

Company Name : MULTI SPORTS HOLDINGS LIMITED  
 Stock Name : MSPORTS  
 Financial Period Ended : 30 SEPTEMBER 2009  
 Quarter : 3

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2009**

PARTICULARS	NOTE	AS AT	AS AT	AS AT	AS AT
		30-Sept-09	31-Dec-08 (1)	30-Sept-09	31-Dec-08 (1)
		RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
<b>ASSETS AND LIABILITIES</b>					
<b>Non-current assets</b>					
Property, plant and equipment		39,541	N/A	20,225	N/A
Intangible asset		4,649	N/A	2,377	N/A
		<u>44,190</u>	<u>N/A</u>	<u>22,602</u>	<u>N/A</u>
<b>Current assets</b>					
Inventories		11,542	N/A	5,904	N/A
Trade receivables		56,674	N/A	28,989	N/A
Prepayment and other receivables		20,740	N/A	10,608	N/A
Cash and bank balances		228,480	N/A	116,867	N/A
		<u>317,436</u>	<u>N/A</u>	<u>162,368</u>	<u>N/A</u>
<b>Current liabilities</b>					
Trade payables		24,481	N/A	12,522	N/A
Accrued liabilities and other payables		28,873	N/A	14,768	N/A
Interest-bearing bank borrowings		20,000	N/A	10,230	N/A
Income tax payable		5,140	N/A	2,629	N/A
		<u>78,494</u>	<u>N/A</u>	<u>40,149</u>	<u>N/A</u>
<b>Net current assets</b>		<u>238,942</u>	<u>N/A</u>	<u>122,219</u>	<u>N/A</u>
<b>Non-current liability</b>					
Amount owing to a shareholder cum director		18,329	N/A	9,375	N/A
<b>Net assets</b>		<u>264,803</u>	<u>N/A</u>	<u>135,446</u>	<u>N/A</u>
<b>EQUITY</b>					
Share capital		123,178	N/A	63,005	N/A
Reserve		196,541	N/A	100,531	N/A
Merger deficit		(54,916)	N/A	(28,090)	N/A
<b>Total equity</b>		<u>264,803</u>	<u>N/A</u>	<u>135,446</u>	<u>N/A</u>
Net Assets per share attributable to equity holders of the Group (RMB / RM)	B12	0.85	N/A	0.43	N/A

The unaudited condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the unaudited interim financial report.

**Notes :**

- (1) No comparative figures are available for preceding year as this is the second quarter report to Bursa Malaysia Securities Berhad as Multi Sports Holdings Limited ("MSPORTS") completed its restructuring on 15 July 2009 on which the Group has only existed.
- (2) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.5115 as at 30 September 2009.

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 Stock Name : MSPORTS  
 Financial Period Ended : 30 SEPTEMBER 2009  
 Quarter : 3

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT QUARTER	PRECEDING YEAR	CURRENT QUARTER	PRECEDING YEAR
		30-Sept-09	CORRESPONDING QUARTER (1)	30-Sept-09	CORRESPONDING QUARTER (1)
		RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
Revenue		130,508	N/A	66,755	N/A
Cost of sales		(85,799)	N/A	(43,886)	N/A
Gross Profit		44,709	N/A	22,869	N/A
Other income		343	N/A	175	N/A
Selling and distribution expenses		(1,739)	N/A	(890)	N/A
Administrative expenses		(14,101)	N/A	(7,213)	N/A
Finance costs		(304)	N/A	(155)	N/A
Profit before taxation		28,908	N/A	14,786	N/A
Income tax expenses		(5,140)	N/A	(2,629)	N/A
Profit after taxation		23,768	N/A	12,157	N/A
Other comprehensive income after tax:					
Exchange difference on translation		1	N/A	-	N/A
Other comprehensive income for the period, net of tax		1	N/A	-	N/A
Total comprehensive income for the period		23,769	N/A	12,157	N/A
Profit attributable to :					
- Equity holders of the Group		23,768	N/A	12,157	N/A
Total comprehensive income attributable to :					
- Equity holders of the Group		23,769	N/A	12,157	N/A

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER (1)	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER (1)
		30-Sept-09	30-Sept-08	30-Sept-09	30-Sept-08
		RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
Earnings per share attributable to equity holders of the Group (sen) :					
Basic (RMB / RM)	B12	0.08	N/A	0.04	N/A
Diluted (RMB / RM)	B12	N/A	N/A	N/A	N/A

The unaudited condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the unaudited interim financial report.

**Notes :**

- (1) No comparative figures are available for preceding period as this is the second quarter report to Bursa Malaysia Securities Berhad as Multi Sports Holdings Limited ("MSPORTS") completed its restructuring on 15 July 2009 on which the Group has only existed.
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Company Name : MULTI SPORTS HOLDINGS LIMITED  
 Stock Name : MSPORTS  
 Financial Period Ended : 30 SEPTEMBER 2009  
 Quarter : 3

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR TO DATE 30-Sept-09	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08	CURRENT YEAR TO DATE 30-Sept-09	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08
		RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
Revenue		314,153	N/A	160,689	N/A
Cost of sales		(208,751)	N/A	(106,776)	N/A
Gross Profit		105,402	N/A	53,913	N/A
Other income		658	N/A	337	N/A
Selling and distribution expenses		(4,756)	N/A	(2,433)	N/A
Administrative expenses		(17,151)	N/A	(8,773)	N/A
Finance costs		(852)	N/A	(436)	N/A
Profit before taxation		83,301	N/A	42,608	N/A
Income tax expenses		(11,938)	N/A	(6,106)	N/A
Profit after taxation		71,363	N/A	36,502	N/A
Other comprehensive income after tax:					
Exchange difference on translation		1	N/A	-	N/A
Other comprehensive income for the period, net of tax		1	N/A	-	N/A
Total comprehensive income for the period		71,364	N/A	36,502	N/A
Profit attributable to :					
- Equity holders of the Group		71,363	N/A	36,502	N/A
Total comprehensive income attributable to :					
- Equity holders of the Group		71,364	N/A	36,502	N/A

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR TO DATE 30-Sept-09	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08	CURRENT YEAR TO DATE 30-Sept-09	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08
		RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
Earnings per share attributable to equity holders of the Group (sen) :					
Basic (RMB / RM)	B12	0.23	N/A	0.12	N/A
Diluted (RMB / RM)	B12	N/A	N/A	N/A	N/A

The unaudited condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes to the unaudited interim financial report.

**Notes :**

- (1) No comparative figures are available for preceding period as this is the second quarter report to Bursa Malaysia Securities Berhad as Multi Sports Holdings Limited ("MSPORTS") completed its restructuring on 15 July 2009 on which the Group has only existed.
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**Company Name** : MULTI SPORTS HOLDINGS LIMITED  
**Stock Name** : MSPORTS  
**Financial Period Ended** : 30 SEPTEMBER 2009  
**Quarter** : 3

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

	Attributable to Equity Holders of The Group						
	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Merger Deficit RMB'000	Currency Translation Reserve RMB'000	Retained Earnings RMB'000	Total RMB'000
Balance At 1 January 2009	-	-	13,184	-	3	42,302	55,489
Transfer to reserve	-	-	-	-	(3)	3	-
Net (loss) / gain recognized directly in equity	-	-	-	-	(3)	3	-
Net profit for the period	-	-	-	-	-	71,363	71,363
Total recognized income and expense for the period	-	-	-	-	(3)	71,366	71,363
Issue of shares	123,178	74,910	-	-	-	-	198,088
Share issue expenses	-	(5,221)	-	-	-	-	(5,221)
Merger deficit arising from restructuring	-	-	-	(54,916)	-	-	(54,916)
At 30 September 2009	123,178	69,689	13,184	(54,916)	-	113,668	264,803

	Attributable to Equity Holders of The Group						
	Share Capital RM'000 (2)	Share Premium RM'000 (2)	Statutory Reserve RM'000 (2)	Merger Deficit RM'000 (2)	Currency Translation Reserve RM'000 (2)	Retained Earnings RM'000 (2)	Total Equity RM'000 (2)
Balance At 1 January 2009	-	-	6,744	-	2	21,637	28,383
Transfer to reserve	-	-	-	-	(2)	2	-
Net (loss) / gain recognized directly in equity	-	-	-	-	(2)	2	-
Net profit for the period	-	-	-	-	-	36,502	36,502
Total recognized income and expense for the period	-	-	-	-	(2)	36,504	36,502
Issue of shares	63,005	38,316	-	-	-	-	101,321
Share issue expenses	-	(2,670)	-	-	-	-	(2,670)
Merger deficit arising from restructuring	-	-	-	(28,090)	-	-	(28,090)
At 30 September 2009	63,005	35,646	6,744	(28,090)	-	58,141	135,446

The unaudited condensed Consolidated Changes of Equity should be read in conjunction with the accompanying notes to the unaudited interim financial report.

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**Quarter** : 3

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2009**

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 30 SEPTEMBER 2009**

	CURRENT YEAR TO DATE 30-Sept-09  RMB'000	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08  RMB'000	CURRENT YEAR TO DATE 30-Sept-09  RM'000 (2)	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08  RM'000 (2)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	83,301	N/A	42,608	N/A
Adjustments for :-				
Depreciation of property, plant and equipment	6,342	N/A	3,244	N/A
Amortisation of land use right	71	N/A	36	N/A
Exchange difference on translation	(1)	N/A	-	N/A
Interest income	(287)	N/A	(147)	N/A
Interest expense	852	N/A	436	N/A
Operating profit before working capital changes	90,278	N/A	46,177	N/A
Increase in inventories	(553)	N/A	(283)	N/A
Increase in trade receivables	(18,939)	N/A	(9,687)	N/A
Increase in prepayments and other receivables	(18,114)	N/A	(9,265)	N/A
Increase in trade payables	145	N/A	74	N/A
Increase in accrued liabilities and other payables	14,393	N/A	7,362	N/A
Net cash generated from operations	67,210	N/A	34,378	N/A
Income tax paid	(10,686)	N/A	(5,466)	N/A
Interest received	287	N/A	147	N/A
Interest paid	(852)	N/A	(436)	N/A
Net cash generated from operating activities	55,959	N/A	28,623	N/A
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(6,524)	N/A	(3,337)	N/A
Proceeds from share issued to swap redeemable convertible loan stock	48,539	N/A	24,828	N/A
Net cash generated from investing activities	42,015	N/A	21,491	N/A
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from shares issued	94,623	N/A	48,400	N/A
Shares issue expenses written off to share premium account	(5,221)	N/A	(2,670)	N/A
Bank loan obtained	20,000	N/A	10,230	N/A
Exchange difference arising from shareholder's loan	39	N/A	20	N/A
Advances from a shareholder cum director	555	N/A	283	N/A
Repayment of advances from a shareholder cum director	(9,433)	N/A	(4,825)	N/A
Deposit pledged with bank	(3,540)	N/A	(1,811)	N/A
Net cash generated from financing activities	97,023	N/A	49,627	N/A

	CURRENT YEAR TO DATE 30-Sept-09	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08	CURRENT YEAR TO DATE 30-Sept-09	PRECEDING YEAR CORRESPONDING PERIOD (1) 30-Sept-08
	RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	194,997	N/A	99,741	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	29,943	N/A	15,316	N/A
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	224,940	N/A	115,057	N/A

**Cash and cash equivalents comprise:**

Cash and bank balances	224,940	N/A	115,056	N/A
Fixed Deposit - Pledged	3,540	N/A	1,811	N/A
	228,480	N/A	116,867	N/A

The unaudited condensed Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes to the unaudited interim financial report.

**Notes :**

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## A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2009

### 1. Basis of accounting and changes in accounting estimates

#### a) Basis of accounting

The interim financial reports are unaudited and have been prepared in accordance with the requirements of International Accounting Standard (“IAS”) 34 : Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, and should be read in conjunction with the Group’s audited combined financial statements for the financial year ended 31 December 2008, Prospectus dated 30 July 2009 and the accompanying explanatory notes attached to this interim financial report.

#### b) Changes in accounting policies

On 1 January 2009, the Group adopted the new or revised International Financial Reporting Standard (“IFRS”) and interpretations that are mandatory for application on that date. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS.

The following are the new or amended IFRS adopted by the Group:

IAS 1 (Revised 2008)	Presentation of Financial Statements
Amendments to IAS 1 (revised 2008)	Amendments relating to puttable financial instruments and obligations arising on liquidation
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 23 (Revised)	Borrowing costs
Amendments to IAS 32	Amendments relating to puttable financial instruments and obligations arising on liquidation
IAS 33	Earning Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of assets
IAS 38	Intangible Assets
IFRS 8	Operating Segments

The adoption of the above IFRS and interpretations did not result in substantial changes to the Group’s accounting policies nor any significant impact on these interim Financial Reports except for a revision in the titles of some of the financial statements primary statements and IFRS 8 which requires disclosure of information about the Group’s operating segments. The Group determines that the reportable operating segments are in accordance with IFRS 8.

At the date of this report, certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group’s accounting periods after 1 January 2009 or later periods and which the Group has not early adopted.

The management does not anticipate that the adoption of the above IFRSs (including consequential amendments) and interpretations will result in any material impact to the financial statements in the period of initial application.

### 2. Seasonality or cyclicity of operation

The business of the Group was not affected by any significant seasonal and cyclical factors during the period under review.

### 3. Unusual items

Save as disclosed under note B8, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

### 4. Changes in estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

### 5. Changes in share capital and debts

Save as disclosed below, there were no issuances, cancellations, resale and repayments of debt and equity securities for the current financial year to date.

Date	Particulars	Number of Shares	USD
18/09/08	Incorporation	-	-
14/10/08	Issue with nil paid	100	-
28/05/09	100 shares were paid-up via cash consideration of USD1.00 and consolidated of every 5 existing ordinary shares	20	1
15/07/09	Issued pursuant to Acquisition of Paksing	302,399,980	15,120,000
18/08/09	Issue pursuant to the Public Issue	57,600,000	2,880,000
		<b>360,000,000</b>	<b>18,000,000</b>

### 6. Dividends

No dividends were proposed by the Board of Directors for the current quarter.

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## 7. Segment Information

### Business Segments

#### Financial period from 1 January 2009 to 30 September 2009 (Unaudited)

	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue:</b>					
- External sales	33,057	6,380	128,216	146,500	314,153
<b>Results:</b>					
Interest income	20	4	75	86	185
Interest expenses	90	17	348	397	852
Depreciation and amortisation	677	131	2,618	2,987	6,413
Segment profit	10,081	1,946	38,957	44,438	95,422

#### Financial period ended 30 September 2009 (Unaudited)

<b>Assets:</b>					
Additions to non-current assets	689	133	2,664	3,038	6,524
Reportable segment assets	34,434	6,647	133,067	151,790	325,938
<b>Reportable segment liabilities</b>	15,084	2,913	58,292	66,494	142,783

#### Cumulative third quarter ended 30 September 2009 RMB'000 (Unaudited)

<b>Profit or loss</b>	
Total profit for reportable segments	95,422
Unallocated interest income	102
Unallocated other incomes	58
Unallocated other expenses	(12,281)
Profit from operations	83,301

#### As at 30 September 2009 RMB'000 (Unaudited)

<b>Assets</b>	
Total assets for reportable segments	325,938
Unallocated asset	41,670
Elimination of intercompany balance	(5,982)
Group assets	361,626

#### **Liabilities**

Total liabilities for reportable segments	142,783
Unallocated liabilities	18,397
Elimination of Intercompany balance	(64,357)
Group liabilities	96,823

**Business Segments**
**Financial period from 1 January 2009 to 30 September 2009**

(Unaudited)

	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>					
- External sales	16,909	3,263	65,582	74,935	160,689
<b>Results:</b>					
Interest income	10	2	38	44	94
Interest expenses	46	9	178	203	436
Depreciation and amortisation	346	67	1,339	1,528	3,280
Segment profit	5,156	995	19,927	22,730	48,808

**Financial period ended 30 September 2009**

(Unaudited)

<b>Assets:</b>					
Additions to non-current assets	352	68	1,363	1,554	3,337
Reportable segment assets	17,613	3,400	68,064	77,640	166,717
<b>Reportable segment liabilities</b>	7,715	1,490	29,816	34,012	73,033

**Cumulative third  
quarter ended  
30 September 2009  
RM'000  
(Unaudited)**

<b><u>Profit or loss</u></b>	
Total profit for reportable segments	48,808
Unallocated interest income	53
Unallocated other incomes	29
Unallocated other expenses	(6,282)
Profit from operations	42,608

**As at  
30 September 2009  
RM'000  
(Unaudited)**

<b><u>Assets</u></b>	
Total assets for reportable segments	166,717
Unallocated asset	21,313
Elimination of intercompany balance	(3,060)
Group assets	184,970

**Liabilities**

Total liabilities for reportable segments	73,033
Unallocated liabilities	9,410
Elimination of Intercompany balance	(32,919)
Group liabilities	49,524

**Business Segments**
**Financial period from 1 July 2009 to 30 September 2009**

(Unaudited)

	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue:</b>					
- External sales	12,520	2,515	45,995	69,478	130,508
<b>Results:</b>					
Interest income	9	2	34	51	96
Interest expenses	30	6	107	161	304
Depreciation and amortisation	215	43	776	1,169	2,203
Segment profit	4,004	808	14,451	21,772	41,035

**Financial period ended 30 September 2009**

(Unaudited)

<b>Assets:</b>					
Additions to non-current assets	689	133	2,664	3,038	6,524
Reportable segment assets	34,434	6,647	133,067	151,790	325,938
<b>Reportable segment liabilities</b>	15,084	2,913	58,292	66,494	142,783

**Third quarter  
ended  
30 September 2009  
RMB'000  
(Unaudited)**
**Profit or loss**

Total profit for reportable segments	41,035
Unallocated interest income	83
Unallocated other incomes	1
Unallocated other expenses	(12,211)
Profit from operations	28,908

**As at  
30 September 2009  
RMB'000  
(Unaudited)**
**Assets**

Total assets for reportable segments	325,938
Unallocated asset	41,670
Elimination of intercompany balance	(5,982)
Group assets	361,626

**Liabilities**

Total liabilities for reportable segments	142,783
Unallocated liabilities	18,397
Elimination of Intercompany balance	(64,357)
Group liabilities	96,823

**Business Segments**
**Financial period from 1 July 2009 to 30 September 2009**

(Unaudited)

	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue:</b>					
- External sales	6,404	1,287	23,526	35,538	66,755
<b>Results:</b>					
Interest income	5	1	17	26	49
Interest expenses	15	3	55	82	155
Depreciation and amortisation	110	22	397	598	1,127
Segment profit	2,048	413	7,392	11,136	20,989

**Financial period ended 30 September 2009**

(Unaudited)

<b>Assets:</b>					
Additions to non-current assets	352	68	1,363	1,554	3,337
Reportable segment assets	17,613	3,400	68,064	77,640	166,717
<b>Reportable segment liabilities</b>	7,715	1,490	29,816	34,012	73,033

**Third quarter ended  
30 September 2009  
RM'000  
(Unaudited)**
**Profit or loss**

Total profit for reportable segments	20,989
Unallocated interest income	43
Unallocated other incomes	-
Unallocated other expenses	(6,246)
Profit from operations	14,786

**As at  
30 September 2009  
RM'000  
(Unaudited)**

<b><u>Assets</u></b>	
Total assets for reportable segments	166,717
Unallocated asset	21,313
Elimination of intercompany balance	(3,060)
Group assets	184,970
<b><u>Liabilities</u></b>	
Total liabilities for reportable segments	73,033
Unallocated liabilities	9,410
Elimination of Intercompany balance	(32,919)
Group liabilities	49,524

## 8. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reflected in this quarterly report as at the date of this report.

## 9. Changes in the composition of the Group

Save as disclosed under note B8, there were no changes in the composition of the Group during the current quarter.

## 10. Contingent liabilities or assets

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual balance sheet date.

## 11. Property, plant and equipment

The Group acquired an additional of property, plant and equipment amounting to RMB4.8 (RM2.5) million and RMB6.5 (RM3.3) for current quarter and financial year-to-date, respectively.

## 12. Capital commitments

Capital expenditure contracted for as at 30 September 2009 but not recognised in the interim financial report is as follow:

	RMB'000	RM'000
Capital commitments in respect of property, plant and equipment and land use rights	29,500	15,089

## 13. Significant related party transactions

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Rental paid to a related party	273	140	819	419
Repayment of advances to a director	-	-	9,433	4,825

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## B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

### 1. Review of the performance of the Group

	← Cumulative →			
	Current quarter 30-Sept-09 RMB'000	Preceding quarter 30-Sept-08 RMB'000 (1)	Current quarter 30-Sept-09 RM'000	Preceding quarter 30-Sept-08 RM'000 (1)
Revenue	314,153	284,876	160,689	145,714
Gross profit	105,402	81,444	53,913	41,659
Profit after taxation	71,363	65,023	36,502	33,259

Note :

(1) Assuming the MSPORT Group had existed since 1 Jan 08. MSPORTS completed its restructuring only on 15 Jul 09.

For current quarter performance, the Group recorded revenue of RMB 314.2 (RM160.7) million and profit after taxation of RMB71.4 (RM36.5) million. The growth in revenue by 10.3% as compared to the corresponding periods in 2008 was mainly due to the increase of the production capacity for our major product of EVA MD via the purchase of 5 production lines for the current quarter which enabled the Group to better fulfil the increased demand of shoe soles from our customers. The gross profit margin improved from 28.6% to 33.6% was mainly due to the in-house production of EVA compound pallets only started in the 3rd quarter of 2008 which resulted in a higher average cost of sales per pair of shoe soles in the corresponding periods in 2008. Despite the increase in the revenue and gross profit margin, the Group achieved about the same profit after taxation margin of 22.7% as the last corresponding periods in 2008, this was mainly due to the increase in administrative expenses as a result of the recognition of the transaction costs relating to the public initial offering and the issuance of equity instrument for the current quarter. Had the listing expenses of RMB 9.8 (RM 5.0) million excluded, the profit after taxation margin would have been improved by 3.1%.

### 2. Variation of results against immediate preceding quarter

	Current quarter 30-Sept-09 RMB'000	Preceding quarter 30 Jun-09 RMB'000 (1)	Current quarter 30-Sept-09 RM'000	Preceding quarter 30-Jun-09 RM'000 (1)
	Revenue	130,508	102,068	66,755
Gross profit	44,709	33,536	22,869	17,154
Profit after taxation	23,768	26,288	12,157	13,446

Note :

(1) Assuming the MSPORT Group had existed since 1 Jan 08. MSPORTS completed its restructuring only on 15 Jul 09.

For third quarter performance, the Group recorded revenue of RMB 130.5 (RM66.8) million and profit after taxation of RMB23.8 (RM12.2) million. As mentioned earlier in the review of



performance, the growth in revenue for the current quarter was mainly contributed to the increase of the production capacity via the additional of production lines which enabled the Group to better fulfil the increased demand of shoe soles from our customers. The gross profit margin remained relatively constant at 34.3% as compared to 33.0% in the last corresponding quarter.

The Group achieved a lower profit after taxation margin of 18.2% as compared to 25.8% in the last corresponding quarter, this was mainly due to the recognition of the transaction costs relating to the public initial offering and the issuance of equity instrument for the current quarter as mentioned earlier.

### 3. Prospects for FYE 2009

For the first quarter of 2009, China's GDP registered a growth of 6.1% compared to the first quarter of 2008. China is forecasted to achieve a continuing growth of 8.3% in 2009 while many more advanced countries expect very low (e.g. US at 0.1%, Japan at 0.5%) or negative (e.g. United Kingdom at - 0.1%) GDP growth for 2009.

In addition, with an economic slowdown, there is a possibility that domestic mass-market consumers in China would trade down from buying overseas-branded sports shoes to buying relatively-lower-priced local-branded sports shoes for sporting and daily wear as the overall quality of local-branded China-made sports shoes have improved over time.

As such, manufacturers whose main markets are in China would be in a better position to ride through the current global economic slowdown. The relatively better outlook is further boosted by the large population of China, which registered 1.3 billion persons in 2007.

During the current quarter, the Group has utilised RMB 24.7 (RM 12.6) million of IPO proceeds to acquire a new production centre and expand the production capacity from 24.6 million pairs per annum to approximately 32.5 million pairs per annum.

Our Board of Directors is optimistic about the prospects of our Group, and the outlook of the sports-footwear industry for the remaining periods to the end of the financial year.

### 4. Profit forecast and guarantee

No profit forecast or guarantee were previously announced and disclosed by the Group in a public document.

### 5. Income tax charge

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	5,140	2,629	11,938	6,106

The effective tax rate of the Group for the current quarter was 17.8% and for the financial year-to-date was 14.3% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The lower effective tax rate as Baixings enjoys an EIT rate of 12.5% up to 31 December 2010 under Regular Tax Reduction and Exemption Treatment" (二免三减半), this was however partially offset by the recognition of transaction costs relating to the public initial offering and the issuance of equity instrument for the current quarter.

## 6. Sales of unquoted investments and/or properties

No sales of unquoted investments and/or properties of the Group in the current quarter and financial year-to-date.

## 7. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the current quarter and financial year-to-date.

## 8. Status of corporate proposals and utilisation of proceeds

In conjunction with, and as an integral part of our Listing, we undertook the Listing Scheme, which involves the following: -

### (a) Consolidation and Increase In Authorised Share Capital

On 28 May 2009, we effected a consolidation of every five (5) existing ordinary shares of US\$0.01 each in our authorised and issued share capital into one (1) ordinary share of US\$0.05, resulting in an authorised share capital of US\$10,000 divided into 200,000 shares of US\$0.05 each and an issued share capital of US\$1.00 divided into 20 shares of US\$0.05 each.

Following the Consolidation, we increased our authorised share capital from US\$10,000 divided into 200,000 ordinary shares of US\$0.05 each to US\$50,000,000 divided into 1,000,000,000 ordinary shares of US\$0.05 each.

### (b) Acquisitions

#### (i) Acquisition Of Paksing

Pursuant to the Share Sale Agreement dated 6 April 2009 entered into by our Company and the vendors of Paksing ("**SSA**") and Supplemental Agreement dated 29 May 2009 entered into by the parties to the SSA (collectively, the "**SSA Agreements**") and Redeemable Convertible Loan Stock ("**RCLS**") Agreements, we acquired the entire issued and fully paid-up share capital of Paksing, comprising 12,175 ordinary shares of HK\$1.00 each in Paksing, for an aggregate purchase consideration of US\$15,119,999, which was wholly satisfied by the issuance of an aggregate of 302,399,980 new Multi Sports Shares each credited as fully paid-up, at par value of US\$0.05 per Share.

Pursuant to the SSA Agreements, the specified vendors of Paksing, namely Lin Huozhi (65.71% shareholding) and Leung Sing Kit (16.43% shareholding of which is being held by Leung Sing Kit in trust for Lin Huozhi under a trust agreement dated 5 June 2003) agreed and directed that all 248,401,273 new Multi Sports Shares to which they were entitled be issued and allotted by Multi Sports to the persons / entities and in the proportion set out below: -

Name	Place of incorporation / nationality	Number of Multi Sports Shares allotted
Power Wide*	BVI	201,601,273
Lim Geok Tin	Singaporean	17,100,000
Fortune United Investment Limited	BVI	13,500,000
Supreme Business Investments Limited	BVI	10,800,000
Houton Limited	BVI	5,400,000
<b>Total</b>		<b>248,401,273</b>

Note: -

\* Power Wide is wholly-owned by Lin Huozhi.

Pursuant to the RCLS Agreements and subsequent to the Acquisition Of Paksing, GGMC, as one of the vendors of Paksing, was issued 53,998,707 new Multi Sports Shares.

The purchase consideration of US\$15,119,999 for the Acquisition Of Paksing was agreed upon based on a willing-buyer willing-seller basis, after taking into consideration the combined financial position of Paksing and Baixing as at 31 December 2008.

The 302,399,980 new Shares issued pursuant to the Acquisition Of Paksing rank *pari passu* in all respects with all then existing ordinary shares of Multi Sports and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The completion of the Acquisition Of Paksing on 15 July 2009 resulted in the issued share capital of Multi Sports increasing from US\$1 comprising 20 Shares to US\$15,120,000 comprising 302,400,000 Shares.

(ii) Acquisition Of Multi Sports Shares By Power Wide

Subsequent to the completion of the Acquisition Of Paksing, on 15 July 2009, Power Wide acquired the 20 Shares that was held directly by Lin Huozhi, for a nominal amount of US\$1.00, which was wholly satisfied by cash, on a willing-buyer willing-seller basis.

(iii) Public Issue

Our Group implemented 57,600,000 public issue shares via public offering.

(iv) Listing

Subsequent to the Public Issue, our Group sought the listing of and quotation for its entire enlarged issued and paid-up share capital of 360,000,000 on Main Market of Bursa Securities.

(c) Utilisation of proceeds

The Public Issue raised gross proceeds of RM48.96 million and we have utilised the proceeds raised in the following manner: -

		Estimated timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation	Explanations
(i)	Expansion of production capacity	Within 24 months	30,000	12,600	17,400	(1), (2)
(ii)	Expansion of sales and marketing network in China	Within 18 months	3,960	-	3,960	(1)
(iii)	Advertising and branding	Within 24 months	3,000	-	3,000	(1)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	-	4,000	(1)
(v)	Working capital	Within 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	695	(3)
<b>Total proceeds</b>			<b>48,960</b>	<b>21,295</b>		

Notes :

- (1) IPO proceeds will be utilised within the estimated timeframe given and the Group does not expect any material deviation as at the date of this report.
- (2) RM10.2 million was utilised as the downpayment for the acquisition of a parcel of land with two six storey buildings. RM2.4 million was utilised to set up the production lines which require various production machinery and equipment.
- (3) The total listing expenses are RM7.7 million, out of which RM2.7 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.7 million was financed via the funds generated internally by the Group.

## 9. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 30 September 2009 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	20,000	10,230

The bank loans were pledged by the Group's land use rights, guaranteed by a third party, and a related party's land use rights and property.

## 10. Off-balance sheet financial instruments risks

As at the date of this report, we do not have nor are we using any financial instruments.

## 11. Changes in material litigation

As at the date of this report, our Group is not engaged whether as plaintiff or defendant in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of our Group, and our Directors are not aware of any proceedings pending or threatening or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

## 12. Earnings per share

Basic earnings per share are calculated based on weighted average number of 312,000,000 ordinary shares in issue and profit attributable to equity holders of the Group. There is no dilutive effect.

### **13. Audit report of the Group's preceding annual financial statements**

Our Group's audited combined financial statements for the financial year ended 31 December 2008 were not subject to any audit qualification and highlighted with an emphasis of matter that the combined financial statement did not incorporate the financial statements of Multi Sports Holdings Ltd, the proposed listed company, as the reorganisation exercise had not been completed at the date of the audit report. Our subsidiary, Paksing's audited financial statements for the financial year ended 31 December 2008 were qualified arising from the disagreement about the non-preparation of consolidated financial statements, but our principal auditors had considered the qualification of the financial statement and were of opinion that there will not be any material impact on their opinion on the combined financial statements.