



## **XiDeLang Holdings Ltd**

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

# **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2023 <sup>(1)</sup> RMB'000	Quarter ended 31.03.2022 <sup>(1)</sup> RMB'000	Financial period ended 31.03.2023 <sup>(1)</sup> RMB'000	Financial period ended 31.03.2022 <sup>(1)</sup> RMB'000
Revenue	73,335	47,145	321,745	299,371
Cost of Sales	<u>(64,558)</u>	<u>(43,403)</u>	<u>(287,292)</u>	<u>(251,602)</u>
Gross Profit ("GP")	8,777	3,742	34,453	47,769
Other Income	1,317	776	4,218	2,410
Distribution Costs	(1)	(2,307)	(392)	(3,460)
Administrative and Other Expenses	(17,071)	(22,543)	(52,363)	(113,456)
Finance Costs	<u>(135)</u>	<u>(135)</u>	<u>(400)</u>	<u>(178)</u>
<b>Loss Before Tax</b>	<b>(7,113)</b>	<b>(20,467)</b>	<b>(14,484)</b>	<b>(66,915)</b>
Taxation	<u>260</u>	<u>940</u>	<u>(546)</u>	<u>3,102</u>
<b>Loss for the Period</b>	<b><u>(6,853)</u></b>	<b><u>(19,527)</u></b>	<b><u>(15,030)</u></b>	<b><u>(63,813)</u></b>
<b>Other Comprehensive Income:</b>				
Foreign currency translations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Loss</b>	<b><u>(6,853)</u></b>	<b><u>(19,527)</u></b>	<b><u>(15,030)</u></b>	<b><u>(63,813)</u></b>
<b>Loss attributable to:</b>				
Equity holders of the parent	<u>(6,853)</u>	<u>(19,527)</u>	<u>(15,030)</u>	<u>(63,813)</u>
<b>Total Comprehensive Loss attributable to:</b>				
Equity holders of the parent	<u>(6,853)</u>	<u>(19,527)</u>	<u>(15,030)</u>	<u>(63,813)</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic <sup>(2)</sup> (RMB cent)	(0.32)	(0.92)	(0.71)	(3.02)
- Diluted <sup>(2)</sup> (RMB cent)	(0.32)	(0.92)	(0.71)	(3.02)

**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 31.03.2023 <sup>(1)</sup> RMB'000	As at 30.06.2022 RMB'000 (audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	483,910	493,426
Land use rights	41,505	42,418
Deferred tax assets	3,441	3,441
	528,856	539,285
<b>Current Assets</b>		
Inventories	9,541	5,783
Trade and other receivables (Note @)	80,779	159,622
Cash and cash equivalents	788,705	812,485
	879,025	977,890
<b>TOTAL ASSETS</b>	<b>1,407,881</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	1,276,364	1,291,394
<b>TOTAL EQUITY</b>	1,289,801	1,304,831
<b>Non-current Liabilities</b>		
Deferred tax liabilities	16,017	16,210
<b>Current Liabilities</b>		
Trade and other payables (Note #)	88,784	183,594
Borrowings	12,400	12,400
Tax payable	879	140
	102,063	196,134
<b>TOTAL LIABILITIES</b>	118,080	212,344
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,407,881</b>	<b>1,517,175</b>
<b>Net assets per share (RMB)<sup>(2)</sup></b>	0.61	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	Non-distributable						Distributable		Total equity
	Share capital	Share premium	Capital redemption reserve	Statutory surplus reserve	Merger deficit	Exchange translation reserve	Treasury shares	Retained earnings	
31 March 2022 <sup>(1)</sup>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 July 2021	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	659,040	1,451,557
Total comprehensive loss	-	-	-	-	-	-	-	(63,813)	(63,813)
Balance at 31 March 2022	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	595,227	1,387,744
Quarter and period ended	Non-distributable						Distributable		Total equity
	Share capital	Share premium	Capital redemption reserve	Statutory surplus reserve	Merger deficit	Exchange translation reserve	Treasury shares	Retained earnings	
31 March 2023 <sup>(1)</sup>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	-	-	-	-	-	-	-	(15,030)	(15,030)
Balance at 31 March 2023	13,437	42,863	858,446	49,277	(204,906)	33,401	(1)	497,284	1,289,801

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	
	31.03.2023 <sup>(1)</sup> RMB'000	31.03.2022 RMB'000
Loss before tax	(14,484)	(66,915)
Adjustments for non-operating cash flows:		
Non-cash items	10,775	69,633
Non-operating items	(1,743)	(2,219)
Operating (loss)/profit before working capital changes	(5,452)	499
Changes in working capital		
Net change in current assets	76,859	5,236
Net change in current liabilities	(94,810)	12,933
Cash (used in)/generated from operating activities	(23,403)	18,668
Income tax paid	-	-
Net cash (used in)/from operating activities	(23,403)	18,668
Investing activities		
Interest received	2,143	2,397
Short-term investments	-	(58,630)
Proceeds from disposal of property, plant and equipment	49	-
Purchase of property, plant and equipment	(2,169)	(4,502)
Net cash from/(used in) investing activities	23	(60,735)
Financing activities		
Interest paid	(400)	(178)
Repayment of borrowings	(12,400)	-
Drawdown of borrowings	12,400	12,400
Net cash (used in)/from financing activities	(400)	12,222
Net change in cash and cash equivalents	(23,780)	(29,845)
Cash and cash equivalents at beginning of financial period	812,485	833,829
Cash and cash equivalents at end of financial period	788,705	803,984
Cash and cash equivalents at end of financial period		
Cash and bank balances	788,705	803,984

*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*

Amendment 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*

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

Effective for annual periods commencing on or after 1 January 2024  
Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*  
Amendments to MFRS 101 *Non-current Liabilities with Covenants*

### 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. Following the uplifting of lockdown measures by the China Government, our Group will step-up our marketing efforts to secure new customers in order to enhance our revenue base and improve our Group's future financial performance.

## **A5. MATERIAL CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial years that have a material impact on the current quarter and financial period under review.

## **A6. DEBTS AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period under review.



## A7. DIVIDEND PAID

The Board of Directors did not recommend any payment of dividend during the current quarter and financial period under review (*Quarter and financial period ended 31 March 2022: 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.

The Group's chief operating decision maker, the Group's Chief Executive Officer in this context manages the operations within the Group as a whole in single segment and relies on internal reports which are similar to those currently disclosed externally to make decisions about allocation of resources.

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

	Own branding manufacturer RMB'000	Original design manufacturer ("ODM") RMB'000	Total RMB'000
<b>Quarter ended</b>			
<b>31 March 2023</b>			
Revenue – footwear	-	73,335	73,335
<b>Quarter ended</b>			
<b>31 March 2022</b>			
Revenue – footwear	-	47,145	47,145
	Own branding manufacturer RMB'000	Original design manufacturer ("ODM") RMB'000	Total RMB'000
<b>Financial period ended</b>			
<b>31 March 2023</b>			
Revenue – footwear	-	321,745	321,745
<b>Financial period ended</b>			
<b>31 March 2022</b>			
Revenue – footwear	39,884	259,487	299,371





## A8. SEGMENT INFORMATION (cont'd)

During the financial period under review, the Group derived all of its revenue from the PRC. In view of the vast geographical areas within the PRC, customers can be stratified on a regional basis within the PRC. The following is an analysis of the Group's revenue by region by location of customers, irrespective of the origin of the goods/services and based on the following regional groupings:

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

### *Revenue by region*

	Quarter Ended		Financial Period Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Within the PRC:				
- Eastern region	-	-	-	2,435
- Southern region	73,335	47,145	321,745	274,149
- Western region	-	-	-	17,186
- Northern region	-	-	-	5,601
	<u>73,335</u>	<u>47,145</u>	<u>321,745</u>	<u>299,371</u>

## 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**

There are no material capital commitments not provided for in the financial statements as at 31 March 2023.

#### **A13. RELATED PARTY TRANSACTIONS**

There was no related party transaction entered into by the Group during the current quarter and financial period under review (*Quarter and financial period ended 31 March 2022: 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 31.03.2023 RMB'000	Quarter ended 31.03.2022 RMB'000	Financial period ended 31.03.2023 RMB'000	Financial period ended 31.03.2022 RMB'000
Revenue	73,335	47,145	321,745	299,371
Gross profit	8,777	3,742	34,453	47,769
Loss before tax	(7,113)	(20,467)	(14,484)	(66,915)

#### Revenue

Our Group's total revenue stood at RMB73.3 million and RMB321.7 million for the current quarter and financial period under review respectively, improved by approximately 55.6% and 7.5% as compared to the 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 RMB8.8 million for the current quarter under review, improved by 134.6% as compared to the preceding year corresponding quarter. This was in line with our improved revenue during the current quarter under review as explained above, coupled with better margin achieved as the average unit selling price has increased. Our Group's gross profit stood at RMB34.5 million, lower by approximately 27.9% as compared to the preceding year corresponding 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 not able to fully pass-on to the customers.

Our Group recorded loss before tax of approximately RMB7.1 million respectively for the current quarter under review, improved notably as compared to the preceding year corresponding quarter; mainly backed by improved revenue and gross profit. Our Group recorded loss before tax of approximately RMB14.5 million for the financial period under review, improved notably as compared to preceding year corresponding period; mainly due to overall decrease in administrative and other expenses due to non-recurrence of credit loss allowance being recognised in relation to balances owing from our authorised distributors, which represented one-off expenses accounted for in preceding year corresponding period after taking into consideration the financial distress faced by our authorised distributors as they experienced adverse impact and disruption to their operations caused by the ongoing COVID-19 pandemic.



## B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Quarter ended	
	31.03.2023	31.12.2022
	RMB'000	RMB'000
Revenue	73,335	112,267
Gross profit	8,777	11,772
Loss before tax	(7,113)	(7,888)
Loss after tax / Loss attributable to equity holders of the parent	(6,853)	(7,592)

Revenue for the current quarter under review decreased by approximately 34.7% as compared to preceding quarter, mainly due to lower revenue from ODM division as a result of slowdown in market and production activities in line with the celebration of festive season (namely, Chinese New Year) during the current quarter under review.

Our Group recorded loss before tax and loss after tax of approximately RMB7.1 million and RMB6.9 million respectively for the current quarter under review, representing a slight improvement as compared to the preceding quarter. This was mainly due to lower administrative expenses incurred during the current quarter under review, as a result of one-off accrual of bonuses being made in the preceding quarter which was non-recurring in current quarter under review.

### ADDITIONAL INFORMATION – TRADE RECEIVABLES

	As at	
	31.03.2023	31.12.2022
	RMB'000	RMB'000
Trade receivables – third party	82,428	89,260
Allowance for expected credit loss	(1,649)	(1,964)
	<u>80,779</u>	<u>87,296</u>

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



### B3. TAX INCOME/(EXPENSES)

	Quarter ended		Financial period ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Tax income/(expenses)	260	940	(546)	3,102

As our Group's principal operations are carried out in China, the effective tax rate reported by our Group is generally correlated to the statutory tax rate applicable in China.

For the current quarter and financial period under review, our Group recorded tax income of approximately RMB0.3 million and tax expenses of RMB0.5 million respectively, as compared to tax income of approximately RMB0.9 million and RMB3.1 million in the preceding year corresponding quarter and financial period; mainly due to lower amount of reversal of deferred tax liabilities for the current quarter and financial period under review.

### B4. OUTLOOK AND PROSPECTS

The unresolved geopolitical tensions, coupled with the COVID-19 pandemic, continue to cast shadows over the global economy and create uncertainties over market activities. The industry outlook for the near term is anticipated to experience higher degree of volatility, particularly with the resurgence of COVID-19 cases in recent months despite the increasing vaccination rate globally. Consumers are expected to remain prudent on spending, while market competitions are expected to intensify with industry players remain conservative in terms of operations and expansion.

Our Group will continue to closely monitor the development and is committed to take proactive and practical actions to safeguard the interests of our Group and our shareholders and stakeholders. Our Group is of the view that the demands for the sportswear within the domestic China market and global markets will recover gradually in the mid and long-term, upon stabilisation and containment of the COVID-19 pandemic.

Following the uplifting of lockdown measures by the China Government, our Group will step-up our marketing efforts to secure new customers in order to enhance our revenue base and improve our Group's future financial performance. Our Group will continue to put in efforts 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 that the financial performance for the financial year ending 30 June 2023 will gradually improve.

### B5. Profit Forecast

Not applicable as no profit forecast was previously published.

## B6. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

### Private placement and rights issue of warrants in 2012

The status of utilisation, as of 31 March 2023 is as follows:

<b>(In RM)</b>			<b>Proposed</b>	<b>Actual</b>	<b>Deviation</b>		
	<b>Purpose</b>	<b>Intended Timeframe</b>	<b>Utilisation RM'000</b>	<b>Utilisation RM'000</b>	<b>Amount RM'000</b>	<b>%</b>	
i)	Purchase machinery and equipment for new design and production centre	Before 30 June 2024	29,100	27,688	1,412	4.9 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	28,288	1,412		

<b>(In RMB)</b>			<b>Proposed</b>	<b>Actual</b>	<b>Deviation</b>		
	<b>Purpose</b>	<b>Intended Timeframe</b>	<b>Utilisation RMB'000</b>	<b>Utilisation RMB'000</b>	<b>Amount RMB'000</b>	<b>%</b>	
i)	Purchase machinery and equipment for new design and production centre	Before 30 June 2024	53,670	48,225	5,445	10.1 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	49,332	5,445		

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 2024.*

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

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

### Rights Issue in 2014

The status of utilisation, as of 31 March 2023 is as follows:

<b>(In RM)</b>			<b>Proposed</b>	<b>Actual</b>	<b>Deviation</b>		
	<b>Purpose</b>	<b>Intended Timeframe</b>	<b>Utilisation RM'000</b>	<b>Utilisation RM'000</b>	<b>Amount RM'000</b>	<b>%</b>	
i)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	83,700	-	83,700	100	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 Timeframe</b>	<b>Utilisation RMB'000</b>	<b>Utilisation RMB'000</b>	<b>Amount RMB'000</b>	<b>%</b>	
i)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	151,246	-	151,246	100	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 31 March 2023, the Group's outstanding borrowings are as follows:

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

## B8. CHANGES IN MATERIAL LITIGATION

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group.

## B9. EARNINGS PER SHARE

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

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

	Quarter ended		Financial period ended	
	31.03.2023 RMB'000	31.03.2022 RMB'000	31.03.2023 RMB'000	31.03.2022 RMB'000
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the parent	<u>(6,853)</u>	<u>(19,527)</u>	<u>(15,030)</u>	<u>(63,813)</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>(0.32)</u>	<u>(0.92)</u>	<u>(0.71)</u>	<u>(3.02)</u>

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

As of 31 March 2023, 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 period ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	701	763	2,143	2,397
Interest expense	(135)	(135)	(400)	(178)
Depreciation and amortisation expenses	(4,090)	(4,127)	(12,336)	(12,348)
Reversal/(Provision) of allowance for expected credit loss	315	-	1,774	(57,069)
Assets written off	-	(213)	-	(216)
Loss on disposal of property, plant and equipment	-	N/A	(213)	-
Other income including investment income	301	13	301	13
Foreign exchange gain/(loss)	N/A	N/A	N/A	N/A
Provision for and write off of inventories	N/A	N/A	N/A	N/A
Gain/Loss on disposal of quoted or unquoted investments or properties	N/A	N/A	N/A	N/A
Impairment of assets	N/A	N/A	N/A	N/A
Gain/Loss on derivatives	N/A	N/A	N/A	N/A

"N/A" denotes not applicable.

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## **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 RM0.6427 at 31 March 2023. The translation should not be construed as a representation that the RMB amounts actually have been or could be converted into RM at this or any other rate.

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

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

**Appendix A – Condensed Consolidated Statement of Comprehensive Income**

**Appendix B – Condensed Consolidated Statement of Financial Position**

**Appendix C – Condensed Consolidated Statement of Changes in Equity**

**Appendix D – Condensed Consolidated Statement of Cash Flows**



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.03.2023 RM'000	Quarter ended 31.03.2022 RM'000	Financial period ended 31.03.2023 RM'000	Financial period ended 31.03.2022 RM'000
Revenue	47,132	30,300	206,786	192,406
Cost of Sales	<u>(41,491)</u>	<u>(27,895)</u>	<u>(184,643)</u>	<u>(161,705)</u>
Gross Profit ("GP")	5,641	2,405	22,143	30,701
Other Income	847	499	2,711	1,549
Distribution Costs	(1)	(1,483)	(252)	(2,224)
Administrative and Other Expenses	(10,971)	(14,488)	(33,654)	(72,919)
Finance Costs	<u>(87)</u>	<u>(87)</u>	<u>(257)</u>	<u>(114)</u>
<b>Loss Before Tax</b>	(4,571)	(13,154)	(9,309)	(43,007)
Taxation	<u>167</u>	<u>604</u>	<u>(351)</u>	<u>1,994</u>
<b>Loss for the Period</b>	<u>(4,404)</u>	<u>(12,550)</u>	<u>(9,660)</u>	<u>(41,013)</u>
<b>Other Comprehensive Income:</b>				
Foreign currency translations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Comprehensive Income, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Loss</b>	<u>(4,404)</u>	<u>(12,550)</u>	<u>(9,660)</u>	<u>(41,013)</u>
<b>Loss attributable to:</b>				
Equity holders of the parent	<u>(4,404)</u>	<u>(12,550)</u>	<u>(9,660)</u>	<u>(41,013)</u>
<b>Total Comprehensive Loss attributable to:</b>				
Equity holders of the parent	<u>(4,404)</u>	<u>(12,550)</u>	<u>(9,660)</u>	<u>(41,013)</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic (sen)	(0.21)	(0.59)	(0.46)	(1.94)
- Diluted (sen)	(0.21)	(0.59)	(0.46)	(1.94)



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

	As at 31.03.2023 RM'000	As at 30.06.2022 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	311,009	317,125
Land use rights	26,675	27,262
Deferred tax assets	2,212	2,212
	339,896	346,599
<b>Current Assets</b>		
Inventories	6,133	3,716
Trade and other receivables	51,916	102,589
Cash and cash equivalents	506,900	522,184
	564,949	628,489
<b>TOTAL ASSETS</b>	<b>904,845</b>	<b>975,088</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	8,636	8,636
Reserves	820,319	829,979
<b>TOTAL EQUITY</b>	828,955	838,615
<b>Non-current Liabilities</b>		
Deferred tax liabilities	10,294	10,418
<b>Current Liabilities</b>		
Trade and other payables	57,062	117,996
Borrowings	7,969	7,969
Tax payable	565	90
	65,596	126,055
<b>TOTAL LIABILITIES</b>	75,890	136,473
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>904,845</b>	<b>975,088</b>
<b>Net assets per share (RM)</b>	0.39	0.40



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

Quarter and period ended 31 March 2023 <sup>(1)</sup>	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 2022	8,636	27,548	551,723	31,670	(131,693)	21,467	(1)	329,265	838,615
Total comprehensive loss	-	-	-	-	-	-	-	(9,660)	(9,660)
Balance at 31 March 2023	8,636	27,548	551,723	31,670	(131,693)	21,467	(1)	319,605	828,955

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

	Financial period ended	
	31.03.2023 RM'000	31.03.2022 RM'000
Loss before tax	(9,309)	(43,007)
Adjustments for non-operating cash flows:		
Non-cash items	6,925	44,753
Non-operating items	(1,120)	(1,426)
Operating (loss)/profit before working capital changes	<u>(3,504)</u>	<u>320</u>
Changes in working capital		
Net change in current assets	49,397	3,365
Net change in current liabilities	(60,934)	8,312
Cash (used in)/generated from operating activities	<u>(15,041)</u>	<u>11,997</u>
Income tax paid	-	-
Net cash (used in)/from operating activities	<u>(15,041)</u>	<u>11,997</u>
Investing activities		
Interest received	1,377	1,541
Short-term investments	-	(37,682)
Proceeds from disposal of property, plant and equipment	31	-
Purchase of property, plant and equipment	(1,394)	(2,893)
Net cash from/(used in) investing activities	<u>14</u>	<u>(39,034)</u>
Financing activities		
Interest paid	(257)	(114)
Repayment of borrowings	(7,969)	-
Drawdown of borrowings	7,969	7,969
Net cash (used in)/from financing activities	<u>(257)</u>	<u>7,855</u>
Net change in cash and cash equivalents	(15,284)	(19,182)
Cash and cash equivalents at beginning of financial period	<u>522,184</u>	<u>535,902</u>
Cash and cash equivalents at end of financial period	<u>506,900</u>	<u>516,720</u>
Cash and cash equivalents at end of financial period		
Cash and bank balances	<u>506,900</u>	<u>516,720</u>