



XiDeLang Holdings Ltd

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

INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2016

<u>CONTENTS</u>	<u>PAGE</u>
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	2
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	3 – 4
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	5
EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (“MFRS 134”)	6 – 11
ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES	12 – 19
APPENDICES	
- FINANCIAL STATEMENTS TRANSLATED INTO RINGGIT MALAYSIA (FOR ILLUSTRATIVE PURPOSE ONLY)	20 – 25



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.3.2016 ⁽¹⁾ RMB'000	Quarter ended 31.3.2015 RMB'000	Financial period ended 31.3.2016 ⁽¹⁾ RMB'000	Financial period ended 31.3.2015 RMB'000
Revenue	110,909	102,542	110,909	102,542
Cost of Sales	<u>(92,269)</u>	<u>(80,316)</u>	<u>(92,269)</u>	<u>(80,316)</u>
Gross Profit ("GP")	18,640	22,226	18,640	22,226
Other Income	485	508	485	508
Distribution Costs	(65)	(164)	(65)	(164)
Administrative and Other Expenses	(16,742)	(16,590)	(16,742)	(16,590)
Finance Costs	<u>(112)</u>	<u>(137)</u>	<u>(112)</u>	<u>(137)</u>
Profit before Tax ("PBT")	2,206	5,843	2,206	5,843
Tax Expense	<u>(818)</u>	<u>(1,810)</u>	<u>(818)</u>	<u>(1,810)</u>
Profit For The Period ("PAT")	<u>1,388</u>	<u>4,033</u>	<u>1,388</u>	<u>4,033</u>
Other Comprehensive Income:				
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>
Total Comprehensive Income	<u>1,388</u>	<u>4,033</u>	<u>1,388</u>	<u>4,033</u>
Profit attributable to:				
Equity holders of the parent	<u>1,388</u>	<u>4,033</u>	<u>1,388</u>	<u>4,033</u>
Total Comprehensive Income attributable to:				
Equity holders of the parent	<u>1,388</u>	<u>4,033</u>	<u>1,388</u>	<u>4,033</u>
Earnings per share attributable to equity holders of the parent				
- Basic ⁽²⁾ (RMB cent)	0.05	0.18	0.05	0.18
- Diluted ⁽³⁾ (RMB cent)	0.05	0.18	0.05	0.18

Note:

- (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 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.
- (2) The basic earnings per ordinary share for the quarter and financial period ended 31 March 2015 have taken into effect of the bonus issue completed on 28 January 2016. The effect of bonus issue was reflected in accordance with MFRS 133, where the earnings per share calculations for all periods shall be adjusted retrospectively.
- (3) Refer Note B9 for further details.



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

	As at 31.3.2016 ⁽¹⁾ RMB'000	As at 31.12.2015 RMB'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	565,892	569,409
Land use rights	50,026	50,330
	615,918	619,739
Current Assets		
Inventories	8,761	7,179
Trade and other receivables (Note @)	247,737	265,204
Current tax assets	1,680	1,942
Cash and cash equivalents	489,941	508,649
	748,119	782,974
TOTAL ASSETS	1,364,037	1,402,713
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	512,584	246,681
Reserves	732,466	996,981
TOTAL EQUITY	1,245,050	1,243,662
Non-current Liabilities		
Deferred tax liabilities	19,643	19,546
Current Liabilities		
Trade and other payables (Note #)	89,344	129,505
Bank borrowings	10,000	10,000
	99,344	139,505
TOTAL LIABILITIES	118,987	159,051
TOTAL EQUITY AND LIABILITIES	1,364,037	1,402,713
Net assets per share (RMB)⁽²⁾	0.46	0.50

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 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Calculated based on the weighted average number of ordinary shares in issue for the respective periods.*

Remark

(@) *Average credit terms granted to trade receivables by the Group are one hundred and twenty (120) days.*

(#) *Average credit terms granted by trade payables to the Group are ninety (90) days.*



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Quarter and period ended 31 March 2015	←----- Non-distributable ----->						Distributable		Total Equity RMB'000
	Share Capital RMB'000	Capital Reserve RMB'000	Warrant 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	
At 1 January 2015	699,209	-	47,685	35,034	(204,906)	33,401	(1)	574,437	1,184,859
Surplus arising from par value reduction	(489,446)	489,446	-	-	-	-	-	-	-
Transfer to statutory surplus reserve	-	-	-	477	-	-	-	(477)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	4,033	4,033
At 31 March 2015	209,763	489,446	47,685	35,511	(204,906)	33,401	(1)	577,993	1,188,892



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (continued)

Quarter and period ended 31 March 2016 ⁽¹⁾	←----- Non-distributable ----->							Distributable		Total Equity RMB'000
	Share Capital RMB'000	Share Premium RMB'000	Capital Reserve RMB'000	Warrant 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	
At 1 January 2016	246,681	15,087	489,446	23,975	36,432	(204,906)	33,401	(1)	603,547	1,243,662
Issuance of shares pursuant to:										
- Bonus issue of shares	265,903	-	(265,903)	-	-	-	-	-	-	-
Fair value of additional warrants issued pursuant to bonus issue of shares	-	-	-	57	-	-	-	-	(57)	-
Transfer to statutory surplus reserve	-	-	-	-	216	-	-	-	(216)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	1,388	1,388
At 31 March 2016	512,584	15,087	223,543	24,032	36,648	(204,906)	33,401	(1)	604,662	1,245,050

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 31 December 2015 and the accompanying explanatory notes attached to this interim financial report.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial period ended	
	31.3.2016 ⁽¹⁾ RMB'000	31.3.2015 RMB'000
Profit before tax	2,206	5,843
Adjustments for non-cash flow:-		
Non-cash items	3,821	3,776
Non-operating items	(373)	(371)
Operating profit before working capital changes	5,654	9,248
Changes in working capital		
Net change in current assets	15,885	17,032
Net change in current liabilities	(40,161)	(5,850)
Cash generated from operating activities	(18,622)	20,430
Income tax paid	(459)	(2,787)
Net cash (used in)/generated from operating activities	(19,081)	17,643
Investing activities		
Interest received	485	508
Purchase of property, plant and equipment	-	(11)
Net cash generated from investing activities	485	497
Financing activities		
Interest paid	(112)	(137)
Net cash used in financing activities	(112)	(137)
Net change in cash and cash equivalents	(18,708)	18,003
Cash and cash equivalents at beginning of financial period	508,649	517,914
Cash and cash equivalents at end of financial period	489,941	535,917
Cash and cash equivalents at end of financial period		
Cash and bank balances	489,941	535,917

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 31 December 2015 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 31 December 2015 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 an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

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 financial statements for the year ended 31 December 2015, 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 2016

- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRSs (*Annual Improvements to MFRSs 2012 – 2014 Cycle*)
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101 *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

The adoption of the above MFRS and Amendments to MFRSs did not have any significant financial impact to the Group.



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:

<u>Title</u>	<u>Effective Date</u>
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 31 December 2015 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

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 financial quarter.

A6. DEBTS AND EQUITY SECURITIES

- (i) Corporate proposals relating to debts and/or equity securities

Corporate exercise completed

▪ *Bonus Issue of Shares*

On 7 August 2015, the Company announced to undertake a bonus issue of up to 1,969,858,013 new Shares (“Bonus Shares”) on the basis of one (1) Bonus Share for every one (1) existing Share held by entitled shareholders of the Company on an entitlement date to be determined by the Board of Directors at a later date (“**Proposed Bonus Issue of Shares**”).

The Proposed Bonus Issue of Shares was subsequently approved by the shareholders of the Company at a Special General Meeting held on 21 September 2015, with the entitlement date fixed on 27 January 2016. The Proposed Bonus Issue of Shares has been completed on 28 January 2016, following the listing of and quotation for 1,347,738,911 Bonus Shares on the Main Market of Bursa Securities.

Corporate exercise announced subsequent to the period end but before the release of this interim financial report

▪ *Proposed Par Value Reduction*

On 27 April 2016, the Company announced the proposal to undertake a par value reduction via cancellation of USD0.02 of the par value of every existing issued and unissued share of XiDeLang of USD0.03 pursuant to Section 45 and 46 of the Companies Act 1981 of Bermuda effective on such date as may be determined by the Directors of the Company (“**Proposed Par Value Reduction**”). As of the date of this report, the Proposed Par Value Reduction is pending the shareholders’ approval at a Special General Meeting to be convened at a later date.

Save for the above, there were 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 in the current financial period.



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.

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 equipment manufacturer RMB'000	Total RMB'000
Quarter and period ended 31 March 2016			
Revenue	90,663	20,246	110,909
Interest income	471	14	485
Finance Cost	(112)	*	(112)
Net finance income/(expense)	359	14	373
Quarter and period ended 31 March 2015			
Revenue	78,055	24,487	102,542
Interest income	497	11	508
Finance Cost	(136)	(1)	(137)
Net finance income/(expense)	361	10	371

* Less than RMB1,000



A8. SEGMENT INFORMATION (cont'd)

Accordingly, no further segmental analysis is available for disclosure except for the following entity-wide disclosures as required by MFRS 8:

Revenue by products

	Sales revenue by products	
	Quarter and period ended 31.3.2016 RMB'000	Quarter and period ended 31.3.2015 RMB'000
Sports shoes	91,423	76,550
Sports apparel, accessories and equipment	19,486	25,992
	110,909	102,542

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, Guangdong, 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

	Sales revenue by regions	
	Quarter and period ended 31.3.2016 RMB'000	Quarter and period ended 31.3.2015 RMB'000
Within the PRC:		
- Eastern region	5,749	4,948
- Southern region	46,729	47,962
- Western region	32,133	26,760
- Northern region	26,298	22,872
	110,909	102,542



A9. MATERIAL EVENTS

Save for the Proposed Par Value Reduction as disclosed under Note A6, there are no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A10. CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition of the Group during the 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 March 2016 is as follows:

	As at 31.3.2016 RMB'000
Property, plant and equipment	
Approved but not contracted for	<u>40,658</u>

A13. RELATED PARTY TRANSACTIONS

	Quarter and period ended 31.3.2016 RMB'000	Quarter and period ended 31.3.2015 RMB'000
Rental paid to related parties	<u>-</u>	<u>268</u>

There was no related party transaction entered into by the Group during the current quarter and financial period ended 31 March 2016.

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

B1. ANALYSIS OF PERFORMANCE

Revenue & Gross Profit

Our Group's performance for the current quarter under review remained commendable, with revenue reported at approximately RMB110.9 million, representing an improvement of 8.2% or RMB8.4 million as compared to Quarter 1, 2015.

The growth in revenue during the current quarter under review was attributable to the increased sales of own-branding sports shoes, as a result of higher volume sold which stood at 0.9 million pairs (Quarter 1, 2015: 0.6 million pairs). This was in line with the gradual recovery of consumer demand within the domestic China market.

Gross profit for the current quarter under review stood at RMB18.6 million, lower by approximately 16.1% or RMB3.6 million as compared to Quarter 1, 2015. This was primarily due to lower sales of own-branding sports apparels and accessories, which had reduced from RMB26.0 million in Quarter 1, 2015 to RMB19.5 million during the current quarter under review. Market competition of the apparels segment has intensified following the active penetration and expansion by international sportswear brands and fast-fashion brands, resulting in increased product and design varieties. This has resulted in lower volume sold for the Group's own-branding sports apparels and accessories, which stood at approximately 227,000 pieces (Quarter 1, 2015: approximately 397,000 pieces sold).

Our Group's management monitors closely the industry development to ensure that appropriate actions are taken promptly in response to any adverse fluctuations. In addition, our Group is also leveraging on the healthy relationship with the raw material suppliers, and pleasant working environments and relationship with the workforce to curb sudden raw material price surge and excessive staff turnover.

Profit Level

Our Group continued the profitability trend during the current quarter under review, with profit before tax (PBT) stood at approximately RMB2.2 million (Quarter 1, 2015: RMB5.8 million) and net profit for the period (PAT) stood at approximately RMB1.4 million (Quarter 1, 2015: RMB4.0 million).

The lower PBT and PAT recorded for the current quarter under review was in line with the lower gross profit recorded as explained above.

The Board is dedicated to stay vigilant on the industry's development and will endeavour to maintain the Group's performance at a healthy level amid the prevailing challenging operating environment.



B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 31 March 2016 RMB'000	Preceding quarter ended 31 December 2015 RMB'000
Revenue	110,909	148,849
Profit before taxation ("PBT")	<u>2,206</u>	<u>1,659</u>

Revenue for the current quarter under review stood at RMB110.9 million, lower by approximately 25.5% or RMB37.9 million as compared to the preceding quarter ended 31 December 2015; primarily due to the slowdown of the overall market activities in China in conjunction with the long holidays for celebration of Chinese New Year during the current quarter under review.

PBT for the current quarter under review, on contrast, improved by approximately 33.0% or RMB0.5 million to RMB2.2 million during the current quarter under review as compared to the preceding quarter ended 31 December 2015. This was mainly due to higher administrative and other expenses recorded in the preceding quarter, as a result of additional accruals on property taxes and land use right taxes applicable on the Group's headquarter and production centre, directors' remuneration and audit fees.



B3. OUTLOOK AND PROSPECTS

Looking ahead, our Group is cautiously optimistic that the China's sportswear industry will continue to recover and gradually regain the growth momentum in the medium and long term after taking into consideration the following factors:

- Huge and rising population in China, particularly with the new two-child policy;
- Ongoing urbanisation process with increasing per capita disposable income of the urban households, supported by favourable Chinese Government's policies in driving domestic demand and boosting the income level of the urban households;
- Active measures and policies by the Chinese policymakers to accelerate the development of the domestic sports industry, and to promote participation in sports and to enhance consumption of sports goods; and
- Upcoming major sports events (including the Rio 2016 Summer Olympics and 2016 UEFA European Championship) likely to create fervour over sports among the general public.

Our Group will continue to build on the brand awareness of our proprietary 'XiDeLang' brand and step up the efforts on product innovation and quality control emphasising on "value-for-money" to ensure that our Group is well-positioned to seize the growth in market demand when opportunities arise. Bearing in mind the importance to ensure sustainable, long term development of the Group's operations, the Board is dedicated to manage and utilise the Group's resources effectively balancing the needs for expansion and risk exposure.

Barring any unforeseen circumstances, the Group is cautiously optimistic that the performance for the financial year ending 31 December 2016 will remain positive.

B4. Profit Forecast

Not applicable as no profit forecast was previously published.

B5. TAX EXPENSE

Taxation comprises the following:-

	Quarter and period ended 31.3.2016 RMB'000	Quarter and period ended 31.3.2015 RMB'000
Tax expense	818	1,810
Effective tax rate	37.1%	31.0%

In line with the lower profit before tax for the current quarter and financial period under review, tax expense reduced from RMB1.81 million in Quarter 1, 2015 to RMB0.82 million in the current quarter under review, representing a decrease of approximately 54.7% or RMB0.99 million.

B5. INCOME TAX EXPENSE (cont'd)

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

During the current quarter under review, the effective tax rate stood at 37.1%, higher than the prevailing statutory tax rate of 25% in the PRC primarily due to:

- (i) 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 profits reported by operating entities of the Group; and
- (ii) Additional deferred tax liabilities provided in relation to the expected withholding tax on undistributed profits of the PRC subsidiaries

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 2016 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 December 2016	29,100	17,509	11,591	39.7		N1
ii) Estimated expenses in relation to the Proposals	Immediate	600	600	-	-		
		29,700	18,109	11,591			

(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 December 2016	53,670	32,379	21,291	39.7		N1
ii) Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-		
		54,777	33,486	21,291			

N1 The remaining funds is expected to be fully utilised before 31 December 2016.

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

Rights Issue in 2014

The status of utilisation, as of 31 March 2016 is as follows:

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

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

N2 The proposed building plan for the Stage 2 Construction has been submitted to the relevant authorities in China and is still under their assessment. 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

The Group's borrowings consist of short term loans from financial institutions and recourse factoring, all of which are arranged in the PRC and denominated in RMB.

As at 31 March 2016, the Group's outstanding borrowings liabilities are as follows:-

	Secured RMB'000	Unsecured RMB'000	Total RMB'000
Current			
Short term bank loans	10,000	-	10,000
	<u>10,000</u>	<u>-</u>	<u>10,000</u>

B8. 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 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:-

	Current quarter ended		Financial period ended	
	31.3.2016 RMB'000	31.3.2015 RMB'000	31.3.2016 RMB'000	31.3.2015 RMB'000
Basic earnings per share				
Profit attributable to equity holders of the parent	<u>1,388</u>	<u>4,033</u>	<u>1,388</u>	<u>4,033</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,695,478</u>	<u>2,298,994</u>	<u>2,695,478</u>	<u>2,298,994</u>
	RMB cent	RMB cent	RMB cent	RMB cent
BEPS	<u>0.05</u>	<u>0.18</u>	<u>0.05</u>	<u>0.18</u>

The basic earnings per ordinary share for the quarter and financial period ended 31 March 2015 have taken into effect of the bonus issue completed on 28 January 2016. The effect of bonus issue was reflected in accordance with MFRS 133, where the earnings per share calculations for all periods shall be adjusted retrospectively.



B9. EARNINGS PER SHARE (cont'd)

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

As of 31 March 2016, the Group has 362,998,424 Warrant 2014 / 2017 and 881,239,780 Warrant 2015 / 2018 in issue, which entitles the holders the rights for conversion into one (1) ordinary share for every one (1) warrant at an exercise price of RM0.18 each and RM0.115 each (or RM equivalent of the par value of the Shares 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. DISCLOSURE ON REALISED AND UNREALISED PROFIT/LOSS

The retained earnings of the Group as at 31 March 2016 are analysed as follows:

	As at 31.3.2016 RMB'000
The retained earnings of the Company and its subsidiaries:	
- Realised	647,480
- Unrealised	24
	<hr/> 647,504
Add: Consolidation adjustments	(42,842)
	<hr/> <hr/> 604,662
Total Group retained earnings as per consolidated financial statements	<hr/> <hr/> 604,662

B11. 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.



B12. DISCLOSURE ON SELECTED EXPENSE/INCOME ITEMS AS REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Included in profit before tax comprised the following income / (expense) items:

	Quarter and period ended 31.3.2016 RMB'000
Interest income	485
Interest expense	(112)
Depreciation and amortisation expenses	(3,821)
Exceptional items	N/A
Foreign exchange gain/ (loss)	N/A
(Gain)/Loss on disposal of PPE	N/A
(Gain)/Loss on disposal of quoted or unquoted investments or properties	N/A
(Gain)/Loss on derivatives	N/A
Impairment of assets	N/A
Property, plant and equipment ('PPE') written off	N/A
Provision for and write off of receivables	N/A
Provision for and write off of inventories	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 RM0.6036 at 31 March 2016. 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 31.3.2016 RM'000	Quarter ended 31.3.2015 RM'000	Financial period ended 31.3.2016 RM'000	Financial period ended 31.3.2015 RM'000
Revenue	66,945	61,894	66,945	61,894
Cost of Sales	<u>(55,694)</u>	<u>(48,479)</u>	<u>(55,694)</u>	<u>(48,479)</u>
Gross Profit ("GP")	11,251	13,415	11,251	13,415
Other Income	293	307	293	307
Distribution Costs	(39)	(99)	(39)	(99)
Administrative and Other Expenses	(10,105)	(10,014)	(10,105)	(10,014)
Finance Costs	<u>(68)</u>	<u>(83)</u>	<u>(68)</u>	<u>(83)</u>
Profit before Tax ("PBT")	1,332	3,526	1,332	3,526
Tax Expense	<u>(494)</u>	<u>(1,093)</u>	<u>(494)</u>	<u>(1,093)</u>
Net Profit for the Period ("PAT")	<u>838</u>	<u>2,433</u>	<u>838</u>	<u>2,433</u>
Other Comprehensive Income:				
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>
Total Comprehensive Income	<u>838</u>	<u>2,433</u>	<u>838</u>	<u>2,433</u>
Profit attributable to:				
Equity holders of the parent	<u>838</u>	<u>2,433</u>	<u>838</u>	<u>2,433</u>
Total Comprehensive Income attributable to:				
Equity holders of the parent	<u>838</u>	<u>2,433</u>	<u>838</u>	<u>2,433</u>
Earnings per share attributable to equity holders of the parent				
- Basic (sen)	0.03	0.11	0.03	0.11
- Diluted (sen)	0.03	0.11	0.03	0.11



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

	As at 31.3.2016 RM'000	As at 31.12.2015 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	341,572	343,695
Land use rights	30,196	30,379
	371,768	374,074
Current Assets		
Inventories	5,288	4,333
Trade and other receivables	149,535	160,078
Current tax assets	1,014	1,172
Cash and cash equivalents	295,728	307,021
	451,565	472,604
TOTAL ASSETS	823,333	846,678
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	309,396	148,897
Reserves	442,117	601,778
TOTAL EQUITY	751,513	750,675
Non-current Liabilities		
Deferred tax liabilities	11,857	11,798
Current Liabilities		
Trade and other payables	53,927	78,169
Bank borrowings	6,036	6,036
	59,963	84,205
TOTAL LIABILITIES	71,820	96,003
TOTAL EQUITY AND LIABILITIES	823,333	846,678
Net assets per share (RM)	0.28	0.30



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

Quarter and period ended 31 March 2015	←----- Non-distributable ----->						Distributable		Total Equity RM'000
	Share Capital RM'000	Capital Reserve RM'000	Warrant 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	
At 1 January 2015	422,043	-	28,783	21,147	(123,681)	20,161	(1)	346,730	715,182
Surplus arising from par value reduction	(295,430)	295,430	-	-	-	-	-	-	-
Transfer to statutory surplus reserve	-	-	-	288	-	-	-	(288)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	2,433	2,433
At 31 March 2015	126,613	295,430	28,783	21,435	(123,681)	20,161	(1)	348,875	717,615



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

Quarter and period ended 31 March 2016	←----- Non-distributable ----->						Distributable		Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Warrant 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
At 1 January 2016	148,897	9,107	295,430	14,471	21,990	(123,681)	20,161	(1)	364,301	750,675
Issuance of shares pursuant to:										
- Bonus issue of shares	160,499	-	(160,499)	-	-	-	-	-	-	-
Fair value of additional warrants issued pursuant to bonus issue of shares	-	-	-	34	-	-	-	-	(34)	-
Transfer to statutory surplus reserve	-	-	-	-	78	-	-	-	(78)	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	838	838
At 31 March 2016	309,396	9,107	134,931	14,505	22,068	(123,681)	20,161	(1)	365,027	751,513



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

	Financial period ended	
	31.3.2016 RM'000	31.3.2015 RM'000
Profit before tax	1,332	3,526
Adjustments for non-cash flow:-		
Non-cash items	2,306	2,279
Non-operating items	(225)	(224)
Operating profit before working capital changes	3,413	5,581
Changes in working capital		
Net change in current assets	9,588	10,281
Net change in current liabilities	(24,242)	(3,531)
Cash generated from operating activities	(11,241)	12,331
Income tax paid	(277)	(1,682)
Net cash (used in)/generated from operating activities	(11,518)	10,649
Investing activities		
Interest received	293	307
Purchase of property, plant and equipment	-	(7)
Net cash generated from investing activities	293	300
Financing activities		
Interest paid	(68)	(83)
Net cash used in financing activities	(68)	(83)
Net change in cash and cash equivalents	(11,293)	10,866
Cash and cash equivalents at beginning of financial period	307,021	312,613
Cash and cash equivalents at end of financial period	295,728	323,479
Cash and cash equivalents at end of financial period		
Cash and bank balances	295,728	323,479