



## **XiDeLang Holdings**

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

# **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

| <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 – 17</b>     |
| <b>APPENDICES</b>  |                    |
| <b>- FINANCIAL STATEMENTS TRANSLATED INTO RINGGIT MALAYSIA (FOR ILLUSTRATIVE PURPOSE ONLY)</b> | <b>18 – 22</b>     |



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

|  | INDIVIDUAL QUARTER                                       |   | CUMULATIVE QUARTER  |  |
|--|--|---|---|--|
|  | Quarter<br>ended<br>30.09.2022 <sup>(1)</sup><br>RMB'000 | Quarter<br>ended<br>30.09.2021<br>RMB'000 | Financial<br>period ended<br>30.09.2022 <sup>(1)</sup><br>RMB'000 | Financial<br>period ended<br>30.09.2021<br>RMB'000 |
| Revenue  | 136,143  | 137,835                                   | 136,143   | 137,835  |
| Cost of Sales  | (122,239)  | (110,750)                                 | (122,239)   | (110,750)  |
| Gross Profit   | 13,904   | 27,085                                    | 13,904  | 27,085   |
| Other Income   | 721  | 818                                       | 721   | 818  |
| Distribution Costs   | (160)  | (518)                                     | (160)   | (518)  |
| Administrative and<br>Other Expenses                                       | (13,810)   | (26,048)                                  | (13,810)  | (26,048)   |
| Finance Costs  | (138)  | -   | (138)   | -  |
| <b>Profit before Tax</b>   | <b>517</b>   | <b>1,337</b>                              | <b>517</b>  | <b>1,337</b>                                       |
| Tax Expense  | (1,102)  | (114)                                     | (1,102)   | (114)  |
| <b>(Loss)/Profit for the Period</b>  | <b>(585)</b>   | <b>1,223</b>                              | <b>(585)</b>  | <b>1,223</b>                                       |
| <b>Other Comprehensive Income:</b>   |  |   |   |  |
| Foreign currency translations  | -  | -   | -   | -  |
| Other Comprehensive Income,<br>net of tax                                  | -  | -   | -   | -  |
| <b>Total Comprehensive (Loss)/<br/>Income</b>                              | <b>(585)</b>   | <b>1,223</b>                              | <b>(585)</b>  | <b>1,223</b>                                       |
| <b>(Loss)/Profit attributable to:</b>                                      |  |   |   |  |
| Equity holders of the parent   | (585)  | 1,223                                     | (585)   | 1,223  |
| <b>Total Comprehensive (Loss)/<br/>Income attributable to:</b>             |  |   |   |  |
| Equity holders of the parent   | (585)  | 1,223                                     | (585)   | 1,223  |
| <b>Earnings per share attributable<br/>to equity holders of the parent</b> |  |   |   |  |
| - Basic <sup>(2)</sup> (RMB cent)  | (0.03)   | 0.06                                      | (0.03)  | 0.06   |
| - Diluted <sup>(2)</sup> (RMB cent)  | (0.03)   | 0.06                                      | (0.03)  | 0.06   |

**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 2022 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<br>30.09.2022 <sup>(1)</sup><br>RMB'000 | As at<br>30.06.2022<br>RMB'000<br>(audited) |
|--|---|---|
| <b>ASSETS</b>  |   |   |
| <b>Non-Current Assets</b>                                  |   |   |
| Property, plant and equipment                              | 489,609                                       | 493,426                                     |
| Land use rights  | 42,114  | 42,418                                      |
| Deferred tax assets  | 3,441   | 3,441                                       |
|  | 535,164                                       | 539,285                                     |
| <b>Current Assets</b>                                      |   |   |
| Inventories  | 9,834   | 5,783                                       |
| Trade and other receivables (Note @)                       | 110,023                                       | 159,622                                     |
| Cash and cash equivalents                                  | 801,758                                       | 812,485                                     |
|  | 921,615                                       | 977,890                                     |
| <b>TOTAL ASSETS</b>  | <b>1,456,779</b>                              | <b>1,517,175</b>                            |
| <b>EQUITY AND LIABILITIES</b>                              |   |   |
| <b>Equity attributable to equity holders of the parent</b> |   |   |
| Share capital  | 13,437  | 13,437                                      |
| Reserves   | 1,290,809                                     | 1,291,394                                   |
| <b>TOTAL EQUITY</b>  | 1,304,246                                     | 1,304,831                                   |
| <b>Non-current Liabilities</b>                             |   |   |
| Deferred tax liabilities                                   | 16,573  | 16,210                                      |
| <b>Current Liabilities</b>                                 |   |   |
| Trade and other payables (Note #)                          | 122,681                                       | 183,594                                     |
| Borrowings   | 12,400  | 12,400                                      |
| Tax payable  | 879   | 140   |
|  | 135,960                                       | 196,134                                     |
| <b>TOTAL LIABILITIES</b>                                   | 152,533                                       | 212,344                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>1,456,779</b>                              | <b>1,517,175</b>                            |
| <b>Net assets per share (RMB)<sup>(2)</sup></b>            | 0.62  | 0.62  |

**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 2022 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<br>30 September 2021 | Non-distributable           |                             |   |  |                              |   | Distributable                 |                                 | Total<br>equity<br>RMB'000 |
|---|-----------------------------|-----------------------------|---|--|------------------------------|---|-------------------------------|---------------------------------|----------------------------|
|   | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Capital<br>redemption<br>reserve<br>RMB'000 | Statutory<br>surplus<br>reserve<br>RMB'000 | Merger<br>deficit<br>RMB'000 | Exchange<br>translation<br>reserve<br>RMB'000 | Treasury<br>shares<br>RMB'000 | Retained<br>earnings<br>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                  |
| - as previously reported                      | -                           | -                           | -   | -  | -                            | -   | -                             | (5,734)                         | (5,734)                    |
| - prior year adjustment                       | 13,437                      | 42,863                      | 858,446                                     | 49,277                                     | (204,906)                    | 33,401  | (1)                           | 653,306                         | 1,445,823                  |
| Total comprehensive income                    | -                           | -                           | -   | -  | -                            | -   | -                             | 1,223                           | 1,223                      |
| <b>Transactions with owners</b>               |                             |                             |   |  |                              |   |                               |                                 |                            |
| Transfer to statutory surplus reserve         | -                           | -                           | -   | 526  | -                            | -   | -                             | (526)                           | -                          |
|   | -                           | -                           | -   | 526  | -                            | -   | -                             | (526)                           | -                          |
| Balance at 30 September 2021                  | 13,437                      | 42,863                      | 858,446                                     | 49,803                                     | (204,906)                    | 33,401  | (1)                           | 654,003                         | 1,447,046                  |



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

| Quarter and period ended<br>30 September 2022 <sup>(1)</sup> | Non-distributable           |                             |   |  |                              |   | Distributable                 |                                 | Total<br>equity<br>RMB'000 |
|--|-----------------------------|-----------------------------|---|--|------------------------------|---|-------------------------------|---------------------------------|----------------------------|
|  | Share<br>capital<br>RMB'000 | Share<br>premium<br>RMB'000 | Capital<br>redemption<br>reserve<br>RMB'000 | Statutory<br>surplus<br>reserve<br>RMB'000 | Merger<br>deficit<br>RMB'000 | Exchange<br>translation<br>reserve<br>RMB'000 | Treasury<br>shares<br>RMB'000 | Retained<br>earnings<br>RMB'000 |                            |
| Balance at 1 July 2022                                       | 13,437                      | 42,863                      | 858,446                                     | 49,277                                     | (204,906)                    | 33,401  | (1)                           | 512,314                         | 1,304,831                  |
| Total comprehensive loss                                     | -                           | -                           | -   | -  | -                            | -   | -                             | (585)                           | (585)                      |
| <b>Transactions with owners</b>                              |                             |                             |   |  |                              |   |                               |                                 |                            |
| Transfer to statutory surplus reserve                        | -                           | -                           | -   | 317  | -                            | -   | -                             | (317)                           | -                          |
|  | -                           | -                           | -   | 317  | -                            | -   | -                             | (317)                           | -                          |
| Balance at 30 September 2022                                 | 13,437                      | 42,863                      | 858,446                                     | 49,594                                     | (204,906)                    | 33,401  | (1)                           | 511,412                         | 1,304,246                  |

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 2022 and the accompanying explanatory notes attached to this interim financial report.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

|  | Financial period ended               |                       |
|--|--------------------------------------|-----------------------|
|  | 30.09.2022 <sup>(1)</sup><br>RMB'000 | 30.09.2021<br>RMB'000 |
| Profit before tax  | 517                                  | 1,337                 |
| Adjustments for non-operating cash flows:                  |                                      |                       |
| Non-cash items   | 3,173                                | 12,677                |
| Non-operating items  | (583)                                | (818)                 |
| Operating profit before working capital changes            | 3,107                                | 13,196                |
| Changes in working capital                                 |                                      |                       |
| Net change in current assets                               | 46,496                               | (55,315)              |
| Net change in current liabilities                          | (60,913)                             | 57,070                |
| Cash generated from operating activities                   | (11,310)                             | 14,951                |
| Income tax paid  | -                                    | -                     |
| Net cash (used in)/from operating activities               | (11,310)                             | 14,951                |
| Investing activities                                       |                                      |                       |
| Interest received  | 721                                  | 818                   |
| Purchase of property, plant and equipment                  | -                                    | (9)                   |
| Net cash from investing activities                         | 721                                  | 809                   |
| Financing activities                                       |                                      |                       |
| Interest paid  | (138)                                | -                     |
| Net cash (used in)/from financing activities               | (138)                                | -                     |
| Net change in cash and cash equivalents                    | (10,727)                             | 15,760                |
| Cash and cash equivalents at beginning of financial period | 812,485                              | 833,829               |
| Cash and cash equivalents at end of financial period       | 801,758                              | 849,589               |
| Cash and cash equivalents at end of financial period       |                                      |                       |
| Cash and bank balances                                     | 801,758                              | 849,589               |

*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 2022 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 2022 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 2022.

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 2022, 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 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*

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 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*

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

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

Effective for annual periods commencing on or after 1 January 2024  
*Amendments to MFRS 116 Lease Liability in a Sale and Leaseback*

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 2022 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 30 September 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:

|   | <b>Own branding<br/>manufacturer<br/>RMB'000</b> | <b>Original design<br/>manufacturer<br/>("ODM")<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> |
|---|--|---|--------------------------|
| <b>Quarter and period ended<br/>30 September 2022</b> |  |   |                          |
| Revenue – footwear                                    | -  | 136,143   | 136,143                  |
| <b>Quarter and period ended<br/>30 September 2021</b> |  |   |                          |
| Revenue – footwear                                    | 33,182   | 104,653   | 137,835                  |

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 and<br/>period ended<br/>30.09.2022<br/>RMB'000</b> | <b>Quarter and<br/>period ended<br/>30.09.2021<br/>RMB'000</b> |
|-------------------|--|--|
| Within the PRC:   |  |  |
| - Eastern region  | -  | 2,435  |
| - Southern region | 136,143  | 116,908  |
| - Western region  | -  | 14,062   |
| - Northern region | -  | 4,430  |
|                   | <hr/> <hr/> 136,143  | <hr/> <hr/> 137,835  |

#### 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 30 September 2022 is as follows:

|                                      | <b>As at<br/>30.09.2022<br/>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 30 September 2021: 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 and<br>Financial period ended |                       |
|-------------------------|---------------------------------------|-----------------------|
|                         | 30.09.2022<br>RMB'000                 | 30.09.2021<br>RMB'000 |
| Revenue                 | 136,143                               | 137,835               |
| Gross profit            | 13,904                                | 27,085                |
| Profit before tax       | 517                                   | 1,337                 |
| (Loss)/Profit after tax | (585)                                 | 1,223                 |

#### Revenue

Our Group's total revenue stood at RMB136.1 million for the current quarter and financial period under review, marginally lower by 1.2% as compared to preceding year corresponding quarter and financial period. This was mainly due to increased revenue from ODM division, in line with the gradual recovery of market activities from the impact/disruption caused by the COVID-19 pandemic; partially mitigated by decrease in revenue from Own-Branding division following the strategic realignment of business focus to concentrate on ODM division. Our Group has resolved to cease the supply of own-branding sportswear in view of the intensifying market competition and the adverse impact/disruption to our authorised distributors' operations caused by the COVID-19 pandemic.

#### Profitability

Our Group's gross profit stood at RMB13.9 million for the current quarter and financial period under review, lower as compared to RMB27.1 million in the preceding year corresponding quarter and financial period; mainly due to lower margin as a result of rising costs of production caused by the COVID-19 pandemic of which we were unable to fully pass-on to the customers.

For the current quarter and financial period under review, our Group recorded a lower profit before tax of RMB0.5 million and a net loss of RM0.6 million; mainly due to lower gross profit achieved and increase in tax expenses as explained in the subsequent note herein.



## B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

|  | Quarter ended |            |
|--|---------------|------------|
|  | 30.09.2022    | 30.06.2022 |
|  | RMB'000       | RMB'000    |
| Revenue  | 136,143       | 154,722    |
| Gross profit   | 13,904        | 13,476     |
| Profit/(Loss) before tax   | 517           | (79,299)   |
| Loss after tax / Loss attributable to equity holders of the parent | (585)         | (75,577)   |

Revenue for the current quarter under review decreased by approximately 12.0% as compared to the preceding quarter, mainly due to lower revenue from ODM division. The market activities were facing certain degree of volatility due to the resurgence of COVID-19 cases where partial lockdown/control measures were implemented from time to time by the China Government.

Our Group's profitability level for the current quarter under review demonstrated an improvement compared to the preceding quarter, mainly due to significant decrease in administrative and other expenses as well as selling and distribution expenses during the current quarter under review; in line with the non-recurrence of one-off expenses (namely, additional credit loss allowance in relation to balances owing from our authorised distributors, late payment charges in respect of underpayment of prior years' property and land use taxes, and compensation/reimbursement to customers for extra logistics costs incurred).

### ADDITIONAL INFORMATION – TRADE RECEIVABLES

|                                    | As at          |                |
|------------------------------------|----------------|----------------|
|                                    | 30.09.2022     | 30.06.2022     |
|                                    | RMB'000        | RMB'000        |
| Trade receivables – third party    | 112,498        | 163,045        |
| Allowance for expected credit loss | (2,475)        | (3,423)        |
|                                    | <u>110,023</u> | <u>159,622</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 EXPENSES

|              | Quarter and financial period ended |            |
|--------------|------------------------------------|------------|
|              | 30.09.2022                         | 30.09.2021 |
|              | RMB'000                            | RMB'000    |
| Tax expenses | 1,102                              | 114        |

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. During the current quarter and financial period under review, the effective tax rate was significantly higher as compared to the prevailing statutory tax rate in the PRC, mainly due to:

- (i) losses incurred by some of the entities within the Group were not entitled for offset/tax relief against the profit generated by the Group's operating subsidiary; and
- (ii) additional deferred tax liabilities provided in relation to the expected withholding tax on undistributed profits of the China subsidiaries.

### 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.

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. Barring any unforeseen circumstances and subject to the easing and containment of COVID-19 pandemic, our Group is cautiously optimistic to record positive performance for the financial year ending 30 June 2023.

### 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 September 2022 is as follows:

| (In RM) |   |                       | Proposed              | Actual                | Deviation        |       |    |
|---------|---|-----------------------|-----------------------|-----------------------|------------------|-------|----|
|         | Purpose   | Intended<br>Timeframe | Utilisation<br>RM'000 | Utilisation<br>RM'000 | Amount<br>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<br>Timeframe | Utilisation<br>RMB'000 | Utilisation<br>RMB'000 | Amount<br>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 September 2022 is as follows:

| <b>(In RM)</b> |   |                               | <b>Proposed</b>               | <b>Actual</b>                 | <b>Deviation</b>         |          |    |
|----------------|---|-------------------------------|-------------------------------|-------------------------------|--------------------------|----------|----|
|                | <b>Purpose</b>  | <b>Intended<br/>Timeframe</b> | <b>Utilisation<br/>RM'000</b> | <b>Utilisation<br/>RM'000</b> | <b>Amount<br/>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      | N2 |
| 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<br/>Timeframe</b> | <b>Utilisation<br/>RMB'000</b> | <b>Utilisation<br/>RMB'000</b> | <b>Amount<br/>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      | 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 September 2022, the Group's outstanding borrowings are as follows:

|  | Secured<br>RMB'000 | Unsecured<br>RMB'000 | Total<br>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 |                       |
|---|-----------------------|-----------------------|------------------------|-----------------------|
|   | 30.09.2022<br>RMB'000 | 30.09.2021<br>RMB'000 | 30.09.2022<br>RMB'000  | 30.09.2021<br>RMB'000 |
| <b>Basic earnings per share</b><br>(Loss)/Profit attributable to equity holders of the parent | <u>(585)</u>          | <u>1,223</u>          | <u>(585)</u>           | <u>1,223</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>2,116,226</u>      |
|   | <b>RMB cent</b>       | <b>RMB cent</b>       | <b>RMB cent</b>        | <b>RMB cent</b>       |
| BEPS  | <u>(0.03)</u>         | <u>0.06</u>           | <u>(0.03)</u>          | <u>0.06</u>           |

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

As of 30 September 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 and<br>Financial period ended |                       |
|--|---------------------------------------|-----------------------|
|  | 30.09.2022<br>RMB'000                 | 30.09.2021<br>RMB'000 |
| Interest income  | 721                                   | 818                   |
| Interest expense   | (138)                                 | -                     |
| Depreciation and amortisation expenses                                   | (4,121)                               | (4,111)               |
| Reversal/(Addition) of allowance for expected credit loss                | 948                                   | (8,566)               |
| Other income including investment income                                 | N/A                                   | N/A                   |
| Provision for and write off of inventories                               | N/A                                   | N/A                   |
| Gain/Loss on disposal of quoted or unquoted investments<br>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 RM0.6531 at 30 September 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<br>30.09.2022<br>RM'000 | Quarter ended<br>30.09.2021<br>RM'000 | Financial period ended<br>30.09.2022<br>RM'000 | Financial period ended<br>30.09.2021<br>RM'000 |
| Revenue  | 88,915                                | 90,020                                | 88,915   | 90,020   |
| Cost of Sales  | <u>(79,834)</u>                       | <u>(72,331)</u>                       | <u>(79,834)</u>                                | <u>(72,331)</u>                                |
| Gross Profit   | 9,081                                 | 17,689                                | 9,081  | 17,689   |
| Other Income   | 471                                   | 534                                   | 471  | 534  |
| Distribution Costs   | (104)                                 | (338)                                 | (104)  | (338)  |
| Administrative and<br>Other Expenses                                       | (9,019)                               | (17,012)                              | (9,019)  | (17,012)                                       |
| Finance Costs  | <u>(90)</u>                           | <u>-</u>                              | <u>(90)</u>                                    | <u>-</u>                                       |
| <b>Profit before Tax</b>   | 339                                   | 873                                   | 339  | 873  |
| Tax Expense  | <u>(720)</u>                          | <u>(74)</u>                           | <u>(720)</u>                                   | <u>(74)</u>                                    |
| <b>(Loss)/Profit for the Period</b>  | <u><u>(381)</u></u>                   | <u><u>799</u></u>                     | <u><u>(381)</u></u>                            | <u><u>799</u></u>                              |
| <b>Other Comprehensive Income:</b>   |                                       |                                       |  |  |
| Foreign currency translations  | <u>-</u>                              | <u>-</u>                              | <u>-</u>                                       | <u>-</u>                                       |
| Other Comprehensive Income,<br>net of tax                                  | <u>-</u>                              | <u>-</u>                              | <u>-</u>                                       | <u>-</u>                                       |
| <b>Total Comprehensive (Loss)/<br/>Income</b>                              | <u><u>(381)</u></u>                   | <u><u>799</u></u>                     | <u><u>(381)</u></u>                            | <u><u>799</u></u>                              |
| <b>(Loss)/Profit attributable to:</b>                                      |                                       |                                       |  |  |
| Equity holders of the parent   | <u>(381)</u>                          | <u>799</u>                            | <u>(381)</u>                                   | <u>799</u>                                     |
| <b>Total Comprehensive (Loss)/<br/>Income attributable to:</b>             |                                       |                                       |  |  |
| Equity holders of the parent   | <u>(381)</u>                          | <u>799</u>                            | <u>(381)</u>                                   | <u>799</u>                                     |
| <b>Earnings per share attributable<br/>to equity holders of the parent</b> |                                       |                                       |  |  |
| - Basic (sen)  | (0.02)                                | 0.04                                  | (0.02)   | 0.04   |
| - Diluted (sen)  | (0.02)                                | 0.04                                  | (0.02)   | 0.04   |



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

|  | As at<br>30.09.2022<br>RM'000 | As at<br>30.06.2022<br>RM'000 |
|--|-------------------------------|-------------------------------|
| <b>ASSETS</b>  |                               |                               |
| <b>Non-Current Assets</b>                                  |                               |                               |
| Property, plant and equipment                              | 319,764                       | 322,257                       |
| Land use rights  | 27,505                        | 27,703                        |
| Deferred tax assets  | 2,247                         | 2,247                         |
|  | 349,516                       | 352,207                       |
| <b>Current Assets</b>                                      |                               |                               |
| Inventories  | 6,423                         | 3,777                         |
| Trade and other receivables                                | 71,856                        | 104,249                       |
| Cash and cash equivalents                                  | 523,628                       | 530,634                       |
|  | 601,907                       | 638,660                       |
| <b>TOTAL ASSETS</b>  | <b>951,423</b>                | <b>990,867</b>                |
| <b>EQUITY AND LIABILITIES</b>                              |                               |                               |
| <b>Equity attributable to equity holders of the parent</b> |                               |                               |
| Share capital  | 8,776                         | 8,776                         |
| Reserves   | 843,028                       | 843,409                       |
| <b>TOTAL EQUITY</b>  | 851,804                       | 852,185                       |
| <b>Non-current Liabilities</b>                             |                               |                               |
| Deferred tax liabilities                                   | 10,824                        | 10,587                        |
| <b>Current Liabilities</b>                                 |                               |                               |
| Trade and other payables                                   | 80,123                        | 119,906                       |
| Borrowings   | 8,098                         | 8,098                         |
| Tax payable  | 574                           | 91                            |
|  | 88,795                        | 128,095                       |
| <b>TOTAL LIABILITIES</b>                                   | 99,619                        | 138,682                       |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        | <b>951,423</b>                | <b>990,867</b>                |
| <b>Net assets per share (RM)</b>                           | 0.40                          | 0.40                          |



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

| Quarter and period ended<br>30 September 2022 | Non-distributable          |                            |  |   |                             |  | Distributable                |                                | Total<br>equity<br>RM'000 |
|---|----------------------------|----------------------------|--|---|-----------------------------|--|------------------------------|--------------------------------|---------------------------|
|   | Share<br>capital<br>RM'000 | Share<br>premium<br>RM'000 | Capital<br>redemption<br>reserve<br>RM'000 | Statutory<br>surplus<br>reserve<br>RM'000 | Merger<br>deficit<br>RM'000 | Exchange<br>translation<br>reserve<br>RM'000 | Treasury<br>shares<br>RM'000 | Retained<br>earnings<br>RM'000 |                           |
| Balance at 1 July 2022                        | 8,776                      | 27,994                     | 560,651                                    | 32,183                                    | (133,824)                   | 21,814                                       | (1)                          | 334,592                        | 852,185                   |
| Total comprehensive loss                      | -                          | -                          | -  | -   | -                           | -  | -                            | (381)                          | (381)                     |
| <b>Transactions with owners</b>               |                            |                            |  |   |                             |  |                              |                                |                           |
| Transfer to statutory surplus reserve         | -                          | -                          | -  | 207                                       | -                           | -  | -                            | (207)                          | -                         |
|   | -                          | -                          | -  | 207                                       | -                           | -  | -                            | (207)                          | -                         |
| Balance at 30 September 2022                  | 8,776                      | 27,994                     | 560,651                                    | 32,390                                    | (133,824)                   | 21,814                                       | (1)                          | 334,004                        | 851,804                   |



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

|  | Financial period ended |                      |
|--|------------------------|----------------------|
|  | 30.09.2022<br>RM'000   | 30.09.2021<br>RM'000 |
| Profit before tax  | 339                    | 873                  |
| Adjustments for non-operating cash flows:                  |                        |                      |
| Non-cash items   | 2,072                  | 8,279                |
| Non-operating items  | (381)                  | (534)                |
| Operating profit before working capital changes            | 2,030                  | 8,618                |
| Changes in working capital                                 |                        |                      |
| Net change in current assets                               | 30,366                 | (36,126)             |
| Net change in current liabilities                          | (39,783)               | 37,272               |
| Cash generated from operating activities                   | (7,387)                | 9,764                |
| Income tax paid  | -                      | -                    |
| Net cash (used in)/from operating activities               | (7,387)                | 9,764                |
| Investing activities                                       |                        |                      |
| Interest received  | 471                    | 534                  |
| Purchase of property, plant and equipment                  | -                      | (6)                  |
| Net cash from investing activities                         | 471                    | 528                  |
| Financing activities                                       |                        |                      |
| Interest paid  | (90)                   | -                    |
| Net cash (used in)/from financing activities               | (90)                   | -                    |
| Net change in cash and cash equivalents                    | (7,006)                | 10,292               |
| Cash and cash equivalents at beginning of financial period | 530,634                | 544,574              |
| Cash and cash equivalents at end of financial period       | 523,628                | 554,866              |
| Cash and cash equivalents at end of financial period       |                        |                      |
| Cash and bank balances                                     | 523,628                | 554,866              |