

Company Name : MULTI SPORTS HOLDINGS LTD  
 Stock Name : MSPORTS  
 Financial Period Ended : 30 SEPTEMBER 2011  
 Quarter : 3

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

PARTICULARS	NOTE	UNAUDITED	AUDITED	UNAUDITED	AUDITED
		AS AT 30-Sept-11 RMB'000	AS AT 31-Dec-10 RMB'000	AS AT 30-Sept-11 RM'000 (1)	AS AT 31-Dec-10 RM'000 (1)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		247,578	258,463	123,318	128,740
Intangible assets		19,078	23,981	9,503	11,945
		<u>266,656</u>	<u>282,444</u>	<u>132,821</u>	<u>140,685</u>
<b>Current assets</b>					
Inventories		13,883	11,144	6,915	5,551
Trade receivables		93,568	83,154	46,606	41,419
Prepayment and other receivables		1,853	65,364	923	32,558
Cash and bank balances		365,298	242,718	181,955	120,898
Deposit pledged for bill payables		-	37,200	-	18,529
		<u>474,602</u>	<u>439,580</u>	<u>236,399</u>	<u>218,955</u>
<b>Total assets</b>		<u>741,258</u>	<u>722,024</u>	<u>369,220</u>	<u>359,640</u>
<b>EQUITY AND LIABILITY</b>					
<b>Capital and Reserves</b>					
Share capital		153,898	153,898	76,656	76,656
Reserve		459,821	364,817	229,037	181,715
<b>Total equity</b>		<u>613,719</u>	<u>518,715</u>	<u>305,693</u>	<u>258,371</u>
<b>Non-current liability</b>					
Deferred tax liability		2,366	3,000	1,179	1,494
<b>Current liabilities</b>					
Trade payables and bill payables		48,297	117,598	24,057	58,576
Accrued liabilities and other payables		33,428	32,839	16,650	16,357
Amount owing to a shareholder cum director		246	263	122	131
Income tax payable		15,702	9,609	7,821	4,787
Interest-bearing bank borrowings		27,500	40,000	13,698	19,924
		<u>127,539</u>	<u>203,309</u>	<u>63,527</u>	<u>101,269</u>
<b>Total equity and liabilities</b>		<u>741,258</u>	<u>722,024</u>	<u>369,220</u>	<u>359,640</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	136.38	115.27	67.93	57.42

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 RM0.4981 as at 30 September 2011.

Company Name : MULTI SPORTS HOLDINGS LTD  
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 Quarter : 3

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011**

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT QUARTER 30-Sept-11	PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-10	CURRENT QUARTER 30-Sept-11	PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		239,595	152,715	119,342	76,067
Cost of sales		(168,292)	(103,069)	(83,826)	(51,339)
Gross Profit		71,303	49,646	35,516	24,728
Other income		554	374	275	186
Selling and distribution expenses		(2,858)	(2,482)	(1,423)	(1,236)
Administrative expenses		(6,039)	(5,270)	(3,008)	(2,625)
Finance costs		(466)	(619)	(232)	(308)
Profit before taxation		62,494	41,649	31,128	20,745
Income tax expenses		(12,794)	(5,873)	(6,373)	(2,925)
Profit after taxation		49,700	35,776	24,755	17,820
Total comprehensive income for the period		49,700	35,776	24,755	17,820
Profit attributable to :					
- Equity holders of the Group		49,700	35,776	24,755	17,820
Total comprehensive income attributable to :					
- Equity holders of the Group		49,700	35,776	24,755	17,820

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Sept-11  RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-10  RMB'000	UNAUDITED CURRENT QUARTER 30-Sept-11  RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-10  RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	11.04	9.58	5.50	4.77
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.

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Company Name : MULTI SPORTS HOLDINGS LTD  
 Stock Name : MSPORTS  
 Financial Period Ended : 30 SEPTEMBER 2011  
 Quarter : 3

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

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO DATE 30-Sept-11 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-10 RMB'000	UNAUDITED CURRENT YEAR TO DATE 30-Sept-11 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-10 RM'000 (1)
Revenue		623,229	442,041	310,430	220,181
Cost of sales		(437,696)	(299,114)	(218,016)	(148,989)
Gross Profit		185,533	142,927	92,414	71,192
Other income		1,799	868	896	432
Selling and distribution expenses		(8,279)	(7,419)	(4,124)	(3,695)
Administrative expenses		(18,015)	(11,469)	(8,973)	(5,713)
Finance costs		(1,958)	(1,037)	(975)	(517)
Profit before taxation		159,080	123,870	79,238	61,699
Income tax expenses		(40,160)	(17,011)	(20,004)	(8,473)
Profit after taxation		118,920	106,859	59,234	53,226
Total comprehensive income for the year		118,920	106,859	59,234	53,226
Profit attributable to :					
- Equity holders of the Group		118,920	106,859	59,234	53,226
Total comprehensive income attributable to :					
- Equity holders of the Group		118,920	106,859	59,234	53,226

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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-Sept-11	PERIOD	30-Sept-11	PERIOD
			30-Sept-10		30-Sept-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B13	26.43	28.61	13.16	14.25
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  
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 Financial Period Ended : 30 SEPTEMBER 2011  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	118,920	118,920
Dividends paid	-	-	-	-	(23,916)	(23,916)
At 30 September 2011	153,898	111,164	23,353	(54,916)	380,220	613,719

	← 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	76,656	55,371	11,632	(27,353)	142,066	258,372
Net profit for the period	-	-	-	-	59,234	59,234
Dividends paid	-	-	-	-	(11,913)	(11,913)
At 30 September 2011	76,656	55,371	11,632	(27,353)	189,387	305,693

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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Company Name : MULTI SPORTS HOLDINGS LTD  
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 Financial Period Ended : 30 SEPTEMBER 2011  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	106,859	106,859
Issue of shares	30,720	43,507	-	-	-	74,227
Share issue expenses	-	(2,032)	-	-	-	(2,032)
At 30 September 2010	153,898	111,164	23,353	(54,916)	252,934	486,433

	← 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	61,355	34,712	11,632	(27,353)	72,760	153,106
Net profit for the period	-	-	-	-	53,226	53,226
Issue of shares	15,301	21,671	-	-	-	36,972
Share issue expenses	-	(1,012)	-	-	-	(1,012)
At 30 September 2010	76,656	55,371	11,632	(27,353)	125,986	242,292

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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**Company Name** : MULTI SPORTS HOLDINGS LTD  
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**Financial Period Ended** : 30 SEPTEMBER 2011  
**Quarter** : 3

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

	UNAUDITED CURRENT YEAR 30-Sept-11  RMB'000	UNAUDITED PRECEDING YEAR 30-Sept-10  RMB'000	UNAUDITED CURRENT YEAR 30-Sept-11  RM'000 (1)	UNAUDITED PRECEDING YEAR 30-Sept-10  RM'000 (1)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	159,080	123,870	79,238	61,699
Adjustments for :-				
Depreciation of property, plant and equipment	15,699	7,314	7,820	3,643
Amortisation of intangible assets	405	444	202	221
Loss on disposal of property, plant & equipment	2	2	1	1
Gain on disposal of land use rights	(112)	-	(56)	-
Interest income	(1,540)	(529)	(767)	(263)
Interest expense	1,958	1,037	975	516
Operating profit before working capital changes	175,492	132,138	87,413	65,818
(Increase)/ decrease in inventories	(2,739)	317	(1,364)	158
(Increase)/decrease in trade receivables	(10,414)	3,783	(5,187)	1,884
Decrease in prepayments and other receivables	63,511	790	31,634	394
(Decrease)/ increase in trade payables	(69,301)	55,296	(34,519)	27,543
Increase in accrued liabilities and other payables	572	1,109	285	553
Net cash generated from operations	157,121	193,433	78,262	96,349
Income tax paid	(34,701)	(21,835)	(17,285)	(10,876)
Interest received	1,540	529	767	263
Interest paid	(1,958)	(1,037)	(975)	(516)
Net cash generated from operating activities	122,002	171,090	60,769	85,220
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(5,434)	(112,119)	(2,707)	(55,846)
Acquisition of intangible asset	-	(960)	-	(478)
Proceed from disposal of property, plant & equipment and intangible asset	5,228	27	2,604	13
Net cash used in investing activities	(206)	(113,052)	(103)	(56,311)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceed from issue of shares	-	74,227	-	36,972
Share issue expenses written off against share premium account	-	(2,032)	-	(1,012)
Repayment to a director	-	(18,111)	-	(9,021)
Obtained of bank loan	27,500	45,700	13,698	22,763
Repayment of term loan	(40,000)	-	(19,924)	-
Deposit refunded from / (pledged with) bank	37,200	(17,100)	18,530	(8,517)
Dividends paid	(23,916)	-	(11,913)	-
Net cash generated from financing activities	784	82,684	391	41,185



	UNAUDITED CURRENT YEAR 30-Sept-11 RMB'000	UNAUDITED PRECEDING YEAR 30-Sept-10 RMB'000	UNAUDITED CURRENT YEAR 30-Sept-11 RM'000 (1)	UNAUDITED PRECEDING YEAR 30-Sept-10 RM'000 (1)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	122,580	140,722	61,057	70,094
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	242,718	160,706	120,898	80,048
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>365,298</b>	<b>301,428</b>	<b>181,955</b>	<b>150,142</b>

**Cash and cash equivalents comprise:**

Cash and bank balances	365,298	318,528	181,955	158,659
Less: Deposit pledged with bank	-	(17,100)	-	(8,517)
	<b>365,298</b>	<b>301,428</b>	<b>181,955</b>	<b>150,142</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 SEPTEMBER 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 has adopted the new or revised Financial Reporting Standard (“IFRS”) and interpretations that are mandatory for application on that date. There have been no changes to the Group’s accounting policies for the adoption of the new or revised Financial Reporting Standard.

The management does not anticipate that the adoption of the above those IFRSs that have been issued but not yet effective (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**

The first and final tax exempt dividend of RM 2.5 sen amounting to RM11,250,000 in respect of the financial year ended 31 December 2010 paid on 12 September 2011.

## 7. Segment Information

### Business Segments

	Financial period ended 30 September 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	41,060	16,226	123,337	442,606	623,229
<b>Segment results</b>	10,564	4,254	31,546	114,050	160,414
Unallocated interest income					-
Unallocated other expenses					(1,334)
Profit from operations					159,080
<b>Other information:</b>					
Interest income	101	41	303	1,095	1,540
Interest expenses	(129)	(52)	(385)	(1,392)	(1,958)
Additions to non-current assets *	358	144	1,068	3,864	5,434
Depreciation and amortisation	(1,060)	(427)	(3,167)	(11,450)	(16,104)

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

	Financial period ended 30 September 2011 (Unaudited)				
<b>Segment assets</b>	48,672	19,600	145,339	525,459	739,070
<b>Segment liabilities</b>	7,329	2,951	21,883	79,116	111,279

	As at 30 September 2011 RMB'000 (Unaudited)
<b>Segment assets are reconciled to total assets as follows:</b>	
Segment assets	739,070
Unallocated prepayment and other receivable	1,803
Unallocated cash at bank and on hand	385
Total assets	741,258
<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Segment liabilities	111,279
Unallocated amount owing to a shareholder	246
Unallocated income tax payable	15,702
Unallocated accruals and other payables	312
Total liabilities	127,539

**Business Segments**
**Financial period ended 30 September 2011  
(Unaudited)**

	TPR Shoe soles RM'000	RB Shoe soles RM'000	MD1 Shoe soles RM'000	MD2 Shoe soles RM'000	TOTAL RM'000
<b>Segment revenue</b>					
- External sales	20,452	8,082	61,434	220,462	310,430
<b>Segment results</b>	5,262	2,119	15,713	56,808	79,902
Unallocated interest income					-
Unallocated other expenses					(664)
Profit from operations					79,238
<b>Other information:</b>					
Interest income	50	20	151	546	767
Interest expenses	(64)	(26)	(192)	(693)	(975)
Additions to non-current assets *	178	72	532	1,925	2,707
Depreciation and amortisation	(528)	(213)	(1,578)	(5,703)	(8,022)

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

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

<b>Segment assets</b>	24,244	9,763	72,393	261,731	368,131
<b>Segment liabilities</b>	3,651	1,470	10,900	39,408	55,429

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

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

Segment assets	368,131
Unallocated prepayment and other receivable	898
Unallocated cash at bank and on hand	191
<b>Total assets</b>	<b>369,220</b>

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

Segment liabilities	55,429
Unallocated amount owing to a shareholder	122
Unallocated income tax payable	7,821
Unallocated accruals and other payables	155
<b>Total liabilities</b>	<b>63,527</b>

**Business Segments**

	Financial period ended 30 September 2010 (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	40,609	16,087	143,345	242,000	442,041
<b>Segment results</b>	11,552	4,665	40,812	69,972	127,001
Unallocated other expenses					(3,131)
Profit from operations					123,870
<b>Other information:</b>					
Interest income	48	20	170	291	529
Interest expenses	(95)	(38)	(333)	(571)	(1,037)
Additions to non-current assets *	10,285	4,154	36,338	62,302	113,079
Depreciation and amortisation	(706)	(285)	(2,493)	(4,274)	(7,758)

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

	Financial year ended 31 December 2010 (Audited)				
<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

	As at 31 December 2010 RMB'000 (Audited)
<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 September 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	20,228	8,013	71,400	120,540	220,181
<b>Segment results</b>					
	5,754	2,324	20,328	34,853	63,259
Unallocated other expenses					(1,560)
Profit from operations					61,699
<b>Other information:</b>					
Interest income	24	10	84	145	263
Interest expenses	(47)	(19)	(166)	(284)	(516)
Additions to non-current assets *	5,123	2,069	18,100	31,032	56,324
Depreciation and amortisation	(352)	(142)	(1,241)	(2,129)	(3,864)

\* - 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	31,337	13,063	110,875	202,927	358,202
Segment liabilities	8,377	3,492	29,639	54,246	95,754

	<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	358,202
Unallocated prepayment and other receivables	6
Unallocated cash and cash balances	1,432
<b>Total assets</b>	<b>359,640</b>

<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Total liabilities for reportable segments	95,754
Unallocated amount owing to a shareholder cum director	131
Unallocated income tax payable	4,787
Unallocated other payables	597
<b>Total liabilities</b>	<b>101,269</b>

## 8. Subsequent events

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

### Taiwan Depository Receipts offer

- 1) The shareholders of the Company have at the Special General Meeting on 7 October approved the resolution of variation to the proposed utilisation of proceeds.
- 2) The Financial Supervisory Commission of Taiwan (the "Commission") has vide its letter dated 9 November 2011, approved the Company's application in respect of the Proposed TDR Programme. The aforesaid approval is subject to, amongst others, the following conditions:-
  - (I) The Commission shall be informed if there is any change in the issuance plan of the TDRs;
  - (II) The Company is to deliver the prospectus in respect of the Proposed TDR Programme ("Prospectus") to subscribers of the TDRs and upload the soft copy of the Prospectus to the information declaration website designated by the Commission;
  - (III) The Company is to sign a payment collection agreement and a payment deposit agreement with the collection bank and the deposit bank respectively before any collection is collected in respect of the Proposed TDR Programme. The Company is also required to enter the bank names, signing date and other related information to the information declaration website designated by the Commission;
  - (IV) The Company is to upload the issuance plan of the TDRs and the quarterly report in respect of the utilisation of proceeds arising from the issuance of the TDRs to the information declaration website designated by the Commission within ten (10) days after the end of each quarter; and
  - (V) After the issuance of the TDRs, the depository institution shall within ten (10) days after the end of every month, declare to the Department of Foreign Exchange of Taiwan Central Bank about the status of the circulation and redemption of the TDRs, and to upload such information to the information declaration website designated by the Commission.
- 3) Bursa Malaysia Securities Berhad has vide its letter dated 17 November 2011, approved the Company for an extension of time of six (6) months up to 18 May 2012 to implement and complete the Proposed Underlying Shares Issuance.

## 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	1,521	758	5,434	2,707
	<u>1,521</u>	<u>758</u>	<u>5,434</u>	<u>2,707</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	-	-	(1,252)	(624)
Intangible asset	-	-	(4,743)	(2,362)
	<u>-</u>	<u>-</u>	<u>(5,995)</u>	<u>(2,986)</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	91

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## 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 RMB623.2 (RM310.4) million and profit after taxation of RMB118.9 (RM59.2) million. The growth in revenue by 41.0% compared with YTD Q3 2010 was mainly due to increase in the sales of EVA MD products.

Gross profit margin for nine months ended 30 September 2011 has decreased to 29.8% from 32.3% for last year corresponding period as this was mainly due to the higher production costs arising from rises in both labour and raw material costs and higher depreciation expense on our production expansion.

The Group's profit after taxation declined by 5.1% from 24.2% in the last year corresponding period compared with 19.1% in current period. The decrease in profit after taxation is mainly attributed to 1) drop in gross profit margin 2) higher Enterprise Income tax rate after the lapse of "Regular Tax Reduction and Exemption Treatment" 3) higher depreciation expense on office building and dormitories.

Finance costs increased by approximately 88.8% from RMB1 million for YTD Q3 2010 to RMB1.9 million in current period mainly due to the increase in the short term bank borrowings in line with the expansion of our production capacity.

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

	<b>Current quarter 30-Sept-11 RMB'000</b>	<b>Preceding quarter 30-Jun-11 RMB'000</b>	<b>Current quarter 30-Sept-11 RM'000</b>	<b>Preceding quarter 30-Jun-11 RM'000</b>
Revenue	239,595	235,653	119,342	117,379
Gross profit	71,303	71,618	35,516	35,673
Profit after taxation	49,700	44,637	24,755	22,234

For third quarter performance, the Group recorded revenue of RMB239.6 (RM119.3) million and profit after taxation of RMB49.7 (RM24.8) million.

As compared with Q2 2011, revenue for the current quarter increased slightly by 1.7%. The gross profit margin, however, declined by 0.6% to 29.8% as compared with 30.4% in the preceding quarter. The Group's profit after taxation improved from 18.9% to 20.7% in the current quarter was mainly due to the reversal of overprovision for deferred tax liability of RMB3 million.

### 3. Prospects for FYE 2012

The expanded capacities in the new production centre since February 2011 will continue to support our revenue and profit growth in FYE 2012.

The trend of 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 2012 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	12,794	6,373	40,160	20,004

The effective tax rate of the Group for the current quarter was 20.5% and for the financial year-to-date was 25.2% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The lower effective tax rate in current quarter is mainly due to the reversal of overprovision for deferred tax liability of RMB3 million.

### 6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	381,547	190,049	362,914	180,767
Unrealised	(2,834)	(1,412)	(9,006)	(4,486)
	378,713	188,637	353,908	176,281
Consolidation adjustments	1,507	750	528	263
Total Group retained profits as per Consolidated accounts	380,220	189,387	354,436	176,544

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

No sales of unquoted investments of the Group in the current quarter and financial year-to-date. However, a profit on disposal of land use rights amounting of approximately RMB112,000 (RM56,000) was included in other income in the 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	2,104	896	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	1,022	2,978	(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>107,228</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 financial 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	28,088	5,112	
(ii)	Estimated issuance expenses		1,000	1,000	-	(1)
	<b>Total proceeds</b>		<b>34,200</b>	<b>29,088</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 September 2011 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	13,698

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 September 2011</b>	<b>31 December 2010</b>
At beginning of period/ year	450,000,000	360,000,000
Right shares issue	-	90,000,000
<b>Total</b>	<b>450,000,000</b>	<b>450,000,000</b>

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 September 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 September 2011 and weighted average number of 373,500,000 ordinary shares in issue for the financial period ended 30 September 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.