

**Company Name** : MULTI SPORTS HOLDINGS LTD  
**Stock Name** : MSPORTS  
**Financial Period Ended** : 30 JUNE 2011  
**Quarter** : 2

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011**

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 30-Jun-11 RMB'000	AS AT 31-Dec-10 RMB'000	AS AT 30-Jun-11 RM'000 (1)	AS AT 31-Dec-10 RM'000 (1)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		251,228	258,463	118,178	121,581
Intangible assets		19,203	23,981	9,033	11,281
		<u>270,431</u>	<u>282,444</u>	<u>127,211</u>	<u>132,862</u>
<b>Current assets</b>					
Inventories		14,693	11,144	6,911	5,242
Trade receivables		93,204	83,154	43,843	39,116
Prepayment and other receivables		1,857	65,364	873	30,747
Cash and bank balances		350,699	242,718	164,969	114,174
Deposit pledged for bill payables		8,460	37,200	3,980	17,499
		<u>468,913</u>	<u>439,580</u>	<u>220,576</u>	<u>206,778</u>
<b>Total assets</b>		<u>739,344</u>	<u>722,024</u>	<u>347,787</u>	<u>339,640</u>
<b>EQUITY AND LIABILITY</b>					
<b>Capital and Reserves</b>					
Share capital		153,898	153,898	72,394	72,394
Reserve		434,037	364,817	204,171	171,610
<b>Total equity</b>		<u>587,935</u>	<u>518,715</u>	<u>276,565</u>	<u>244,004</u>
<b>Non-current liability</b>					
Deferred tax liability		4,433	3,000	2,085	1,411
<b>Current liabilities</b>					
Trade payables and bill payables		67,170	117,598	31,596	55,318
Accrued liabilities and other payables		30,931	32,839	14,550	15,447
Amount owing to a shareholder cum director		261	263	123	124
Income tax payable		21,114	9,609	9,932	4,520
Interest-bearing bank borrowings		27,500	40,000	12,936	18,816
		<u>151,409</u>	<u>203,309</u>	<u>71,222</u>	<u>95,636</u>
<b>Total equity and liabilities</b>		<u>739,344</u>	<u>722,024</u>	<u>347,787</u>	<u>339,640</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	130.65	115.27	61.46	54.22

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

**Note :**

(1) The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4704 as at 30 June 2011.

Company Name : MULTI SPORTS HOLDINGS LTD  
 Stock Name : MSPORTS  
 Financial Period Ended : 30 JUNE 2011  
 Quarter : 2

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2011**

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT QUARTER 30-Jun-11	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-10	CURRENT QUARTER 30-Jun-11	PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		235,653	155,606	110,851	73,197
Cost of sales		(164,035)	(105,143)	(77,162)	(49,459)
Gross Profit		71,618	50,463	33,689	23,738
Other income		1,003	165	472	78
Selling and distribution expenses		(2,903)	(2,459)	(1,366)	(1,157)
Administrative expenses		(6,509)	(3,206)	(3,062)	(1,508)
Finance costs		(881)	(217)	(414)	(102)
Profit before taxation		62,328	44,746	29,319	21,049
Income tax expenses		(17,691)	(6,082)	(8,322)	(2,861)
Profit after taxation		44,637	38,664	20,997	18,188
Total comprehensive income for the period		44,637	38,664	20,997	18,188
Profit attributable to :					
- Equity holders of the Group		44,637	38,664	20,997	18,188
Total comprehensive income attributable to :					
- Equity holders of the Group		44,637	38,664	20,997	18,188

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Jun-11  RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-10  RMB'000	UNAUDITED CURRENT QUARTER 30-Jun-11  RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Jun-10  RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	9.92	10.74	4.67	5.05
Diluted (sen in RMB / RM)	B13	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

**Note :**

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Company Name : MULTI SPORTS HOLDINGS LTD  
 Stock Name : MSPORTS  
 Financial Period Ended : 30 JUNE 2011  
 Quarter : 2

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2011**

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR	YEAR	YEAR	YEAR
		TO DATE	CORRESPONDING	TO DATE	CORRESPONDING
		30-Jun-11	PERIOD	30-Jun-11	PERIOD
			30-Jun-10		30-Jun-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		383,634	289,326	180,461	136,099
Cost of sales		(269,404)	(196,045)	(126,727)	(92,220)
Gross Profit		114,230	93,281	53,734	43,879
Other income		1,246	494	586	232
Selling and distribution expenses		(5,422)	(4,937)	(2,550)	(2,322)
Administrative expenses		(11,976)	(6,199)	(5,634)	(2,916)
Finance costs		(1,492)	(418)	(702)	(197)
Profit before taxation		96,586	82,221	45,434	38,676
Income tax expenses		(27,366)	(11,138)	(12,873)	(5,239)
Profit after taxation		69,220	71,083	32,561	33,437
Total comprehensive income for the year		69,220	71,083	32,561	33,437
Profit attributable to :					
- Equity holders of the Group		69,220	71,083	32,561	33,437
Total comprehensive income attributable to :					
- Equity holders of the Group		69,220	71,083	32,561	33,437

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PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT YEAR TO DATE 30-Jun-11 RMB'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-10 RMB'000	CURRENT YEAR TO DATE 30-Jun-11 RM'000 (1)	PRECEDING YEAR CORRESPONDING PERIOD 30-Jun-10 RM'000 (1)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B13	15.38	19.75	7.24	9.29
Diluted (sen in RMB / RM)	B13	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

**Note :**

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**Financial Period Ended** : 30 JUNE 2011  
**Quarter** : 2

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2011**

	← Attributable to Equity Holders of The Group →					
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance At 1 January 2011	153,898	111,164	23,353	(54,916)	285,216	518,715
Net profit for the period	-	-	-	-	69,220	69,220
At 30 June 2011	153,898	111,164	23,353	(54,916)	354,436	587,935

	← Attributable to Equity Holders of The Group →					
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	Total Equity
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)
Balance At 1 January 2011	72,394	52,291	10,985	(25,832)	134,166	244,004
Net profit for the period	-	-	-	-	32,561	32,561
At 30 June 2011	72,394	52,291	10,985	(25,832)	166,727	276,565

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2010**

	← Attributable to Equity Holders of The Group →					
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance At 1 January 2010	123,178	69,689	23,353	(54,916)	146,075	307,379
Net profit for the period	-	-	-	-	71,083	71,083
At 30 June 2010	123,178	69,689	23,353	(54,916)	217,158	378,462

	← Attributable to Equity Holders of The Group →					
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	Total Equity
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)
Balance At 1 January 2010	57,943	32,782	10,985	(25,832)	68,713	144,591
Net profit for the period	-	-	-	-	33,437	33,437
At 30 June 2010	57,943	32,782	10,985	(25,832)	102,150	178,028

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2011**

	UNAUDITED CURRENT YEAR 30-Jun-11 RMB'000	UNAUDITED PRECEDING YEAR 30-Jun-10 RMB'000	UNAUDITED CURRENT YEAR 30-Jun-11 RM'000 (1)	UNAUDITED PRECEDING YEAR 30-Jun-10 RM'000 (1)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	96,586	82,221	45,434	38,676
Adjustments for :-				
Depreciation of property, plant and equipment	10,527	4,817	4,952	2,266
Amortisation of intangible assets	280	95	132	45
(Gain)/loss on disposal of property, plant & equipment and intangible asset	(110)	2	(52)	1
Interest income	(986)	(320)	(464)	(151)
Interest expense	1,492	418	702	197
Operating profit before working capital changes	107,789	87,233	50,704	41,034
(Increase)/ decrease in inventories	(3,549)	315	(1,670)	148
(Increase)/decrease in trade receivables	(10,049)	2,834	(4,727)	1,333
Decrease/ (increase) in prepayments and other receivables	63,506	(17,512)	29,873	(8,237)
(Decrease)/ increase in trade payables	(50,428)	47,246	(23,721)	22,224
Decrease in accrued liabilities and other payables	(1,911)	(2,981)	(899)	(1,402)
Net cash generated from operations	105,358	117,135	49,560	55,100
Income tax paid	(14,426)	(16,206)	(6,786)	(7,623)
Interest received	986	320	464	151
Interest paid	(1,492)	(418)	(702)	(197)
Net cash generated from operating activities	90,426	100,831	42,536	47,431
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(3,913)	(61,225)	(1,840)	(28,800)
Acquisition of intangible asset	-	(960)	-	(452)
Proceed from disposal of property, plant & equipment and intangible asset	5,228	27	2,459	13
Net cash generated from/ (used in) investing activities	1,315	(62,158)	619	(29,239)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Repayment to a director (Repayment)/ obtained of bank loan	(12,500)	15,700	(5,880)	7,385
Deposit refunded from / (pledged with) bank	28,740	(17,100)	13,519	(8,044)
Net cash generated from/ (used in) financing activities	16,240	(13,507)	7,639	(6,354)



	UNAUDITED CURRENT YEAR 30-Jun-11 RMB'000	UNAUDITED PRECEDING YEAR 30-Jun-10 RMB'000	UNAUDITED CURRENT YEAR 30-Jun-11 RM'000 (1)	UNAUDITED PRECEDING YEAR 30-Jun-10 RM'000 (1)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	107,981	25,166	50,794	11,838
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	242,718	160,706	114,175	75,596
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>350,699</b>	<b>185,872</b>	<b>164,969</b>	<b>87,434</b>

**Cash and cash equivalents comprise:**

Cash and bank balances	359,159	202,972	168,949	95,478
Less: Deposit pledged with bank	(8,460)	(17,100)	(3,980)	(8,044)
	<b>350,699</b>	<b>185,872</b>	<b>164,969</b>	<b>87,434</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the financial statements. .

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

### 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 financial statements for the financial year ended 31 December 2010, and the accompanying explanatory notes attached to this interim financial report.

#### b) Changes in accounting policies

On 1 January 2011, the Group adopted the new or revised 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.

#### (i) IFRS and IFRIC Interpretations that are issued, not yet effective and have not been adopted early

The Group has not adopted the following revised IFRS, amendments to IFRS, new IFRS and IFRIC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:-

Reference	Description	Effective for financial periods beginning on or after
IAS 24 (revised)	Related Party Disclosure	01.01.2011
Amendments to IAS 32	Classification of Rights Issues	01.02.2010
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters	01.07.2010
Amendments to IFRIC 4	Prepayments of a Minimum Funding Requirement	01.01.2011
IFRIC 5	Agreements for Construction of Real Estate	01.01.2011
IFRIC 9	Extinguishing Financial Liabilities with Equity Instruments	01.07.2010
Improvements to IFRSs 2010		01.07.2010/ 01.01.2011

#### IAS 24 (Revised) Related Party Disclosures

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It also clarifies and simplifies the definition of a related party. However, the revised definition of a related party will also mean that some entities will have more related parties and will be required to make additional disclosures.

Management is currently considering the revised definition to determine whether any additional disclosures will be required and has yet to put systems in place to capture the necessary information. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Company when implemented in 2011.

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 2011 or later periods.

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 Group experienced lower level of production activities due to fewer working days as the result of Lunar New Year holidays in the first quarter of the year. Other than the mentioned factor, the business of the Group was not affected by any significant seasonal and cyclical factors.

**3. Unusual items**

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**

There were no issuances, cancellations, resale and repayments of debt and equity securities for the current financial year-to-date.

**6. Dividends paid**

There were no dividends paid during the period under review.

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## 7. Segment Information

### Business Segments

	Financial period ended 30 June 2011 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	RMB'000
<b>Segment revenue</b>					
- External sales	25,405	9,090	79,008	270,131	383,634
<b>Segment results</b>	6,429	2,342	19,951	68,883	97,605
Unallocated interest income					-
Unallocated other expenses					(1,019)
Profit from operations					96,586
<b>Other information:</b>					
Interest income	65	24	201	696	986
Interest expenses	(98)	(36)	(305)	(1,053)	(1,492)
Additions to non-current assets *	258	94	800	2,761	3,913
Depreciation and amortisation	(712)	(259)	(2,209)	(7,627)	(10,807)

\* - Addition to non-current assets consist of additions to property, plant and equipment.

	Financial period ended 30 June 2011 (Unaudited)				
<b>Segment assets</b>	48,554	17,689	150,682	520,239	737,164
<b>Segment liabilities</b>	8,523	3,105	26,450	91,320	129,398

	As at 30 June 2011 RMB'000 (Unaudited)
<b>Segment assets are reconciled to total assets as follows:</b>	
Segment assets	737,164
Unallocated prepayment and other receivable	1,176
Unallocated cash at bank and on hand	1,004
Total assets	739,344
<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Segment liabilities	129,398
Unallocated amount owing to a shareholder	261
Unallocated income tax payable	21,114
Unallocated accruals and other payables	636
Total liabilities	151,409

**Business Segments**

	Financial period ended 30 June 2011 (Unaudited)				TOTAL RM'000
	TPR Shoe soles RM'000	RB Shoe soles RM'000	MD1 Shoe soles RM'000	MD2 Shoe soles RM'000	
<b>Segment revenue</b>					
- External sales	11,950	4,276	37,165	127,070	180,461
<b>Segment results</b>	3,024	1,102	9,385	32,402	45,913
Unallocated interest income					-
Unallocated other expenses					(479)
Profit from operations					45,434
<b>Other information:</b>					
Interest income	31	11	95	327	464
Interest expenses	(46)	(17)	(144)	(495)	(702)
Additions to non-current assets *	121	44	376	1,299	1,840
Depreciation and amortisation	(335)	(122)	(1,039)	(3,588)	(5,084)

\* - Addition to non-current assets consist of additions to property, plant and equipment.

**Financial period ended 30 June 2011  
(Unaudited)**

<b>Segment assets</b>	22,840	8,321	70,881	244,720	346,762
<b>Segment liabilities</b>	4,009	1,460	12,442	42,957	60,868

**As at  
30 June 2011  
RM'000  
(Unaudited)**

**Segment assets are reconciled to total assets as follows:**

Segment assets	346,762
Unallocated prepayment and other receivable	553
Unallocated cash at bank and on hand	472
<b>Total assets</b>	<b>347,787</b>

**Segment liabilities are reconciled to total liabilities as follows:**

Segment liabilities	60,868
Unallocated amount owing to a shareholder	123
Unallocated income tax payable	9,932
Unallocated accruals and other payables	299
<b>Total liabilities</b>	<b>71,222</b>

**Business Segments**

	<b>Financial period ended 30 June 2010</b>				
	<b>(Unaudited)</b>				
	<b>TPR</b>	<b>RB</b>	<b>MD1</b>	<b>MD2</b>	<b>TOTAL</b>
	<b>Shoe soles</b>	<b>Shoe soles</b>	<b>Shoe soles</b>	<b>Shoe soles</b>	<b>RMB'000</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Segment revenue</b>					
- External sales	26,829	9,997	93,846	158,654	289,326
<b>Segment results</b>	7,618	2,896	26,681	45,830	83,025
Unallocated other expenses					(804)
Profit from operations					82,221
<b>Other information:</b>					
Interest income	30	11	103	176	320
Interest expenses	(38)	(15)	(134)	(231)	(418)
Additions to non-current assets *	5,706	2,169	19,984	34,326	62,185
Depreciation and amortisation	(451)	(171)	(1,579)	(2,711)	(4,912)

\* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	<b>Financial year ended 31 December 2010</b>				
	<b>(Audited)</b>				
<b>Segment assets</b>	62,913	26,225	222,596	407,402	719,136
<b>Segment liabilities</b>	16,818	7,011	59,504	108,906	192,239

	<b>As at</b>
	<b>31 December 2010</b>
	<b>RMB'000</b>
	<b>(Audited)</b>
<b>Segment assets are reconciled to total assets as follows:</b>	
Segment assets	719,136
Unallocated prepayment and other receivables	13
Unallocated cash and cash balances	2,875
<b>Total assets</b>	<b>722,024</b>

<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Segment liabilities	192,239
Unallocated amount owing to a shareholder cum director	263
Unallocated income tax payable	9,609
Unallocated other payables	1,198
<b>Total liabilities</b>	<b>203,309</b>

**Business Segments**

	<b>Financial period ended 30 June 2010</b>				
	<b>(Unaudited)</b>				
	<b>TPR</b>	<b>RB</b>	<b>MD1</b>	<b>MD2</b>	<b>TOTAL</b>
	<b>Shoe soles</b>	<b>Shoe soles</b>	<b>Shoe soles</b>	<b>Shoe soles</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Segment revenue:</b>					
- External sales	12,620	4,703	44,145	74,631	136,099
<b>Segment results</b>	3,583	1,362	12,551	21,558	39,054
Unallocated other expenses					(378)
Profit from operations					38,676
<b>Other information:</b>					
Interest income	14	5	49	83	151
Interest expenses	(18)	(7)	(63)	(109)	(197)
Additions to non-current assets *	2,684	1,020	9,401	16,147	29,252
Depreciation and amortisation	(212)	(81)	(743)	(1,275)	(2,311)

\* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	<b>Financial year ended 31 December 2010</b>				
	<b>(Audited)</b>				
Segment assets	29,595	12,336	104,709	191,642	338,282
Segment liabilities	7,911	3,298	27,991	51,229	90,429

	<b>As at</b>
	<b>31 December 2010</b>
	<b>RM'000</b>
	<b>(Audited)</b>
<b>Segment assets are reconciled to total assets as follows:</b>	
Total assets for reportable segments	338,282
Unallocated prepayment and other receivables	6
Unallocated cash and cash balances	1,352
<b>Total assets</b>	<b>339,640</b>

<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Total liabilities for reportable segments	90,429
Unallocated amount owing to a shareholder cum director	124
Unallocated income tax payable	4,520
Unallocated other payables	563
<b>Total liabilities</b>	<b>95,636</b>

## 8. Subsequent events

Except for the event disclosed below, there were no other material events subsequent to the end of the financial period under review.

### Taiwan Depository Receipts offer

On 12 August 2011, the Company submitted an application in respect of the Proposed TDR Programme to the Taiwan Stock Exchange and Taiwan Central Bank.

## 9. Changes in the composition of the Group

There were no significant 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 & equipment and intangible asset

The Group acquired addition of property, plant & equipment as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	1,209	569	3,913	1,840
	<u>1,209</u>	<u>569</u>	<u>3,913</u>	<u>1,840</u>

The Group disposed of property, plant & equipment and intangible asset as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	(1,229)	(578)	(1,252)	(589)
Intangible asset	(4,743)	(2,231)	(4,743)	(2,231)
	<u>(5,972)</u>	<u>(2,809)</u>	<u>(5,995)</u>	<u>(2,820)</u>

## 12. Related party transactions

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Rental paid to a related party	-	-	182	86



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

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

For current period performance, the Group recorded revenue of RMB383.6 (RM180.5) million and profit after taxation of RMB69.2 (RM32.6) million. The growth in revenue by 32.6% compared to 1H 2010 was mainly due to increase in the sales of EVA MD products.

Gross profit margin for six months ended 30 June 2011 has decreased to 29.8% from 32.2% for last year corresponding period as this was mainly due to the higher production cost arising from rises in labour and raw material costs.

The Group's profit after taxation declined by 6.5% from 24.6% in 1H 2010 compared to 18.1% in current period. The decrease in profit before taxation is mainly attributed to 1) drop in gross profit margin 2) higher effective tax as a result of higher Enterprise Income tax rate after the lapse of "Regular Tax Reduction and Exemption Treatment", higher tax rate on provision for withholding tax on dividend and deferred tax expense 3) higher financial cost and depreciation expense.

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

	<b>Current quarter 30-Jun-11 RMB'000</b>	<b>Preceding quarter 31-Mar-11 RMB'000</b>	<b>Current quarter 30-Jun-11 RM'000</b>	<b>Preceding quarter 31-Mar-11 RM'000</b>
Revenue	235,653	147,981	110,851	69,610
Gross profit	71,618	42,612	33,689	20,045
Profit after taxation	44,637	24,583	20,997	11,564

For second quarter performance, the Group recorded revenue of RMB235.7 (RM110.9) million and profit after taxation of RMB44.6 (RM21.0) million.

As compared to Q1 2011, the increase in revenue for the current quarter by 59.2% was mainly due to increase in the sales of EVA MD products and the lower level of production operation as the result of Chinese New Year in the first quarter of the year. The gross profit margin improved by 1.6% to 30.4% as compared to 28.8% in the preceding quarter. In line with the increase in gross profit margin, the Group's profit after taxation increased to 18.9% as compared to 16.6% in the last corresponding quarter.

### 3. Prospects for FYE 2011

We are optimistic that the expanded capacities in the new production centre since February 2011 is anticipated to contribute positively to both our revenue and profit growth in the second half of FY2011.

On the other hand, we are aware the rising labour cost and raw material price may deliver pressure on our profit margin, we will continue to exercise discipline in managing our operating cost base. Barring any unforeseen circumstances, we cautiously optimistic the results for FYE 2011 to be satisfactory.

### 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

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	17,691	8,322	27,366	12,873

The effective tax rate of the Group for the current quarter was 28.4% and for the financial year-to-date was 28.3% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The higher effective tax rate is mainly due to the provision for withholding tax on dividend and deferred tax expense.

### 6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	362,914	170,715	316,409	148,839
Unrealised	(9,006)	(4,236)	(8,067)	(3,795)
	353,908	166,479	308,342	145,044
Consolidation adjustments	528	248	1,457	685
Total Group retained profits as per Consolidated accounts	354,436	166,727	309,799	145,729

### 7. 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.

### 8. 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.

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

### (a) Utilisation of IPO 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 RM'000	Explanations
(i)	Expansion of production capacity	Within 24 months				
	- Production Centre		25,000	89,807	(64,807)	(1)
	- Production Line		5,000	5,600	(600)	(1), (2)
			<u>30,000</u>	<u>95,407</u>	<u>(65,407)</u>	
(ii)	Expansion of sales and marketing network in China	Within 18 months	3,960	-	3,960	(2)
(iii)	Advertising and branding	Within 24 months	3,000	1,802	1,198	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	952	3,048	(2)
(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>106,856</b>		

Notes :

- (1) The construction of a new production centre has been completed and the total cost of production centre was RM89.8 million, out of which RM25 million was financed via the IPO proceeds and the deviation of RM64.8 million was financed via funds generated internally by the Group. The total expansion cost of machinery and equipment amounting to RM5 million was financed via IPO proceeds and the deviation of RM0.6 million was financed via internal generated funds.
- (2) 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.
- (3) The total listing expenses were 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.

### (b) Utilisation of Rights share proceeds

The Rights share Issue raised gross proceeds of RM34.20 million and we have utilised the proceeds raised in the following manner: -

		Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Explanations
(i)	Expansion of production capacity				
	- Production Centre & Production line	33,200	27,711	5,489	
(ii)	Estimated issuance expenses	1,000	1,000	-	(1)
	<b>Total proceeds</b>	<b>34,200</b>	<b>28,711</b>		

Note :

- (1) The total Rights share expenses amounting to RM0.94 million were offset against share premium as these transaction costs were directly relating to the issuance of Rights share. The deviation of RM0.06 million was utilized as working capital by the Group

## 10. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 30 June 2011 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	12,936

The bank loans were pledged by the Group's land use rights.

## 11. Off-balance sheet financial instruments risks

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

## 12. 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.

## 13. Net asset and earnings per share

<b>The Company and the Group</b>	<b>Weighted average no. of shares</b>	
	<b>30 June 2011</b>	<b>31 December 2010</b>
At beginning of period/ year	360,000,000	360,000,000
Right shares issue	90,000,000	90,000,000
Total	<u>450,000,000</u>	<u>450,000,000</u>

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 450,000,000 ordinary shares in issue for the financial period/year ended 30 June 2011 and 31 December 2010.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 450,000,000 ordinary shares fully in issue for the financial period ended 30 June 2011 and weighted average number of 360,000,000 ordinary shares in issue for the financial period ended 30 June 2010.

There is no potential dilutive effect on earnings per share.

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

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2010.