



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2011

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**喜得狼®****XiDeLang Holdings Ltd**

(Bermuda Company No. 43136)

(Malaysian Foreign Company Registration No. 995210-W)

Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL
QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED INCOME STATEMENT - UNAUDITED**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.06.2011 ⁽¹⁾	Quarter ended 30.06.2010	Year to date ended 30.06.2011 ⁽¹⁾	Year to date ended 30.06.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	130,748	115,676	224,312	214,198
Cost of Sales	<u>(93,452)</u>	<u>(78,744)</u>	<u>(158,784)</u>	<u>(146,518)</u>
Gross Profit ("GP")	37,296	36,932	65,528	67,680
Other Income	55	59	55	201
Selling and Distribution Costs	(6,910)	(8,056)	(8,631)	(12,585)
Administrative and Other Expenses	<u>(2,534)</u>	<u>(2,425)</u>	<u>(4,275)</u>	<u>(4,268)</u>
Finance Cost	<u>(128)</u>	<u>(724)</u>	<u>(270)</u>	<u>(1,223)</u>
Profit Before Tax ("PBT")	27,779	25,786	52,407	49,805
Tax Expense	<u>(7,008)</u>	<u>(6,539)</u>	<u>(13,189)</u>	<u>(12,717)</u>
Profit for the period ("PAT")	<u>20,771</u>	<u>19,247</u>	<u>39,218</u>	<u>37,088</u>
Attributable to :				
Equity holders of the parent	20,771	19,247	39,218	37,088
Minority Interest	-	-	-	-
	<u>20,771</u>	<u>19,247</u>	<u>39,218</u>	<u>37,088</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	4.72	4.81	9.04	9.27
- Diluted (sen)	N/A	N/A	N/A	N/A

Note:

- (1) The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.



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Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL
QUARTER ENDED 30 JUNE 2011**

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED (continued)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.06.2011 ⁽²⁾ RMB'000	Quarter ended 30.06.2010 ⁽²⁾ RMB'000	Year to date ended 30.06.2011 ⁽²⁾ RMB'000	Year to date ended 30.06.2010 ⁽²⁾ RMB'000
Revenue	278,246	246,172	477,361	455,837
Cost of Sales	(198,876)	(167,576)	(337,910)	(311,807)
Gross Profit ("GP")	79,370	78,595	139,451	144,030
Other income	117	126	117	428
Selling and Distribution Costs	(14,705)	(17,144)	(18,368)	(26,783)
Administrative and Other Expenses	(5,394)	(5,160)	(9,097)	(9,083)
Finance Cost	(272)	(1,541)	(575)	(2,603)
Profit Before Tax ("PBT")	59,116	54,876	111,528	105,989
Tax Expense	(14,914)	(13,916)	(28,068)	(27,063)
Profit for the period ("PAT")	44,202	40,960	83,460	78,926
Attributable to :				
Equity holders of the parent	44,202	40,960	83,460	78,926
Minority Interest	-	-	-	-
	44,202	40,960	83,460	78,926
Earnings per share attributable to equity holders of the parent				
- Basic (RMB cent)	10.04	10.24	19.24	19.73
- Diluted (RMB cent)	N/A	N/A	N/A	N/A

Note:

- (1) The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.
- (2) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the period ended 30 June 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4699 at 30 June 2011. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.

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(Malaysian Foreign Company Registration No. 995210-W)

Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- UNAUDITED**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.06.2011 ⁽¹⁾ RM'000	Quarter ended 30.06.2010 RM'000	Year to date ended 30.06.2011 ⁽¹⁾ RM'000	Year to date ended 30.06.2010 RM'000
Profit for the financial period	20,771	19,247	39,218	37,088
Currency translation differences arising from consolidation	2,847	22	2,258	(7,441)
Total comprehensive income	23,618	19,269	41,476	29,647
Total comprehensive income attributable to:				
Equity holders of the parent	23,618	19,269	41,476	29,647
Minority interest	-	-	-	-
	23,618	19,269	41,476	29,647

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30.06.2011 ⁽²⁾ RMB'000	Quarter ended 30.06.2010 ⁽²⁾ RMB'000	Year to date ended 30.06.2011 ⁽²⁾ RMB'000	Year to date ended 30.06.2010 ⁽²⁾ RMB'000
Profit for the financial period	44,203	40,960	83,460	78,927
Currency translation differences arising from consolidation	9,093	47	4,806	(15,835)
Total comprehensive income	53,296	41,007	88,266	63,092
Total comprehensive income attributable to:				
Equity holders of the parent	53,296	41,007	88,266	63,092
Minority interest	-	-	-	-
	53,296	41,007	88,266	63,092

Note:

- (1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.
- (2) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the period ended 30 June 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4699 at 30 June 2011. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.

**喜得狼®****XiDeLang Holdings Ltd**(Bermuda Company No. 43136)
(Malaysian Foreign Company Registration No. 995210-W)Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - UNAUDITED**

	Unaudited as at 30.06.2011 ⁽¹⁾ RM'000	Audited as at 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	155,318	123,912
Land use rights	26,224	26,279
	<u>181,542</u>	<u>150,191</u>
Current Assets		
Inventories	15,280	14,083
Trade and other receivables	111,196	80,872
Cash and cash equivalents	102,597	80,259
	<u>229,073</u>	<u>175,214</u>
TOTAL ASSETS	<u><u>410,615</u></u>	<u><u>325,405</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	151,660	139,438
Reserves	127,060	85,138
TOTAL EQUITY	<u>278,720</u>	<u>224,576</u>
Non-current Liabilities		
Deferred tax liabilities	9,450	7,380
Current Liabilities		
Trade and other payables	84,528	61,626
Bank borrowings	26,291	19,913
Current tax liabilities	11,626	11,910
	<u>122,445</u>	<u>93,449</u>
TOTAL LIABILITIES	<u>131,895</u>	<u>100,829</u>
TOTAL EQUITY AND LIABILITIES	<u><u>410,615</u></u>	<u><u>325,405</u></u>
Net assets per share (sen)	<u>63.35</u>	<u>56.14</u>

Note:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

**喜得狼®****XiDeLang Holdings Ltd**[Bermuda Company No. 43136]
(Malaysian Foreign Company Registration No. 995210-W)Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED
(continued)**

	As at 30.06.2011 ⁽³⁾ RMB'000	As at 31.12.2010 ⁽²⁾ RMB'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	330,534	263,698
Land use rights	55,808	55,925
	<u>386,342</u>	<u>319,623</u>
Current Assets		
Inventories	32,517	29,970
Trade and other receivables	236,638	172,105
Cash and cash equivalents	218,338	170,800
	<u>487,493</u>	<u>372,875</u>
TOTAL ASSETS	<u><u>873,835</u></u>	<u><u>692,498</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	322,750	296,740
Reserves	270,398	181,183
TOTAL EQUITY	<u>593,148</u>	<u>477,923</u>
Non-Current Liabilities		
Deferred tax liabilities	20,111	15,705
Current Liabilities		
Trade and other payables	179,885	131,147
Bank borrowings	55,950	42,377
Current tax liabilities	24,741	25,346
	<u>260,576</u>	<u>198,870</u>
TOTAL LIABILITIES	<u>280,687</u>	<u>214,575</u>
TOTAL EQUITY AND LIABILITIES	<u><u>873,835</u></u>	<u><u>692,498</u></u>
Net assets per share (RMB cent)	<u>134.82</u>	<u>119.47</u>

Note:

- (1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.
- (2) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the period ended 30 June 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4699 at 30 June 2011. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.

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(Malaysian Foreign Company Registration No. 995210-W)Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED**

Quarter and year to date ended	Non-distributable					Distributable	Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Retained Earnings	
30 June 2010	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	139,438	21,776	3,827	(105,568)	(2,305)	115,842	173,010
Total comprehensive income for the period	-	-	-	-	(7,441)	37,088	29,647
At 30 June 2010	139,438	21,776	3,827	(105,568)	(9,746)	152,930	202,657

Quarter and year to date ended	Non-distributable						Distributable	Total Equity
	Share Capital	Share Premium	Statutory Surplus Reserve	Merger Deficit	Exchange Translation Reserve	Treasury Shares	Retained Earnings	
30 June 2011 ⁽¹⁾	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	139,438	21,776	12,026	(105,568)	(15,272)	(2)	172,176	224,576
Issuance of ordinary shares pursuant to private placement, net of related expenses	12,222	6,825	-	-	-	-	-	19,047
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	(1,979)	(1,979)
Dividend for the year ended 31 December 2010	-	-	-	-	-	-	(4,400)	(4,400)
Total comprehensive income for the period	-	-	-	-	2,258	-	39,218	41,476
At 30 June 2011	151,660	28,601	12,026	(105,568)	(13,014)	(2)	205,015	278,720

Note:

- (1) The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.
- (2) Represent RM480, equivalent to 1000 units of ordinary shares repurchased at an average price of RM0.48.

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Quarterly Report on Consolidated Results for the Second Financial Quarter ended 30 June 2011

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

Quarter and year to date ended 30 June 2010	Share Capital	Share Premium	Non-distributable			Exchange Translation Reserve	Distributable Retained Earnings	Total Equity
			Statutory Surplus Reserve	Merger Deficit				
At 1 January 2010	296,740	46,342	8,144	(224,661)		(4,905)	246,525	368,185
Total comprehensive income for the period	-	-	-	-	-	(15,835)	78,927	63,092
At 30 June 2010	296,740	46,342	8,144	(224,661)		(20,740)	325,452	431,277

Quarter and year to date ended 30 June 2011 ⁽¹⁾	Share Capital	Share Premium	Non-distributable			Exchange Translation Reserve	Treasury Shares	Distributable Retained Earnings	Total Equity
			Statutory Surplus Reserve	Merger Deficit					
At 1 January 2011	296,740	46,342	25,593	(224,661)		(32,501)	⁽²⁾	366,410	477,923
Issuance of ordinary shares pursuant to private placement, net of related expenses	26,010	14,524	-	-	-	-	-	-	40,534
Deferred tax arising from undistributed profits of the PRC subsidiaries	-	-	-	-	-	-	-	(4,211)	(4,211)
Dividend for the year ended 31 December 2010	-	-	-	-	-	-	-	(9,364)	(9,364)
Total comprehensive income for the period	-	-	-	-	-	4,806	-	83,460	88,266
At 30 June 2011	322,750	60,866	25,593	(224,661)		(27,695)	⁽²⁾	436,295	593,148

Note:

(1) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the period ended 30 June 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4699 at 30 June 2011. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.

(2) Represent RM480, equivalent to 1000 units of ordinary shares repurchased at an average price of RM0.48.

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Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - UNAUDITED**

	Year to date ended	
	30.06.2011 ⁽¹⁾	30.06.2010
	RM'000	RM'000
Profit before tax	52,407	49,805
Adjustments for non-cash flow:-		
Non-cash items	448	862
Non-operating items	313	1,089
Operating profit before working capital changes	53,168	51,756
Changes in working capital		
Net change in current assets	(30,849)	(34,395)
Net change in current liabilities	18,956	23,927
Cash generated from operating activities	41,275	41,288
Income tax paid	(14,577)	(10,211)
Net cash generated from operating activities	26,698	31,077
Investing activities		
Interest received	180	134
Proceeds from disposal of property, plant and equipment	65	75
Purchase of property, plant and equipment	(30,255)	(33,721)
Net cash used in investing activities	(30,010)	(33,512)
Financing activities		
Dividend paid to former equity holder of a subsidiary	-	(18,335)
Drawdown of borrowings	15,537	9,747
Repayment of borrowings	(9,415)	-
Interest paid	(390)	(1,223)
Reduction in/(Placement) of deposits pledged to bank	-	(4)
Net proceeds from issuance of shares	19,047	-
Net cash generated from/(used in) financing activities	24,779	(9,815)
Net change in cash and cash equivalents	21,467	(12,250)
Cash and cash equivalents at beginning of financial period	79,280	115,265
Effect of changes in exchange rate	862	(4,883)
Cash and cash equivalents at end of financial period	101,609	98,132



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Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED
(CONTINUED)**

	Year to date ended	
	30.06.2011 ⁽¹⁾ RM'000	30.06.2010 RM'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	101,609	98,132
Deposits placed with financial institutions	988	1,035
	<u>102,597</u>	<u>99,167</u>
Less: Deposits pledged to financial institutions	(988)	(1,035)
	<u>101,609</u>	<u>98,132</u>

Note:

- (1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.*

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Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED**

	Year to date ended	
	30.06.2011 ⁽¹⁾	30.06.2010 ⁽¹⁾
	RMB'000	RMB'000
Profit before tax	111,528	105,991
Adjustments for non-cash flow:-		
Non-cash items	953	1,834
Non-operating items	666	2,318
Operating profit before working capital changes	113,147	110,143
Changes in working capital		
Net change in current assets	(65,650)	(73,196)
Net change in current liabilities	40,341	50,919
Cash generated from operating activities	87,838	87,866
Income tax paid	(31,021)	(21,730)
Net cash generated from operating activities	56,817	66,136
Investing activities		
Interest received	383	285
Proceeds from disposal of property, plant and equipment	138	160
Purchase of property, plant and equipment	(64,386)	(71,762)
Net cash used in investing activities	(63,865)	(71,317)
Financing activities		
Dividend paid to former equity holder of a subsidiary		(39,019)
Drawdown of borrowings	33,064	20,743
Repayment of borrowings	(20,036)	-
Interest paid	(830)	(2,603)
Reduction in/(Placement) of deposits pledged to bank		(9)
Net proceeds from issuance of shares	40,534	-
Net cash generated from/(used in) financing activities	52,732	(20,888)
Net change in cash and cash equivalents	45,684	(26,069)
Cash and cash equivalents at beginning of financial period	168,717	245,297
Effect of changes in exchange rate	1,834	(10,392)
Cash and cash equivalents at end of financial period	216,235	208,836



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Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED
(CONTINUED)**

	Year to date ended	
	30.06.2011 ⁽¹⁾	30.06.2010 ⁽¹⁾
	RMB'000	RMB'000
Cash and cash equivalents at end of financial period		
Cash and bank balances	216,235	208,836
Deposits placed with financial institutions	<u>2,103</u>	<u>2,203</u>
	218,338	211,039
Less: Deposits pledged to financial institutions	<u>(2,103)</u>	<u>(2,203)</u>
	<u>216,235</u>	<u>208,836</u>

Note:

- (1) The presentation currency of this unaudited interim financial report is Ringgit Malaysia ("RM"). Supplementary information in Renminbi ("RMB") for the period ended 30 June 2011 is shown for reference only and has been made at the exchange rate of RMB1 to RM0.4699 at 30 June 2011. This translation should not be construed as a representation that the RM amounts actually represented have been or could be converted into RMB at this or any other rate.

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Quarterly Report on Consolidated Results for the Second Financial Quarter ended
30 June 2011

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2011

A1. Basis of Preparation

a) Basis of accounting

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2010, except for the adoption of the new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations which are mandatory for annual periods beginning on or after 1 January 2011 as explained in Note A1 (c) below.

b) Basis of consolidation

The Group is regarded as continuing entity resulting from the reorganisation exercise since the management of all the entities, which took part in the reorganisation exercise were controlled by the same management and under the common controlling parties before and immediately after the reorganisation exercise. Consequently, there was a continuation of the control over the entities' financial and operating policy decision and risk and benefits to the ultimate controlling parties that existed prior to the reorganisation exercise. The reorganisation exercise has been accounted for as a restructuring under common control in a manner similar to pooling of interest or merger. Accordingly, consolidated financial statements have been prepared on the basis of merger accounting and comprised the financial statements of the subsidiaries, which were under common control of the ultimate controlling parties and management that existed prior to the reorganisation exercise during the relevant period or since their respective dates of incorporation.



A1. Basis of Preparation (cont'd)

c) Adoption of New FRSs, Amendments to FRSs and IC Interpretations

On 1 January 2011, the Group adopted the following FRSs, Amendments to FRSs and IC Interpretations:-

FRS 1	<i>First-time Adoption of Financial Reporting Standards</i>
Amendment to FRS 1	<i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>
Amendments to FRS 1	<i>Additional Exemptions for First-time Adopters</i>
Amendments to FRS 2	<i>Share-based Payment</i>
Amendments to FRS 5	<i>Non-current Assets held for Sale and Discontinued Operations</i>
Amendments to FRS 7	<i>Improving Disclosures about Financial Instruments</i>
FRS 3	<i>Business Combinations</i>
FRS 127	<i>Consolidated and Separate Financial Statements</i>
Amendments to FRS 138	<i>Intangible Assets</i>
Amendments to IC Interpretation 9	<i>Reassessment of Embedded Derivatives</i>
IC Interpretation 12	<i>Service Concession Arrangements</i>
IC Interpretation 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
IC Interpretation 17	<i>Distributions of Non-cash Assets to Owners</i>
IC Interpretation 18	<i>Transfers of Assets from Customers</i>
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"	

The adoption the above FRSs, Amendments to FRSs and IC Interpretations do not have a material impact on the interim financial information of the Group.

A2. Auditors' Report

The audit report of the Group's most recent annual audited financial statements for the year ended 31 December 2010 was not qualified.

A3. Seasonality or Cyclicity of Operation

We experience some seasonality in our business. Generally, demand for sports shoes reaches its peak during the spring / summer and autumn / winter seasons. This is when we organise launches of each new season's collection of sports shoes and apparels for our existing and potential customers. This takes place twice a year, during the spring / summer and autumn / winter seasons. Customers and potential buyers (including distributors and retailers) will then indicate their intended three-month orders for our new collection of sports shoes and apparel. This is a common practice within the sports shoe industry in the Peoples' Republic of China.



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A4. Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

A5. 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 financial quarter.

A6. Debts and Equity Securities

Treasury shares

On 26 August 2010, the Company had repurchased 1,000 units of its issued shares from the open market at an average price of RM0.48 per share. The average price paid for the share repurchased was RM0.48 per share. The repurchased shares were financed by internally generated fund. The shares repurchased are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965.

Issuance of shares

On 9 December 2010, the Company had proposed to undertake a private placement of up to 40,000,000 new ordinary shares of US\$0.10 each in the Company ("Placement Shares"), representing up to ten percent (10%) of the issued and paid-up share capital of the Company ("Proposed Private Placement"). Conditional approval was obtained from the Bursa Malaysia Securities Berhad on 27 December 2010 (relevant announcement had been made on 28 December 2010).

On 19 January 2011, the Company completed the listing and quotation of the first tranche of the Private Placement, which comprising 20,000,000 Placement Shares issued at an issue price of RM0.48 per Placement Share.

On 8 February 2011, the Company completed listing and quotation of the second and final tranche of the Private Placement, which comprising 19,999,900 Placement Shares issued at an issue price of RM0.48 per Placement Share.

The Private Placement is deemed completed on 8 February 2011.

Other than the above, there were no cancellation, repurchase, resale and repayment of debt and equity securities during the financial period under review.

A7. Dividends paid

The final tax exempt dividend of 1.0 sen per ordinary share amounting to RM 4.4 million in respect of the financial year ended 31 December 2010 was approved by shareholders at the last Annual General Meeting held on 24 June 2011. It will be paid on 5 September 2011.



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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 Peoples' Republic of China ("PRC"). 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.

As the Group's chief operating decision maker, the Group's Chief Executive Officer in this context, relies on internal reports which are similar to those currently disclosed externally, no further segmental analysis is available for disclosure except for the following entity-wide disclosures as required under Paragraph 31 of FRS 8:

Sales revenue by region

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, as disclosed below:

	Sales revenue by region	
	Quarter	Year to date
	ended	ended
	30.06.2011	30.06.2011
	RM'000	RM'000
Within the PRC:		
- Eastern region	20,962	35,353
- Southern region	45,721	78,905
- Western region	32,140	55,611
- Northern region	31,925	54,443
	<hr/>	<hr/>
	130,748	224,312

In this context, the regions are grouped in the following manner by the Group:

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



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A8. Segment Information (continued)

Sales revenue by products

	Sales revenue by products	
	Quarter ended 30.06.2011 RM'000	Year to date ended 30.06.2011 RM'000
Sports shoes	72,130	123,845
Sports apparel, accessories and equipment	58,618	100,467
	<hr/>	<hr/>
	130,748	224,312

A9. Property, Plant and Equipment

The valuation of property, plant and equipment, if any, has been brought forward without amendment from the previous audited financial statements.

A10. Subsequent Material Events

There are no material events subsequent to the end of the current quarter that will affect materially the results in the financial period under review as at the date of this report.

A11. Changes in the Composition of the Group

There are no changes in the composition of the Group during the financial period under review.

A12. Changes in Contingent Liabilities

There are no material contingent liabilities as at the date of this report.



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A13. Capital Commitments

Capital commitments not provided for in the financial statements as at 30 June 2011 is as follows:

	As at 30.06.2011 RM'000
Property, plant and equipment	
Approved but not contracted for	14,097
Contracted but not provided for	<u>4,699</u>
	<u>18,796</u>

A14. Significant Related Party Transactions

	Quarter ended 30.06.2011 RM'000	Year to date ended 30.06.2011 RM'000
Rental paid to related parties	303	603

These transactions have been entered into in the ordinary course of business and established under negotiated commercial terms.

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

B1. Review of Performance

The Group recorded revenue of RM130.7 million for the current quarter and RM224.3 million for the financial year to date, representing an increase of 13% and 5% respectively as compared to corresponding period ended 30 June 2010.

In tandem with that, the Group achieved PAT of RM20.8 million for the current quarter and RM 37.1 million for the financial year to date, which representing an increase of 9% and 6% respectively as compared to corresponding period ended 30 June 2010.

The Group's financial performance for the current financial year under review was largely boosted by the improvement in sales of the PRC subsidiaries due to the following reasons:

- (i) Increased brand awareness as a result of active advertising and promotion.
- (ii) Continuous research and development activities to keep abreast with the changing fashion trend and consumer taste, with new models being launched into the market periodically.
- (iii) Increased consumer demands in both domestic (i.e. PRC) and overseas market.

Comparison between performance in the current quarter and preceding quarter is covered under *Note (B2)* below.

B2. Variation of Results against Preceding Quarter

	Current quarter ended 30 June 2011 RM'000	Preceding quarter ended 31 March 2011 RM'000
Revenue	130,748	93,564
Profit before taxation ("PBT")	27,779	24,628

Revenues increased from RM 93.6 million in first quarter of 2011 by RM 37.2 million, or 40%, to RM 130.7 million in second quarter of 2011. The increase was driven by an a healthy demand for our products and increased brand awareness following active advertising and promotion undertaken by the Group.

The increase in PBT from RM 24.6 million in preceding quarter, by RM 3.2 million, or 13%, to RM 27.8 million in second quarter of 2011 resulted mainly from the higher sales achieved in second quarter of 2011 offset by higher selling and distribution costs in second quarter of 2011.



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B3. Next Year Prospects

The rising affluence of China's population is expected to lead to continued growth in consumer expenditure on leisure activities, sporting activities, entertainment and sports shoes/apparels. This, coupled with rising health-consciousness and growing passion for sports as a result of PRC's government's efforts in promoting healthy lifestyle and successful organisation of major sport events, are expected to sustain further growth in consumption and market demands for sportswear.

In addition to that, following the gradual recovery of global economy after the financial crisis, demands from overseas markets are expected to rebound and on a growing track. This inevitably will benefit the PRC sportswear manufacturers in terms of increasing exports.

As such, our Board of Directors is optimistic that the Group's prospects and the outlook of the sportswear industry for the financial year ending 31 December 2011 would be favourable.

B4. Profit Forecast

Not applicable as no profit forecast was previously published.

B5. Income Tax Expense

Taxation comprises the following:-

	Current quarter ended		Year to date ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Income tax	7,008	6,539	13,189	12,717

The effective tax rates of the Group for the current quarter and year to date was 25.2% respectively, which was relatively consistent with the applicable tax rate in the PRC of 25%. The difference was mainly attributable to non-deductible items.

B6. Sales of Unquoted Investments and/or Properties

There were no sales of unquoted investments and/or properties in the current financial quarter.

B7. Quoted Securities

Other than the repurchase of own shares as mentioned in *Note (A6)*, there were no other purchases or sales of quoted securities in the current financial quarter.



B8. Status of Corporate Proposals and Utilisation of Proceeds

The status of the utilisation of gross proceeds from Public Issue is as follows:

	Purpose	Intended Timeframe	Proposed	Actual	Deviation		Remark
			utilisation RM'000	Utilisation RM'000	Amount RM'000	%	
i)	Advertising and branding	Within 12 months	9,200	9,200	-	-	-
ii)	Expansion of marketing and distribution network	Within 12 months	18,400	18,400	-	-	-
iii)	Research and extension of product portfolio	Within 12 months	2,300	1,553	747	32	N1
iv)	Expansion of production capacity	Within 12 months	16,100	16,100	-	-	-
v)	Working capital	On-going	4,000	4,350	(350)	(9)	N2
vi)	Estimated listing expenses	Immediate	8,000	7,650	350	4	N2
			<u>58,000</u>	<u>57,253</u>	<u>747</u>		

N1 The proceeds allocated have not been fully utilised within the stipulated timeframe due to our plan of moving into our new production facility and thereby investing extensively in research and extension of product portfolio has been deferred due to the delay in construction and renovation works arising from unforeseen weather conditions from July to September 2010.

We expect to relocate our research department into the new production centre by the end of 2011. As such, we envisage that by end of 2011, we would be able to fully utilise the amount allocated.

N2 The total listing and share issue expenses were RM7.65 million. The excess of RM350,000 as compared to budget of RM8 million was utilised for working capital purpose.



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B9. Borrowings

Details of the Group's borrowings as at 30 June 2011 are as follows:-

	Secured RM'000	Unsecured RM'000	Total RM'000
Current			
Short term bank loans	7,988	6,438	14,426
Recourse factoring	9,985	-	9,985
Bankers' acceptances	1,880	-	1,880
	<u>19,853</u>	<u>6,438</u>	<u>26,291</u>

All the borrowings are denominated in RMB.

B10. Off Balance Sheet Financial Instruments

As at the date of this report, there were no financial instruments not recognised on the balance sheet.

B11. Changes in Material Litigation

As at date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group and the Board, is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B12. Dividends

The final tax exempt dividend of 1.0 sen per ordinary share amounting to RM 4.4 million in respect of the financial year ended 31 December 2010 was approved by the shareholders at the last Annual General Meeting held on 24 June 2011. It will be paid on 5 September 2011.

The Board of Directors does not recommend the payment of dividend in respect of the current financial quarter ended 30 June 2011.

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The basic earnings per share is calculated as follows:-

	Current quarter ended		Year to date ended	
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Basic earnings per share				
Profit attributable to ordinary equity holders of the parent	20,771	19,247	39,218	37,088
Weighted average number of ordinary shares in issue ('000)	439,999	400,000	433,811	400,000
	Sen	Sen	sen	sen
Basic earnings per share	4.72	4.81	9.04	9.27

The diluted earnings per share are not shown as there were no dilutive instruments as at balance sheet date.

B14. Disclosure on realised and unrealised profit/loss

The retained earnings of the Group as at 30 June 2011 are analysed as follows:

	As at 30 June 2011 RM'000
The retained earnings of the Company and its subsidiaries:	
- Realised	215,172
- Unrealised	(3,575)
	<u>211,597</u>
Add: Consolidation adjustments	(6,582)
	<u>205,015</u>

B15. 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.