



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.6.2022 ⁽¹⁾ RMB'000	Quarter ended 30.6.2021 RMB'000	Financial year ended 30.6.2022 ⁽¹⁾ RMB'000	Financial year ended 30.6.2021 ^{(1),(3)} RMB'000 (Restated) ⁽⁴⁾
Revenue	154,722	99,597	454,093	380,081
Cost of sales	<u>(141,246)</u>	<u>(87,614)</u>	<u>(392,848)</u>	<u>(315,396)</u>
Gross profit ("GP")	13,476	11,983	61,245	64,685
Other income	791	775	3,201	3,252
Allowance for expected credit losses – net	(1,809)	(21,115)	(58,878)	(21,266)
Selling and distribution expenses	(45,878)	(967)	(49,338)	(11,612)
Administrative expenses	(45,741)	(27,025)	(102,128)	(68,669)
Finance costs	<u>(138)</u>	<u>-</u>	<u>(316)</u>	<u>(296)</u>
Loss before tax	(79,299)	(36,349)	(146,214)	(33,906)
Taxation	<u>3,722</u>	<u>5,928</u>	<u>6,824</u>	<u>(1,432)</u>
Net loss / Total comprehensive loss for the year	<u>(75,577)</u>	<u>(30,421)</u>	<u>(139,390)</u>	<u>(35,338)</u>
Net loss / Total comprehensive loss attributable to:				
Equity holders of the parent	<u>(75,577)</u>	<u>(30,421)</u>	<u>(139,390)</u>	<u>(35,338)</u>
Loss per share attributable to equity holders of the parent				
- Basic ⁽²⁾ (RMB cent)	(3.57)	(1.44)	(6.59)	(1.72)
- Diluted ⁽²⁾ (RMB cent)	(3.57)	(1.44)	(6.59)	(1.72)

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.*
- (3) *The figures disclosed herein in respect of the financial year ended 30 June 2021 are based on the audited results, which may deviate from the unaudited figures disclosed in the prior year interim financial report due to audit adjustments.*
- (4) *Administrative expenses are restated to take into account property and land use taxes payable in respect of the financial year ended 30 June 2021 which were not taken up in prior year. The aforementioned property and land use taxes payable are based on the directive/instruction issued by the local authority and received by our Group during the current financial year ended 30 June 2022.*



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.6.2022 ⁽¹⁾ RMB'000 (unaudited)	As at 30.6.2021 RMB'000 (Restated) ⁽³⁾
ASSETS		
Non-Current Assets		
Property, plant and equipment	493,426	504,394
Land use rights	42,418	43,635
Deferred tax assets	5,715	5,715
	541,559	553,744
Current Assets		
Inventories	5,783	10,199
Trade and other receivables (Note @)	218,222	142,075
Cash and cash equivalents	753,855	833,829
	977,860	986,103
TOTAL ASSETS	1,519,419	1,539,847
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	13,437	13,437
Reserves	1,286,432	1,425,822
TOTAL EQUITY	1,299,869	1,439,259
Non-current Liabilities		
Deferred tax liabilities	16,210	23,034
Current Liabilities		
Trade and other payables (Note #)	190,800	77,414
Borrowings	12,400	-
Tax payable	140	140
	203,340	77,554
TOTAL LIABILITIES	219,550	100,588
TOTAL EQUITY AND LIABILITIES	1,519,419	1,539,847
Net assets per share (RMB) ⁽²⁾	0.61	0.68

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.*
- (3) *Retained earnings and trade and other payables are restated to take into account property and land use taxes payable in respect of the historical financial years which were not taken up in prior years. The aforementioned property and land use taxes payable are based on the directive/instruction issued by the local authority and received by our Group during the current financial year ended 30 June 2022.*

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

(Restated)	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	
Quarter and year ended 30 June 2021 ⁽¹⁾										
Balance at 1 July 2020	452,534	2,290	417,225	49,277	(204,906)	33,401	(1)	-	693,629	1,443,449
Prior year adjustment ⁽²⁾	-	-	-	-	-	-	-	-	(11,549)	(11,549)
Restated balance at 1 July 2020	452,534	2,290	417,225	49,277	(204,906)	33,401	(1)	-	682,080	1,431,900
Total comprehensive loss (restated) ⁽²⁾	-	-	-	-	-	-	-	-	(35,338)	(35,338)
Transactions with owners										
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	-	-	-	-	-	-	-	-	-	-
	(439,097)	40,573	441,221	-	-	-	-	-	-	42,697
Balance at 30 June 2021 (restated)	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	-	646,742	1,439,259



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

(Unaudited)	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	
Quarter and year ended 30 June 2022 ⁽³⁾									
Balance at 1 July 2021	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	659,040	1,451,557
Prior year adjustment ⁽²⁾	-	-	-	-	-	-	-	(12,298)	(12,298)
Restated balance at 1 July 2021	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	646,742	1,439,259
Total comprehensive loss	-	-	-	-	-	-	-	(139,390)	(139,390)
Balance at 30 June 2022	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	507,352	1,299,869

Notes:

- (1) The figures disclosed herein in respect of the financial year ended 30 June 2021 are based on the audited results, which may deviate from the unaudited figures disclosed in the prior year interim financial report due to audit adjustments.
- (2) Retained earnings and total comprehensive loss are restated to take into account property and land use taxes payable in respect of the historical financial years which were not taken up in prior years. The aforementioned property and land use taxes payable are based on the directive/instruction issued by the local authority and received by our Group during the current financial year ended 30 June 2022.
- (3) 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

	Financial year ended	
	30.6.2022 ⁽¹⁾	30.6.2021 ⁽²⁾
	RMB'000	RMB'000
	(Unaudited)	(Restated) ⁽³⁾
Loss before tax	(146,214)	(33,906)
Adjustments for non-operating cash flows:		
Non-cash items	75,580	50,391
Non-operating items	(2,872)	(2,956)
Operating profit before working capital changes	(73,506)	13,529
Changes in working capital		
Net change in current assets	(130,610)	(56,190)
Net change in current liabilities	113,386	(525)
Cash used in operations	(90,730)	(43,186)
Income tax paid	-	(6,333)
Net cash used in operating activities	(90,730)	(49,519)
Investing activities		
Interest received	3,188	3,252
Sales proceed from disposal of property, plant and equipment	-	54
Purchase of property, plant and equipment	(4,516)	(1,983)
Net cash (used in)/from investing activities	(1,328)	1,323
Financing activities		
Interest paid	(316)	(296)
Proceeds from issuance of new ordinary shares	-	32,657
Drawdown/(Repayment) of borrowings	12,400	(12,400)
Net cash from financing activities	12,084	19,961
Net change in cash and cash equivalents	(79,974)	(28,235)
Cash and cash equivalents at beginning of financial year	833,829	862,064
Cash and cash equivalents at end of financial year	753,855	833,829
Cash and cash equivalents at end of financial year		
Cash and bank balances	753,855	833,829

Notes:

- (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.*
- (2) *The figures disclosed herein in respect of the financial year ended 30 June 2021 are based on the audited results, which may deviate from the unaudited figures disclosed in the prior year interim financial report due to audit adjustments.*
- (3) *Certain comparative figures are restated to take into account property and land use taxes payable in respect of the historical financial years which were not taken up in prior years. The aforementioned property and land use taxes payable are based on the directive/instruction issued by the local authority and received by our Group during the current financial year ended 30 June 2022.*



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 and the implementation of wider lockdown by the Government of China to curb the rising positive COVID-19 cases 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 year 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 year 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 year under review.

A7. DIVIDEND PAID

The Board of Directors did not recommend any payment of dividend during the current quarter and financial year under review (*Quarter and financial year ended 30 June 2021: 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
Quarter ended 30 June 2022			
Revenue – footwear	-	154,722	154,722
Quarter ended 30 June 2021			
Revenue – footwear	50,671	48,926	99,597



A8. SEGMENT INFORMATION (cont'd)

	Own branding manufacturer RMB'000	Original design manufacturer ("ODM") RMB'000	Total RMB'000
Financial year ended 30 June 2022			
Revenue – footwear	39,884	414,209	454,093
Financial year ended 30 June 2021 [^]			
Revenue – footwear	157,595	222,486	380,081

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 Year Ended	
	30.6.2022 RMB'000	30.6.2021 RMB'000	30.6.2022 RMB'000	30.6.2021 [^] RMB'000
Within the PRC:				
- Eastern region	-	5,252	2,435	13,184
- Southern region	154,722	64,006	428,871	269,415
- Western region	-	18,868	17,186	56,076
- Northern region	-	11,471	5,601	41,406
	154,722	99,597	454,093	380,081

Remark:

[^] The figures disclosed herein in respect of the financial year ended 30 June 2021 are based on the audited results, which may deviate from the unaudited figures disclosed in the prior year interim financial report due to audit adjustments.



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 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 30 June 2022 is as follows:

	As at 30.6.2022 RMB'000
Property, plant and equipment	
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 year under review (*Quarter and financial year ended 30 June 2021: Nil*).

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

B1. ANALYSIS OF PERFORMANCE

	Quarter ended 30.6.2022 RMB'000	Quarter ended 30.6.2021 RMB'000	Financial year ended 30.6.2022 RMB'000	Financial year ended 30.6.2021 RMB'000
Revenue	154,722	99,597	454,093	380,081
Gross profit	13,476	11,983	61,245	64,685
Loss before tax	(79,299)	(36,349)	(146,214)	(33,906)

Revenue

Our Group's total revenue stood at RMB154.7 million for the current quarter under review, increased by approximately 55.3% as compared to the preceding year corresponding quarter. This was mainly due to higher sales recorded from ODM division for the current quarter and financial year under review; in line with our Group's strategic realignment to focus on ODM manufacturing, and as a result of the gradual recovery of market activities given that more countries are transitioning into endemic phase where lockdown are no longer implemented as well as resumption of our operations to higher level upon the easing of lockdown measures within the area where our factory premises are located.

Profitability

Our Group recorded loss before tax of approximately RMB79.3 million and RMB146.2 million respectively for the current quarter and financial year under review, mainly due to overall increase in administrative and other expenses as a result of:

- (i) 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;
- (ii) additional subsidies granted for retention of employees; and
- (iii) additional late payment charges in respect of underpayment of prior years' property and land use taxes paid and expensed off, in accordance with the directive/instruction received from the local authority during the current financial year;

as well as higher selling and distribution expenses incurred mainly due to additional costs incurred on logistics and compensation/reimbursement to customers for extra logistics costs incurred, in order to expedite the delivery of goods which were delayed due to the lockdown measures implemented by the China Government.



B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Quarter ended	
	30.6.2022	31.3.2022
	RMB'000	RMB'000
Revenue	154,722	47,145
Gross profit	13,476	3,742
Loss before tax	(79,299)	(20,467)
Loss after tax / Loss attributable to equity holders of the parent	(75,577)	(19,527)

Revenue for the current quarter under review increased by approximately 228.2% as compared to preceding quarter, mainly due to higher sales recorded from ODM division for the current quarter under review; as a result of the gradual recovery of market activities given that more countries are transitioning into endemic phase where lockdown are no longer implemented as well as resumption of our operations to higher level upon the easing of lockdown measures within the area where our factory premises are located.

Our Group recorded loss before tax and loss after tax of approximately RMB79.3 million and RMB75.6 million respectively for the current quarter under review, higher as compared to the losses recorded for the preceding quarter. This was mainly due to higher administrative and other expenses being incurred as a result of:

- (i) 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; and
- (ii) additional late payment charges in respect of underpayment of prior years' property and land use taxes paid and expensed off, in accordance with the directive/instruction received from the local authority during the current financial year;

as well as higher selling and distribution expenses incurred mainly due to additional costs incurred on logistics and compensation/reimbursement to customers for extra logistics costs incurred, in order to expedite the delivery of goods which were delayed due to the lockdown measures implemented by the China Government.

ADDITIONAL INFORMATION – TRADE RECEIVABLES

	As at	
	30.6.2022	31.12.2021
	RMB'000	RMB'000
Net trade receivables – third party	159,621	129,370

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 year ended	
	30.6.2022	30.6.2021	30.6.2022	30.6.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Tax income/(expenses)	3,722	5,928	6,824	(1,432)

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 year under review, our Group recorded tax income of approximately RMB3.7 million and RMB6.8 million respectively; mainly due to 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 year 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 and the wider lockdown implemented by the Government of China to curb the rising COVID-19 cases. 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 sustain the financial stability of the Group and mitigate the adverse impact to the financial performance of the Group due to the external factors beyond the control of the Group.

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 30 June 2022 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 30 June 2023	29,100	26,667	2,433	8.4 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	27,267	2,433		

(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 30 June 2023	53,670	46,618	7,052	13.1 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	47,725	7,052		

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 30 June 2023.*

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 30 June 2022 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. 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 30 June 2022, the Group's outstanding borrowings are as follows:

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Current (<i>within 12 months</i>)			
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/(Loss) per Share ("BEPS")

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

	Quarter ended		Financial year ended	
	30.6.2022 RMB'000	30.6.2021 RMB'000	30.6.2022 RMB'000	30.6.2021 RMB'000
Basic earnings per share				
Loss attributable to equity holders of the parent	<u>(75,577)</u>	<u>(30,421)</u>	<u>(139,390)</u>	<u>(35,338)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,116,226</u>	<u>2,116,226</u>	<u>2,116,226</u>	<u>2,058,116</u>
	RMB cent	RMB cent	RMB cent	RMB cent
BEPS	<u>(3.57)</u>	<u>(1.44)</u>	<u>(6.59)</u>	<u>(1.72)</u>

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

As of 30 June 2022, the Group does not have any potential ordinary shares which, upon conversion, could result in dilution to earnings per share in future financial periods. Accordingly, the DEPS is the same as BEPS.

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:

	Quarter ended		Financial year ended	
	30.6.2022 RMB'000	30.6.2021 RMB'000	30.6.2022 RMB'000	30.6.2021 ^ RMB'000
Interest income	791	775	3,188	3,252
Interest expense	(138)	-	(316)	(296)
Depreciation and amortisation expenses	(4,138)	(6,091)	(16,486)	(18,455)
Reversal of/(Allowance for) expected credit loss	(1,809)	(21,115)	(58,878)	(21,266)
Loss on disposal of property, plant and equipment	-	-	-	(561)
Assets written off	-	-	(216)	(69)
Exceptional item – employee benefits expenses in respect of ESOS granted	-	(10,040)	-	(10,040)

Remark:

^ The figures disclosed herein in respect of the financial year ended 30 June 2021 are based on the audited results, which may deviate from the unaudited figures disclosed in the prior year interim financial report due to audit adjustments.



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 RM0.6585 at 30 June 2022. The translation should not be construed as a representation that the RMB amounts actually have been or could be converted into RM at this or any other rate.

In addition, due to the changes of presentation currency on adoption of MFRS Framework, the comparative financial information contained in the following supplementary financial statements translated into RM would not be consistent with previously announced interim and annual financial statements as those statements were prepared using RM as the presentation currency (which was a requirement under the previous FRS Framework).

List of supplementary financial statements in Ringgit Malaysia (“RM”):

Appendix A – Condensed Consolidated Statement of Comprehensive Income

Appendix B – Condensed Consolidated Statement of Financial Position

Appendix C – Condensed Consolidated Statement of Changes in Equity

Appendix D – Condensed Consolidated Statement of Cash Flows



**APPENDIX A –
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.6.2022 RM'000	Quarter ended 30.6.2021 RM'000	Financial year ended 30.6.2022 RM'000	Financial year ended 30.6.2021 RM'000
Revenue	101,884	65,585	299,020	250,283
Cost of sales	<u>(93,010)</u>	<u>(57,694)</u>	<u>(258,690)</u>	<u>(207,688)</u>
Gross profit ("GP")	8,874	7,891	40,330	42,595
Other income	521	510	2,108	2,141
Allowance for expected credit losses – net	(1,191)	(13,904)	(38,771)	(14,004)
Selling and distribution expenses	(30,211)	(637)	(32,489)	(7,647)
Administrative expenses	(30,120)	(17,796)	(67,252)	(45,217)
Finance costs	<u>(91)</u>	<u>-</u>	<u>(208)</u>	<u>(195)</u>
Loss before tax	(52,218)	(23,936)	(96,282)	(22,327)
Taxation	<u>2,451</u>	<u>3,904</u>	<u>4,494</u>	<u>(943)</u>
Net loss / Total comprehensive loss for the year	<u>(49,767)</u>	<u>(20,032)</u>	<u>(91,788)</u>	<u>(23,270)</u>
Net loss / Total comprehensive loss attributable to:				
Equity holders of the parent	<u>(49,767)</u>	<u>(20,032)</u>	<u>(91,788)</u>	<u>(23,270)</u>
Loss per share attributable to equity holders of the parent				
- Basic (sen)	(2.35)	(0.95)	(4.34)	(1.13)
- Diluted (sen)	(2.35)	(0.95)	(4.34)	(1.13)



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

	As at 30.6.2022 RM'000	As at 30.6.2021 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	324,921	332,143
Land use rights	27,932	28,734
Deferred tax assets	3,763	3,763
	356,616	364,640
Current Assets		
Inventories	3,808	6,716
Trade and other receivables	143,699	93,556
Cash and cash equivalents	496,413	549,077
	643,920	649,349
TOTAL ASSETS	1,000,536	1,013,989
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	8,848	8,848
Reserves	847,116	938,904
TOTAL EQUITY	855,964	947,752
Non-current Liabilities		
Deferred tax liabilities	10,674	15,168
Current Liabilities		
Trade and other payables	125,641	50,977
Borrowings	8,165	-
Tax payable	92	92
	133,898	51,069
TOTAL LIABILITIES	144,572	66,237
TOTAL EQUITY AND LIABILITIES	1,000,536	1,013,989
Net assets per share (RM)	0.40	0.45



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

Quarter and period ended 30 June 2022	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 2021	8,848	28,225	565,287	32,449	(134,931)	21,995	(1)	433,978	955,850
Prior year adjustment ⁽²⁾	-	-	-	-	-	-	-	(8,098)	(8,098)
Restated balance at 1 July 2021	8,848	28,225	565,287	32,449	(134,931)	21,995	(1)	425,880	947,752
Total comprehensive income	-	-	-	-	-	-	-	(91,788)	(91,788)
Balance at 30 June 2022	8,848	28,225	565,287	32,449	(134,931)	21,995	(1)	334,092	855,964

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

	Financial year ended	
	30.6.2022 RM'000	30.6.2021 RM'000
Loss before tax	(96,282)	(22,327)
Adjustments for non-operating cash flows:		
Non-cash items	49,769	33,182
Non-operating items	(1,891)	(1,946)
Operating profit before working capital changes	<u>(48,404)</u>	<u>8,909</u>
Changes in working capital		
Net change in current assets	(86,007)	(37,001)
Net change in current liabilities	74,665	(346)
Cash used in operations	<u>(59,746)</u>	<u>(28,438)</u>
Income tax paid	-	(4,170)
Net cash used in operating activities	<u>(59,746)</u>	<u>(32,608)</u>
Investing activities		
Interest received	2,099	2,141
Sales proceed from disposal of property, plant and equipment	-	36
Purchase of property, plant and equipment	(2,974)	(1,306)
Net cash (used in)/from investing activities	<u>(875)</u>	<u>871</u>
Financing activities		
Interest paid	(208)	(195)
Proceeds from issuance of new ordinary shares	-	21,505
Drawdown/(Repayment) of borrowings	8,165	(8,165)
Net cash from financing activities	<u>7,957</u>	<u>13,145</u>
Net change in cash and cash equivalents	(52,664)	(18,592)
Cash and cash equivalents at beginning of financial year	<u>549,077</u>	<u>567,669</u>
Cash and cash equivalents at end of financial year	<u><u>496,413</u></u>	<u><u>549,077</u></u>
Cash and cash equivalents at end of financial year		
Cash and bank balances	<u>496,413</u>	<u>549,077</u>