

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2013
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

PARTICULARS	NOTE	UNAUDITED AS AT 30-Sep-13 RMB'000	AUDITED AS AT 31-Dec-12 RMB'000	UNAUDITED AS AT 30-Sep-13 RM'000 (1)	AUDITED AS AT 31-Dec-12 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		275,506	285,167	144,640	149,713
Intangible assets		34,222	36,254	17,967	19,033
		<u>309,728</u>	<u>321,421</u>	<u>162,607</u>	<u>168,746</u>
Current assets					
Inventories		20,867	14,647	10,955	7,690
Trade receivables		135,935	77,441	71,366	40,657
Prepayment and other receivables		7,572	1,235	3,975	648
Cash and bank balances		505,902	488,782	265,599	256,611
		<u>670,276</u>	<u>582,105</u>	<u>351,895</u>	<u>305,606</u>
Total assets		<u>980,004</u>	<u>903,526</u>	<u>514,502</u>	<u>474,352</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	92,064	92,065
Reserve		658,569	621,118	345,749	326,087
Total equity		<u>833,930</u>	<u>796,479</u>	<u>437,813</u>	<u>418,152</u>
Current liabilities					
Trade payables		68,941	39,610	36,194	20,795
Accrued liabilities and other payables		39,583	29,709	20,781	15,597
Amount owing to a shareholder cum director		-	-	-	-
Income tax payable		10,050	10,228	5,276	5,370
Interest-bearing bank borrowings		27,500	27,500	14,438	14,438
		<u>146,074</u>	<u>107,047</u>	<u>76,689</u>	<u>56,200</u>
Total equity and liabilities		<u>980,004</u>	<u>903,526</u>	<u>514,502</u>	<u>474,352</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	161.15	153.91	84.60	80.80

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 RM0.5250 as at 30 September 2013.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2013
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Sep-13 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RMB'000	UNAUDITED CURRENT QUARTER 30-Sep-13 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RM'000 (1)
Revenue		179,525	186,975	94,251	98,162
Cost of sales		(129,990)	(135,985)	(68,245)	(71,392)
Gross Profit		49,535	50,990	26,006	26,770
Other income		490	543	257	285
Selling and distribution expenses		(24,215)	(3,362)	(12,713)	(1,765)
Administrative expenses		(18,897)	(7,649)	(9,921)	(4,016)
Finance costs		(443)	(461)	(232)	(242)
Profit before taxation		6,470	40,061	3,397	21,032
Income tax expenses		(10,050)	(10,479)	(5,276)	(5,501)
Profit / (Loss) after taxation		(3,580)	29,582	(1,879)	15,531
Total comprehensive income for the period		(3,580)	29,582	(1,879)	15,531
Profit / (Loss) attributable to :					
- Equity holders of the Group		(3,580)	29,582	(1,879)	15,531
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		(3,580)	29,582	(1,879)	15,531

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT QUARTER 30-Sep-13 RMB'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RMB'000	CURRENT QUARTER 30-Sep-13 RM'000 (1)	PRECEDING YEAR CORRESPONDING QUARTER 30-Sep-12 RM'000 (1)
Earnings / (Loss) per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	(0.69)	5.72	(0.36)	3.00
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 : 30 SEPTEMBER 2013
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2013

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 30-Sep-13 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 30-Sep-13 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000 (1)
Revenue		514,087	572,670	269,896	300,652
Cost of sales		(375,371)	(414,741)	(197,070)	(217,739)
Gross Profit		138,716	157,929	72,826	82,913
Other income		1,419	1,641	745	862
Selling and distribution expenses		(29,776)	(9,366)	(15,632)	(4,917)
Administrative expenses		(43,663)	(19,880)	(22,923)	(10,437)
Finance costs		(1,339)	(1,284)	(703)	(674)
Profit before taxation		65,357	129,040	34,313	67,747
Income tax expenses		(27,906)	(33,380)	(14,651)	(17,525)
Profit after taxation		37,451	95,660	19,662	50,222
Total comprehensive income for the period		37,451	95,660	19,662	50,222
Profit attributable to :					
- Equity holders of the Group		37,451	95,660	19,662	50,222
Total comprehensive income attributable to :					
- Equity holders of the Group		37,451	95,660	19,662	50,222

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER			
		UNAUDITED CURRENT YEAR TO-DATE 30-Sep-13 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 30-Sep-13 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sep-12 RM'000 (1)		
Earnings per share attributable to equity holders of the Group :							
Basic (sen in RMB / RM)	B13	7.24	18.49	3.80	9.71		
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
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 Financial Period Ended : 30 SEPTEMBER 2013
 Quarter : 3

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	37,451	37,451
At 30 September 2013	175,361	137,426	23,353	(54,916)	552,706	833,930

	← 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	92,064	72,149	12,260	(28,831)	270,509	418,151
Net profit for the period	-	-	-	-	19,662	19,662
At 30 September 2013	92,064	72,149	12,260	(28,831)	290,171	437,813

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 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	92,064	72,149	12,260	(28,831)	221,901	369,543
Net profit for the period	-	-	-	-	50,222	50,222
Dividends paid	-	-	-	-	(17,285)	(17,285)
At 30 September 2012	92,064	72,149	12,260	(28,831)	254,838	402,480

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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Financial Period Ended : 30 SEPTEMBER 2013
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	UNAUDITED CURRENT PERIOD 30-Sep-13 RMB'000	UNAUDITED PRECEDING PERIOD 30-Sep-12 RMB'000	UNAUDITED CURRENT PERIOD 30-Sep-13 RM'000 (1)	UNAUDITED PRECEDING PERIOD 30-Sep-12 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	65,357	129,040	34,312	67,747
Adjustments for :-				
Depreciation of property, plant and equipment	15,488	14,657	8,131	7,695
Amortisation of intangible assets	2,537	373	1,332	196
Amortisation of land use rights	-	-	-	-
Loss on disposal of property, plant & equipment and intangible asset	-	-	-	-
Gain on disposal of land use rights	-	-	-	-
Interest income	(1,138)	(1,532)	(598)	(804)
Interest expense	1,339	1,284	703	674
Operating profit before working capital changes	83,583	143,822	43,880	75,508
Increase in inventories	(6,220)	(47)	(3,266)	(25)
Decrease/ (increase) in trade receivables	(58,494)	19,520	(30,709)	10,247
(Increase)/ decrease in prepayments and other receivables	(6,337)	(1,006)	(3,327)	(528)
Decrease in trade payables	29,331	(10,223)	15,399	(5,367)
Decrease in accrued liabilities and other payables	9,874	2,848	5,184	1,495
Net cash generated from operations	51,737	154,914	27,161	81,330
Income tax paid	(28,084)	(39,277)	(14,744)	(20,620)
Interest received	1,138	1,532	598	804
Interest paid	(1,339)	(1,284)	(703)	(674)
Net cash generated from operating activities	23,452	115,885	12,312	60,840
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,826)	(43,615)	(3,059)	(22,898)
Acquisition of trademark	(506)	(18,500)	(266)	(9,713)
Proceed from disposal of property, plant & equipment and intangible asset	-	-	-	-
Net cash (used in)/ from investing activities	(6,332)	(62,115)	(3,325)	(32,611)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	-	-	-	-
Share issue expenses written off against share premium account	-	-	-	-
Repayment to a director	-	(246)	-	(129)
Repayment of bank loan	-	-	-	-
Obtained of bank loan	-	-	-	-
Deposit refunded from bank	-	-	-	-
Dividends paid	-	(32,924)	-	(17,285)
Net cash (used in)/ from financing activities	-	(33,170)	-	(17,414)

	UNAUDITED CURRENT PERIOD 30-Sep-13 RMB'000	UNAUDITED PRECEDING PERIOD 30-Sep-12 RMB'000	UNAUDITED CURRENT PERIOD 30-Sep-13 RM'000 (1)	UNAUDITED PRECEDING PERIOD 30-Sep-12 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,120	20,600	8,988	10,815
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	488,782	462,356	256,611	242,737
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	505,902	482,956	265,599	253,552
Cash and cash equivalents comprise:				
Cash and bank balances	505,902	482,956	265,599	253,552
Less: Deposit pledged with bank	-	-	-	-
	505,902	482,956	265,599	253,552

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 30 SEPTEMBER 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 30 September 2013 (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	20,087	12,610	89,828	391,562	514,087
Segment results	4,292	2,682	19,258	83,988	110,220
Unallocated interest income					(57)
Unallocated other expenses					(44,806)
Profit from operations					65,357
Other information:					
Interest income	44	28	199	867	1,138
Interest expenses	(52)	(33)	(234)	(1,020)	(1,339)
Additions to non-current assets *	247	154	1,106	4,825	6,332
Depreciation and amortisation	(702)	(439)	(3,149)	(13,735)	(18,025)

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

	Financial period ended 30 September 2013 (Unaudited)				
Segment assets	35,563	22,222	159,570	695,898	913,253
Segment liabilities	4,567	2,854	20,492	89,367	117,280

	As at 30 September 2013 RMB'000 (Unaudited)
Segment assets are reconciled to total assets as follows:	
Segment assets	913,253
Unallocated inventories	7,300
Unallocated prepayment and other receivable	7,516
Unallocated cash at bank and on hand	35,473
Unallocated property, plant and equipment	412
Unallocated intangible assets	16,050
Total assets	980,004
Segment liabilities are reconciled to total liabilities as follows:	
Segment liabilities	117,280
Unallocated income tax payable	10,050
Unallocated accruals and other payables	18,744
Total liabilities	146,074

Business Segments

	Financial period ended 30 September 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
Segment revenue					
- External sales	10,546	6,620	47,160	205,570	269,896
Segment results	2,253	1,408	10,111	44,093	57,865
Unallocated interest income					(30)
Unallocated other expenses					(23,522)
Profit from operations					34,313
Other information:					
Interest income	23	15	105	455	598
Interest expenses	(27)	(17)	(123)	(536)	(703)
Additions to non-current assets *	130	81	581	2,533	3,325
Depreciation and amortization	(369)	(230)	(1,653)	(7,211)	(9,463)

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

	Financial period ended 30 September 2013 (Unaudited)				
Segment assets	18,670	11,666	83,774	365,346	479,456
Segment liabilities	2,398	1,498	10,758	46,918	61,572

**As at
30 September 2013
RM'000
(Unaudited)**

Segment assets are reconciled to total assets as follows:

Segment assets	479,456
Unallocated inventories	3,833
Unallocated prepayment and other receivable	3,946
Unallocated cash at bank and on hand	18,624
Unallocated property, plant and equipment	217
Unallocated intangible assets	8,426
Total assets	514,502

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	61,572
Unallocated income tax payable	5,276
Unallocated accruals and other payables	9,841
Total liabilities	76,689

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 and intangible asset.

	Financial year ended 31 December 2012 (Audited)				
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 (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
Total assets	903,526
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 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	15,395	7,935	55,914	221,408	300,652
Segment results	3,620	1,817	12,807	51,156	69,400
Unallocated interest income					-
Unallocated other expenses					(1,654)
Profit from operations					67,746
Other information:					
Interest income	42	21	148	593	804
Interest expenses	(35)	(18)	(124)	(497)	(674)
Additions to non-current assets *	1,701	854	6,018	24,038	32,611
Depreciation and amortisation	(412)	(206)	(1,456)	(5,817)	(7,891)

* - 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	21,625	11,370	80,860	327,460	441,315
Segment liabilities	2,454	1,291	9,178	37,168	50,091

As at
31 December 2012
RM'000
(Audited)

Segment assets are reconciled to total assets as follows:

Segment assets	441,315
Unallocated prepayment and other receivables	620
Unallocated cash at bank and on hand	23,073
Unallocated intangible assets	9,344
Total assets	474,352

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	50,091
Unallocated income tax payable	5,370
Unallocated accruals and other payables	739
Total liabilities	56,200

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	2,991	1,570	5,826	3,059
Intangible asset	98	-	506	266
	<u>3,089</u>	<u>1,570</u>	<u>6,332</u>	<u>3,325</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-Sep-2013 RMB' 000	Unaudited 30-Sep-2012 RMB' 000	
<u>Revenue</u>			
TPR shoe soles	20,087	29,323	-31.5%
RB shoe soles	12,610	15,115	-16.6%
MD1 shoe soles	89,827	106,502	-15.7%
MD2 shoe soles	391,563	421,730	-7.2%
Total	514,087	572,670	-10.2%

	Financial period ended		Change
	Unaudited 30-Sep-2013 Pair ('000)	Unaudited 30-Sep-2012 Pair ('000)	
<u>Sale volume</u>			
TPR shoe soles	1,714	2,514	-31.8%
RB shoe soles	871	1,039	-16.2%
MD1 shoe soles	3,805	4,468	-14.8%
MD2 shoe soles	17,070	18,666	-8.6%
Total	23,460	26,687	-12.1%

For current period performance, the Group recorded revenue of RMB514.1 (RM269.9) million and profit after taxation of RMB37.5 (RM19.7) million. The revenue dropped by 10.2% compared with Q3 2012. Sales volume for TPR, RB, MD1 and MD2 declined by 31.5%, 16.6%, 15.7% and 7.2% 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 71.6% in the current quarter.

Gross profit margin for nine months ended 30 September 2013 has decreased to 27.0% from 27.6% 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 from 16.7% in the last year corresponding period compared to 7.3% in the current quarter. The significant decrease was primarily due to an increase in product development expenditure and depreciation expenses, as well as preliminary start-up expenses incurred on renovation by newly incorporated subsidiary.

2. Variation of results against immediate preceding quarter

	Current quarter 30-Sep-13	Preceding quarter 30-Jun-13	Current quarter 30 Sep-13	Preceding quarter 30-Jun -13
	RMB'000	RMB'000	RM'000	RM'000
Revenue	179,525	187,129	94,251	98,243
Gross profit	49,535	51,575	26,006	27,077
Profit / (Loss) after taxation	(3,580)	23,609	(1,879)	12,395

For third quarter performance, the Group recorded revenue of RMB180.0 (RM94.3) million and loss after taxation of RMB4.0 (RM1.9) million.

As compared with Q2 2013, revenue for the current quarter decreased by 4.1%. The gross profit margin for the current quarter remained at 27.6% as per the preceding quarter. However, the Group recorded a loss after taxation of RMB4.0 (RM1.9) million in the current quarter as compared to a profit after taxation of RMB23.6 (RM12.4) million in the immediate preceding quarter. The loss was primarily due to an increase in preliminary start-up expenses incurred by newly incorporated subsidiary on renovation and transfer of store ownership.

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	10,050	5,276	27,906	14,651

The effective tax rate of the Group for the current quarter was 42.7% 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 corporation as well as the intermediate holding corporation which are non-tax deductible against the Group's profit; and
- 2) non-tax deductible preliminary start-up expenses incurred by a newly set up subsidiary.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	552,217	289,914	552,891	290,268
Unrealised	(1,025)	(538)	(825)	(433)
	551,192	289,376	552,066	289,835
Consolidation adjustments	1,514	795	1,514	795
Total Group retained profits as per Consolidated accounts	552,706	290,171	553,580	290,630

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	(414)	(217)	(1,138)	(598)
Other income	(76)	(40)	(281)	(148)
Interest expenses	443	232	1,339	703
Depreciation and amortisation	6,073	3,188	18,025	9,463
Foreign exchange (gain)/ loss	328	172	1,175	617

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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)
			<u>30,000</u>	<u>95,407</u>	<u>(65,407)</u>	
(ii)	Expansion of sales and marketing network in China	Within 18 months	3,960	901	3,059	(2)
(iii)	Advertising and branding	Within 24 months	3,000	3,000	Nil	
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	5,245	(1,245)	(3)
(v)	Working capital	Within 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	(695)	(4)
	Total proceeds		48,960	113,248		

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 product development expenditure is RM5.2m, out of which RM4.0m was from the IPO proceeds and the deviation of RM1.2 million was financed via the funds generated internally by the Group.
- (4) 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 proceeds will be converted into share capital of its subsidiary for utilization as working capital. As of 30 September 2013, the Company has completed the conversion of RM4.0 million into share capital while the balance of proceeds amounting to RM3.9 million is still pending conversion.
- (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 2013 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	27,500	14,438

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	
	30 September 2013	31 December 2012
At beginning of year	517,500,000	517,500,000
Underlying shares for TDR issue	-	-
Total	<u>517,500,000</u>	<u>517,500,000</u>

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 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 30 September 2013 and 30 September 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.