sup>(1)</sup> RMB'000	31.03.2020 <sup>(1)</sup> RMB'000
Profit before tax	3,193	n/a
Adjustments for non-operating cash flows:		
Non-cash items	13,197	n/a
Non-operating items	(2,181)	n/a
Operating profit before working capital changes	14,209	n/a
Changes in working capital		
Net change in current assets	(99,329)	n/a
Net change in current liabilities	(15,061)	n/a
Cash generated from operating activities	(100,181)	n/a
Income tax paid	(6,332)	n/a
Net cash used in operating activities	(106,513)	n/a
Investing activities		
Interest received	2,477	n/a
Purchase of property, plant and equipment	(1,983)	n/a
Net cash from investing activities	494	n/a
Financing activities		
Interest paid	(296)	n/a
Proceeds from issuance of new ordinary shares	32,657	n/a
Repayment of borrowings	(12,400)	n/a
Net cash from financing activities	19,961	n/a
Net change in cash and cash equivalents	(86,058)	n/a
Cash and cash equivalents at beginning of financial period	862,064	n/a
Cash and cash equivalents at end of financial period	776,006	n/a
Cash and cash equivalents at end of financial period		
Cash and bank balances	776,006	n/a

*Note:*

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the annual report and audited financial statements for the financial period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.*

*Due to the change of financial year end from 31 December to 30 June, no comparative figures are available for the current quarter and financial period ended 31 March 2021 as it is not comparable with that of the corresponding quarter and period of the preceding financial year.*



## 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 annual report and audited consolidated financial statements for the financial period 1 January 2019 to 30 June 2020 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 understanding of the changes in the financial position and performance of the Group since the financial period 1 January 2019 to 30 June 2020.

The significant accounting policies and methods of computation applied in these unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial period 1 January 2019 to 30 June 2020, save for the adoption of the following MFRS and Amendments to MFRSs during the current financial period as disclosed below:

#### Effective for annual periods commencing on or after 1 January 2020

*Amendments to References to the Conceptual Framework in MFRS Standards*, as issued by MASB on 30 April 2018

*Amendments to MFRS 3 Definition of a Business*

*Amendments to MFRS 101 and MFRS 108 Definition of Material*

*Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform*

#### Effective for annual periods commencing on or after 1 June 2020

*Amendment to MFRS 16 Covid-19 Related Rent Concessions*

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



## A1. BASIS OF PREPARATION (cont'd)

The following MFRSs and Amendments to MFRSs have been issued by the MASB but have not been early adopted by the Group:

Effective for annual periods commencing on or after 1 January 2021

*Interest Rate Benchmark Reform – Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)

Effective for annual periods commencing on or after 1 April 2021

Amendment to MFRS 16 *Covid-19 Related Rent Concessions beyond 30 June 2021*

Effective for annual periods commencing on or after 1 January 2022

Amendments to MFRSs contained in the document entitled “*Annual Improvements to MFRS Standards 2018-2020*”

Amendments to MFRS 3 *Reference to the Conceptual Framework*

Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*

Amendments to MFRS 137 *Onerous Contracts – Cost of Fulfilling a Contract*

Effective for annual periods commencing on or after 1 January 2023

MFRS 17 *Insurance Contracts*

Amendments to MFRS 17 *Insurance Contracts*

Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*

Amendments to MFRS 101 *Disclosure of Accounting Policies*

Amendments to MFRS 108 *Definition of Accounting Estimates*

Deferred

Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group is in the process of assessing the impact of implementing these accounting standards and amendments, 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 audited financial statements for the financial period 1 January 2019 to 30 June 2020 were not subject to any qualification.

## A3. SEASONALITY OR CYCLICALITY 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 the impact due to COVID-19 pandemic on the overall economic environment which our Group is inevitably exposed to, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial period under review.

#### A5. MATERIAL 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 quarter and financial period under review.

#### A6. DEBTS AND EQUITY SECURITIES

##### ○ *Proposed Par Value Reduction and Proposed ESOS*

The Company had, on 22 July 2020, proposed to undertake the following:

- (i) par value reduction via cancellation of USD0.039 of the par value of every existing issued and unissued share of the Company of USD0.04 pursuant to Sections 45 and 46 of the Companies Act, 1981 of Bermuda ("**Proposed Par Value Reduction**"); and
- (ii) establishment of an employees' share options scheme involving up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("**Proposed ESOS**").

The Proposed Par Value Reduction and Proposed ESOS were subsequently approved by the shareholders of the Company at the Special General Meeting convened on 3 September 2020. The Proposed Par Value Reduction took effect on 3 September 2020 and accordingly, was deemed completed on 3 September 2020. The ESOS has been implemented on, and takes effect from, 3 September 2020.

##### ○ *ESOS*

The Company had, on 3 September 2020, offered 270,732,400 units of ESOS to the eligible employees of the Group with an exercise price of RM0.0653 per share. The entire 270,732,400 units of ESOS were exercised in September 2020, resulting in 270,732,400 units of new Company's shares being issued at the price of RM0.0653 per share with the listing date on 11 September 2020. Total proceeds raised from the exercise of ESOS amounted to approximately RMB29.3 million.

The Company had, on 9 October 2020, offered additional 40,609,900 units of ESOS to the eligible employees of the Group with an exercise price of RM0.05 per share. The entire 40,609,900 units of ESOS were exercised in October 2020, resulting in 40,609,900 units of new Company's shares being issued at the price of RM0.05 per share with the listing date on 15 October 2020.





## A6. DEBTS AND EQUITY SECURITIES (cont'd)

Save for the above, there was 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

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review (*Quarter and 9-months financial period ended 31 March 2020: Nil*).

## A8. SEGMENT INFORMATION

The Group's activities are predominantly in designing, manufacturing and marketing of sports shoes as well as designing and marketing of sports apparel, accessories and equipment within the People's Republic of China ("PRC" or "China"). 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:

	Own branding manufacturer RMB'000	Original design manufacturer ("ODM") RMB'000	Total RMB'000
<b>Quarter ended</b>			
<b>31 March 2021</b>			
Revenue – footwear	34,599	70,390	104,989
<b>Financial period ended</b>			
<b>31 March 2021</b>			
Revenue – footwear	110,290	181,668	291,958

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



#### A8. SEGMENT INFORMATION (cont'd)

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 includes Jiangsu and Shandong.
- Southern region includes Fujian, Hubei, Hunan, Jiangxi and Anhui.
- Western region includes Sichuan, Guangxi, Guizhou, Yunnan, Chongqing, Gansu, Xinjiang and Shaanxi.
- Northern region includes Beijing, Henan, Heilongjiang, Liaoning, Shanxi and Jilin.

##### *Revenue by region*

	<b>Quarter ended 31.03.2021 RMB'000</b>	<b>Financial period ended 31.03.2021 RMB'000</b>
Within the PRC:		
- Eastern region	2,605	8,185
- Southern region	80,690	214,473
- Western region	12,146	38,406
- Northern region	9,548	30,894
	<hr/> <hr/> 104,989	<hr/> <hr/> 291,958

#### A9. MATERIAL EVENTS

There was no material event subsequent to the end of the current quarter that have not been reflected in this interim financial report and/or announced to Bursa Securities.

#### A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current quarter and 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 2021 is as follows:

	<b>As at 31.03.2021 RMB'000</b>
<b>Property, plant and equipment</b>	
Approved but not contracted for	<u>31,142</u>

## A13. RELATED PARTY TRANSACTIONS

There was no related party transaction entered into by the Group during the current quarter and financial period under review (*Quarter and 9-months financial period ended 31 March 2020: Nil*).

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

### B1. ANALYSIS OF PERFORMANCE

	3 months ended	
	31.03.2021 RMB'000	31.03.2020 RMB'000
Revenue	104,989	83,388
Gross profit	20,105	21,725
(Loss)/Profit before tax	(7,757)	8,352
(Loss)/Profit after tax / (Loss)/Profit attributable to equity holders of the parent	(8,512)	4,919

#### Revenue

Our Group's total revenue stood at RMB105.0 million for the current quarter under review, increased by approximately 25.9% as compared to 3 months ended 31 March 2020; primarily attributable to improved sales performance from both the Own-branding division and ODM division following the gradual recovery of market activities from the disruption caused COVID-19 pandemic.

#### Profitability

Our Group's gross profit stood at RMB20.1 million for the current quarter under review, lower by approximately 7.4% as compared to 3 months ended 31 March 2020; primarily due to lower gross profit margin achieved for the sales during the current quarter under review.

Our Group recorded loss after tax for the current quarter under review, primarily due to higher distribution costs incurred during the current quarter under review as a result of special sales rebates aggregating to RMB11.5 million granted to distributors and customers; an initiative implemented in recognition of the continuous and long-term support of our distributors and customers amid the COVID-19 pandemic.



## B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	31.03.2021	31.12.2020
	RMB'000	RMB'000
Revenue	104,989	119,777
Gross profit	20,105	29,076
(Loss)/Profit before tax	(7,757)	8,539
(Loss)/Profit after tax / (Loss)/Profit attributable to equity holders of the parent	(8,512)	3,804

Our Group's revenue for the current quarter under review was lower by approximately 12.3% or approximately RMB14.8 million as compared to the preceding quarter, primarily due to slowdown in market activities as a result of Chinese New Year festive celebration.

Our Group recorded loss after tax for the current quarter under review, as compared to the profit after tax of RMB3.8 million for the preceding quarter, primarily attributable to:

- (i) Lower gross profit achieved in line with moderation of sales performance; and
- (ii) Higher distribution costs incurred during the current quarter under review as a result of special sales rebates aggregating to RMB11.5 million granted to distributors and customers; an initiative implemented in recognition of the continuous and long-term support of our distributors and customers amid the COVID-19 pandemic.

### ADDITIONAL INFORMATION – TRADE RECEIVABLES

	As at	
	31.03.2021	30.06.2020
	RMB'000	RMB'000
Trade receivables – third party	161,165	117,259
Allowance for expected credit loss	(1,934)	(1,783)
	<u>159,231</u>	<u>115,476</u>

The normal credit terms granted by our Group ranging from 120 to 150 days. Due to the COVID-19 pandemic, certain grace period may be granted to our distributors and customers with regular monitoring. As of 31 March 2021, our Group was not aware of any significant concern on the recoverability of the trade receivables.



### B3. TAX EXPENSES

	3-months ended		9-months ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expenses	755	3,433	7,360	15,165

As our Group's principal operations are carried out in China, the effective tax rate reported by our Group is generally correlated to the statutory tax rate applicable in China. Our Group recorded tax expenses of approximately RMB0.8 million and RMB7.4 million respectively for the current quarter and financial period under review, despite the overall loss before tax position, primarily attributable to the following factors:

- (i) Additional deferred tax liabilities provided in relation to the expected withholding tax on undistributed profits of the PRC subsidiaries;
- (ii) Adjustment made to write-off current tax assets where the recoverability is uncertain; and
- (iii) No reversal was made for tax paid during the 6-months' period from 1 July 2020 to 31 December 2020, pending confirmation and clearance from the tax authorities on whether the special sales rebates would be allowed for tax deduction and entitled for tax refund.

### B4. OUTLOOK AND PROSPECTS

The unresolved geopolitical tensions, coupled with the COVID-19 pandemic, continue to cast shadows over the global economy and create uncertainties over market activities.

The industry outlook for the near term is anticipated to experience certain degree of volatility. Nevertheless, our Group is cautiously optimistic that the demands for sportswear within the domestic China market and global markets will recover gradually in the mid and long term.

Our Group will continue to closely monitor the development and is committed to take proactive and practical actions to safeguard the interests of our Group and our shareholders. Subject to the containment of the COVID-19 pandemic and gradual recovery of the global economy, our Group will strive to achieve a positive financial performance for the financial year ending 30 June 2021.

### B5. Profit Forecast

Not applicable as no profit forecast was previously published.

## 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 March 2021 is as follows:

<b>(In RM)</b>			<b>Proposed</b>	<b>Actual</b>	<b>Deviation</b>		
	<b>Purpose</b>	<b>Intended Timeframe</b>	<b>Utilisation RM'000</b>	<b>Utilisation RM'000</b>	<b>Amount RM'000</b>	<b>%</b>	
i)	Purchase machinery and equipment for new design and production centre	Before 31 December 2021	29,100	24,294	4,806	16.5 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	24,894	4,806		

<b>(In RMB)</b>			<b>Proposed</b>	<b>Actual</b>	<b>Deviation</b>		
	<b>Purpose</b>	<b>Intended Timeframe</b>	<b>Utilisation RMB'000</b>	<b>Utilisation RMB'000</b>	<b>Amount RMB'000</b>	<b>%</b>	
i)	Purchase machinery and equipment for new design and production centre	Before 31 December 2021	53,670	42,997	10,673	19.9 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	44,104	10,673		

N1 *In line with the Group's strategic re-positioning of business focus, the Group is making appropriate alteration to the types of machinery and equipment to be invested in. Accordingly, a longer period is required for the remaining funds to be fully utilised. Barring any unforeseen circumstances, the Group expects the remaining funds to be fully utilised before 31 December 2021.*

# *Differential rate of deviation between RMB and RM was due to fluctuations in exchange rate.*

## B6. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS (cont'd)

### Rights Issue in 2014

The status of utilisation, as of 31 March 2021 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 utilisation for the funds raised 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

There was no outstanding borrowings as at 31 March 2021.

## B8. CHANGES IN MATERIAL LITIGATION

As at the 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:

	3 months ended		Financial period ended	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the parent	(8,512)	n/a	(4,167)	n/a
Weighted average number of ordinary shares in issue ('000)	2,116,225	n/a	2,029,225	n/a
	<b>RMB cent</b>	<b>RMB cent</b>	<b>RMB cent</b>	<b>RMB cent</b>
BEPS	(0.40)	n/a	(0.21)	n/a

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

As of 31 March 2021, the Group has 902,441,557 Warrants D in issue, which entitles the holders the rights for conversion into 1 ordinary share for every 1 warrant at an exercise price of RM0.18 each (or RM equivalent of the par value of the ordinary share, whichever is higher) respectively.

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 diluted earnings per ordinary share is same as the basic earnings per 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 period end. Relevant disclosure and information, where applicable, would be made in future interim financial reports and annual financial statements.

## B10. 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.



**B11. 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:

	<b>Quarter ended 31.03.2021 RMB'000</b>	<b>Financial period ended 31.03.2021 RMB'000</b>
Interest income	763	2,477
Interest expense	-	(296)
Depreciation and amortisation expenses	(4,243)	(12,417)
Allowance made for expected credit loss	(30)	(151)
Assets written off	(610)	(629)
Foreign exchange gain/(loss)	N/A	N/A
Other income including investment income	N/A	N/A
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 quoted or unquoted investments or properties	N/A	N/A
Impairment of assets	N/A	N/A
Gain/Loss on derivatives	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 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 RM0.6326 at 31 March 2021. 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 31.03.2021 RM'000	Quarter ended 31.03.2020 RM'000	Financial period ended 31.03.2021 RM'000	Financial period ended 31.03.2020 RM'000
Revenue	66,416	n/a	184,693	n/a
Cost of Sales	(53,698)	n/a	(143,004)	n/a
Gross Profit	12,718	n/a	41,689	n/a
Other Income	483	n/a	1,567	n/a
Distribution Costs	(7,998)	n/a	(13,992)	n/a
Administrative and Other Expenses	(10,110)	n/a	(27,057)	n/a
Finance Costs	-	n/a	(187)	n/a
<b>(Loss)/Profit Before Tax</b>	<b>(4,907)</b>	<b>n/a</b>	<b>2,020</b>	<b>n/a</b>
Tax Expense	(478)	n/a	(4,656)	n/a
<b>Loss For The Period</b>	<b>(5,385)</b>	<b>n/a</b>	<b>(2,636)</b>	<b>n/a</b>
<b>Other Comprehensive Income:</b>				
Foreign currency translations	-	n/a	-	n/a
Other Comprehensive Income, net of tax	-	n/a	-	n/a
<b>Total Comprehensive Loss</b>	<b>(5,385)</b>	<b>n/a</b>	<b>(2,636)</b>	<b>n/a</b>
<b>Loss attributable to:</b>				
Equity holders of the parent	(5,385)	n/a	(2,635)	n/a
<b>Total Comprehensive Loss attributable to:</b>				
Equity holders of the parent	(5,385)	n/a	(2,635)	n/a
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic (sen)	(0.25)	n/a	(0.13)	n/a
- Diluted (sen)	(0.25)	n/a	(0.13)	n/a

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

	<b>As at 31.03.2021 RM'000</b>	<b>As at 30.06.2020 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	322,740	329,163
Land use rights	27,796	28,373
	<u>350,536</u>	<u>357,536</u>
<b>Current Assets</b>		
Inventories	36,565	1,185
Trade and other receivables	100,411	73,050
Current tax assets	686	1,327
Cash and cash equivalents	490,901	545,342
	<u>628,563</u>	<u>620,904</u>
<b>TOTAL ASSETS</b>	<b><u>979,099</u></b>	<b><u>978,440</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	287,617	286,273
Reserves	643,531	626,852
<b>TOTAL EQUITY</b>	<u>931,148</u>	<u>913,125</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	15,392	15,384
<b>Current Liabilities</b>		
Trade and other payables	32,470	41,998
Tax payable	89	89
Bank borrowings	-	7,844
	<u>32,559</u>	<u>49,931</u>
<b>TOTAL LIABILITIES</b>	<u>47,951</u>	<u>65,315</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>979,099</u></b>	<b><u>978,440</u></b>
<b>Net assets per share (RM)</b>	<u>0.44</u>	<u>0.51</u>



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

Quarter and period ended 31 March 2021	Non-distributable					Distributable			Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption 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	
Balance at 1 July 2020	286,273	1,449	263,937	31,173	(129,624)	21,129	(1)	438,789	913,125
Total comprehensive loss	-	-	-	-	-	-	-	(2,636)	(2,636)
<b>Transactions with owners</b>									
Issue of shares pursuant to exercise of ESOS	1,344	19,315	-	-	-	-	-	-	20,659
Transfer to statutory surplus reserve	-	-	-	520	-	-	-	(520)	-
	1,344	19,315	-	520	-	-	-	(520)	20,659
Balance at 31 March 2021	287,617	20,764	263,937	31,693	(129,624)	21,129	(1)	435,633	931,148



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

	Financial period ended	
	31.03.2021 RM'000	31.03.2020 RM'000
Profit before tax	2,020	n/a
Adjustments for non-operating cash flows:		
Non-cash items	8,348	n/a
Non-operating items	(1,380)	n/a
Operating profit before working capital changes	8,988	n/a
Changes in working capital		
Net change in current assets	(62,836)	n/a
Net change in current liabilities	(9,528)	n/a
Cash generated from operating activities	(63,376)	n/a
Income tax paid	(4,006)	n/a
Net cash used in operating activities	(67,382)	n/a
Investing activities		
Interest received	1,567	n/a
Purchase of property, plant and equipment	(1,254)	n/a
Net cash from investing activities	313	n/a
Financing activities		
Interest paid	(187)	n/a
Proceeds from issuance of new ordinary shares	20,659	n/a
Repayment of borrowings	(7,844)	n/a
Net cash from financing activities	12,628	n/a
Net change in cash and cash equivalents	(54,441)	n/a
Cash and cash equivalents at beginning of financial period	545,342	n/a
Cash and cash equivalents at end of financial period	490,901	n/a
Cash and cash equivalents at end of financial period		
Cash and bank balances	490,901	n/a