

Company Name : MULTI SPORTS HOLDINGS LTD  
 Stock Name : MSPORTS  
 Financial Period Ended : 31 MARCH 2013  
 Quarter : 1

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013**

PARTICULARS	NOTE	UNAUDITED AS AT 31-Mar-13 RMB'000	AUDITED AS AT 31-Dec-12 RMB'000	UNAUDITED AS AT 31-Mar-13 RM'000 (1)	AUDITED AS AT 31-Dec-12 RM'000 (1)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		280,737	285,167	138,572	140,758
Intangible assets		35,826	36,254	17,684	17,895
		<u>316,563</u>	<u>321,421</u>	<u>156,256</u>	<u>158,653</u>
<b>Current assets</b>					
Inventories		13,148	14,647	6,490	7,230
Trade receivables		69,569	77,441	34,339	38,225
Prepayment and other receivables		2,381	1,235	1,176	609
Cash and bank balances		501,512	488,782	247,546	241,263
		<u>586,610</u>	<u>582,105</u>	<u>289,551</u>	<u>287,327</u>
<b>Total assets</b>		<u>903,173</u>	<u>903,526</u>	<u>445,807</u>	<u>445,980</u>
<b>EQUITY AND LIABILITY</b>					
<b>Capital and Reserves</b>					
Share capital		175,361	175,361	86,558	86,558
Reserve		636,049	621,118	313,954	306,584
<b>Total equity</b>		<u>811,410</u>	<u>796,479</u>	<u>400,512</u>	<u>393,142</u>
<b>Current liabilities</b>					
Trade payables		36,330	39,610	17,933	19,551
Accrued liabilities and other payables		20,836	29,709	10,285	14,664
Amount owing to a shareholder cum director		-	-	-	-
Income tax payable		7,097	10,228	3,503	5,049
Interest-bearing bank borrowings		27,500	27,500	13,574	13,574
		<u>91,763</u>	<u>107,047</u>	<u>45,295</u>	<u>52,838</u>
<b>Total equity and liabilities</b>		<u>903,173</u>	<u>903,526</u>	<u>445,807</u>	<u>445,980</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	156.79	153.91	77.39	75.97

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 RM0.4936 as at 31 March 2013.

Company Name : MULTI SPORTS HOLDINGS LTD  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED PRECEDING YEAR	UNAUDITED	UNAUDITED PRECEDING YEAR
		CURRENT QUARTER 31-Mar-13 RMB'000	CORRESPONDING QUARTER 31-Mar-12 RMB'000	CURRENT QUARTER 31-Mar-13 RM'000 (1)	CORRESPONDING QUARTER 31-Mar-12 RM'000 (1)
Revenue		147,433	194,956	72,773	96,230
Cost of sales		(109,827)	(139,767)	(54,211)	(68,989)
Gross Profit		37,606	55,189	18,562	27,241
Other income		453	536	224	265
Selling and distribution expenses		(2,570)	(2,991)	(1,268)	(1,476)
Administrative expenses		(13,004)	(6,155)	(6,419)	(3,038)
Finance costs		(457)	(461)	(226)	(228)
Profit before taxation		22,028	46,118	10,873	22,764
Income tax expenses		(7,097)	(11,833)	(3,503)	(5,841)
Profit after taxation		14,931	34,285	7,370	16,923
Total comprehensive income for the period		14,931	34,285	7,370	16,923
Profit attributable to :					
- Equity holders of the Group		14,931	34,285	7,370	16,923
Total comprehensive income attributable to :					
- Equity holders of the Group		14,931	34,285	7,370	16,923

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-13  RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-12  RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-13  RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Mar-12  RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	2.89	6.63	1.42	3.27
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 2012 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 2013  
 Quarter : 1

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2013**

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 31-Mar-13 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-12 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 31-Mar-13 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-12 RM'000 (1)
Revenue		147,433	194,956	72,773	96,230
Cost of sales		(109,827)	(139,767)	(54,211)	(68,989)
Gross Profit		37,606	55,189	18,562	27,241
Other income		453	536	224	265
Selling and distribution expenses		(2,570)	(2,991)	(1,268)	(1,476)
Administrative expenses		(13,004)	(6,155)	(6,419)	(3,038)
Finance costs		(457)	(461)	(226)	(228)
Profit before taxation		22,028	46,118	10,873	22,764
Income tax expenses		(7,097)	(11,833)	(3,503)	(5,841)
Profit after taxation		14,931	34,285	7,370	16,923
Total comprehensive income for the period		14,931	34,285	7,370	16,923
Profit attributable to :					
- Equity holders of the Group		14,931	34,285	7,370	16,923
Total comprehensive income attributable to :					
- Equity holders of the Group		14,931	34,285	7,370	16,923

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 31-Mar-13 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-12 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 31-Mar-13 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Mar-12 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	2.89	6.63	1.42	3.27
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 2012 and the accompanying explanatory notes attached to the financial statements.

**Note :**

- (2) *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 RM0.4936 as at 31 March 2013.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2013**

	← 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 2013	175,361	137,426	23,353	(54,916)	515,255	796,479
Net profit for the period	-	-	-	-	14,931	14,931
At 31 March 2013	175,361	137,426	23,353	(54,916)	530,186	811,410

	← 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 2013	86,558	67,833	11,527	(27,106)	254,330	393,142
Net profit for the period	-	-	-	-	7,370	7,370
At 31 March 2013	86,558	67,833	11,527	(27,106)	261,700	400,512

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 2012 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD  
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**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	86,558	67,833	11,527	(27,106)	208,629	347,441
Net profit for the period	-	-	-	-	16,923	16,923
At 31 March 2012	86,558	67,833	11,527	(27,106)	225,552	364,364

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 2012 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 2013  
**Quarter** : 1

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2013**

	UNAUDITED CURRENT PERIOD 31-Mar-13 RMB'000	UNAUDITED PRECEDING PERIOD 31-Mar-12 RMB'000	UNAUDITED CURRENT PERIOD 31-Mar-13 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Mar-12 RM'000 (1)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before taxation	22,028	46,118	10,873	22,764
Adjustments for :-				
Depreciation of property, plant and equipment	5,132	5,011	2,533	2,473
Amortisation of intangible assets	834	124	412	61
Amortisation of land use rights	-	-	-	-
Loss on disposal of property, plant & equipment and intangible asset	-	-	-	-
Gain on disposal of land use rights	-	-	-	-
Interest income	(453)	(524)	(224)	(259)
Interest expense	457	461	226	228
Operating profit before working capital changes	27,998	51,190	13,820	25,267
Increase in inventories	1,499	1,612	740	796
Decrease/ (increase) in trade receivables	7,872	4,370	3,885	2,157
(Increase)/ decrease in prepayments and other receivables	(1,146)	(1)	(566)	-
Decrease in trade payables	(3,280)	(342)	(1,619)	(169)
Decrease in accrued liabilities and other payables	(8,873)	(7,498)	(4,380)	(3,701)
Net cash generated from operations	24,070	49,331	11,880	24,350
Income tax paid	(10,228)	(16,375)	(5,049)	(8,083)
Interest received	453	524	224	259
Interest paid	(457)	(461)	(226)	(228)
Net cash generated from operating activities	13,838	33,019	6,829	16,298
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(700)	(1,210)	(345)	(597)
Acquisition of trademark	(408)	-	(201)	-
Proceed from disposal of property, plant & equipment and intangible asset	-	-	-	-
Net cash (used in)/ from investing activities	(1,108)	(1,210)	(546)	(597)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceed from issue of shares	-	-	-	-
Share issue expenses written off against share premium account	-	-	-	-
Repayment to a director	-	(245)	-	(121)
Repayment of bank loan	-	-	-	-
Obtained of bank loan	-	-	-	-
Ex difference arising from shareholder's loan	-	-	-	-
Deposit refunded from bank	-	-	-	-
Dividends paid	-	-	-	-
Net cash (used in)/ from financing activities	-	(245)	-	(121)



	UNAUDITED CURRENT PERIOD 31-Mar-13 RMB'000	UNAUDITED PRECEDING PERIOD 31-Mar-12 RMB'000	UNAUDITED CURRENT PERIOD 31-Mar-13 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Mar-12 RM'000 (1)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,730	31,564	6,283	15,580
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	488,782	462,356	241,263	228,219
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>501,512</b>	<b>493,920</b>	<b>247,546</b>	<b>243,799</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	501,512	493,920	247,546	243,799
Less: Deposit pledged with bank	-	-	-	-
	<b>501,512</b>	<b>493,920</b>	<b>247,546</b>	<b>243,799</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 FINANCIAL PERIOD ENDED 31 MARCH 2013

### 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 2012, 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 2013 (Unaudited)				
	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	TOTAL RMB'000
<b>Segment revenue</b>					
- External sales	5,672	3,826	26,477	111,458	147,433
<b>Segment results</b>	1,068	716	4,995	21,071	27,850
Unallocated interest income					62
Unallocated other expenses					(5,884)
Profit from operations					22,028
<b>Other information:</b>					
Interest income	17	12	81	343	453
Interest expenses	(17)	(12)	(82)	(346)	(457)
Additions to non-current assets *	42	28	199	839	1,108
Depreciation and amortisation	(229)	(153)	(1,070)	(4,514)	(5,966)

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

	Financial period ended 31 March 2013 (Unaudited)				
<b>Segment assets</b>	32,157	21,553	150,398	634,451	838,559
<b>Segment liabilities</b>	3,163	2,120	14,792	62,401	82,476

	As at 31 March 2013 RMB'000 (Unaudited)
<b>Segment assets are reconciled to total assets as follows:</b>	
Segment assets	838,559
Unallocated prepayment and other receivable	2,328
Unallocated cash at bank and on hand	44,684
Unallocated property, plant and equipment	107
Unallocated intangible assets	17,495
Total assets	903,173
<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Segment liabilities	82,476
Unallocated income tax payable	7,097
Unallocated accruals and other payables	2,190
Total liabilities	91,763

**Business Segments**

	Financial period ended 31 March 2013 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	RM'000
<b>Segment revenue</b>					
- External sales	2,800	1,888	13,069	55,016	72,773
<b>Segment results</b>	527	353	2,465	10,401	13,746
Unallocated interest income					30
Unallocated other expenses					(2,903)
Profit from operations					10,873
<b>Other information:</b>					
Interest income	9	6	40	169	224
Interest expenses	(9)	(6)	(40)	(171)	(226)
Additions to non-current assets *	21	14	98	413	546
Depreciation and amortization	(113)	(76)	(528)	(2,228)	(2,945)

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

	Financial period ended 31 March 2013 (Unaudited)				
<b>Segment assets</b>	15,873	10,639	74,237	313,165	413,914
<b>Segment liabilities</b>	1,561	1,046	7,302	30,801	40,710

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

	As at 31 March 2013 RM'000 (Unaudited)
Segment assets	413,914
Unallocated prepayment and other receivable	1,149
Unallocated cash at bank and on hand	22,056
Unallocated property, plant and equipment	52
Unallocated intangible assets	8,636
<b>Total assets</b>	<b>445,807</b>

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

Segment liabilities	40,710
Unallocated income tax payable	3,503
Unallocated accruals and other payables	1,082
<b>Total liabilities</b>	<b>45,295</b>

**Business Segments**
**Financial period ended 31 March 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
<b>Segment revenue</b>					
- External sales	12,962	5,792	36,231	139,971	194,956
<b>Segment results</b>	3,224	1,405	8,711	33,963	47,303
Unallocated interest income					-
Unallocated other expenses					(1,185)
<b>Profit from operations</b>					<b>46,118</b>
<b>Other information:</b>					
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 and intangible asset.

**Financial year ended 31 December 2012  
(Audited)**

<b>Segment assets</b>	41,190	21,656	154,019	623,733	840,598
<b>Segment liabilities</b>	4,675	2,458	17,482	70,797	95,412

**As at  
31 December 2012  
RMB'000  
(Audited)**

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

Segment assets	840,598
Unallocated prepayment and other receivables	1,181
Unallocated cash at bank and on hand	43,949
Unallocated intangible assets	17,798
<b>Total assets</b>	<b>903,526</b>

**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
<b>Total liabilities</b>	<b>107,047</b>

**Business Segments**

	Financial period ended 31 March 2012				
	(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
<b>Segment revenue:</b>					
- External sales	6,398	2,859	17,884	69,089	96,230
<b>Segment results</b>					
	1,591	694	4,300	16,764	23,349
Unallocated interest income					-
Unallocated other expenses					(585)
Profit from operations					22,764
<b>Other information:</b>					
Interest income	18	8	47	186	259
Interest expenses	(15)	(7)	(42)	(164)	(228)
Additions to non-current assets *	40	18	110	429	597
Depreciation and amortisation	(173)	(75)	(466)	(1,820)	(2,534)

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

Financial year ended 31 December 2012					
(Audited)					
Segment assets	20,331	10,689	76,024	307,875	414,919
Segment liabilities	2,308	1,213	8,629	34,945	47,095

	As at 31 December 2012 RM'000 (Audited)
<b>Segment assets are reconciled to total assets as follows:</b>	
Segment assets	414,919
Unallocated prepayment and other receivables	583
Unallocated cash at bank and on hand	21,693
Unallocated intangible assets	8,785
<b>Total assets</b>	<b>445,980</b>

<b>Segment liabilities are reconciled to total liabilities as follows:</b>	
Segment liabilities	47,095
Unallocated income tax payable	5,049
Unallocated accruals and other payables	694
<b>Total liabilities</b>	<b>52,838</b>

**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	700	345	700	345
Intangible asset	408	201	408	201
	<u>1,108</u>	<u>546</u>	<u>1,108</u>	<u>546</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-2013 RMB' 000	Unaudited 31-Mar-2012 RMB' 000	
<b>Revenue</b>			
TPR shoe soles	5,672	12,962	-56.2%
RB shoe soles	3,826	5,792	-33.9%
MD1 shoe soles	26,477	36,231	-26.9%
MD2 shoe soles	111,458	139,971	-20.4%
Total	147,433	194,956	-24.4%

	Financial period ended		Change
	Unaudited 31-Mar-2013 Pair ('000)	Unaudited 31-Mar-2012 Pair ('000)	
<b>Sale volume</b>			
TPR shoe soles	483	1,116	-56.7%
RB shoe soles	254	411	-38.2%
MD1 shoe soles	1,115	1,522	-26.7%
MD2 shoe soles	4,917	6,158	-20.2%
Total	6,769	9,207	-26.5%

For current period performance, the Group recorded revenue of RMB147.4 (RM72.8) million and profit after taxation of RMB14.9 (RM7.4) million. The revenue dropped by 24.4% compared with Q1 2012. Sales volume for TPR, RB, MD1 and MD2 declined by 56.2%, 33.9%, 26.9% and 20.4% 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 60.0% in the current quarter.

Gross profit margin for three months ended 31 March 2013 has decreased to 25.5% from 28.3% 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 7.5% from 17.6% in the last year corresponding period compared to 10.1% in the current quarter. The decrease was also due to higher administrative expenses attributable to preliminary start-up expenses incurred by newly incorporated subsidiary, product development expenditure and depreciation expenses.

## 2. Variation of results against immediate preceding quarter

	Current quarter 31-Mar-13	Preceding quarter 31-Dec-12	Current quarter 31-Mar-13	Preceding quarter 31-Dec-12
	RMB'000	RMB'000	RM'000	RM'000
Revenue	147,433	196,605	72,773	97,044
Gross profit	37,606	53,531	18,562	26,423
Profit after taxation	14,931	29,310	7,370	14,467

For first quarter performance, the Group recorded revenue of RMB147.4 (RM72.8) million and profit after taxation of RMB14.9 (RM7.4) million.

As compared with Q4 2012, revenue for the current quarter decreased by 25.0% attributable to fewer working days as a result of Lunar New Year holidays. The gross profit margin decreased by 1.7% to 25.5% as compared with 27.2% 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 10.1% as compared with 14.3% in the immediate preceding quarter. This decrease was also due to higher administrative expenses attributable to higher 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	7,097	3,503	7,097	3,503

The effective tax rate of the Group for the current quarter was 32.2% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The higher effective tax rate in the current quarter was mainly due to 1) higher operating expenses incurred by the holding company; and 2) preliminary start-up expenses incurred by newly incorporated subsidiary.

## 6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	529,677	261,449	513,379	253,404
Unrealised	(1,005)	(496)	(787)	(389)
	528,672	260,953	512,592	253,015
Consolidation adjustments	1,514	747	1,514	748
Total Group retained profits as per Consolidated accounts	530,186	261,700	514,106	253,763

## 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	(453)	(224)	(453)	(224)
Other income	-	-	-	-
Interest expenses	457	226	457	226
Depreciation and amortisation	5,966	2,945	5,966	2,945
Foreign exchange (gain)/ loss	220	109	220	109

## 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	528	3,432	(2)
(iii)	Advertising and branding	Within 24 months	3,000	3,000	Nil	
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	2,645	1,355	(2)
(v)	Working capital	Within 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	(695)	(3)
	<b>Total proceeds</b>		<b>48,960</b>	<b>110,275</b>		

## Notes :

- (1) The construction of a new production centre has been completed and the total cost of production centre was RM89.8 million, out of which RM25 million was financed via the IPO proceeds and the deviation of RM64.8 million was financed via funds generated internally by the Group. The total expansion cost of machinery and equipment amounting to RM5 million was 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)
<b>Total proceeds</b>	<b>34,200</b>	<b>34,296</b>		

## 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)
<b>Total proceeds</b>	<b>24,768</b>	<b>3,581</b>		

## 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 March 2013 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	13,574

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

<b>The Company and the Group</b>	<b>Weighted average no. of shares</b>	
	<b>31 March 2013</b>	<b>31 December 2012</b>
At beginning of year	517,500,000	517,500,000
Underlying shares for TDR issue	-	-
<b>Total</b>	<b>517,500,000</b>	<b>517,500,000</b>

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 2013 and 31 December 2012 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 ordinary shares fully in issue for the financial period ended 31 March 2013 and 31 March 2012 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 2012.