

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2012
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

| PARTICULARS | NOTE | UNAUDITED AS AT 30-Sept-12 RMB'000 | AUDITED AS AT 31-Dec-11 RMB'000 | UNAUDITED AS AT 30-Sept-12 RM'000 (1) | AUDITED AS AT 31-Dec-11 RM'000 (1) |
|--|------|---|--|--|---|
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 272,719 | 243,760 | 133,305 | 119,150 |
| Intangible assets | | 37,080 | 18,954 | 18,125 | 9,265 |
| | | <u>309,799</u> | <u>262,714</u> | <u>151,430</u> | <u>128,415</u> |
| Current assets | | | | | |
| Inventories | | 13,510 | 13,462 | 6,604 | 6,580 |
| Trade receivables | | 73,447 | 92,966 | 35,901 | 45,442 |
| Prepayment and other receivables | | 1,086 | 81 | 530 | 39 |
| Cash and bank balances | | 482,956 | 462,356 | 236,069 | 226,000 |
| | | <u>570,999</u> | <u>568,865</u> | <u>279,104</u> | <u>278,061</u> |
| Total assets | | <u>880,798</u> | <u>831,579</u> | <u>430,534</u> | <u>406,476</u> |
| EQUITY AND LIABILITY | | | | | |
| Capital and Reserves | | | | | |
| Share capital | | 175,361 | 175,361 | 85,716 | 85,716 |
| Reserve | | 591,268 | 528,532 | 289,012 | 258,347 |
| Total equity | | <u>766,629</u> | <u>703,893</u> | <u>374,728</u> | <u>344,063</u> |
| Current liabilities | | | | | |
| Trade payables | | 36,984 | 47,208 | 18,078 | 23,075 |
| Accrued liabilities and other payables | | 39,206 | 36,357 | 19,164 | 17,772 |
| Amount owing to a shareholder cum director | | - | 246 | - | 120 |
| Income tax payable | | 10,479 | 16,375 | 5,122 | 8,004 |
| Interest-bearing bank borrowings | | 27,500 | 27,500 | 13,442 | 13,442 |
| | | <u>114,169</u> | <u>127,686</u> | <u>55,806</u> | <u>62,413</u> |
| Total equity and liabilities | | <u>880,798</u> | <u>831,579</u> | <u>430,534</u> | <u>406,476</u> |
| Net Assets per share attributable to equity holders of the Group (sen in RMB / RM) | B12 | 148.14 | 136.02 | 72.41 | 66.49 |

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 RM0.4888 as at 30 September 2012.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2012
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012

| PARTICULARS | NOTE | INDIVIDUAL QUARTER | | INDIVIDUAL QUARTER | |
|--|------|--------------------|---------------|--------------------|---------------|
| | | UNAUDITED | UNAUDITED | UNAUDITED | UNAUDITED |
| | | CURRENT | PRECEDING | CURRENT | PRECEDING |
| | | QUARTER | YEAR | QUARTER | YEAR |
| | | 30-Sep-12 | CORRESPONDING | 30-Sep-12 | CORRESPONDING |
| | | | QUARTER | | QUARTER |
| | | RMB'000 | 30-Sep-11 | RM'000 (1) | 30-Sep-11 |
| | | | RMB'000 | | RM'000 (1) |
| Revenue | | 186,975 | 239,595 | 91,393 | 117,114 |
| Cost of sales | | (135,985) | (168,292) | (66,469) | (82,261) |
| Gross Profit | | 50,990 | 71,303 | 24,924 | 34,853 |
| Other income | | 543 | 554 | 265 | 271 |
| Selling and distribution expenses | | (3,362) | (2,858) | (1,643) | (1,397) |
| Administrative expenses | | (7,649) | (6,039) | (3,739) | (2,952) |
| Finance costs | | (461) | (466) | (225) | (228) |
| Profit before taxation | | 40,061 | 62,494 | 19,582 | 30,547 |
| Income tax expenses | | (10,479) | (12,794) | (5,122) | (6,254) |
| Profit after taxation | | 29,582 | 49,700 | 14,460 | 24,293 |
| Total comprehensive income for the period | | 29,582 | 49,700 | 14,460 | 24,293 |
| Profit attributable to : | | | | | |
| - Equity holders of the Group | | 29,582 | 49,700 | 14,460 | 24,293 |
| Total comprehensive income attributable to : | | | | | |
| - Equity holders of the Group | | 29,582 | 49,700 | 14,460 | 24,293 |

| PARTICULARS | NOTE | INDIVIDUAL QUARTER | | INDIVIDUAL QUARTER | |
|--|------|----------------------------------|---|----------------------------------|---|
| | | UNAUDITED | UNAUDITED | UNAUDITED | UNAUDITED |
| | | CURRENT QUARTER 30-Sept-12 | PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-11 | CURRENT QUARTER 30-Sept-12 | PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-11 |
| | | 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) | B12 | 5.72 | 11.04 | 2.80 | 5.40 |
| 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 :

- (1) *The presentation currency of this unaudited 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 RM0.4888 as at 30 September 2012.*

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2012
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2012

| PARTICULARS | NOTE | CUMULATIVE QUARTER | | CUMULATIVE QUARTER | |
|--|------|---|---|--|--|
| | | UNAUDITED CURRENT YEAR TO DATE 30-Sep-12 RMB'000 | UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-11 RMB'000 | UNAUDITED CURRENT YEAR TO DATE 30-Sep-12 RM'000 (1) | UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-11 RM'000 (1) |
| Revenue | | 572,670 | 623,229 | 279,921 | 304,634 |
| Cost of sales | | (414,741) | (437,696) | (202,725) | (213,946) |
| Gross Profit | | 157,929 | 185,533 | 77,196 | 90,688 |
| Other income | | 1,641 | 1,799 | 802 | 879 |
| Selling and distribution expenses | | (9,366) | (8,279) | (4,578) | (4,047) |
| Administrative expenses | | (19,880) | (18,015) | (9,717) | (8,806) |
| Finance costs | | (1,284) | (1,958) | (628) | (957) |
| Profit before taxation | | 129,040 | 159,080 | 63,075 | 77,757 |
| Income tax expenses | | (33,380) | (40,160) | (16,316) | (19,630) |
| Profit after taxation | | 95,660 | 118,920 | 46,759 | 58,127 |
| Total comprehensive income for the year | | 95,660 | 118,920 | 46,759 | 58,127 |
| Profit attributable to : | | | | | |
| - Equity holders of the Group | | 95,660 | 118,920 | 46,759 | 58,127 |
| Total comprehensive income attributable to : | | | | | |
| - Equity holders of the Group | | 95,660 | 118,920 | 46,759 | 58,127 |

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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-12 | PERIOD | 30-Sept-12 | PERIOD |
| | | | 30-Sept-11 | | 30-Sept-11 |
| | | 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) | B12 | 18.49 | 26.43 | 9.04 | 12.92 |
| 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 : 30 SEPTEMBER 2012
 Quarter : 3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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 | - | - | - | - | 95,660 | 95,660 |
| Dividends paid | - | - | - | - | (32,924) | (32,924) |
| At 30 September 2012 | 175,361 | 137,426 | 23,353 | (54,916) | 485,405 | 766,629 |

| | ← 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 | 85,716 | 67,174 | 11,415 | (26,843) | 206,601 | 344,063 |
| Net profit for the period | - | - | - | - | 46,759 | 46,759 |
| Dividends paid | - | - | - | - | (16,094) | (16,094) |
| At 30 September 2012 | 85,716 | 67,174 | 11,415 | (26,843) | 237,266 | 374,728 |

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.

Note :

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2012
 Quarter : 3

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 | 75,225 | 54,337 | 11,415 | (26,843) | 139,414 | 253,548 |
| Net profit for the period | - | - | - | - | 58,128 | 58,128 |
| Dividends paid | - | - | - | - | (11,690) | (11,690) |
| At 30 September 2011 | 75,225 | 54,337 | 11,415 | (26,843) | 185,852 | 299,986 |

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 : 30 SEPTEMBER 2012
Quarter : 3

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2012

| | UNAUDITED CURRENT PERIOD 30-Sep-12 RMB'000 | UNAUDITED PRECEDING PERIOD 30-Sep-11 RMB'000 | UNAUDITED CURRENT PERIOD 30-Sep-12 RM'000 (1) | UNAUDITED PRECEDING PERIOD 30-Sep-11 RM'000 (1) |
|---|--|--|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Profit before taxation | 129,041 | 159,080 | 63,075 | 77,758 |
| Adjustments for :- | | | | |
| Depreciation of property, plant and equipment | 14,657 | 15,699 | 7,164 | 7,674 |
| Amortisation of intangible assets | 373 | 405 | 183 | 198 |
| Loss on disposal of property, plant & equipment and intangible asset | - | 2 | - | 1 |
| Gain on disposal of land use rights | - | (112) | - | (55) |
| Interest income | (1,532) | (1,540) | (749) | (752) |
| Interest expense | 1,284 | 1,958 | 628 | 956 |
| Operating profit before working capital changes | 143,823 | 175,492 | 70,301 | 85,780 |
| Increase in inventories | (47) | (2,739) | (23) | (1,339) |
| Decrease/ (increase) in trade receivables | 19,519 | (10,414) | 9,541 | (5,090) |
| (Increase)/ decrease in prepayments and other receivables | (1,006) | 63,511 | (492) | 31,044 |
| Decrease in trade payables | (10,223) | (69,301) | (4,997) | (33,874) |
| Decrease in accrued liabilities and other payables | 2,848 | 572 | 1,392 | 280 |
| Net cash generated from operations | 154,914 | 157,121 | 75,722 | 76,801 |
| Income tax paid | (39,277) | (34,701) | (19,199) | (16,962) |
| Interest received | 1,532 | 1,540 | 749 | 752 |
| Interest paid | (1,284) | (1,958) | (628) | (956) |
| Net cash generated from operating activities | 115,885 | 122,002 | 56,644 | 59,635 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (43,615) | (5,434) | (21,319) | (2,656) |
| Acquisition of trademark | (18,500) | - | (9,043) | - |
| Proceed from disposal of property, plant & equipment and intangible asset | - | 5,228 | - | 2,555 |
| Net cash (used in)/ from investing activities | (62,115) | (206) | (30,362) | (101) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Repayment to a director | (246) | - | (119) | - |
| Repayment of bank loan | - | (40,000) | - | (19,552) |
| Obtained of bank loan | - | 27,500 | - | 13,442 |
| Deposit refunded from bank | - | 37,200 | - | 18,183 |
| Dividends paid | (32,924) | (23,916) | (16,094) | (11,690) |
| Net cash (used in)/ from financing activities | (33,170) | 784 | (16,213) | 383 |

| | UNAUDITED CURRENT PERIOD 30-Sep-12 RMB'000 | UNAUDITED PRECEDING PERIOD 30-Sep-11 RMB'000 | UNAUDITED CURRENT PERIOD 30-Sep-12 RM'000 (1) | UNAUDITED PRECEDING PERIOD 30-Sep-11 RM'000 (1) |
|---|--|--|---|---|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 20,600 | 122,580 | 10,069 | 59,917 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 462,356 | 242,718 | 226,000 | 118,641 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 482,956 | 365,298 | 236,069 | 178,558 |
| Cash and cash equivalents comprise: | | | | |
| Cash and bank balances | 482,956 | 365,298 | 236,069 | 178,558 |
| Less: Deposit pledged with bank | - | - | - | - |
| | 482,956 | 365,298 | 236,069 | 178,558 |

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. .

Note :

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

The first and final tax exempt dividend of RM 3.11 sen amounting to RM16,094,249.42 in respect of the financial year ended 31 December 2011 paid on 12 September 2012.

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7. Segment Information

Business Segments

| | Financial period ended 30 September 2012 (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 | 29,323 | 15,115 | 106,502 | 421,730 | 572,670 |
| Segment results | 6,895 | 3,460 | 24,395 | 97,440 | 132,190 |
| Unallocated interest income | | | | | - |
| Unallocated other expenses | | | | | (3,150) |
| Profit from operations | | | | | 129,040 |
| Other information: | | | | | |
| Interest income | 80 | 40 | 283 | 1,129 | 1,532 |
| Interest expenses | (67) | (34) | (237) | (946) | (1,284) |
| Additions to non-current assets * | 3,240 | 1,626 | 11,463 | 45,786 | 62,115 |
| Depreciation and amortisation | (784) | (393) | (2,774) | (11,079) | (15,030) |

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

| | Financial period ended 30 September 2012 (Unaudited) | | | | |
|----------------------------|---|--------|---------|---------|---------|
| Segment assets | 43,609 | 21,884 | 154,303 | 616,317 | 836,113 |
| Segment liabilities | 5,358 | 2,688 | 18,958 | 75,721 | 102,725 |

| | As at 30 September 2012 RMB'000 (Unaudited) |
|--|--|
| Segment assets are reconciled to total assets as follows: | |
| Segment assets | 836,113 |
| Unallocated prepayment and other receivable | 36 |
| Unallocated cash at bank and on hand | 44,649 |
| Total assets | 880,798 |
| Segment liabilities are reconciled to total liabilities as follows: | |
| Segment liabilities | 102,725 |
| Unallocated income tax payable | 10,479 |
| Unallocated accruals and other payables | 965 |
| Total liabilities | 114,169 |

Business Segments
**Financial period ended 30 September 2012
(Unaudited)**

| | TPR Shoe soles RM'000 | RB Shoe soles RM'000 | MD1 Shoe soles RM'000 | MD2 Shoe soles RM'000 | TOTAL RM'000 |
|-----------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------|
| Segment revenue | | | | | |
| - External sales | 14,333 | 7,388 | 52,058 | 206,142 | 279,921 |
| Segment results | 3,370 | 1,691 | 11,924 | 47,629 | 64,614 |
| Unallocated interest income | | | | | - |
| Unallocated other expenses | | | | | (1,539) |
| Profit from operations | | | | | 63,075 |
| Other information: | | | | | |
| Interest income | 39 | 20 | 138 | 552 | 749 |
| Interest expenses | (33) | (16) | (116) | (463) | (628) |
| Additions to non-current assets * | 1,584 | 795 | 5,603 | 22,380 | 30,362 |
| Depreciation and amortisation | (383) | (192) | (1,357) | (5,415) | (7,347) |

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

**Financial period ended 30 September 2012
(Unaudited)**

| | | | | | |
|----------------------------|--------|--------|--------|---------|---------|
| Segment assets | 21,316 | 10,697 | 75,423 | 301,256 | 408,692 |
| Segment liabilities | 2,619 | 1,314 | 9,267 | 37,012 | 50,212 |

**As at
30 September 2012
RM'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

| | |
|---|----------------|
| Segment assets | 408,692 |
| Unallocated prepayment and other receivable | 18 |
| Unallocated cash at bank and on hand | 21,824 |
| Total assets | 430,534 |

Segment liabilities are reconciled to total liabilities as follows:

| | |
|---|---------------|
| Segment liabilities | 50,212 |
| Unallocated income tax payable | 5,122 |
| Unallocated accruals and other payables | 472 |
| Total liabilities | 55,806 |

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 |
| Segment revenue | | | | | |
| - External sales | 41,060 | 16,226 | 123,337 | 442,606 | 623,229 |
| Segment results | 10,564 | 4,254 | 31,546 | 114,050 | 160,414 |
| Unallocated interest income | | | | | - |
| Unallocated other expenses | | | | | (1,334) |
| Profit from operations | | | | | 159,080 |
| Other information: | | | | | |
| 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 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 RM'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 cum director | 246 |
| Unallocated income tax payable | 16,375 |
| Unallocated accruals and other payables | 2,397 |
| Total liabilities | 127,686 |

Business Segments

| | Financial period ended 30 September 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 | 20,070 | 7,931 | 60,287 | 216,345 | 304,633 |
| Segment results | | | | | |
| | 5,164 | 2,079 | 15,420 | 55,748 | 78,411 |
| Unallocated interest income | | | | | - |
| Unallocated other expenses | | | | | (654) |
| Profit from operations | | | | | 77,757 |
| Other information: | | | | | |
| Interest income | 49 | 20 | 148 | 535 | 752 |
| Interest expenses | (63) | (25) | (188) | (680) | (956) |
| Additions to non-current assets * | 175 | 70 | 522 | 1,889 | 2,656 |
| Depreciation and amortisation | (518) | (209) | (1,548) | (5,597) | (7,872) |

* - 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 | 25,262 | 10,548 | 74,276 | 272,741 | 382,827 |
| Segment liabilities | 3,505 | 1,464 | 10,306 | 37,842 | 53,117 |

| | As at |
|--|-------------------------|
| | 31 December 2011 |
| | RM'000 |
| | (Audited) |
| Segment assets are reconciled to total assets as follows: | |
| Total assets for reportable segments | 382,827 |
| Unallocated prepayment and other receivables | 15 |
| Unallocated cash and cash balances | 23,633 |
| Total assets | 406,475 |

| | |
|--|--------|
| Segment liabilities are reconciled to total liabilities as follows: | |
| Total liabilities for reportable segments | 53,117 |
| Unallocated amount owing to a shareholder cum director | 120 |
| Unallocated income tax payable | 8,004 |
| Unallocated other payables | 1,172 |
| Total liabilities | 62,413 |

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 | 40,503 | 19,798 | 43,615 | 21,319 |
| Intangible asset | 18,500 | 9,043 | 18,500 | 9,043 |
| | <u>59,003</u> | <u>28,841</u> | <u>62,115</u> | <u>30,362</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 30-Sept-2012 RMB' 000 | Unaudited 30-Sept-2011 RMB' 000 | |
| Revenue | | | |
| TPR shoe soles | 29,323 | 41,060 | -28.6% |
| RB shoe soles | 15,115 | 16,226 | -6.8% |
| MD1 shoe soles | 106,502 | 123,337 | -13.6% |
| MD2 shoe soles | 421,730 | 442,606 | -4.7% |
| Total | 572,670 | 623,229 | -8.1% |

| | Financial period ended | | Change |
|--------------------|--|--|--------|
| | Unaudited 30-Sept-2012 Pair ('000) | Unaudited 30-Sept-2011 Pair ('000) | |
| Sale volume | | | |
| TPR shoe soles | 2,514 | 3,562 | -29.4% |
| RB shoe soles | 1,039 | 1,182 | -12.1% |
| MD1 shoe soles | 4,468 | 5,218 | -14.4% |
| MD2 shoe soles | 18,666 | 19,642 | -5.0% |
| Total | 26,687 | 29,604 | -9.9% |

For current period performance, the Group recorded revenue of RMB572.7 (RM279.9) million and profit after taxation of RMB95.7 (RM46.8) million. The revenue dropped by 8.1% compared with YTD Q3 2011. Sales volume for TPR, RB, MD1 and MD2 declined by 28.6%, 6.8%, 13.6% and 4.7% 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 77.6% in the current quarter.

Gross profit margin for nine months ended 30 September 2012 has decreased to 27.6% from 29.8% for last year corresponding period as this was mainly due to the higher production costs arising from rises in labour and overhead costs.

In line with the decreased in gross profit margin, the Group's profit after taxation declined by 2.4% from 19.1% in the last year corresponding period compared to 16.7% in the current quarter.

2. Variation of results against immediate preceding quarter

| | Current quarter 30-Sept-12 RMB'000 | Preceding quarter 30-Jun-12 RMB'000 | Current quarter 30-Sept-12 RM'000 | Preceding quarter 30-Jun-12 RM'000 |
|-----------------------|---|--|--|---|
| Revenue | 186,975 | 190,739 | 91,393 | 93,233 |
| Gross profit | 50,990 | 51,750 | 24,924 | 25,295 |
| Profit after taxation | 29,582 | 31,793 | 14,460 | 15,540 |

For third quarter performance, the Group recorded revenue of RMB187.0 (RM91.4) million and profit after taxation of RMB29.6 (RM14.5) million.

As compared with Q2 2012, revenue for the current quarter decreased slightly by 2.0%. The gross profit margin increased by 0.2% to 27.3% as compared with 27.1% in the preceding quarter. The Group's profit after taxation declined to 15.8% as compared with 16.7% in the immediate preceding quarter, due to higher expenditure incurred for advertising and product development.

3. Prospects for FYE 2012

Our Company believes that the demand for sports-shoe soles and sports shoes in China will increase in the future. However, in the near term, the Group expects challenging market conditions to persist, plagued by de-stocking of inventories and continued discounting by several market players. Instead of focusing on closing book orders which might not be too profitable to the Group, the Group would undertake necessary reforms and adjustments, focus on higher margin orders, manage its overheads and other operating costs in order to improve its operating performance. Barring any unforeseen circumstances, the results for FYE 2012 would still be profitable.

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 | 10,479 | 5,122 | 33,380 | 16,316 |

The effective tax rate of the Group for the current quarter was 26.2% and for the financial year-to-date was 25.9% 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 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 | 488,808 | 238,929 | 492,167 | 240,571 |
| Unrealised | (4,910) | (2,400) | (4,927) | (2,408) |
| | 483,898 | 236,529 | 487,240 | 238,163 |
| Consolidation adjustments | 1,507 | 737 | 1,507 | 737 |
| Total Group retained profits as per Consolidated accounts | 485,405 | 237,266 | 488,747 | 238,900 |

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 | (446) | (218) | (1,532) | (749) |
| Other income | (97) | (47) | (109) | (53) |
| Interest expenses | 461 | 225 | 1,284 | 628 |
| Depreciation and amortisation | 4,823 | 2,357 | 15,030 | 7,347 |
| Foreign exchange (gain)/ loss | (26) | (13) | 339 | 165 |

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 | 360 | 3,600 | (2) |
| (iii) | Advertising and branding | Within 24 months | 3,000 | 3,000 | - | |
| (iv) | Enhancement of product development capabilities | Within 24 months | 4,000 | 1,920 | 2,080 | (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 | 109,382 | | |

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 by the end of 2013 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 | 33,296 | (96) | (1) |
| (ii) Estimated issuance expenses | 1,000 | 1,000 | - | (2) |
| Total proceeds | 34,200 | 34,296 | | |

Note :

- (1) The total expansion cost of machinery and equipment amounting to RM33.2 million was financed via rights share issue proceeds and the deviation of RM0.10 million was financed via internal generated funds.
- (2) 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. Due to exchange controls, the Company is currently in the midst of converting the proceeds into share capital of its subsidiary for utilization as working capital.

- (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 30 September 2012 were as follow: -

| <u>Short term borrowings and debts securities</u> | RMB'000 | RM'000 |
|---|---------|--------|
| Bank loans - secured | 27,500 | 13,442 |

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 | |
|----------------------------------|---|-----------------------------|
| | 30 September 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 30 September 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 30 September 2012 and 30 September 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.