

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2012
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2012

PARTICULARS	NOTE	UNAUDITED AS AT 31-Mar-12 RMB'000	AUDITED AS AT 31-Dec-11 RMB'000	UNAUDITED AS AT 31-Mar-12 RM'000 (1)	AUDITED AS AT 31-Dec-11 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		239,960	243,760	116,381	118,223
Intangible assets		18,829	18,954	9,132	9,193
		<u>258,789</u>	<u>262,714</u>	<u>125,513</u>	<u>127,416</u>
Current assets					
Inventories		11,850	13,462	5,747	6,529
Trade receivables		88,596	92,966	42,969	45,088
Prepayment and other receivables		82	81	40	39
Cash and bank balances		493,920	462,356	239,551	224,243
		<u>594,448</u>	<u>568,865</u>	<u>288,307</u>	<u>275,899</u>
Total assets		<u>853,237</u>	<u>831,579</u>	<u>413,820</u>	<u>403,315</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	85,050	85,050
Reserve		562,817	528,532	272,966	256,338
Total equity		<u>738,178</u>	<u>703,893</u>	<u>358,016</u>	<u>341,388</u>
Current liabilities					
Trade payables		46,866	47,208	22,730	22,896
Accrued liabilities and other payables		28,860	36,357	13,998	17,633
Amount owing to a shareholder cum director		-	246	-	119
Income tax payable		11,833	16,375	5,739	7,942
Interest-bearing bank borrowings		27,500	27,500	13,337	13,337
		<u>115,059</u>	<u>127,686</u>	<u>55,804</u>	<u>61,927</u>
Total equity and liabilities		<u>853,237</u>	<u>831,579</u>	<u>413,820</u>	<u>403,315</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B12	142.64	136.02	69.18	65.97

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 RM0.4850 as at 31 March 2012.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 MARCH 2012
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2012

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-11 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-11 RM'000 (1)
Revenue		194,956	147,981	94,554	71,771
Cost of sales		(139,767)	(105,369)	(67,787)	(51,104)
Gross Profit		55,189	42,612	26,767	20,667
Other income		536	243	260	118
Selling and distribution expenses		(2,991)	(2,519)	(1,451)	(1,222)
Administrative expenses		(6,155)	(5,467)	(2,985)	(2,651)
Finance costs		(461)	(611)	(224)	(297)
Profit before taxation		46,118	34,258	22,367	16,615
Income tax expenses		(11,833)	(9,675)	(5,739)	(4,692)
Profit after taxation		34,285	24,583	16,628	11,923
Total comprehensive income for the period		34,285	24,583	16,628	11,923
Profit attributable to :					
- Equity holders of the Group		34,285	24,583	16,628	11,923
Total comprehensive income attributable to :					
- Equity holders of the Group		34,285	24,583	16,628	11,923

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-11 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-11 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B12	6.63	5.46	3.21	2.65
Diluted (sen in RMB / RM)	B12	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 2011 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 : 31 MARCH 2012
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2012

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR	YEAR	YEAR	YEAR
		TO DATE	CORRESPONDING	TO DATE	CORRESPONDING
		31-Mar-12	PERIOD	31-Mar-12	PERIOD
			31-Mar-11		31-Mar-11
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		194,956	147,981	94,554	71,771
Cost of sales		(139,767)	(105,369)	(67,787)	(51,104)
Gross Profit		55,189	42,612	26,767	20,667
Other income		536	243	260	108
Selling and distribution expenses		(2,991)	(2,519)	(1,451)	(1,222)
Administrative expenses		(6,155)	(5,467)	(2,985)	(2,651)
Finance costs		(461)	(611)	(224)	(297)
Profit before taxation		46,118	34,258	22,367	16,615
Income tax expenses		(11,833)	(9,675)	(5,739)	(4,692)
Profit after taxation		34,285	24,583	16,628	11,923
Total comprehensive income for the year		34,285	24,583	16,628	11,923
Profit attributable to :					
- Equity holders of the Group		34,285	24,583	16,628	11,923
Total comprehensive income attributable to :					
- Equity holders of the Group		34,285	24,583	16,628	11,923

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PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO DATE 31-Mar-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-11 RMB'000	UNAUDITED CURRENT YEAR TO DATE 31-Mar-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-11 RM'000 (1)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B12	6.63	5.46	3.21	2.65
Diluted (sen in RMB / RM)	B12	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 2011 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 : 31 MARCH 2012
 Quarter : 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2012

	← 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 2012	175,361	137,426	23,353	(54,916)	422,669	703,893
Net profit for the period	-	-	-	-	34,285	34,285
At 31 March 2012	175,361	137,426	23,353	(54,916)	456,954	738,178

	← 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 2012	85,050	66,652	11,326	(26,634)	204,994	341,388
Net profit for the period	-	-	-	-	16,628	16,628
At 31 March 2012	85,050	66,652	11,326	(26,634)	221,622	358,016

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 2011 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 : 31 MARCH 2012
 Quarter : 1

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 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	-	-	-	-	24,583	24,583
At 31 March 2011	153,898	111,164	23,353	(54,916)	309,799	543,298

	← 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	74,641	53,914	11,326	(26,634)	138,330	251,577
Net profit for the period	-	-	-	-	11,923	11,923
At 31 March 2011	74,641	53,914	11,326	(26,634)	150,253	263,500

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 2011 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 : 31 MARCH 2012
 Quarter : 1

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012

	UNAUDITED CURRENT PERIOD 31-Mar-12 RMB'000	UNAUDITED PRECEDING PERIOD 31-Mar-11 RMB'000	UNAUDITED CURRENT PERIOD 31-Mar-12 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Mar-11 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	46,118	34,258	22,367	16,615
Adjustments for :-				
Depreciation of property, plant and equipment	5,011	5,269	2,430	2,556
Amortisation of intangible assets	124	148	60	72
Interest income	(524)	(243)	(254)	(118)
Interest expense	461	611	224	296
Operating profit before working capital changes	51,190	40,043	24,827	19,421
Decrease/ (Increase) in inventories	1,612	(1,459)	782	(708)
Decrease/ (increase) in trade receivables	4,370	(7,278)	2,119	(3,530)
(Increase)/ decrease in prepayments and other receivables	(1)	17,775	-	8,621
(Decrease)/ increase in trade payables	(342)	25,032	(166)	12,140
Decrease in accrued liabilities and other payables	(7,498)	(4,749)	(3,636)	(2,303)
Net cash generated from operations	49,331	69,364	23,926	33,641
Income tax paid	(16,375)	(5,657)	(7,942)	(2,744)
Interest received	524	243	254	118
Interest paid	(461)	(611)	(224)	(296)
Net cash generated from operating activities	33,019	63,339	16,014	30,719
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,210)	(2,704)	(587)	(1,311)
Proceed from disposal of property, plant & equipment and intangible asset	-	18	-	9
Net cash used in investing activities	(1,210)	(2,686)	(587)	(1,302)
CASH FLOW FROM FINANCING ACTIVITIES				
Repayment to a director	(245)	-	(119)	-
Deposit pledged with bank	-	(8,460)	-	(4,103)
Net cash used in financing activities	(245)	(8,460)	(119)	(4,103)

	UNAUDITED CURRENT PERIOD 31-Mar-12 RMB'000	UNAUDITED PRECEDING PERIOD 31-Mar-11 RMB'000	UNAUDITED CURRENT PERIOD 31-Mar-12 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Mar-11 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,564	52,193	15,308	25,314
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	462,356	242,718	224,243	117,718
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	493,920	294,911	239,551	143,032

Cash and cash equivalents comprise:

Cash and bank balances	493,920	340,571	239,551	165,177
Less: Deposit pledged with bank	-	(45,660)	-	(22,145)
	493,920	294,911	239,551	143,032

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 31 MARCH 2012

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 2011, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

On 1 January 2012, 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
Amendments to IFRS 7	Disclosures – Transfers of Financial Assets	01.07.2011
IFRS 9	Financial Instruments – Clarification and Measurement	01.01.2013
IFRS 10	Consolidated Financial Statements	01.01.2013
IFRS 12	Disclosure of interests in Other Entities	01.01.2013
IFRS 13	Fair value measurement	01.01.2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	01.07.2012
Amendments to IAS 12	Deferred Tax – Recovery of Underlying Assets	01.01.2012
IAS 19 (as revised in 2011)	Employee Benefits – Amended Standard resulting from the Post- Employment Benefits and Termination Benefits projects	01.01.2013

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 a 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 31 March 2012 (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	12,962	5,792	36,231	139,971	194,956
Segment results	3,224	1,405	8,711	33,963	47,303
Unallocated interest income					-
Unallocated other expenses					(1,185)
Profit from operations					46,118
Other information:					
Interest income	36	16	96	376	524
Interest expenses	(31)	(14)	(85)	(331)	(461)
Additions to non-current assets *	82	36	223	869	1,210
Depreciation and amortisation	(350)	(153)	(945)	(3,687)	(5,135)

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

	Financial period ended 31 March 2012 (Unaudited)				
Segment assets	54,972	23,967	148,529	579,110	806,578
Segment liabilities	6,916	3,015	18,687	72,859	101,477

As at
31 March 2012
RMB'000
(Unaudited)

Segment assets are reconciled to total assets as follows:

Segment assets	806,578
Unallocated prepayment and other receivable	32
Unallocated cash at bank and on hand	46,627
Total assets	853,237

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	101,477
Unallocated income tax payable	11,833
Unallocated accruals and other payables	1,749
Total liabilities	115,059

Business Segments

	Financial period ended 31 March 2012 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	
Segment revenue					
- External sales	6,287	2,809	17,572	67,886	94,554
Segment results	1,564	681	4,225	16,472	22,942
Unallocated interest income					-
Unallocated other expenses					(575)
Profit from operations					22,367
Other information:					
Interest income	17	8	47	182	254
Interest expenses	(15)	(7)	(41)	(161)	(224)
Additions to non-current assets *	40	17	108	422	587
Depreciation and amortisation	(170)	(74)	(458)	(1,788)	(2,490)

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

**Financial period ended 31 March 2012
(Unaudited)**

Segment assets	26,661	11,624	72,037	280,868	391,190
Segment liabilities	3,354	1,462	9,063	35,337	49,216

**As at
31 March 2012
RM'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

Segment assets	391,190
Unallocated prepayment and other receivable	16
Unallocated cash at bank and on hand	22,614
Total assets	413,820

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	49,216
Unallocated income tax payable	5,739
Unallocated accruals and other payables	849
Total liabilities	55,804

Business Segments

	Financial period ended 31 March 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
Segment revenue					
- External sales	9,955	2,554	34,346	101,126	147,981
Segment results	2,318	600	7,961	23,808	34,687
Unallocated interest income					-
Unallocated other expenses					(429)
Profit from operations					34,258
Other information:					
Interest income	16	4	56	167	243
Interest expenses	(41)	(10)	(140)	(420)	(611)
Additions to non-current assets *	181	47	620	1,856	2,704
Depreciation and amortisation	(362)	(94)	(1,243)	(3,718)	(5,417)

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

**Financial year ended 31 December 2011
(Audited)**

Segment assets	51,682	21,580	151,956	557,980	783,198
Segment liabilities	7,170	2,995	21,084	77,419	108,668

**As at
31 December 2011
RMB'000
(Audited)**

Segment assets are reconciled to total assets as follows:

Segment assets	783,198
Unallocated prepayment and other receivables	31
Unallocated cash and cash balances	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 cum director	246
Unallocated income tax payable	16,375
Unallocated other payables	2,397
Total liabilities	127,686

Business Segments

	Financial period ended 31 March 2011				
	(Unaudited)				
	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	4,828	1,239	16,658	49,046	71,771
Segment results					
	1,124	291	3,861	11,547	16,823
Unallocated interest income					-
Unallocated other expenses					(208)
Profit from operations					16,615
Other information:					
Interest income	8	2	27	81	118
Interest expenses	(20)	(4)	(68)	(204)	(296)
Additions to non-current assets *	88	23	300	900	1,311
Depreciation and amortisation	(176)	(46)	(603)	(1,803)	(2,628)

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

	Financial year ended 31 December 2011				
	(Audited)				
Segment assets	25,066	10,466	73,699	270,620	379,851
Segment liabilities	3,477	1,453	10,226	37,548	52,704

	As at 31 December 2011 RM'000 (Audited)
Segment assets are reconciled to total assets as follows:	
Total assets for reportable segments	379,851
Unallocated prepayment and other receivables	15
Unallocated cash and cash balances	23,449
Total assets	403,315

Segment liabilities are reconciled to total liabilities as follows:	
Total liabilities for reportable segments	52,704
Unallocated amount owing to a shareholder cum director	119
Unallocated income tax payable	7,942
Unallocated other payables	1,162
Total liabilities	61,927

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	1,210	587	1,210	587
	<u>1,210</u>	<u>587</u>	<u>1,210</u>	<u>587</u>

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

1. Review of the performance of the Group

	Financial period ended		Change
	Unaudited 31-Mar-2012 RMB' 000	Unaudited 31-Mar-2011 RMB' 000	
<u>Revenue</u>			
TPR shoe soles	12,962	9,955	+30.2%
RB shoe soles	5,792	2,554	+126.8%
MD1 shoe soles	36,231	34,346	+5.5%
MD2 shoe soles	139,971	101,126	+38.4%
Total	194,956	147,981	+31.7%

	Financial period ended		Change
	Unaudited 31-Mar-2012 Pair ('000)	Unaudited 31-Mar-2011 Pair ('000)	
<u>Sale volume</u>			
TPR shoe soles	1,116	874	+27.7%
RB shoe soles	411	195	+110.8%
MD1 shoe soles	1,522	1,455	+4.6%
MD2 shoe soles	6,158	4,666	+32.0%
Total	9,207	7,190	+28.1%

For current period performance, the Group recorded revenue of RMB195.0 (RM94.6) million and profit after taxation of RMB34.3 (RM16.6) million. The growth in revenue by 31.7% compared with Q1 2011. Sale volume for TPR, RB, MD1 and MD2 shoe soles grew by 30.2%, 126.8%, 5.5% and 38.4% respectively. The changed in sales mix was mainly due to the market trend and demand. Our production capacity has currently reached 45.0 million pairs annually. The production utilisation rate maintains at a moderate level of 81.9% in the current quarter.

Gross profit margin for three months ended 31 March 2012 has decreased slightly to 28.3% from 28.8% for last year corresponding period as this was mainly due to the higher production costs arising from rises in labour and raw material costs.

The Group's profit after taxation improved by 1.0% from 16.6% in the last year corresponding period compared to 17.6% in the current quarter. The increased in profit after taxation was mainly attributed to the recognition of withholding tax on dividend and deferred tax expense in the last year corresponding period.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Mar-12	Preceding quarter 31-Dec-11	Current quarter 31-Mar-12	Preceding quarter 31-Dec-11
	RMB'000	RMB'000	RM'000	RM'000
Revenue	194,956	238,503	94,554	115,674
Gross profit	55,189	74,525	26,767	36,145
Profit after taxation	34,285	42,449	16,628	20,588

For first quarter performance, the Group recorded revenue of RMB195.0 (RM94.6) million and profit after taxation of RMB34.3 (RM16.6) million.

As compared with Q4 2011, revenue for the current quarter decreased by 18.3% attributable to fewer working days as a result of Lunar New Year holidays. The gross profit margin decreased by 2.9% to 28.3% as compared with 31.2% in the preceding quarter. The Group's profit after taxation declined slightly to 17.6% as compared with 17.8% in the immediate preceding quarter.

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 are cautiously optimistic that 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	11,833	5,739	11,833	5,739

The effective tax rate of the Group for the current quarter is 25.7% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The higher effective tax rate in current quarter was mainly due to higher operating expenses incurred by the holding company.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	460,383	223,285	425,768	206,497
Unrealised	(4,936)	(2,394)	(4,606)	(2,234)
	455,447	220,891	421,162	204,263
Consolidation adjustments	1,507	731	1,507	731
Total Group retained profits as per Consolidated accounts	456,954	221,622	422,669	204,994

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	(524)	(254)	(524)	(254)
Other income	(12)	(6)	(12)	(6)
Interest expenses	461	224	461	224
Depreciation and amortisation	5,135	2,490	5,135	2,490
Foreign exchange (gain)/ loss	363	176	363	176

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	Within 24 months				
	- 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	Within 18 months	3,960	-	3,960	(2)
(iii)	Advertising and branding	Within 24 months	3,000	2,791	209	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	1,161	2,839	(2)
(v)	Working capital	Within 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	(695)	(3)
	Total proceeds		48,960	108,054		

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	29,468	3,732	
(ii) Estimated issuance expenses	1,000	1,000	-	(1)
Total proceeds	34,200	30,468		

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 has been 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 March 2012 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	13,337

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, neither do we 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 either 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, our Directors are also 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. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 March 2012	31 December 2011
At beginning of year	517,500,000	450,000,000
Underlying shares for TDR issue	-	67,500,000
Total	517,500,000	517,500,000

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 517,500,000 ordinary shares in issue for the financial period/ year ended 31 March 2012 and 31 December 2011 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 517,500,000 and 450,000,000 ordinary shares fully in issue for the financial period ended 31 March 2012 and 31 March 2011 respectively.

There is no potential dilutive effect on earnings per share.

13. 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 2011.