

Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31 DECEMBER 2012
Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

PARTICULARS	NOTE	UNAUDITED AS AT 31-Dec-12 RMB'000	AUDITED AS AT 31-Dec-11 RMB'000	UNAUDITED AS AT 31-Dec-12 RM'000 (1)	AUDITED AS AT 31-Dec-11 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		285,168	243,760	137,936	117,907
Intangible assets		36,253	18,954	17,536	9,168
		<u>321,421</u>	<u>262,714</u>	<u>155,472</u>	<u>127,075</u>
Current assets					
Inventories		14,647	13,462	7,084	6,512
Trade receivables		77,441	92,966	37,458	44,968
Prepayment and other receivables		86	81	42	39
Cash and bank balances		488,782	462,356	236,424	223,642
		<u>580,956</u>	<u>568,865</u>	<u>281,008</u>	<u>275,161</u>
Total assets		<u>902,377</u>	<u>831,579</u>	<u>436,480</u>	<u>402,236</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	84,822	84,822
Reserve		619,969	528,532	299,880	255,651
Total equity		<u>795,330</u>	<u>703,893</u>	<u>384,702</u>	<u>340,473</u>
Current liabilities					
Trade payables		39,610	47,208	19,159	22,835
Accrued liabilities and other payables		29,709	36,357	14,370	17,586
Amount owing to a shareholder cum director		-	246	-	119
Income tax payable		10,228	16,375	4,947	7,921
Interest-bearing bank borrowings		27,500	27,500	13,302	13,302
		<u>107,047</u>	<u>127,686</u>	<u>51,778</u>	<u>61,763</u>
Total equity and liabilities		<u>902,377</u>	<u>831,579</u>	<u>436,480</u>	<u>402,236</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	153.69	136.02	74.34	65.79

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 RM0.4837 as at 31 December 2012.

Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31 DECEMBER 2012
Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Dec-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-11 RMB'000	UNAUDITED CURRENT QUARTER 31-Dec-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-11 RM'000 (1)
Revenue		196,605	238,503	95,098	115,364
Cost of sales		(143,074)	(163,978)	(69,205)	(79,316)
Gross Profit		53,531	74,525	25,893	36,048
Other income		433	605	209	293
Selling and distribution expenses		(3,388)	(3,279)	(1,639)	(1,586)
Administrative expenses		(11,731)	(10,722)	(5,674)	(5,186)
Finance costs		(456)	(470)	(221)	(227)
Profit before taxation		38,389	60,659	18,568	29,342
Income tax expenses		(10,228)	(18,210)	(4,947)	(8,808)
Profit after taxation		28,161	42,449	13,621	20,534
Total comprehensive income for the period		28,161	42,449	13,621	20,534
Profit attributable to :					
- Equity holders of the Group		28,161	42,449	13,621	20,534
Total comprehensive income attributable to :					
- Equity holders of the Group		28,161	42,449	13,621	20,534

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT QUARTER 31-Dec-12 RMB'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-11 RMB'000	CURRENT QUARTER 31-Dec-12 RM'000 (1)	PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-11 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	5.44	9.43	2.63	4.56
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 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 RM0.4837 as at 31 December 2012.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 DECEMBER 2012
 Quarter : 4

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

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO DATE 31-Dec-12 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11 RMB'000	UNAUDITED CURRENT YEAR TO DATE 31-Dec-12 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11 RM'000 (1)
Revenue		769,275	861,732	372,099	416,820
Cost of sales		(557,815)	(601,674)	(269,815)	(291,030)
Gross Profit		211,460	260,058	102,284	125,790
Other income		2,075	2,404	1,003	1,163
Selling and distribution expenses		(12,754)	(11,558)	(6,169)	(5,591)
Administrative expenses		(31,071)	(28,737)	(15,029)	(13,900)
Finance costs		(1,740)	(2,428)	(842)	(1,174)
Profit before taxation		167,970	219,739	81,247	106,288
Income tax expenses		(43,609)	(58,370)	(21,093)	(28,234)
Profit after taxation		124,361	161,369	60,154	78,054
Total comprehensive income for the year		124,361	161,369	60,154	78,054
Profit attributable to :					
- Equity holders of the Group		124,361	161,369	60,154	78,054
Total comprehensive income attributable to :					
- Equity holders of the Group		124,361	161,369	60,154	78,054

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT YEAR TO DATE 31-Dec-12	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-11	CURRENT YEAR TO DATE 31-Dec-12	PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-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)	B13	24.03	35.85	11.62	17.34
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 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 RM0.4837 as at 31 December 2012.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 DECEMBER 2012
 Quarter : 4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	124,361	124,361
Dividends paid	-	-	-	-	(32,924)	(32,924)
At 31 December 2012	175,361	137,426	23,353	(54,916)	514,106	795,330

	← 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	84,822	66,473	11,296	(26,563)	204,445	340,473
Net profit for the period	-	-	-	-	60,154	60,154
Dividends paid	-	-	-	-	(15,925)	(15,925)
At 31 December 2012	84,822	66,473	11,296	(26,563)	248,674	384,702

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 :

- (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 RM0.4837 as at 31 December 2012.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 DECEMBER 2012
 Quarter : 4

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 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 period	-	-	-	-	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	74,440	53,770	11,296	(26,563)	137,959	250,902
Net profit for the period	-	-	-	-	78,054	78,054
Issue of shares	10,382	13,616	-	-	-	23,998
Share issue expenses	-	(913)	-	-	-	(913)
Dividends paid	-	-	-	-	(11,568)	(11,568)
At 31 December 2011	84,822	66,473	11,296	(26,563)	204,445	304,473

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 :

(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 RM0.4837 as at 31 December 2012.

Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31 DECEMBER 2012
Quarter : 4

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

	UNAUDITED CURRENT PERIOD 31-Dec-12 RMB'000	UNAUDITED PRECEDING PERIOD 31-Dec-11 RMB'000	UNAUDITED CURRENT PERIOD 31-Dec-12 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Dec-11 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	167,970	219,739	81,247	106,288
Adjustments for :-				
Depreciation of property, plant and equipment	19,646	20,731	9,503	10,028
Amortisation of intangible assets	1,200	96	580	46
Amortisation of land use rights	-	433	-	209
Loss on disposal of property, plant & equipment and intangible asset	2,089	3	1,010	1
Gain on disposal of land use rights	-	(112)	-	(54)
Interest income	(1,908)	(2,013)	(923)	(974)
Interest expense	1,740	2,428	842	1,174
Operating profit before working capital changes	190,737	241,305	92,259	116,718
Increase in inventories	(1,184)	(2,318)	(573)	(1,121)
Decrease/ (increase) in trade receivables	15,525	(9,812)	7,510	(4,746)
(Increase)/ decrease in prepayments and other receivables	(5)	65,283	(3)	31,577
Decrease in trade payables	(7,598)	(70,390)	(3,675)	(34,048)
Decrease in accrued liabilities and other payables	(6,649)	3,518	(3,216)	1,702
Net cash generated from operations	190,826	227,586	92,302	110,082
Income tax paid	(49,756)	(54,604)	(24,067)	(26,412)
Interest received	1,908	2,013	923	974
Interest paid	(1,740)	(2,428)	(842)	(1,174)
Net cash generated from operating activities	141,238	172,567	68,316	83,470
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(64,132)	(6,648)	(31,020)	(3,216)
Acquisition of trademark	(18,500)	-	(8,948)	-
Proceed from disposal of property, plant & equipment and intangible asset	990	5,228	478	2,529
Net cash (used in)/ from investing activities	(81,642)	(1,420)	(39,490)	(687)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	-	49,612	-	23,997
Share issue expenses written off against share premium account	-	(1,887)	-	(913)
Repayment to a director	(246)	-	(119)	-
Repayment of bank loan	-	(40,000)	-	(19,348)
Obtained of bank loan	-	27,500	-	13,302
Ex difference arising from shareholder's loan	-	(18)	-	(9)
Deposit refunded from bank	-	37,200	-	17,994
Dividends paid	(32,924)	(23,916)	(15,925)	(11,568)
Net cash (used in)/ from financing activities	(33,170)	48,491	(16,044)	23,455

	UNAUDITED CURRENT PERIOD 31-Dec-12 RMB'000	UNAUDITED PRECEDING PERIOD 31-Dec-11 RMB'000	UNAUDITED CURRENT PERIOD 31-Dec-12 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Dec-11 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,426	219,638	12,782	106,239
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	462,356	242,718	223,642	117,403
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	488,782	462,356	236,424	223,642
Cash and cash equivalents comprise:				
Cash and bank balances	488,782	462,356	236,424	223,642
Less: Deposit pledged with bank	-	-	-	-
	488,782	462,356	236,424	223,642

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 :

- (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 RM0.4837 as at 31 December 2012.*

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD/ YEAR ENDED 31 DECEMBER 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 cyclical 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.

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

7. Segment Information

Business Segments

	Financial period ended 31 December 2012 (Unaudited)				
	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	TOTAL RMB'000
Segment revenue					
- External sales	37,136	19,984	141,887	570,268	769,275
Segment results	8,509	4,473	31,816	128,844	173,642
Unallocated interest income					2
Unallocated other expenses					(5,674)
Profit from operations					167,970
Other information:					
Interest income	94	49	350	1,415	1,908
Interest expenses	(85)	(45)	(319)	(1,291)	(1,740)
Additions to non-current assets *	4,049	2,129	15,140	61,314	82,632
Depreciation and amortisation	(1,021)	(537)	(3,820)	(15,468)	(20,846)

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

	Financial period ended 31 December 2012 (Unaudited)				
Segment assets	41,190	21,656	154,019	623,733	840,598
Segment liabilities	4,675	2,458	17,482	70,797	95,412

	As at 31 December 2012 RMB'000 (Unaudited)
Segment assets are reconciled to total assets as follows:	
Segment assets	840,598
Unallocated prepayment and other receivable	32
Unallocated cash at bank and on hand	43,950
Unallocated intangible assets	17,797
Total assets	902,377
Segment liabilities are reconciled to total liabilities as follows:	
Segment liabilities	95,412
Unallocated income tax payable	10,228
Unallocated accruals and other payables	1,407
Total liabilities	107,047

Business Segments

	Financial period ended 31 December 2012 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	RM'000
Segment revenue					
- External sales	17,963	9,666	68,631	275,839	372,099
Segment results	4,115	2,164	15,389	62,322	83,990
Unallocated interest income					1
Unallocated other expenses					(2,744)
Profit from operations					81,247
Other information:					
Interest income	45	24	169	684	922
Interest expenses	(41)	(22)	(154)	(625)	(842)
Additions to non-current assets *	1,958	1,030	7,323	29,657	39,968
Depreciation and amortization	(494)	(259)	(1,848)	(7,482)	(10,083)

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

	Financial period ended 31 December 2012 (Unaudited)				
Segment assets	19,923	10,475	74,499	301,700	406,597
Segment liabilities	2,261	1,189	8,456	34,245	46,151

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

Segment assets are reconciled to total assets as follows:

Segment assets	406,597
Unallocated prepayment and other receivable	16
Unallocated cash at bank and on hand	21,258
Unallocated intangible assets	8,609
Total assets	436,480

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	46,151
Unallocated income tax payable	4,947
Unallocated accruals and other payables	680
Total liabilities	51,778

Business Segments
**Financial period ended 31 December 2011
(Audited)**

	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	TOTAL 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 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 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 other payables	2,397
Total liabilities	127,686

Business Segments
Financial period ended 31 December 2011
(Audited)

	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	27,342	11,286	81,377	296,815	416,820
Segment results	7,211	3,011	21,202	77,852	109,276
Unallocated interest income					-
Unallocated other expenses					(2,988)
Profit from operations					106,288
Other information:					
Interest income	64	27	189	694	974
Interest expenses	(77)	(32)	(228)	(837)	(1,174)
Additions to non-current assets *	212	89	624	2,291	3,216
Depreciation and amortisation	(679)	(283)	(1,995)	(7,327)	(10,284)

* - 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	24,999	10,438	73,501	269,895	378,833
Segment liabilities	3,468	1,449	10,198	37,448	52,563

**As at
31 December 2011
RM'000
(Audited)**
Segment assets are reconciled to total assets as follows:

Segment assets	378,833
Unallocated prepayment and other receivables	15
Unallocated cash at bank and on hand	23,387
Total assets	402,235

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	52,563
Unallocated amount owing to a shareholder cum director	119
Unallocated income tax payable	7,921
Unallocated other payables	1,159
Total liabilities	61,762

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	20,517	9,924	64,132	31,020
Intangible asset	-	-	18,500	8,948
	<u>20,517</u>	<u>9,924</u>	<u>82,632</u>	<u>39,968</u>

THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK

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

1. Review of the performance of the Group

	Financial period ended		Change
	Unaudited	Audited	
	31-Dec-2012	31-Dec-2011	
	RMB' 000	RMB' 000	
Revenue			
TPR shoe soles	37,136	56,526	-34.3%
RB shoe soles	19,984	23,332	-14.3%
MD1 shoe soles	141,887	168,239	-15.7%
MD2 shoe soles	570,268	613,635	-7.1%
Total	769,275	861,732	-10.7%

	Financial period ended		Change
	Unaudited	Unaudited	
	31-Dec-2012	31-Dec-2011	
	Pair ('000)	Pair ('000)	
Sale volume			
TPR shoe soles	3,185	4,884	-34.8%
RB shoe soles	1,365	1,680	-18.8%
MD1 shoe soles	5,977	7,102	-15.8%
MD2 shoe soles	25,250	27,067	-6.7%
Total	35,777	40,733	-12.2%

For current year performance, the Group recorded revenue of RMB769.3 (RM372.1) million and profit after taxation of RMB124.4 (RM60.2) million. The revenue dropped by 10.7% compared with last year. Sales volume for TPR, RB, MD1 and MD2 declined by 34.3%, 14.3%, 15.7% and 7.1% 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 79.4% in the current year.

Gross profit margin for twelve months ended 31 December 2012 has decreased to 27.5% from 30.2% 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 2.5% from 18.7% in the last year corresponding period compared to 16.2% in the current year.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Dec-12 RMB'000	Preceding quarter 30-Sept-12 RMB'000	Current quarter 31-Dec-12 RM'000	Preceding quarter 30-Sept-12 RM'000
Revenue	196,605	186,975	95,098	90,440
Gross profit	53,531	50,990	25,893	24,664
Profit after taxation	28,161	29,582	13,621	14,309

For fourth quarter performance, the Group recorded revenue of RMB196.6 (RM95.1) million and profit after taxation of RMB28.2 (RM13.6) million.

As compared with Q3 2012, revenue for the current quarter increased by 5.2%. The gross profit margin decreased by 0.1% to 27.2% as compared with 27.3% in the preceding quarter due to higher production costs arising from rises in labour and overhead costs. In line with the decrease in gross profit margin, the Group's profit after taxation declined to 14.3% as compared with 15.8% in the immediate preceding quarter. This decrease was also due to losses from disposal of property, plant and equipment and the preliminary start-up expenses incurred by newly incorporated subsidiary in the current quarter.

3. Prospects for FYE 2013

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 2013 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	10,228	4,947	43,609	21,093

The effective tax rate of the Group for the current quarter was 26.6% and for the financial year-to-date was 26.0% 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	513,379	248,322	488,808	236,436
Unrealised	(787)	(380)	(4,910)	(2,375)
	512,592	247,942	483,898	234,061
Consolidation adjustments	1,514	732	1,507	729
Total Group retained profits as per Consolidated accounts	514,106	248,674	485,405	234,790

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	(377)	(182)	(1,908)	(923)
Other income	(57)	(27)	(166)	(80)
Interest expenses	456	221	1,740	842
Depreciation and amortisation	5,816	2,813	20,846	10,083
Foreign exchange (gain)/ loss	78	38	417	228

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)
			30,000	95,407	(65,407)	
(ii)	Expansion of sales and marketing network in China	Within 18 months	3,960	350	3,610	(2)
(iii)	Advertising and branding	Within 24 months	3,000	3,000	Nil	
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	2,029	1,971	(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	109,481		

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	928	13,667	(1)
(ii)	Working capital	7,873	-	7,873	(2)
(iii)	Estimated issuance expenses	2,300	2,653	(353)	(3)
	Total proceeds	24,768	3,581		

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 31 December 2012 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	13,302

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. Proposed dividend

The Board of Directors does not recommend any dividends for the current financial quarter under review.

13. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 December 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 year ended 31 December 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 450,184,932 ordinary shares fully in issue for the financial year ended 31 December 2012 and 31 December 2011 respectively.

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 2011.