

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2014
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2014

PARTICULARS	NOTE	UNAUDITED AS AT 30-Sept-14 RMB'000	AUDITED AS AT 31-Dec-13 RMB'000	UNAUDITED AS AT 30-Sept-14 RM'000 (1)	AUDITED AS AT 31-Dec-13 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		264,002	275,256	141,109	148,308
Intangible assets		18,014	18,490	9,629	9,963
		<u>282,016</u>	<u>293,746</u>	<u>150,738</u>	<u>158,271</u>
Current assets					
Inventories		14,582	24,148	7,794	13,011
Trade receivables		130,871	141,053	69,950	75,999
Prepayment and other receivables		3,441	2,651	1,839	1,428
Cash and bank balances		566,202	501,440	302,634	270,176
		<u>715,096</u>	<u>669,292</u>	<u>382,217</u>	<u>360,614</u>
Total assets		<u>997,112</u>	<u>963,038</u>	<u>532,955</u>	<u>518,885</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	93,730	94,484
Reserve		713,746	663,036	381,496	357,244
Total equity		<u>889,107</u>	<u>838,397</u>	<u>475,226</u>	<u>451,728</u>
Current liabilities					
Trade payables		66,923	61,403	35,770	33,084
Accrued liabilities and other payables		23,977	29,494	12,816	15,892
Amount owing to a shareholder cum director		-	-	-	-
Income tax payable		5,605	6,244	2,996	3,364
Interest-bearing bank borrowings		11,500	27,500	6,147	14,817
		<u>108,005</u>	<u>124,641</u>	<u>57,729</u>	<u>67,157</u>
Total equity and liabilities		<u>997,112</u>	<u>963,038</u>	<u>532,955</u>	<u>518,885</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	171.81	162.01	91.83	87.29

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 RM0.5345 as at 30 September 2014.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2014
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2014

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Sept-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-13 RMB'000	UNAUDITED CURRENT QUARTER 30-Sept-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-13 RM'000 (1)
Revenue		175,431	179,525	99,778	94,251
Cost of sales		(138,259)	(129,990)	(78,553)	(68,245)
Gross Profit		37,172	49,535	21,225	26,006
Other income		596	490	338	257
Selling and distribution expenses		(9,286)	(24,215)	(5,167)	(12,713)
Administrative expenses		(9,385)	(18,897)	(5,351)	(9,921)
Finance costs		(186)	(443)	(113)	(232)
Profit before taxation		18,911	6,470	10,932	3,397
Income tax expenses		(5,606)	(10,050)	(3,182)	(5,276)
Profit / (Loss) after taxation		13,305	(3,580)	7,750	(1,879)
Total comprehensive income / (loss) for the period		13,305	(3,580)	7,750	(1,879)
Profit / (Loss) attributable to :					
- Equity holders of the Group		13,305	(3,580)	7,750	(1,879)
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		13,305	(3,580)	7,750	(1,879)

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 30-Sept-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-13 RMB'000	UNAUDITED CURRENT QUARTER 30-Sept-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 30-Sept-13 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	2.57	(0.69)	1.50	(0.36)
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 2013 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2014
 Quarter : 3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2014

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 30-Sept-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-13 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 30-Sept-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-13 RM'000 (1)
Revenue		526,923	514,087	281,640	269,896
Cost of sales		(410,373)	(375,371)	(219,345)	(197,070)
Gross Profit		116,550	138,716	62,295	72,826
Other income		1,713	1,419	916	745
Selling and distribution expenses		(21,181)	(29,776)	(11,321)	(15,632)
Administrative expenses		(28,908)	(43,663)	(15,452)	(22,923)
Finance costs		(1,001)	(1,339)	(535)	(703)
Profit before taxation		67,173	65,357	35,903	34,313
Income tax expenses		(16,463)	(27,906)	(8,800)	(14,651)
Profit after taxation		50,710	37,451	27,103	19,662
Total comprehensive income for the period		50,710	37,451	27,103	19,662
Profit attributable to :					
- Equity holders of the Group		50,710	37,451	27,103	19,662
Total comprehensive income attributable to :					
- Equity holders of the Group		50,710	37,451	27,103	19,662

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 30-Sept-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-13 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 30-Sept-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 30-Sept-13 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	9.80	7.24	5.24	3.80
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 2013 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 2014
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	← 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 2014	175,361	137,426	27,203	(54,916)	553,323	838,397
Net profit for the period	-	-	-	-	50,710	50,710
At 30 September 2014	175,361	137,426	27,203	(54,916)	604,033	889,107

	← 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 2014	93,730	73,455	14,540	(29,353)	295,751	448,123
Net profit for the period	-	-	-	-	27,103	27,103
At 30 September 2014	93,730	73,455	14,540	(29,353)	322,854	475,226

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 2013 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 30 SEPTEMBER 2014
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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 2013 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 2014
 Quarter : 3

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014

	UNAUDITED CURRENT PERIOD 30-Sept-14 RMB'000	UNAUDITED PRECEDING PERIOD 30-Sept-13 RMB'000	UNAUDITED CURRENT PERIOD 30-Sept-14 RM'000 (1)	UNAUDITED PRECEDING PERIOD 30-Sept-13 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	67,173	65,357	35,903	34,312
Adjustments for :-				
Depreciation of property, plant and equipment	16,315	15,488	8,720	8,131
Amortisation of intangible assets	476	2,537	255	1,332
Amortisation of land use rights	-	-	-	-
Loss on disposal of property, plant & equipment and intangible asset	-	-	-	-
Gain on disposal of land use rights	-	-	-	-
Interest income	(1,379)	(1,138)	(737)	(598)
Interest expense	1,001	1,339	535	703
Operating profit before working capital changes	83,586	83,583	44,676	43,880
Decrease/ (increase) in inventories	9,566	(6,220)	5,113	(3,266)
Decrease/ (increase) in trade receivables	10,182	(58,494)	5,442	(30,709)
(Increase) in prepayments and other receivables	(790)	(6,337)	(423)	(3,327)
Increase in trade payables	5,520	29,331	2,951	15,399
(Decrease)/ increase in accrued liabilities and other payables	(5,517)	9,874	(2,949)	5,184
Net cash generated from operations	102,547	51,737	54,810	27,161
Income tax paid	(17,102)	(28,084)	(9,141)	(14,744)
Interest received	1,379	1,138	737	598
Interest paid	(1,001)	(1,339)	(535)	(703)
Net cash generated from operating activities	85,823	23,452	45,871	12,321
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(5,061)	(5,826)	(2,705)	(3,059)
Acquisition of trademark	-	(506)	-	(266)
Proceed from disposal of property, plant & equipment and intangible asset	-	-	-	-
Net cash (used in)/ from investing activities	(5,061)	(6,332)	(2,705)	(3,325)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	-	-	-	-
Share issue expenses written off against share premium account	-	-	-	-
Repayment to a director	-	-	-	-
Repayment of bank loan	(16,000)	-	(8,552)	-
Obtained of bank loan	-	-	-	-
Ex difference arising from shareholder's loan	-	-	-	-
Deposit refunded from bank	-	-	-	-
Dividends paid	-	-	-	-
Net cash (used in)/ from financing activities	(16,000)	-	(8,552)	-

	UNAUDITED CURRENT PERIOD 30-Sept-14 RMB'000	UNAUDITED PRECEDING PERIOD 30-Sept-13 RMB'000	UNAUDITED CURRENT PERIOD 30-Sept-14 RM'000 (1)	UNAUDITED PRECEDING PERIOD 30-Sept-13 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	64,762	17,120	34,614	8,988
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	501,440	488,782	268,020	256,611
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	566,202	505,902	302,634	265,599
Cash and cash equivalents comprise:				
Cash and bank balances	566,202	505,902	302,634	265,599
Less: Deposit pledged with bank	-	-	-	-
	566,202	505,902	302,634	265,599

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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 2014

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 2013, 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

There were no dividends paid during the period under review.

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7. Segment Information

Business Segments

	Financial period ended 30 September 2014						
	(Unaudited)						
	TPR	RB	MD 1	MD 2	Apparels	Accessories	Total
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	Apparels	Accessories	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue							
- External sales	22,072	12,142	84,899	333,626	71,206	2,978	526,923
Segment profit	3,109	1,705	12,216	47,685	3,090	141	67,946
Unallocated interest income							40
Unallocated other expenses							(813)
Profit from operations							67,173
Other information:							
Interest income	58	32	226	882	173	8	1,379
Interest expense	(42)	(23)	(164)	(640)	(126)	(6)	(1,001)
Additions to non-current assets*	243	133	955	3,730	-	-	5,061
Depreciation and amortisation	(800)	(439)	(3,142)	(12,263)	(141)	(6)	(16,791)

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

	Financial period ended 30 September 2014						
	(Unaudited)						
Segment assets	46,451	25,479	182,534	712,485	28,288	1,289	996,526
Segment liabilities	4,767	2,615	18,735	73,129	1,784	81	101,111

As at
30 Sept 2014
RMB'000
Unaudited

Segment assets are reconciled to total assets as follows:

Segment assets	996,526
Unallocated prepayment and other receivable	451
Unallocated cash at bank and on hand	135
Total assets	997,112

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	101,111
Unallocated income tax payable	5,605
Unallocated accruals and other payables	1,289
Total liabilities	108,005

Business Segments

Financial period ended 30 September 2014

(Unaudited)

	TPR	RB	MD 1	MD 2	Apparels	Accessories	Total
	Shoe soles	Shoe soles	Shoe soles	Shoe soles	Apparels	Accessories	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment revenue							
- External sales	11,798	6,490	45,379	178,321	38,060	1,592	281,640
Segment profit	1,661	911	6,530	25,487	1,652	75	36,316
Unallocated interest income							21
Unallocated other expenses							(434)
Profit from operations							35,903
Other information:							
Interest income	31	17	121	471	93	4	737
Interest expense	(22)	(12)	(88)	(343)	(67)	(3)	(535)
Additions to non-current assets*	130	71	511	1,993	-	-	2,705
Depreciation and amortisation	(427)	(234)	(1,679)	(6,557)	(75)	(3)	(8,975)

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

Financial period ended 30 September 2014

(Unaudited)

Segment assets	24,828	13,619	97,564	380,823	15,120	689	532,643
Segment liabilities	2,548	1,398	10,014	39,088	953	44	54,045

As at
30 Sept 2014
RM'000
Unaudited

Segment assets are reconciled to total assets as follows:

Segment assets	532,643
Unallocated prepayment and other receivable	240
Unallocated cash at bank and on hand	72
Total assets	532,955

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	54,045
Unallocated income tax payable	2,996
Unallocated accruals and other payables	688
Total liabilities	57,729

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	
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 Sept 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 Sept 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

8. Subsequent events

There were no material events subsequent to the end of the financial period under review that have not been reflected in this quarterly report as at the date of this report.

9. Changes in the composition of the Group

There were no significant changes in the composition of the Group during the current quarter.

10. Contingent liabilities or assets

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual balance sheet date.

11. Property, plant & equipment and intangible asset

The Group acquired addition of property, plant & equipment as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	1,660	945	5,061	2,705
Intangible asset	-	-	-	-
	<u>1,660</u>	<u>945</u>	<u>5,061</u>	<u>2,705</u>

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

1. Review of the performance of the Group

	Financial period ended		Change
	Unaudited 30-Sept-2014 RMB' 000	Unaudited 30-Sept-2013 RMB' 000	
<u>Revenue</u>			
TPR shoe soles	22,072	20,087	9.9%
RB shoe soles	12,142	12,610	-3.7%
MD1 shoe soles	84,899	89,827	-5.5%
MD2 shoe soles	333,626	391,563	-14.8%
	<u>452,739</u>	<u>514,087</u>	<u>-11.9%</u>
Apparels	71,206	-	-
Accessories	2,978	-	-
	<u>74,184</u>	<u>-</u>	<u>-</u>
Total	<u>526,923</u>	<u>514,087</u>	<u>2.5%</u>

	Financial period ended		Change
	Unaudited 30-Sept-2014 Pair ('000)	Unaudited 30-Sept-2013 Pair ('000)	
<u>Sale volume</u>			
TPR shoe soles	1,844	1,714	7.6%
RB shoe soles	906	871	4.0%
MD1 shoe soles	3,865	3,805	1.6%
MD2 shoe soles	14,555	17,070	-14.7%
	<u>21,170</u>	<u>23,460</u>	<u>-9.8%</u>
Apparels (units)	409	-	-
Accessories (units)	26	-	-
	<u>435</u>	<u>-</u>	<u>-</u>
Total	<u>21,605</u>	<u>23,460</u>	<u>-7.9%</u>

Overall:

For current period performance, the Group recorded revenue of RMB526.9 (RM281.6) million and profit after taxation of RMB50.7 (RM27.1) million. Total revenue increased by 2.5% compared to Q3 2013 because of sales of fashion apparels and accessories, the business of which only commenced in Q4 2013. Profit after tax increased by RMB13.3 (RM7.4) million mainly due to lower preliminary start-up expenses incurred by fashion apparels and accessories division on renovation and transfer of store ownership.

Sport-shoe soles:

The revenue and sales volume dropped by 11.9% and 9.8% respectively compared with corresponding period last year. The production utilisation rate maintains at a moderate level of 66.2% in the current quarter.

Gross profit margin for nine months ended 30 September 2014 has decreased to 20.4% from 27.0% in corresponding period last year mainly due to higher production costs arising from rises in labour and overhead costs.

Profit after taxation was at 10.7% compared to 16.0% in the corresponding period last year.

Apparels and accessories:

The Group commenced trading of apparels under the brand name “Evidoma” during fourth quarter of year 2013. Hence, there was no revenue from trading of apparels and accessories in corresponding period last year.

The business recorded revenue of RMB74.2 (RM39.7) million for the current period with gross profit margin of 32.6% and net profit margin of 4.4%.

2. Variation of results against immediate preceding quarter

	Current quarter 30-Sept-14 RMB'000	Preceding quarter 30-Jun-14 RMB'000	Current quarter 30-Sept-14 RM'000	Preceding quarter 30-June-14 RM'000
Revenue	175,431	188,449	99,778	95,563
Gross profit	37,172	41,720	21,225	21,138
Profit after taxation	13,305	19,024	7,750	9,625

As compared with Q2 2014, revenue for the current quarter decreased by 6.9%. The gross profit margin was at 21.2% compared with 22.1% in the preceding quarter. The Group's profit after taxation is at RMB13.3 (RM7.8) million as compared to RMB19.0 (RM9.6) million in the immediate preceding quarter. Profit after taxation in the current quarter was adversely affected by loss incurred in Apparels and Accessories segment due to seasonal lower sales in current quarter and start-up expenses incurred on new stores opened.

3. Prospects for FYE 2014

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 2014 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	5,606	3,182	16,463	8,800

The effective tax rate of the Group for current quarter was 24% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The lower effective tax rate in current quarter was due to no provision of income tax in apparels and accessories business because of tax losses brought forward.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	602,652	322,116	589,381	304,946
Unrealised	(133)	(71)	(168)	(87)
	<u>602,519</u>	<u>322,045</u>	<u>589,213</u>	<u>304,859</u>
Consolidation adjustments	1,514	809	1,514	783
Total Group retained profits as per Consolidated accounts	<u>604,033</u>	<u>322,854</u>	<u>590,727</u>	<u>305,642</u>

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	(494)	(279)	(1,379)	(737)
Other income	-	-	-	-
Interest expenses	186	114	1,001	535
Depreciation and amortisation	5,629	3,200	16,791	8,975
Foreign exchange (gain)/ loss	(27)	(24)	(561)	(300)

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	1,835	2,125	(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)	(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	114,182		

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 yet to be fully utilised and the Group intends to speed up expansion of sales and marketing network in China in 2nd half of year 2014.
- (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	5,667	8,928	(1)
(ii) Working capital	7,873	-	7,873	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
Total proceeds	24,768	8,320		

Note :

- (1) The Company has completed its TDR issuance and listing on 30 December 2011.
- (2) TDR proceeds have been deposited into a bank in Hong Kong. Due to exchange controls, the Company is currently in the midst of converting the proceeds into share capital of its subsidiary for utilization as working capital.
- (3) The total listing expenses were RM2.653 million, out of which RM0.94 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.353 million was financed via the funds generated internally by the Group

9. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 30 September 2014 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	11,500	6,147

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 2014	31 December 2013
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 2014 and 31 December 2013 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 2014 and 30 June 2013 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 2013.