



## **XiDeLang Holdings Ltd**

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

# **INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2017**

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## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31.3.2017 <sup>(1)</sup> RMB'000	Quarter ended 31.3.2016 RMB'000	Financial period ended 31.3.2017 <sup>(1)</sup> RMB'000	Financial period ended 31.3.2016 RMB'000
Revenue	133,743	110,909	133,743	110,909
Cost of Sales	(111,784)	(92,269)	(111,784)	(92,269)
Gross Profit ("GP")	21,959	18,640	21,959	18,640
Other Income	529	485	529	485
Distribution Costs	(48)	(65)	(48)	(65)
Administrative and Other Expenses	(16,898)	(16,742)	(16,898)	(16,742)
Finance Costs	(97)	(112)	(97)	(112)
<b>Profit before Tax ("PBT")</b>	5,445	2,206	5,445	2,206
Tax Expense	(1,690)	(818)	(1,690)	(818)
<b>Profit For The Period ("PAT")</b>	3,755	1,388	3,755	1,388
<b>Other Comprehensive Income:</b>				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
<b>Total Comprehensive Income</b>	3,755	1,388	3,755	1,388
<b>Profit attributable to:</b>				
Equity holders of the parent	3,755	1,388	3,755	1,388
<b>Total Comprehensive Income attributable to:</b>				
Equity holders of the parent	3,755	1,388	3,755	1,388
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic <sup>(2)</sup> (RMB cent)	0.14	0.05	0.14	0.05
- Diluted <sup>(2)</sup> (RMB cent)	0.14	0.05	0.14	0.05

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 2016 and the accompanying explanatory notes attached to this interim financial report.

(2) Refer Note B9 for further details.



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 31.3.2017 <sup>(1)</sup> RMB'000	As at 31.12.2016 RMB'000 (audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	552,195	555,720
Land use rights	48,808	49,113
	<u>601,003</u>	<u>604,833</u>
<b>Current Assets</b>		
Inventories	8,355	7,350
Trade and other receivables (Note @)	233,287	238,629
Current tax assets	1,879	1,555
Cash and cash equivalents	555,990	562,208
	<u>799,511</u>	<u>809,742</u>
<b>TOTAL ASSETS</b>	<b><u>1,400,514</u></b>	<b><u>1,414,575</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	157,909	157,909
Reserves	1,096,442	1,092,687
<b>TOTAL EQUITY</b>	<u>1,254,351</u>	<u>1,250,596</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	20,243	20,044
<b>Current Liabilities</b>		
Trade and other payables (Note #)	115,920	133,935
Bank borrowings	10,000	10,000
	<u>125,920</u>	<u>143,935</u>
<b>TOTAL LIABILITIES</b>	<u>146,163</u>	<u>163,979</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>1,400,514</u></b>	<b><u>1,414,575</u></b>
<b>Net assets per share (RMB)<sup>(2)</sup></b>	<u>0.465</u>	<u>0.464</u>

**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 2016 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 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 March 2016	Non-distributable							Distributable		Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption 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	
Balance at 1 January 2016	246,681	15,087	489,446	23,975	36,432	(204,906)	33,401	(1)	603,547	1,243,662
Total comprehensive income	-	-	-	-	-	-	-	-	1,388	1,388
<b>Transactions with owners</b>										
Ordinary shares issued pursuant to bonus issue	265,903	-	(265,903)	-	-	-	-	-	-	-
Fair value on additional warrants issued pursuant to bonus issue of shares	-	-	-	57	-	-	-	-	(57)	-
Transfer to statutory surplus reserve	-	-	-	-	216	-	-	-	(216)	-
Balance at 31 March 2016	512,584	15,087	223,543	24,032	36,648	(204,906)	33,401	(1)	604,662	1,245,050



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

Quarter and period ended 31 March 2017	Non-distributable							Distributable		Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption 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	
Balance at 1 January 2017	157,909	15,087	578,218	24,032	37,889	(204,906)	33,401	(1)	608,967	1,250,596
Total comprehensive income	-	-	-	-	-	-	-	-	3,755	3,755
<b>Transactions with owners</b>										
Transfer to statutory surplus reserve	-	-	-	-	495	-	-	-	(495)	-
Balance at 31 March 2017	157,909	15,087	578,218	24,032	38,384	(204,906)	33,401	(1)	612,227	1,254,351

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 2016 and the accompanying explanatory notes attached to this interim financial report.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Financial period ended	
	31.3.2017 <sup>(1)</sup>	31.3.2016
	RMB'000	RMB'000
Profit before tax	5,445	2,206
Adjustments for non-cash flow:-		
Non-cash items	3,830	3,821
Non-operating items	(432)	(373)
Operating profit before working capital changes	8,843	5,654
Changes in working capital		
Net change in current assets	4,337	15,885
Net change in current liabilities	(18,015)	(40,161)
Cash generated from operating activities	(4,835)	(18,622)
Income tax paid	(1,815)	(459)
Net cash (used in)/from operating activities	(6,650)	(19,081)
Investing activities		
Interest received	529	485
Net cash from investing activities	529	485
Financing activities		
Interest paid	(97)	(112)
Net cash used in financing activities	(97)	(112)
Net change in cash and cash equivalents	(6,218)	(18,708)
Cash and cash equivalents at beginning of financial period	562,208	508,649
Cash and cash equivalents at end of financial period	555,990	489,941
Cash and cash equivalents at end of financial period		
Cash and bank balances	555,990	489,941

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 2016 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 2016 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

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 financial year ended 31 December 2016, 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 2017

- Amendments to MFRS 12 (*Annual Improvements to MFRS Standards 2014 – 2016 Cycle*)
- Amendments to MFRS 107 *Disclosure Initiative*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

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 1 ( <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i> )	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
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
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 128 ( <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i> )	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 paragraphs 46 and 48
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 2016 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**

Corporate proposals relating to debts and/or equity securities:

- *Proposed Share Consolidation*

On 31 March 2017, the Company announced the proposal to undertake a share consolidation involving consolidation of every four (4) ordinary shares of USD0.01 each in the Company ("Share") into one (1) ordinary shares of USD0.04. ("Proposed Share Consolidation").

The Proposed Share Consolidation was subsequently approved by the shareholders of the Company at a Special General Meeting held on 28 April 2017. The books closure date for the Proposed Share Consolidation has been fixed on 17 May 2017 (at 5.00 p.m.) and the consolidated shares will be listed and quoted on the Main Market of Bursa Securities on 18 May 2017.

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 during the current quarter (Quarter 1, 2016: Nil).



## A8. SEGMENT INFORMATION

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

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

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

	<b>Own branding manufacturer RMB'000</b>	<b>Original design manufacturer ("ODM") RMB'000</b>	<b>Total RMB'000</b>
<b>Quarter and period ended 31 March 2017</b>			
Revenue	82,233	51,510	133,743
Interest income	523	6	529
Finance Cost	(96)	(1)	(97)
Net finance income/(expense)	427	5	432
<b>Quarter and period ended 31 March 2016</b>			
Revenue	90,663	20,246	110,909
Interest income	471	14	485
Finance Cost	(112)	*	(112)
Net finance income/(expense)	359	14	373

\* 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 31.3.2017 RMB'000	Quarter and period ended 31.3.2016 RMB'000
Sports shoes	133,743	91,423
Sports apparel, accessories and equipment	-	19,486
	<u>133,743</u>	<u>110,909</u>

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*

	Sales revenue by regions	
	Quarter and period ended 31.3.2017 RMB'000	Quarter and period ended 31.3.2016 RMB'000
Within the PRC:		
- Eastern region	5,936	5,749
- Southern region	75,725	46,729
- Western region	29,053	32,133
- Northern region	23,029	26,298
	<u>133,743</u>	<u>110,909</u>



#### **A9. MATERIAL EVENTS**

Save for the Proposed Share Consolidation 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 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 March 2017 is as follows:

	<b>As at 31.3.2017 RMB'000</b>
<b>Property, plant and equipment</b>	
Approved but not contracted for	<u>40,248</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 1, 2016: Nil).

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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 recorded an encouraging revenue growth during the current quarter under review, with total sales stood at approximately RMB133.7 million, representing an improvement of 20.6% or RMB22.8 million as compared to Quarter 1, 2016.



The improved performance during the current quarter under review was primarily attributable to increased sales of sports shoes in line with the gradual recovery in market demand, contributed by the following:

- (a) Higher sales of own-branding sports shoes as a result of increase in quantities sold. Total volume sold for our Group's own-branding sports shoes exceeded 1 million pairs during the current quarter under review, as compared 0.89 million pairs in the preceding year corresponding quarter.
- (b) Increased orders for ODM production. Total quantities sold under ODM production increased to 0.8 million pairs during the current quarter under review, as compared to 0.6 million pairs in the preceding year corresponding quarter.

Backed by the improved sales performance, our Group's gross profit increased to RMB22.0 million during the current quarter under review, representing a growth of 17.8% as compared to Quarter 1, 2016.

#### Profit Level

The improved sales performance and gross profit contributed positively to our Group's profit before tax ("PBT") and profit after tax ("PAT") for the current quarter under review, with PBT grew to RMB5.4 million (Quarter 1, 2016: RMB2.2 million) and PAT rose to RMB3.8 million (Quarter 1, 2016: RMB1.4 million) respectively.



## B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 31 March 2017 RMB'000	Preceding quarter ended 31 December 2016 RMB'000
Revenue	133,743	150,874
Profit before taxation ("PBT")	5,445	3,698

Revenue for the current quarter under review stood at RMB133.7 million, lower by approximately 11.3% or RMB17.1 million as compared to the preceding quarter ended 31 December 2016; primarily due to moderation of overall market activities within 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 47.2% or RMB1.7 million as compared to the preceding quarter ended 31 December 2016. This was mainly due to higher administrative and other expenses recorded in the preceding quarter, as a result of accruals made for staff bonuses and directors' fees.

## B3. TAX EXPENSE

	Quarter and period ended 31.3.2017 RMB'000	Quarter and period ended 31.3.2016 RMB'000
Tax expense	1,690	818
Effective tax rate	31.0%	37.1%

In line with the improved performance during the current quarter and financial period under review, tax expense doubled to RMB1.7 million for the current quarter under review from RMB0.8 million in Quarter 1, 2016.

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 31.0%, 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 profit of the operating subsidiary of the Group; and
- (ii) Additional deferred tax liabilities provided in relation to the expected withholding tax on undistributed profits of the PRC subsidiaries.



#### **B4. OUTLOOK AND PROSPECTS**

Demands for sportswear within the domestic China are expected to be on increasing trend in the medium and long term, backed by the following factors:

- (i) Active measures and policies by the Chinese Government to accelerate the development of the domestic sports industry and boost domestic consumption;
- (ii) Huge and rising population within China, particularly with the implementation of two-child policy; and
- (iii) Rising awareness on healthy lifestyle and increasing participation by the general public in sports and exercise within China.

Demands for sportswear in the global markets are also estimated to be on positive growth momentum for the medium and long term, in line with the improving economic outlook for the advanced economies.

Our Group is cautiously optimistic that the prospects for the sportswear industry remain promising, although the industry outlook for the near term is anticipated to experience certain degree of volatility. Barring any unforeseen circumstances, our Group expects the financial performance for the financial year ending 31 December 2017 to remain positive.

#### **B5. Profit Forecast**

Not applicable as no profit forecast was previously published.

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## 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 2017 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 2017	29,100	17,985	11,115	38.2 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	600	600	-	-	
			29,700	18,585	11,115		

(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 2017	53,670	32,729	20,941	39.0 #	N1
ii)	Estimated expenses in relation to the Proposals	Immediate	1,107	1,107	-	-	
			54,777	33,836	20,941		

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 2017.

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



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

### Rights Issue in 2014

The status of utilisation, as of 31 March 2017 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 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 2017, the Group's outstanding borrowings liabilities are as follows:-

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

## 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	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Basic earnings per share</b>				
Profit attributable to equity holders of the parent	3,755	1,388	3,755	1,388
Weighted average number of ordinary shares in issue ('000)	2,695,481	2,695,478	2,695,481	2,695,478
	<b>RMB cent</b>	<b>RMB cent</b>	<b>RMB cent</b>	<b>RMB cent</b>
BEPS	0.14	0.05	0.14	0.05

## B9. EARNINGS PER SHARE (cont'd)

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

As of 31 March 2017, the Group has 881,236,448 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 RM0.115 each (or RM equivalent of the par value of the Shares whichever is higher) respectively.

Pursuant to the par value reduction completed on 23 June 2016, the following adjustment has been effected:

- Warrant 2015 / 2018 – the exercise price has been revised to RM0.04 each (or RM equivalent of the par value of the Shares whichever is higher).

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 2017 are analysed as follows:

	<b>As at 31.3.2017 RMB'000</b>
The retained earnings of the Company and its subsidiaries:	
- Realised	655,656
- Unrealised	12
	<hr/> 655,668
Add: Consolidation adjustments	(43,441)
	<hr/>
Total retained earnings as per consolidated financial statements	<u>612,227</u>

## 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 31.3.2017 RMB'000
Interest income	529
Interest expense	(97)
Depreciation and amortisation expenses	(3,830)
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 RM0.6419 at 31 March 2017. 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)**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>Quarter ended 31.3.2017 RM'000</b>	<b>Quarter ended 31.3.2016 RM'000</b>	<b>Financial period ended 31.3.2017 RM'000</b>	<b>Financial period ended 31.3.2016 RM'000</b>
Revenue	85,850	71,192	85,850	71,192
Cost of Sales	(71,754)	(59,227)	(71,754)	(59,227)
Gross Profit ("GP")	14,096	11,965	14,096	11,965
Other Income	340	311	340	311
Distribution Costs	(31)	(42)	(31)	(42)
Administrative and Other Expenses	(10,847)	(10,747)	(10,847)	(10,747)
Finance Costs	(62)	(72)	(62)	(72)
<b>Profit before Tax ("PBT")</b>	3,496	1,415	3,496	1,415
Tax Expense	(1,085)	(818)	(1,085)	(818)
<b>Profit For The Period ("PAT")</b>	2,411	890	2,411	890
<b>Other Comprehensive Income:</b>				
Foreign currency translations	-	-	-	-
Other Comprehensive Income, net of tax	-	-	-	-
<b>Total Comprehensive Income</b>	2,411	890	2,411	890
<b>Profit attributable to:</b>				
Equity holders of the parent	2,411	890	2,411	890
<b>Total Comprehensive Income attributable to:</b>				
Equity holders of the parent	2,411	890	2,411	890
<b>Earnings per share attributable to equity holders of the parent</b>				
- Basic (sen)	0.09	0.03	0.09	0.03
- Diluted (sen)	0.09	0.03	0.09	0.03



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

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	354,454	356,717
Land use rights	31,330	31,526
	<u>385,784</u>	<u>388,243</u>
<b>Current Assets</b>		
Inventories	5,363	4,718
Trade and other receivables	149,747	153,176
Current tax assets	1,206	998
Cash and cash equivalents	356,890	360,881
	<u>513,206</u>	<u>519,773</u>
<b>TOTAL ASSETS</b>	<b><u>898,990</u></b>	<b><u>908,016</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	101,362	101,362
Reserves	703,806	701,395
<b>TOTAL EQUITY</b>	<u>805,168</u>	<u>802,757</u>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	12,994	12,866
<b>Current Liabilities</b>		
Trade and other payables	74,409	85,974
Bank borrowings	6,419	6,419
	<u>80,828</u>	<u>92,393</u>
<b>TOTAL LIABILITIES</b>	<u>93,822</u>	<u>105,259</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>898,990</u></b>	<b><u>908,016</u></b>
<b>Net assets per share (RM)</b>	<u>0.30</u>	<u>0.30</u>



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

Quarter and period ended 31 March 2016	Non-distributable							Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption 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	
Balance at 1 January 2016	158,344	9,684	314,175	15,390	23,386	(131,529)	21,440	(1)	387,417	798,306
Total comprehensive income	-	-	-	-	-	-	-	-	890	890
<b>Transactions with owners</b>										
Ordinary shares issued pursuant to bonus issue	170,683	-	(170,683)	-	-	-	-	-	-	-
Fair value on additional warrants issued pursuant to bonus issue of shares	-	-	-	37	-	-	-	-	(37)	-
Transfer to statutory surplus reserve	-	-	-	-	139	-	-	-	(139)	-
Balance at 31 March 2016	329,027	9,684	143,492	15,427	23,525	(131,529)	21,440	(1)	388,131	799,196





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

Quarter and period ended 31 March 2017	<----- Non-distributable ----->							Distributable		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Capital redemption 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	
Balance at 1 January 2017	101,362	9,684	371,158	15,426	24,321	(131,529)	21,440	(1)	390,896	802,757
Total comprehensive income	-	-	-	-	-	-	-	-	2,411	2,411
<b>Transactions with owners</b>										
Transfer to statutory surplus reserve	-	-	-	-	318	-	-	-	(318)	-
Balance at 31 March 2017	101,362	9,684	371,158	15,426	24,639	(131,529)	21,440	(1)	392,989	805,168



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

	Financial period ended	
	31.3.2017	31.3.2016
	RM'000	RM'000
Profit before tax	3,496	1,415
Adjustments for non-cash flow:-		
Non-cash items	2,459	2,453
Non-operating items	(278)	(239)
Operating profit before working capital changes	5,677	3,629
Changes in working capital		
Net change in current assets	2,784	10,197
Net change in current liabilities	(11,565)	(25,779)
Cash generated from operating activities	(3,104)	(11,953)
Income tax paid	(1,165)	(295)
Net cash (used in)/ from operating activities	(4,269)	(12,248)
Investing activities		
Interest received	340	311
Net cash from investing activities	340	311
Financing activities		
Interest paid	(62)	(72)
Net cash used in financing activities	(62)	(72)
Net change in cash and cash equivalents	(3,991)	(12,009)
Cash and cash equivalents at beginning of financial period	360,881	326,502
Cash and cash equivalents at end of financial period	356,890	314,493
Cash and cash equivalents at end of financial period		
Cash and bank balances	356,890	314,493