



## **XiDeLang Holdings Ltd**

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

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

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
<b>CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>1</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>2</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>3 – 4</b>
<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>5</b>
<b>EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)</b>	<b>6 – 10</b>
<b>ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES</b>	<b>11 – 18</b>
<b>APPENDICES</b>	
<b>- FINANCIAL STATEMENTS TRANSLATED INTO RINGGIT MALAYSIA (FOR ILLUSTRATIVE PURPOSE ONLY)</b>	<b>19 – 23</b>



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2021 <sup>(1)</sup> RMB'000	Quarter ended 31.12.2020 <sup>(1)</sup> RMB'000	Financial period ended 31.12.2021 <sup>(1)</sup> RMB'000	Financial period ended 31.12.2020 <sup>(1)</sup> RMB'000
Revenue	114,391	119,777	252,226	186,969
Cost of Sales	(97,449)	(90,701)	(208,199)	(141,174)
Gross Profit ("GP")	16,942	29,076	44,027	45,795
Other Income	816	869	1,634	1,714
Distribution Costs	(635)	(4,899)	(1,153)	(9,475)
Administrative and Other Expenses	(64,865)	(16,371)	(90,913)	(26,788)
Finance Costs	(43)	(136)	(43)	(296)
<b>Profit Before Tax ("PBT")</b>	(47,785)	8,539	(46,448)	10,950
Tax Expense	2,276	(4,735)	2,162	(6,605)
<b>Profit for the Period ("PAT")</b>	<b>(45,509)</b>	<b>3,804</b>	<b>(44,286)</b>	<b>4,345</b>
<b>Other Comprehensive Income:</b>				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
<b>Total Comprehensive Income</b>	<b>(45,509)</b>	<b>3,804</b>	<b>(44,286)</b>	<b>4,345</b>
<b>Profit attributable to:</b>				
Equity holders of the parent	(45,509)	3,804	(44,286)	4,345
<b>Total Comprehensive Income attributable to:</b>				
Equity holders of the parent	(45,509)	3,804	(44,286)	4,345
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic <sup>(2)</sup> (RMB cent)	(2.15)	0.18	(2.09)	0.22
- Diluted <sup>(2)</sup> (RMB cent)	(2.15)	0.18	(2.09)	0.22

**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 year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.

(2) Refer Note B9 for further details.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 31.12.2021 <sup>(1)</sup> RMB'000	As at 30.06.2021 RMB'000 (audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	497,739	504,394
Land use rights	43,027	43,635
Deferred tax assets	5,715	5,715
	546,481	553,744
<b>Current Assets</b>		
Inventories	832	10,199
Trade and other receivables (Note @)	129,370	142,075
Cash and cash equivalents	866,831	833,829
	997,033	986,103
<b>TOTAL ASSETS</b>	<b>1,543,514</b>	<b>1,539,847</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	13,437	13,437
Reserves	1,393,834	1,438,120
<b>TOTAL EQUITY</b>	1,407,271	1,451,557
<b>Non-current Liabilities</b>		
Deferred tax liabilities	20,872	23,034
<b>Current Liabilities</b>		
Trade and other payables (Note #)	102,831	65,116
Borrowings	12,400	-
Tax payable	140	140
	115,371	65,256
<b>TOTAL LIABILITIES</b>	136,243	88,290
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,543,514</b>	<b>1,539,847</b>
<b>Net assets per share (RMB)<sup>(2)</sup></b>	0.66	0.69

**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 year ended 30 June 2021 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 financial period/year.*

**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	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	ESOS reserve RMB'000	Retained earnings RMB'000	
31 December 2020										
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 income	-	-	-	-	-	-	-	-	4,345	4,345
<b>Transactions with owners</b>										
Par value reduction	(441,221)	-	441,221	-	-	-	-	-	-	-
Grant of ESOS #	-	-	-	-	-	-	-	10,040	(10,040)	-
Issue of shares pursuant to exercise of ESOS	2,124	40,573	-	-	-	-	-	(10,040)	-	32,657
Transfer to statutory surplus reserve	-	-	-	1,285	-	-	-	-	(1,285)	-
	(439,097)	40,573	-	1,285	-	-	-	-	(11,325)	32,657
Balance at 31 December 2020	13,437	42,863	858,446	50,562	(204,906)	33,401	(1)	-	686,649	1,480,451

Remark

# Additional employee benefit in relation to the granting of ESOS was expensed off in previous financial year, upon finalisation of the annual audited financial statements for the financial year ended 30 June 2021.



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

Quarter and period ended 31 December 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 2021	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	659,040	1,451,557
Total comprehensive income	-	-	-	-	-	-	-	(44,286)	(44,286)
Balance at 31 December 2021	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	614,754	1,407,271

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 year ended 30 June 2021 and the accompanying explanatory notes attached to this interim financial report.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial period ended	
	31.12.2021 <sup>(1)</sup> RMB'000	31.12.2020 RMB'000
Profit before tax	(46,448)	10,950
Adjustments for non-operating cash flows:		
Non-cash items	65,293	8,314
Non-operating items	(1,591)	(1,418)
Operating profit before working capital changes	17,254	17,846
Changes in working capital		
Net change in current assets	(34,998)	(129,402)
Net change in current liabilities	37,715	66,336
Cash generated from operating activities	19,971	(45,220)
Income tax paid	-	(2,938)
Net cash from/(used in) operating activities	19,971	(48,158)
Investing activities		
Interest received	1,634	1,714
Purchase of property, plant and equipment	(960)	(337)
Net cash from investing activities	674	1,377
Financing activities		
Interest paid	(43)	(296)
Proceeds from issuance of new ordinary shares	-	32,657
Drawdown/(Repayment) of borrowings	12,400	(12,400)
Net cash from financing activities	12,357	19,961
Net change in cash and cash equivalents	33,002	(26,820)
Cash and cash equivalents at beginning of financial period	833,829	862,064
Cash and cash equivalents at end of financial period	866,831	835,244
Cash and cash equivalents at end of financial period		
Cash and bank balances	866,831	835,244

*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 year ended 30 June 2021 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 annual report and audited consolidated financial statements for the financial year ended 30 June 2021 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 year ended 30 June 2021.

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 audited financial statements for the financial year ended 30 June 2021, 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 2021

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

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

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.

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 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*

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

Effective for annual periods commencing on or after 1 January 2023

*MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information*

*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*

*Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 annual audited financial statements for the financial year ended 30 June 2021 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**

There was no 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 financial period ended 31 December 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 31 December 2021</b>			
Revenue – footwear	6,702	107,689	114,391
<b>Quarter ended 31 December 2020</b>			
Revenue – footwear	54,335	65,442	119,777
	Own branding manufacturer RMB'000	Original design manufacturer ("ODM") RMB'000	Total RMB'000
<b>Financial period ended 31 December 2021</b>			
Revenue – footwear	39,884	212,342	252,226
<b>Financial period ended 31 December 2020</b>			
Revenue – footwear	75,691	111,278	186,969



## 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*

	Quarter Ended		Financial Period Ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
Within the PRC:				
- Eastern region	-	3,989	2,435	5,580
- Southern region	110,096	81,502	227,004	133,783
- Western region	3,124	19,121	17,186	26,260
- Northern region	1,171	15,165	5,601	21,346
	114,391	119,777	252,226	186,969

## 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 December 2021 is as follows:

	<b>As at 31.12.2021 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 financial period ended 31 December 2020: Nil*).

**[THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**



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

### B1. ANALYSIS OF PERFORMANCE

	Quarter ended 31.12.2021 RMB'000	Quarter ended 31.12.2020 RMB'000	Financial period ended 31.12.2021 RMB'000	Financial period ended 31.12.2020 RMB'000
Revenue	114,391	119,777	252,226	186,969
Gross profit	16,942	29,076	44,207	45,795
Profit before tax	(47,785)	8,539	(46,448)	10,950

#### Revenue

Our Group's total revenue stood at RMB114.4 million for the current quarter under review, decreased by approximately 4.5% as compared to the preceding year corresponding quarter. This was mainly due to reduced sales from Own-branding division during the current quarter under review, as our Group has resolved to cease the supply for Own-branding division to mitigate our credit risk exposure after taking into consideration the prevailing market uncertainties and the financial distress faced by our authorised distributors. This was, however, partially mitigated by increased orders from ODM division; in line with our Group's strategic alignment to focus on ODM manufacturing.

Our Group's total revenue stood at RMB252.2 million for the financial period under review, increased by approximately 34.9% as compared to preceding year corresponding period; mainly due to increase in sales for ODM division in line with our Group's strategic alignment to focus on ODM manufacturing.

#### Profitability

Our Group recorded loss before tax of approximately RMB47.8 million and RMB46.4 million respectively for the current quarter and financial period under review, mainly due to overall increase in administrative and other expenses as a result of additional credit loss allowance being recognised in relation to balances owing from our authorised distributors, after taking into consideration the financial distress faced by our authorised distributors as they experienced adverse impact and disruption to their operations caused by the ongoing COVID-19 pandemic.



## B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Quarter ended	
	31.12.2021	30.09.2021
	RMB'000	RMB'000
Revenue	114,391	137,835
Gross profit	16,942	27,085
Profit/(Loss) before tax	(47,785)	1,337
Profit/(Loss) after tax / Profit/(Loss) attributable to equity holders of the parent	(45,509)	1,223

Revenue for the current quarter under review decreased by approximately 17.0% as compared to preceding quarter, mainly due to sales recorded from Own-branding division decreased from RMB33.2 million for the preceding quarter to RMB6.7 million for the current quarter under review; as our authorised distributors experienced adverse impact and disruption to their operations caused by the ongoing COVID-19 pandemic. After taking into consideration the prevailing market uncertainties and the financial distress faced by our authorised distributors, our Group has resolved to cease the supply for Own-branding division to mitigate our credit risk exposure.

Our Group recorded loss before tax and loss after tax of approximately RMB47.8 million and RMB45.5 million respectively for the current quarter and financial period under review, as compared to a profit position for the preceding quarter, in line with the moderation in revenue and gross profit for the current quarter and financial period under review and as a result of additional allowance for credit loss made in relation to outstanding balances owing from our authorised distributors.

### ADDITIONAL INFORMATION – TRADE RECEIVABLES

	As at	
	31.12.2021	30.09.2021
	RMB'000	RMB'000
Trade receivables – third party	209,489	226,412
Allowance for expected credit loss	(80,119)	(31,615)
	<u>129,370</u>	<u>194,797</u>

The normal credit terms granted by our Group ranging from 120 to 150 days. Our Group will monitor closely the credit risk exposure amid the COVID-19 pandemic.



### B3. TAX INCOME/(EXPENSES)

	Quarter ended		Financial period ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
Tax income/(expenses)	2,276	(4,735)	2,162	(6,605)

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.

For the current quarter and financial period under review, our Group recorded tax income of approximately RMB2.3 million and RMB2.2 million respectively, as compared to tax expenses of approximately RMB4.7 million and RMB6.6 million in the preceding year corresponding quarter and financial period; mainly due to lower provision of income tax and reversal of deferred tax liabilities in relation to the expected withholding tax on undistributed profits of the PRC subsidiaries, in line with the loss position reported by our Group for the current quarter and financial period under review.

### 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 higher degree of volatility, particularly with the resurgence of COVID-19 cases in recent months despite the increasing vaccination rate globally. Consumers are expected to remain prudent on spending, while market competitions are expected to intensify with industry players remain conservative in terms of operations and expansion.

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 and stakeholders. Our Group is of the view that the demands for the sportswear within the domestic China market and global markets will recover gradually in the mid and long-term, upon stabilisation and containment of the COVID-19 pandemic.

Subject to the containment of the COVID-19 pandemic and gradual recovery of global economy, our Group will strive to achieve positive financial performance for the financial year ending 30 June 2022.

### 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 December 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 2022	29,100	24,876	4,224	14.5 #	N1
ii) Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
		29,700	25,476	4,224		

<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 2022	53,670	43,896	9,774	18.2 #	N1
ii) Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
		54,777	45,003	9,774		

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. In view of that and taking into consideration the current market volatility and uncertainty caused by the COVID-19 pandemic, 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 2022.*

# *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 December 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)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	83,700	-	83,700	100
ii)	Estimated expenses in relation to the Proposals	Immediate	1,000	1,000	-	-
			84,700	1,000	83,700	

<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)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	151,246	-	151,246	100
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. At this juncture, taking into consideration the market volatility and uncertainty caused by the COVID-19 pandemic, this may take longer time to commence. All the funds are currently kept in the Group's banking account maintained with the Industrial and Commercial Bank of China.*



## B7. BORROWINGS

The Group's borrowings consist of short-term loan from financial institution, arranged in the PRC and denominated in RMB.

As at 31 December 2021, the Group's outstanding borrowings are as follows:

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
<b>Current (<i>within 12 months</i>)</b>			
Short-term bank loan	12,400	-	12,400
	<u>12,400</u>	<u>-</u>	<u>12,400</u>

## 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.

## B9. EARNINGS PER SHARE

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

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

	Quarter ended		Financial period ended	
	31.12.2021 RMB'000	31.12.2020 RMB'000	31.12.2021 RMB'000	31.12.2020 RMB'000
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent	<u>(45,509)</u>	<u>3,804</u>	<u>(44,286)</u>	<u>4,345</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,116,226</u>	<u>2,109,603</u>	<u>2,116,226</u>	<u>1,986,671</u>
	<b>RMB cent</b>	<b>RMB cent</b>	<b>RMB cent</b>	<b>RMB cent</b>
BEPS	<u>(2.15)</u>	<u>0.18</u>	<u>(2.09)</u>	<u>0.22</u>

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

As of 31 December 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.



## **B9. EARNINGS PER SHARE (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 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.

Warrants D subsequently expired on 17 January 2022 and all unexercised Warrants D has lapsed and become null and void and ceased to be valid on the even date. Warrants D have been removed from the Official List of Bursa Securities with effect from 19 January 2022.

## **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.

**[THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**

**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:

	Quarter ended		Financial period ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	816	869	1,634	1,714
Interest expense	(43)	(136)	(43)	(296)
Depreciation and amortisation expenses	(4,110)	(4,129)	(8,221)	(8,174)
(Provision)/Reversal of allowance for expected credit loss	(48,503)	(687)	(57,069)	(121)
Assets written off	(3)	(19)	(3)	(19)
Foreign exchange gain/(loss)	N/A	N/A	N/A	N/A
Other income including investment income	N/A	N/A	N/A	N/A
Provision for and write off of inventories	N/A	N/A	N/A	N/A
Gain/Loss on disposal of quoted or unquoted investments or properties	N/A	N/A	N/A	N/A
Impairment of assets	N/A	N/A	N/A	N/A
Gain/Loss on derivatives	N/A	N/A	N/A	N/A

"N/A" denotes not applicable.

**[THE REST OF THE PAGE HAS BEEN INTENTIONALLY LEFT BLANK]**



## **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 RM0.6547 at 31 December 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 31.12.2021 RM'000	Quarter ended 31.12.2020 RM'000	Financial period ended 31.12.2021 RM'000	Financial period ended 31.12.2020 RM'000
Revenue	74,892	78,418	165,132	122,409
Cost of Sales	<u>(63,800)</u>	<u>(59,382)</u>	<u>(136,308)</u>	<u>(92,427)</u>
Gross Profit ("GP")	11,092	19,036	28,824	29,982
Other Income	534	569	1,070	1,122
Distribution Costs	(416)	(3,207)	(755)	(6,203)
Administrative and Other Expenses	(42,467)	(10,718)	(59,521)	(17,538)
Finance Costs	<u>(28)</u>	<u>(89)</u>	<u>(28)</u>	<u>(194)</u>
<b>Profit Before Tax ("PBT")</b>	(31,285)	5,591	(30,410)	7,169
Tax Expense	<u>1,490</u>	<u>(3,100)</u>	<u>1,415</u>	<u>(4,324)</u>
<b>Profit for the Period ("PAT")</b>	<u>(29,795)</u>	<u>2,491</u>	<u>(28,995)</u>	<u>2,845</u>
<b>Other Comprehensive Income:</b>				
Foreign currency translations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income</b>	<u>(29,795)</u>	<u>2,491</u>	<u>(28,995)</u>	<u>2,845</u>
<b>Profit attributable to:</b>				
Equity holders of the parent	<u>(29,795)</u>	<u>2,491</u>	<u>(28,995)</u>	<u>2,845</u>
<b>Total Comprehensive Income attributable to:</b>				
Equity holders of the parent	<u>(29,795)</u>	<u>2,491</u>	<u>(28,995)</u>	<u>2,845</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic (sen)	(1.41)	0.12	(1.37)	0.14
- Diluted (sen)	(1.41)	0.12	(1.37)	0.14



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

	As at 31.12.2021 RM'000	As at 30.06.2021 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	325,870	330,227
Land use rights	28,170	28,568
Deferred tax assets	3,742	3,742
	357,782	362,537
<b>Current Assets</b>		
Inventories	545	6,677
Trade and other receivables	84,698	93,016
Cash and cash equivalents	567,514	545,908
	652,757	645,601
<b>TOTAL ASSETS</b>	<b>1,010,539</b>	<b>1,008,138</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	8,797	8,797
Reserves	912,542	941,537
<b>TOTAL EQUITY</b>	921,339	950,334
<b>Non-current Liabilities</b>		
Deferred tax liabilities	13,665	15,080
<b>Current Liabilities</b>		
Trade and other payables	67,325	42,632
Borrowings	8,118	-
Tax payable	92	92
	75,535	42,724
<b>TOTAL LIABILITIES</b>	89,200	57,804
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,010,539</b>	<b>1,008,138</b>
<b>Net assets per share (RM)</b>	0.43	0.45



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

Quarter and period ended 31 December 2021	----- <i>Non-distributable</i> ----->						<i>Distributable</i>		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 2021	8,797	28,062	562,025	32,262	(134,152)	21,868	(1)	431,473	950,334
Total comprehensive income	-	-	-	-	-	-	-	(28,995)	(28,995)
Balance at 31 December 2021	8,797	28,062	562,025	32,262	(134,152)	21,868	(1)	402,478	921,339



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

	Financial period ended	
	31.12.2021 RM'000	31.12.2020 RM'000
Profit before tax	(30,410)	7,169
Adjustments for non-operating cash flows:		
Non-cash items	42,747	5,443
Non-operating items	(1,042)	(928)
Operating profit before working capital changes	<u>11,295</u>	<u>11,684</u>
Changes in working capital		
Net change in current assets	(22,913)	(84,719)
Net change in current liabilities	24,693	43,430
Cash generated from operating activities	13,075	(29,605)
Income tax paid	-	(1,924)
Net cash from/(used in) operating activities	<u>13,075</u>	<u>(31,529)</u>
Investing activities		
Interest received	1,070	1,122
Purchase of property, plant and equipment	(629)	(221)
Net cash from investing activities	<u>441</u>	<u>901</u>
Financing activities		
Interest paid	(28)	(194)
Proceeds from issuance of new ordinary shares	-	21,381
Drawdown/(Repayment) of borrowings	8,118	(8,118)
Net cash from financing activities	<u>8,090</u>	<u>13,069</u>
Net change in cash and cash equivalents	21,606	(17,559)
Cash and cash equivalents at beginning of financial period	<u>545,908</u>	<u>564,393</u>
Cash and cash equivalents at end of financial period	<u>567,514</u>	<u>546,834</u>
Cash and cash equivalents at end of financial period		
Cash and bank balances	<u>567,514</u>	<u>546,834</u>