

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Year Ended : 31 DECEMBER 2011
 Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

PARTICULARS	NOTE	UNAUDITED AS AT 31-Dec-11 RMB'000	AUDITED AS AT 31-Dec-10 RMB'000	UNAUDITED AS AT 31-Dec-11 RM'000 (1)	AUDITED AS AT 31-Dec-10 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		243,760	258,463	121,709	129,050
Intangible assets		18,954	23,981	9,464	11,974
		<u>262,714</u>	<u>282,444</u>	<u>131,173</u>	<u>141,024</u>
Current assets					
Inventories		13,462	11,144	6,722	5,564
Trade receivables		92,966	83,154	46,418	41,519
Prepayment and other receivables		81	65,364	40	32,636
Cash and bank balances		462,356	242,718	230,854	121,189
Deposit pledged for bill payables		-	37,200	-	18,574
		<u>568,865</u>	<u>439,580</u>	<u>284,034</u>	<u>219,482</u>
Total assets		<u>831,579</u>	<u>722,024</u>	<u>415,207</u>	<u>360,506</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	153,898	87,558	76,841
Reserve		528,532	364,817	263,896	182,153
Total equity		<u>703,893</u>	<u>518,715</u>	<u>351,454</u>	<u>258,994</u>
Non-current liability					
Deferred tax liability		-	3,000	-	1,498
Current liabilities					
Trade payables and bill payables		47,208	117,598	23,570	58,717
Accrued liabilities and other payables		36,358	32,839	18,154	16,396
Amount owing to a shareholder cum director		245	263	122	131
Income tax payable		16,375	9,609	8,176	4,798
Interest-bearing bank borrowings		27,500	40,000	13,731	19,972
		<u>127,686</u>	<u>203,309</u>	<u>63,753</u>	<u>101,512</u>
Total equity and liabilities		<u>831,579</u>	<u>722,024</u>	<u>415,207</u>	<u>360,506</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	156.36	115.27	78.07	57.55

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 RM0.4993 as at 31 December 2011.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Year Ended : 31 DECEMBER 2011
 Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		CURRENT QUARTER 31-Dec-11	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-10	CURRENT QUARTER 31-Dec-11	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		238,503	171,417	119,085	85,589
Cost of sales		(163,978)	(115,599)	(81,874)	(57,719)
Gross Profit		74,525	55,818	37,211	27,870
Other income		605	518	302	259
Selling and distribution expenses		(3,279)	(2,969)	(1,637)	(1,482)
Administrative expenses		(10,722)	(8,876)	(5,354)	(4,432)
Finance costs		(470)	(658)	(235)	(329)
Profit before taxation		60,659	43,833	30,287	21,886
Income tax expenses		(18,210)	(11,551)	(9,092)	(5,768)
Profit after taxation		42,449	32,282	21,195	16,118
Total comprehensive income for the period		42,449	32,282	21,195	16,118
Profit attributable to :					
- Equity holders of the Group		42,449	32,282	21,195	16,118
Total comprehensive income attributable to :					
- Equity holders of the Group		42,449	32,282	21,195	16,118

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		CURRENT QUARTER 31-Dec-11 RMB'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-10 RMB'000	CURRENT QUARTER 31-Dec-11 RM'000 (1)	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-10 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	9.43	7.10	4.71	3.55
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 Year Ended : 31 DECEMBER 2011
 Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR	YEAR	YEAR	YEAR
		TO DATE	CORRESPONDING	TO DATE	CORRESPONDING
		31-Dec-11	PERIOD	31-Dec-11	PERIOD
			31-Dec-10		31-Dec-10
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		861,732	613,458	430,263	306,299
Cost of sales		(601,674)	(414,713)	(300,416)	(207,066)
Gross Profit		260,058	198,745	129,847	99,233
Other income		2,404	1,386	1,200	692
Selling and distribution expenses		(11,558)	(10,388)	(5,771)	(5,187)
Administrative expenses		(28,737)	(20,345)	(14,348)	(10,158)
Finance costs		(2,428)	(1,695)	(1,212)	(846)
Profit before taxation		219,739	167,703	109,716	83,734
Income tax expenses		(58,370)	(28,562)	(29,144)	(14,261)
Profit after taxation		161,369	139,141	80,572	69,473
Total comprehensive income for the year		161,369	139,141	80,572	69,473
Profit attributable to :					
- Equity holders of the Group		161,369	139,141	80,572	69,473
Total comprehensive income attributable to :					
- Equity holders of the Group		161,369	139,141	80,572	69,473

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PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		CURRENT YEAR TO DATE 31-Dec-11	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-10	CURRENT YEAR TO DATE 31-Dec-11	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-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	35.85	30.61	17.90	15.29
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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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Year Ended : 31 DECEMBER 2011
 Quarter : 4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	161,369	161,369
Issue of shares	21,463	28,149	-	-	-	49,612
Share issue expenses	-	(1,887)	-	-	-	(1,887)
Dividends paid	-	-	-	-	(23,916)	(23,916)
At 31 December 2011	175,361	137,426	23,353	(54,916)	422,669	703,893

	← 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	76,841	55,504	11,660	(27,420)	142,408	258,993
Net profit for the year	-	-	-	-	80,572	80,572
Issue of shares	10,717	14,055	-	-	-	24,772
Share issue expenses	-	(942)	-	-	-	(942)
Dividends paid	-	-	-	-	(11,941)	(11,941)
At 31 December 2011	87,558	68,617	11,660	(27,420)	211,039	351,454

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.

Note :

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Year Ended : 31 DECEMBER 2011
 Quarter : 4

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	139,141	139,141
Issue of shares	30,720	43,507	-	-	-	74,227
Share issue expenses	-	(2,032)	-	-	-	(2,032)
At 31 December 2010	153,898	111,164	23,353	(54,916)	285,216	518,715

	← 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	61,503	34,796	11,660	(27,420)	72,935	153,474
Net profit for the year	-	-	-	-	69,473	69,473
Issue of shares	15,338	21,723	-	-	-	37,061
Share issue expenses	-	(1,014)	-	-	-	(1,014)
At 31 December 2010	76,841	55,505	11,660	(27,420)	142,408	258,994

The audited 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
Stock Name : MSPORTS
Financial Year Ended : 31 DECEMBER 2011
Quarter : 4

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	UNAUDITED CURRENT YEAR 31-Dec-11 RMB'000	AUDITED PRECEDING YEAR 31-Dec-10 RMB'000	UNAUDITED CURRENT YEAR 31-Dec-11 RM'000 (1)	AUDITED PRECEDING YEAR 31-Dec-10 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	219,739	167,703	109,716	83,734
Adjustments for :-				
Depreciation of property, plant and equipment	20,731	9,975	10,351	4,981
Amortisation of intangible assets	530	593	264	296
Loss on disposal of property, plant & equipment	2	2	1	1
Gain on disposal of land use rights	(112)	-	(56)	-
Interest income	(2,013)	(926)	(1,005)	(462)
Interest expense	2,428	1,695	1,212	846
Operating profit before working capital changes	241,305	179,042	120,483	89,396
(Increase)/ decrease in inventories	(2,318)	1,016	(1,157)	507
Increase in trade receivables	(9,812)	(19,780)	(4,899)	(9,876)
Decrease/ (increase) in prepayments and other receivables	65,283	(64,044)	32,596	(31,977)
(Decrease)/ increase in trade payables	(70,390)	87,943	(35,146)	43,910
Increase in accrued liabilities and other payables	3,518	11,919	1,757	5,951
Net cash generated from operations	227,586	196,096	113,634	97,911
Income tax paid	(54,604)	(27,341)	(27,264)	(13,651)
Interest received	2,013	926	1,005	462
Interest paid	(2,428)	(1,695)	(1,212)	(846)
Net cash generated from operating activities	172,567	167,986	86,163	83,876
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(6,648)	(141,922)	(3,320)	(70,862)
Acquisition of intangible asset	-	(960)	-	(479)
Proceed from disposal of property, plant & equipment and intangible asset	5,228	26	2,610	13
Net cash used in investing activities	(1,420)	(142,856)	(710)	(71,328)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	49,612	74,227	24,772	37,061
Share issue expenses written off against share premium account	(1,887)	(2,032)	(942)	(1,014)
Repayment to a director	-	(18,113)	-	(9,044)
Obtained of bank loan	27,500	40,000	13,730	19,972
Repayment of term loan	(40,000)	-	(19,972)	-
Ex difference arising from shareholder's loan	(18)	-	(9)	-
Deposit refunded from / (pledged with) bank	37,200	(37,200)	18,574	(18,574)
Dividends paid	(23,916)	-	(11,941)	-
Net cash generated from financing activities	48,491	56,882	24,212	28,401

	UNAUDITED CURRENT YEAR 31-Dec-11 RMB'000	AUDITED PRECEDING YEAR 31-Dec-10 RMB'000	UNAUDITED CURRENT YEAR 31-Dec-11 RM'000 (1)	AUDITED PRECEDING YEAR 31-Dec-10 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	219,638	82,012	109,665	40,949
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	242,718	160,706	121,189	80,240
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	462,356	242,718	230,854	121,189

Cash and cash equivalents comprise:

Cash and bank balances	462,356	279,918	230,854	139,763
Less: Deposit pledged with bank	-	(37,200)	-	(18,574)
	462,356	242,718	230,854	121,189

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 YEAR ENDED 31 DECEMBER 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

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
30/12/2011	Issued pursuant to the Taiwan Depository Receipt Issued.	67,500,000	3,375,000

6. Dividends paid

The first and final tax exempt dividend of 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 year ended 31 December 2011 (Unaudited)				TOTAL RMB'000
	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	
Segment revenue					
- External sales	56,526	23,332	168,239	613,635	861,732
Segment results	14,908	6,225	43,832	160,951	225,916
Unallocated interest income					-
Unallocated other expenses					(6,177)
Profit from operations					219,739
Other information:					
Interest income	133	55	391	1,434	2,013
Interest expenses	(160)	(67)	(471)	(1,730)	(2,428)
Additions to non-current assets *	439	183	1,290	4,736	6,648
Depreciation and amortisation	(1,403)	(586)	(4,125)	(15,147)	(21,261)

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

Financial year ended 31 December 2011 (Unaudited)

Segment assets	51,682	21,580	151,956	557,980	783,198
Segment liabilities	7,171	2,994	21,084	77,419	108,668

As at
31 December 2011
RMB'000
(Unaudited)

Segment assets are reconciled to total assets as follows:

Segment assets	783,198
Unallocated prepayment and other receivable	31
Unallocated cash at bank and on hand	48,350
Total assets	831,579

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	108,668
Unallocated amount owing to a shareholder	246
Unallocated income tax payable	16,375
Unallocated accruals and other payables	2,397
Total liabilities	127,686

Business Segments

	Financial year ended 31 December 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	
Segment revenue					
- External sales	28,223	11,650	84,002	306,388	430,263
Segment results	7,444	3,108	21,885	80,363	112,800
Unallocated interest income					-
Unallocated other expenses					(3,084)
Profit from operations					109,716
Other information:					
Interest income	67	27	195	716	1,005
Interest expenses	(80)	(33)	(235)	(864)	(1,212)
Additions to non-current assets *	219	92	644	2,365	3,320
Depreciation and amortisation	(700)	(292)	(2,060)	(7,563)	(10,615)

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

**Financial period ended 31 December 2011
(Unaudited)**

Segment assets	25,805	10,775	75,872	278,599	391,051
Segment liabilities	3,581	1,495	10,527	38,655	54,258

**As at
31 December 2011
RM'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

Segment assets	391,051
Unallocated prepayment and other receivable	15
Unallocated cash at bank and on hand	24,141
Total assets	415,207

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	54,258
Unallocated amount owing to a shareholder	123
Unallocated income tax payable	8,176
Unallocated accruals and other payables	1,196
Total liabilities	63,753

Business Segments

	Financial year ended 31 December 2010 (Audited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	RMB'000
Segment revenue					
- External sales	54,178	22,100	191,533	345,647	613,458
Segment results	15,069	6,282	53,317	97,583	172,251
Unallocated interest income					1
Unallocated other expenses					(4,549)
Profit from operations					167,703
Other information:					
Interest income	81	34	287	524	926
Interest expenses	(148)	(62)	(525)	(960)	(1,695)
Additions to non-current assets *	12,500	5,211	44,227	80,944	142,882
Depreciation and amortisation	(925)	(385)	(3,271)	(5,987)	(10,568)

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

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

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

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

Business Segments

	Financial year ended 31 December 2010				
	(Audited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue:					
- External sales	27,051	11,034	95,632	172,582	306,299
Segment results	7,524	3,136	26,621	48,723	86,004
Unallocated interest income					1
Unallocated other expenses					(2,271)
Profit from operations					83,734
Other information:					
Interest income	40	17	143	262	462
Interest expenses	(74)	(31)	(262)	(479)	(846)
Additions to non-current assets *	6,241	2,602	22,083	40,415	71,341
Depreciation and amortisation	(462)	(192)	(1,633)	(2,990)	(5,277)

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

	Financial year ended 31 December 2010				
	(Audited)				
Segment assets	31,413	13,094	111,142	203,416	359,065
Segment liabilities	8,397	3,501	29,710	54,377	95,885

	As at 31 December 2010 RM'000 (Audited)
Segment assets are reconciled to total assets as follows:	
Total assets for reportable segments	359,065
Unallocated prepayment and other receivables	6
Unallocated cash and cash balances	1,435
Total assets	360,506

Segment liabilities are reconciled to total liabilities as follows:	
Total liabilities for reportable segments	95,985
Unallocated amount owing to a shareholder cum director	131
Unallocated income tax payable	4,798
Unallocated other payables	598
Total liabilities	101,512

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

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	1,214	606	6,648	3,320
	<u>1,214</u>	<u>606</u>	<u>6,648</u>	<u>3,320</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)	(625)
Intangible asset	-	-	(4,743)	(2,368)
	<u>-</u>	<u>-</u>	<u>(5,995)</u>	<u>(2,993)</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
	<u>-</u>	<u>-</u>	<u>182</u>	<u>91</u>

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

1. Review of the performance of the Group

	Financial year ended		Change
	Unaudited	Audited	
	31-Dec-2011	31-Dec-2010	
	RMB' 000	RMB' 000	
Revenue			
TPR shoe soles	56,526	54,178	+4.3%
RB shoe soles	23,332	22,100	+5.6%
MD1 shoe soles	168,239	191,533	-12.2%
MD2 shoe soles	613,635	345,647	+77.5%
Total	861,732	613,458	+40.5%

	Financial year ended		Change
	Unaudited	Audited	
	31-Dec-2011	31-Dec-2010	
	Pair ('000)	Pair ('000)	
Sale volume			
TPR shoe soles	4,884	5,081	-3.9%
RB shoe soles	1,680	1,926	-12.8%
MD1 shoe soles	7,102	8,642	-17.8%
MD2 shoe soles	27,067	16,614	+62.9%
Total	40,733	32,263	26.2%

For current year performance, the Group recorded revenue of RMB861.7 (RM430.3) million and profit after taxation of RMB161.4 (RM80.6) million. The growth in revenue by 40.5% compared with FYE 2010 was mainly due to increase in the sales of EVA MD2 products. Sale volume for MD2 shoe soles grew by 62.9% compared with last year but offset by drop in sales volume for TPR, RB and MD1 shoe soles which dropped by 3.9%, 12.8% and 17.8% respectively. The change in sales mix is mainly due to the market trend and demand. With the expanded capacities in the new production centre since Feb 2011, our production capacity has increased from 35.6 million pairs to 45.0 million pairs. The production utilisation rate has maintained at high level at 90.5% compared to 90.8% in previous year.

Gross profit margin for twelve months ended 31 December 2011 has decreased to 30.2% from 32.4% for last year corresponding period as this was mainly due to the higher production costs arising from rises in labour and raw material costs and higher depreciation expense on our production expansion.

The Group's profit after taxation declined by 4.0% from 22.7% in the last year corresponding period compared with 18.7% in current year. 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. 4) recognition of TDR listing expenses and additional provision for withholding tax.

Finance costs increased by approximately 43.2% from RMB1.7 million for FYE 2010 to RMB2.4 million in current year 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

	Current quarter 31-Dec-11 RMB'000	Preceding quarter 30-Sept-11 RMB'000	Current quarter 31-Dec-11 RM'000	Preceding quarter 30-Sept-11 RM'000
Revenue	238,503	239,595	119,085	119,630
Gross profit	74,525	71,303	37,211	35,601
Profit after taxation	42,449	49,700	21,195	24,815

For fourth quarter performance, the Group recorded revenue of RMB238.5 (RM119.1) million and profit after taxation of RMB42.4 (RM21.2) million.

As compared with Q3 2011, revenue for the current quarter decreased slightly by 0.5%. The gross profit margin, however, increased by 1.4% to 31.2% as compared with 29.8% in the preceding quarter. The Group's profit after taxation declined from 20.7% to 17.8% in the current quarter was mainly due to the recognition of TDR listing expenses of RMB3.4 million and additional provision for withholding tax of RMB1.8 million.

3. Prospects for FYE 2012

Our Company continues to be optimistic on the demand conditions for sports-shoe soles and sports shoes in China. The prudent management of our Group's financial resources will be fundamental to our Group's sustainable long-term growth, and essential to weathering any unexpected conditions. 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	18,210	9,092	58,370	29,144

The effective tax rate of the Group for the current quarter was 30.0% and for the financial year-to-date was 26.6% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The higher effective tax rate in both current quarter and financial year-to-date are mainly due to the additional provision for withholding tax of RMB1.8 million and RMB 1.7 million respectively and the under provision of income tax of 0.2 million in the financial year-to-date.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	425,768	212,586	381,547	190,506
Unrealised	(4,606)	(2,299)	(2,834)	(1,415)
	421,162	210,287	378,713	189,091
Consolidation adjustments	1,507	752	1,507	752
Total Group retained profits as per Consolidated accounts	422,669	211,039	380,220	189,843

7. Profit before taxation

The Group's profit before taxation is arrived after charging/ (crediting):

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Interest income	(473)	(236)	(2,013)	(1,005)
Other income	(131)	(65)	(279)	(139)
Interest expenses	470	235	2,428	1,212
Depreciation and amortisation	5,157	2,575	21,261	10,615
Gain on disposal of intangible asset	-	-	(112)	(56)
Foreign exchange (gain)/ loss	(37)	(18)	85	42

8. 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				
	- Production Centre	25,000	89,807	(64,807)	(1)
	- Production Line	5,000	5,600	(600)	(1), (2)
		30,000	95,407	(65,407)	
(ii)	Expansion of sales and marketing network in China	3,960	-	3,960	(2)
(iii)	Advertising and branding	3,000	2,412	588	(2)
(iv)	Enhancement of product development capabilities	4,000	1,091	2,909	(2)
(v)	Working capital	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	7,000	7,695	(695)	(3)
	Total proceeds	48,960	107,605		

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	28,884	4,316	
(ii) Estimated issuance expenses	1,000	1,000	-	(1)
Total proceeds	34,200	29,884		

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

(C) Utilisation of TDR proceeds

The TDR Issue raised gross proceeds of TWD236.25 (RM24.768) 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 line	14,595	-	14,595	(1)
(ii) Working capital	7,873	-	7,873	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
Total proceeds	24,768	2,653		

Note :

- (1) The Company has completed its TDR issuance and listing on 30 December 2011.
- (2) TDR proceeds have been deposited into a bank in Hong Kong and will be transferred to its subsidiary as working capital in due course.
- (3) The total listing expenses were RM2.653 million, out of which RM0.94 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 RM0.353 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 31 December 2011 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	13,731

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

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. Proposed dividend

The Board of Directors is pleased to declare a tax exempt final dividend of 3.11 sen per share in the respect of the financial year ended 31 December 2011.

13. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 December 2011	31 December 2010
At beginning of year	450,000,000	360,000,000
Right shares issue	-	90,000,000
	<hr/>	<hr/>
	450,000,000	450,000,000
Underlying shares for Taiwan Depository Receipts ("TDR") issue (67,500,000 ordinary shares for 1 day on 31 December 2012)	184,932	-
Adjustment arising from Underlying shares issue ⁽¹⁾		4,500,000
Total	<hr/>	<hr/>
	450,184,932	454,500,000

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 450,184,932 and 450,000,000 ordinary shares in issue for the financial year ended 31 December 2011 and 31 December 2010 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 450,184,932 and 454,500,000 ordinary shares fully in issue for the financial year ended 31 December 2011 and 31 December 2010 respectively.

- (1) Arising from restatement of comparative figures for the weighted average number of ordinary shares for basic earnings per share due to Underlying share (TDR) issue for during the year ended 31 December 2011..

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.