



XiDeLang Holdings

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2020 ⁽¹⁾ RMB'000	Quarter ended 31.12.2019 ⁽¹⁾ RMB'000	Financial period ended 31.12.2020 ⁽¹⁾ RMB'000	Financial period ended 31.12.2019 ⁽¹⁾ RMB'000
Revenue	119,777	n/a	186,969	n/a
Cost of Sales	(90,701)	n/a	(141,174)	n/a
Gross Profit ("GP")	29,076	n/a	45,795	n/a
Other Income	869	n/a	1,714	n/a
Distribution Costs	(4,899)	n/a	(9,475)	n/a
Administrative and Other Expenses	(16,371)	n/a	(26,788)	n/a
Finance Costs	(136)	n/a	(296)	n/a
Profit before Tax ("PBT")	8,539	n/a	10,950	n/a
Tax Expense	(4,735)	n/a	(6,605)	n/a
Profit For The Period ("PAT")	<u>3,804</u>	<u>n/a</u>	<u>4,345</u>	<u>n/a</u>
Other Comprehensive Income:				
Foreign currency translations	-	n/a	-	n/a
Other Comprehensive Income, net of tax	-	n/a	-	n/a
Total Comprehensive Income	<u>3,804</u>	<u>n/a</u>	<u>4,345</u>	<u>n/a</u>
Profit attributable to:				
Equity holders of the parent	<u>3,804</u>	<u>n/a</u>	<u>4,345</u>	<u>n/a</u>
Total Comprehensive Income attributable to:				
Equity holders of the parent	<u>3,804</u>	<u>n/a</u>	<u>4,345</u>	<u>n/a</u>
Earnings per share attributable to equity holders of the parent				
- Basic ⁽²⁾ (RMB cent)	0.18	n/a	0.22	n/a
- Diluted ⁽²⁾ (RMB cent)	0.18	n/a	0.22	n/a

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 period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

Due to the change of financial year end from 31 December to 30 June, no comparative figures are available for the current quarter and period ended 31 December 2020 as it is not comparable with that of the corresponding quarter and period of the preceding financial year.

(2) Refer Note B9 for further details.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 31.12.2020 ⁽¹⁾ RMB'000	As at 30.06.2020 RMB'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	513,084	520,333
Land use rights	44,244	44,852
	557,328	565,185
Current Assets		
Inventories	90,342	1,874
Trade and other receivables (Note @)	156,289	115,476
Current tax assets	-	2,098
Cash and cash equivalents	835,244	862,064
	1,081,875	981,512
TOTAL ASSETS	1,639,203	1,546,697
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	454,658	452,534
Reserves	1,025,793	990,915
TOTAL EQUITY	1,480,451	1,443,449
Non-current Liabilities		
Deferred tax liabilities	24,663	24,318
Current Liabilities		
Trade and other payables (Note #)	132,725	66,390
Tax payable	1,364	140
Bank borrowings	-	12,400
	134,089	78,930
TOTAL LIABILITIES	158,752	103,248
TOTAL EQUITY AND LIABILITIES	1,639,203	1,546,697
Net assets per share (RMB)⁽²⁾	0.70	0.80

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 period 1 January 2019 to 30 June 2020 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 respective financial period(s).

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 31 December 2020 ⁽¹⁾	Non-distributable						Distributable		Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory surplus reserve RMB'000	Merger deficit RMB'000	Exchange translation reserve RMB'000	Treasury shares RMB'000	Retained earnings RMB'000	
Balance at 1 July 2020	452,534	2,290	417,225	49,277	(204,906)	33,401	(1)	693,629	1,443,449
Total comprehensive income	-	-	-	-	-	-	-	4,345	4,345
Transactions with owners									
Issue of shares pursuant to exercise of ESOS	2,124	30,533	-	-	-	-	-	-	32,657
Transfer to statutory surplus reserve	-	-	-	1,285	-	-	-	(1,285)	-
	2,124	30,533	-	1,285	-	-	-	(1,285)	32,657
Balance at 31 December 2020	454,658	32,823	417,225	50,562	(204,906)	33,401	(1)	696,689	1,480,451

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 period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

Due to the change of financial year end from 31 December to 30 June, no comparative figures are available for the current financial period and year-to-date ended 30 June 2020 as it is not comparable with that of the corresponding quarter and period of the preceding financial year.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial period ended	
	31.12.2020 ⁽¹⁾ RMB'000	31.12.2019 ⁽¹⁾ RMB'000
Profit before tax	10,950	n/a
Adjustments for non-operating cash flows:		
Non-cash items	8,314	n/a
Non-operating items	(1,418)	n/a
Operating profit before working capital changes	17,846	n/a
Changes in working capital		
Net change in current assets	(129,402)	n/a
Net change in current liabilities	66,336	n/a
Cash generated from operating activities	(45,220)	n/a
Income tax paid	(2,938)	n/a
Net cash used in operating activities	(48,158)	n/a
Investing activities		
Interest received	1,714	n/a
Purchase of property, plant and equipment	(337)	n/a
Net cash from investing activities	1,377	n/a
Financing activities		
Interest paid	(296)	n/a
Proceeds from issuance of new ordinary shares	32,657	n/a
Repayment of borrowings	(12,400)	n/a
Net cash from financing activities	19,961	n/a
Net change in cash and cash equivalents	(26,820)	n/a
Cash and cash equivalents at beginning of financial period	862,064	n/a
Cash and cash equivalents at end of financial period	835,244	n/a
Cash and cash equivalents at end of financial period		
Cash and bank balances	835,244	n/a

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 period 1 January 2019 to 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.*

Due to the change of financial year end from 31 December to 30 June, no comparative figures are available for the current financial period and year-to-date ended 30 June 2020 as it is not comparable with that of the corresponding quarter and period of the preceding financial year.



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 period 1 January 2019 to 30 June 2020 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 period 1 January 2019 to 30 June 2020.

The significant accounting policies and methods of computation applied in these unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial period 1 January 2019 to 30 June 2020, 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 2020

Amendments to References to the Conceptual Framework in MFRS Standards, as issued by MASB on 30 April 2018

Amendments to MFRS 3 *Definition of a Business*

Amendments to MFRS 101 and MFRS 108 *Definition of Material*

Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*

Effective for annual periods commencing on or after 1 June 2020

Amendment to MFRS 16 *Covid-19 Related Rent Concessions*

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.



A1. BASIS OF PREPARATION (cont'd)

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 2021

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

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*

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*

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 audited financial statements for the financial period 1 January 2019 to 30 June 2020 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

○ *Proposed Par Value Reduction and Proposed ESOS*

The Company had, on 22 July 2020, proposed to undertake the following:

- (i) par value reduction via cancellation of USD0.039 of the par value of every existing issued and unissued share of the Company of USD0.04 pursuant to Sections 45 and 46 of the Companies Act, 1981 of Bermuda ("**Proposed Par Value Reduction**"); and
- (ii) establishment of an employees' share options scheme involving up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("**Proposed ESOS**").

The Proposed Par Value Reduction and Proposed ESOS were subsequently approved by the shareholders of the Company at the Special General Meeting convened on 3 September 2020. The Proposed Par Value Reduction took effect on 3 September 2020 and accordingly, was deemed completed on 3 September 2020. The ESOS has been implemented on, and takes effect from, 3 September 2020.

○ *ESOS*

During the current quarter and financial period

The Company had, on 3 September 2020, offered 270,732,400 units of ESOS to the eligible employees of the Group with an exercise price of RM0.0653 per share. The entire 270,732,400 units of ESOS were exercised in September 2020, resulting in 270,732,400 units of new Company's shares being issued at the price of RM0.0653 per share with the listing date on 11 September 2020. Total proceeds raised from the exercise of ESOS amounted to approximately RMB29.3 million.

The Company had, on 9 October 2020, offered additional 40,609,900 units of ESOS to the eligible employees of the Group with an exercise price of RM0.05 per share. The entire 40,609,900 units of ESOS were exercised in October 2020, resulting in 40,609,900 units of new Company's shares being issued at the price of RM0.05 per share with the listing date on 15 October 2020.

Save for the above, there was no other 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 6-months financial period ended 31 December 2019: Nil*).

A8. SEGMENT INFORMATION

The Group's activities are predominantly in designing, manufacturing and marketing of sports shoes as well as designing and marketing of sports apparel, accessories and equipment within the People's Republic of China ("PRC" or "China"). The Group's operations are concentrated in Jinjiang City, Fujian Province of the PRC, which represents its principal place of business and in which the assets and liabilities of the Group are located.

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

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

	Own branding manufacturer RMB'000	Original design manufacturer ("ODM") RMB'000	Total RMB'000
Quarter ended 31 December 2020			
Revenue – footwear	54,335	65,442	119,777
Financial period ended 31 December 2020			
Revenue – footwear	75,691	111,278	186,969

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

	Quarter ended 31.12.2020 RMB'000	Financial period ended 31.12.2020 RMB'000
Within the PRC:		
- Eastern region	3,989	5,580
- Southern region	81,502	133,783
- Western region	19,121	26,260
- Northern region	15,165	21,346
	<hr/> 119,777	<hr/> 186,969

A9. MATERIAL EVENTS

There was no material event subsequent to the end of the current quarter that have not been reflected in this interim financial report and/or announced to Bursa Securities.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group during the current quarter and financial period under review.



A11. CHANGES IN CONTINGENT LIABILITIES

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

A12. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 December 2020 is as follows:

	As at 31.12.2020 RMB'000
Property, plant and equipment	
Approved but not contracted for	<u>31,142</u>

A13. RELATED PARTY TRANSACTIONS

There was no related party transaction entered into by the Group during the current quarter and financial period under review (*Quarter and 6-months financial period ended 31 December 2019: Nil*).

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

B1. ANALYSIS OF PERFORMANCE

	3 months ended		Changes	
	31.12.2020 RMB'000	31.12.2019 RMB'000	RMB'000	%
Revenue	119,777	126,301	(6,524)	-5.2
Gross profit	29,076	31,936	(2,860)	-9.0
Profit before tax	8,539	12,949	(4,410)	-34.1
Profit after tax / Profit attributable to equity holders of the parent	3,804	7,846	(4,042)	-51.5

Revenue

Our Group's total revenue stood at RMB119.8 million for the current quarter under review, decrease slightly by approximately 5.2% as compared to 3 months ended 31 December 2019.

The moderation of sales performance was primarily due to lower sales volume recorded for the ODM division during the current quarter under review, as the market activities were undergoing gradual recovery from the disruptions caused by the COVID-19 pandemic. This was partially mitigated by an increase in sales volume from Own-branding division as a result of higher demands in line with seasonal change. The sales volume recorded for the ODM division and Own-branding division during the current quarter under review were as follows:

	3 months ended	
	31.12.2020	31.12.2019
ODM division		
Volume sold ('000 pairs)	922	1,188
Movement	-22.4%	

	3 months ended	
	31.12.2020	31.12.2019
Own-branding division		
Volume sold ('000 pairs)	656	505
Movement	+29.9%	

Profitability

Our Group's gross profit stood at RMB29.1 million for the current quarter under review, lower by approximately 9.0% as compared to 3 months ended 31 December 2019; in line with the moderation in sales performance. The decrease in gross profit, in turn, has affected our Group's profit after tax, stood at RMB3.8 million for the current quarter under review (3 months ended 31 December 2019: RMB7.8 million).



B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended		RMB'000	%
	31.12.2020	30.09.2020		
	RMB'000	RMB'000		
Revenue	119,777	67,192	52,585	+78.3
Gross profit	29,076	16,719	12,357	+73.9
Profit before tax	8,539	2,411	6,128	+254.2
Profit after tax / Profit attributable to equity holders of the parent	3,804	541	3,263	+603.1

Revenue for the current quarter under review increased by approximately 78.3% or approximately RMB52.6 million as compared to the preceding quarter, attributable to the gradual recovery of market activities from the disruption caused by COVID-19 pandemic as well as rise in market demands in line with seasonal change.

Backed by the encouraging increase in revenue and gross profit, our Group's profit before tax and profit after tax improved to RMB8.5 million and RMB3.8 million respectively for the current quarter under review, an increase of approximately RMB6.1 million and RMB3.3 million respectively as compared to the preceding quarter.

ADDITIONAL INFORMATION – TRADE RECEIVABLES

	As at	
	31.12.2020	30.06.2020
	RMB'000	RMB'000
Trade receivables – third party	158,697	117,259
Allowance for expected credit loss	(1,904)	(1,783)
	<u>156,793</u>	<u>115,476</u>

The normal credit terms granted by our Group ranging from 120 to 150 days. As of 31 December 2020, our Group was not aware of any significant concern on the recoverability of the trade receivables.



B3. TAX EXPENSES

	3-months ended		6-months ended	
	31.12.2020 RMB'000	31.12.2019 RMB'000	31.12.2020 RMB'000	31.12.2019 RMB'000
Tax expenses	4,735	5,103	6,605	11,732
Effective tax rate	55.5%	39.4%	60.3%	42.0%

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 stood at 55.5% and 60.3% respectively, higher than the prevailing statutory tax rate in the PRC. This was primarily attributable to the following factors:

- (i) Additional deferred tax liabilities provided in relation to the expected withholding tax on undistributed profits of the PRC subsidiaries;
- (ii) Adjustment made to write-off current tax assets where the recoverability is uncertain; and
- (iii) Non-availability of Group's relief, where losses incurred by the investment holding entities within the Group were not allowed to be offset against the taxable profit of the operating subsidiary of the Group. Further details are as follows:

	Quarter ended 31.12.2020 RMB'000	Financial period ended 31.12.2020 RMB'000
Tax expenses	4,735	6,605
Profit/(Loss) before tax:		
- HongPeng (Fujian) Shoes & Garments Co., Ltd.	12,873	19,113
- Other subsidiaries [^]	(3,903)	(7,726)
- Company level	(431)	(437)
Profit before tax – group level	8,539	10,950

[^] Primarily consist of depreciation and amortisation, as well as property taxes.



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 certain degree of volatility. 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. Nevertheless, our Group is cautiously optimistic that the demands for sportswear within the domestic China market and global markets will recover gradually in the mid and long term.

Barring any unforeseen circumstances, our Group expects the financial performance for the financial year ending 30 June 2021 to remain relatively stable and positive.

B5. Profit Forecast

Not applicable as no profit forecast was previously published.

B6. STATUS OF CORPORATE PROPOSALS AND UTILISATION OF PROCEEDS

Private placement and rights issue of warrants in 2012

The status of utilisation, as of 31 December 2020 is as follows:

(In RM)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RM'000	Utilisation RM'000	Amount RM'000	%	
i)	Purchase machinery and equipment for new design and production centre	Before 31 December 2021	29,100	23,286	5,814	20.0 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	23,886	5,814		

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

Private placement and rights issue of warrants in 2012 (cont'd)

(In RMB)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RMB'000	Utilisation RMB'000	Amount RMB'000	%	
i)	Purchase machinery and equipment for new design and production centre	Before 31 December 2021	53,670	41,395	12,275	22.9 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	42,502	12,275		

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. Accordingly, a longer period is required for the remaining funds to be fully utilised. Barring any unforeseen circumstances, the Group expects the remaining funds to be fully utilised before 31 December 2021.*

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

Rights Issue in 2014

The status of utilisation, as of 31 December 2020 is as follows:

(In RM)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RM'000	Utilisation RM'000	Amount RM'000	%	
i)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	83,700	-	83,700	100	N2
ii)	Estimated expenses in relation to the Proposals	Immediate	1,000	1,000	-	-	
			84,700	1,000	83,700		



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

Rights Issue in 2014 (cont'd)

(In RMB)			Proposed	Actual	Deviation		
	Purpose	Intended Timeframe	Utilisation RMB'000	Utilisation RMB'000	Amount RMB'000	%	
i)	Construction of the second stage of the new Design & Production Centre ("Stage 2 Construction")	Within 3 years	151,246	-	151,246	100	N2
ii)	Estimated expenses in relation to the Proposals	Immediate	1,807	1,807	-	-	
			153,053	1,807	151,246		

N2 *The utilisation for the funds raised is expected to be within three (3) years from the commencement of Stage 2 Construction. All the funds are currently kept in the Group's banking account maintained with the Industrial and Commercial Bank of China.*

B7. BORROWINGS

There was no outstanding borrowings as at 31 December 2020.

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, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.



B9. EARNINGS PER SHARE

(1) Basic Earnings per Share (“BEPS”)

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

	3 months ended		Financial period ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RMB'000	RMB'000	RMB'000	RMB'000
Basic earnings per share				
Profit attributable to equity holders of the parent	3,804	n/a	4,345	n/a
Weighted average number of ordinary shares in issue ('000)	2,109,603	n/a	1,986,671	n/a
	RMB cent	RMB cent	RMB cent	RMB cent
BEPS	0.18	n/a	0.22	n/a

(2) Diluted Earnings per Share (“DEPS”)

As of 31 December 2020, the Group has 902,441,557 Warrants D in issue, which entitles the holders the rights for conversion into 1 ordinary share for every 1 warrant at an exercise price of RM0.18 each (or RM equivalent of the par value of the ordinary share, whichever is higher) respectively.

The warrants in issue give rise to potential ordinary shares which, upon conversion, could result in dilution to earnings per share in future financial periods. In accordance with MFRS 133, options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options and warrants (i.e. they are ‘in-the-money’).

The diluted earnings per ordinary share is same as the basic earnings per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the period end. Relevant disclosure and information, where applicable, would be made in future interim financial reports and annual financial statements.

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 31.12.2020 RMB'000	Financial period ended 31.12.2020 RMB'000
Interest income	869	1,714
Interest expense	(136)	(296)
Depreciation and amortisation expenses	(4,129)	(8,174)
Allowance made for expected credit loss	(687)	(121)
Assets written off	(19)	(19)
Foreign exchange gain/(loss)	N/A	N/A
Other income including investment income	N/A	N/A
Provision for and write off of receivables	N/A	N/A
Provision for and write off of inventories	N/A	N/A
Gain/Loss on disposal of quoted or unquoted investments 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 RM0.6141 at 31 December 2020. The translation should not be construed as a representation that the RMB amounts actually have been or could be converted into RM at this or any other rate.

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

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

Appendix A – Condensed Consolidated Statement of Comprehensive Income

Appendix B – Condensed Consolidated Statement of Financial Position

Appendix C – Condensed Consolidated Statement of Changes in Equity

Appendix D – Condensed Consolidated Statement of Cash Flows



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.12.2020 RM'000	Quarter ended 31.12.2019 RM'000	Financial period ended 31.12.2020 RM'000	Financial period ended 31.12.2019 RM'000
Revenue	73,555	n/a	114,818	n/a
Cost of Sales	(55,699)	n/a	(86,695)	n/a
Gross Profit ("GP")	17,856	n/a	28,123	n/a
Other Income	534	n/a	1,053	n/a
Distribution Costs	(3,008)	n/a	(5,819)	n/a
Administrative and Other Expenses	(10,053)	n/a	(16,451)	n/a
Finance Costs	(84)	n/a	(182)	n/a
Profit before Tax ("PBT")	5,245	n/a	6,724	n/a
Tax Expense	(2,908)	n/a	(4,056)	n/a
Profit for the Period ("PAT")	2,337	n/a	2,668	n/a
Other Comprehensive Income:				
Foreign currency translations	-	n/a	-	n/a
Other Comprehensive Income, net of tax	-	n/a	-	n/a
Total Comprehensive Income	2,337	n/a	2,668	n/a
Profit attributable to:				
Equity holders of the parent	2,337	n/a	2,668	n/a
Total Comprehensive Income attributable to:				
Equity holders of the parent	2,337	n/a	2,668	n/a
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	0.11	n/a	0.14	n/a
- Diluted (sen)	0.11	n/a	0.14	n/a

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

	As at 31.12.2020 RM'000	As at 30.06.2020 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	315,085	319,536
Land use rights	27,170	27,544
	<u>342,255</u>	<u>347,080</u>
Current Assets		
Inventories	55,479	1,151
Trade and other receivables	95,977	70,914
Current tax assets	-	1,288
Cash and cash equivalents	512,923	529,394
	<u>664,379</u>	<u>602,747</u>
TOTAL ASSETS	<u>1,006,634</u>	<u>949,827</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	279,205	277,901
Reserves	629,939	608,521
TOTAL EQUITY	<u>909,144</u>	<u>886,422</u>
Non-current Liabilities		
Deferred tax liabilities	15,146	14,934
Current Liabilities		
Trade and other payables	81,506	40,770
Tax payable	838	86
Bank borrowings	-	7,615
	<u>82,344</u>	<u>48,471</u>
TOTAL LIABILITIES	<u>97,490</u>	<u>63,405</u>
TOTAL EQUITY AND LIABILITIES	<u>1,006,634</u>	<u>949,827</u>
Net assets per share (RM)	<u>0.43</u>	<u>0.49</u>



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

Quarter and period ended	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	
31 December 2020									
Balance at 1 July 2020	277,901	1,406	256,218	30,261	(125,833)	20,512	(1)	425,958	886,422
Total comprehensive income	-	-	-	-	-	-	-	2,668	2,668
Transactions with owners									
Issue of shares pursuant to exercise of ESOS	1,304	18,750	-	-	-	-	-	-	20,054
Transfer to statutory surplus reserve	-	-	-	789	-	-	-	(789)	-
	1,304	18,750	-	789	-	-	-	(789)	20,054
Balance at 31 December 2020	279,205	20,156	256,218	31,050	(125,833)	20,512	(1)	427,837	909,144

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

	Financial period ended	
	31.12.2020 RM'000	31.12.2019 RM'000
Profit before tax	6,724	n/a
Adjustments for non-operating cash flows:		
Non-cash items	5,106	n/a
Non-operating items	(871)	n/a
Operating profit before working capital changes	10,959	n/a
Changes in working capital		
Net change in current assets	(79,466)	n/a
Net change in current liabilities	40,737	n/a
Cash generated from operating activities	(27,770)	n/a
Income tax paid	(1,804)	n/a
Net cash used in operating activities	(29,574)	n/a
Investing activities		
Interest received	1,053	n/a
Purchase of property, plant and equipment	(207)	n/a
Net cash from investing activities	846	n/a
Financing activities		
Interest paid	(182)	n/a
Proceeds from issuance of new ordinary shares	20,054	n/a
Repayment of borrowings	(7,615)	n/a
Net cash from financing activities	12,257	n/a
Net change in cash and cash equivalents	(16,471)	n/a
Cash and cash equivalents at beginning of financial period	529,394	n/a
Cash and cash equivalents at end of financial period	512,923	n/a
Cash and cash equivalents at end of financial period		
Cash and bank balances	512,923	n/a