

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 DECEMBER 2014
 Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

PARTICULARS	NOTE	UNAUDITED AS AT 31-Dec-14 RMB'000	AUDITED AS AT 31-Dec-13 RMB'000	UNAUDITED AS AT 31-Dec-14 RM'000 (1)	AUDITED AS AT 31-Dec-13 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		260,078	275,256	147,746	148,308
Intangible assets		17,855	18,490	10,143	9,963
		<u>277,933</u>	<u>293,746</u>	<u>157,889</u>	<u>158,271</u>
Current assets					
Inventories		18,369	24,148	10,435	13,011
Trade receivables		132,190	141,053	75,095	75,999
Prepayment and other receivables		3,445	2,651	1,957	1,428
Cash and bank balances		575,988	501,440	327,210	270,176
		<u>729,992</u>	<u>669,292</u>	<u>414,697</u>	<u>360,614</u>
Total assets		<u>1,007,925</u>	<u>963,038</u>	<u>572,586</u>	<u>518,885</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		175,361	175,361	99,620	94,484
Reserve		721,920	663,036	410,111	357,244
Total equity		<u>897,281</u>	<u>838,397</u>	<u>509,731</u>	<u>451,728</u>
Current liabilities					
Trade payables		63,879	61,403	36,289	33,084
Accrued liabilities and other payables		30,353	29,494	17,243	15,892
Income tax payable		4,911	6,244	2,790	3,364
Interest-bearing bank borrowings		11,500	27,500	6,533	14,817
		<u>110,643</u>	<u>124,641</u>	<u>62,855</u>	<u>67,157</u>
Total equity and liabilities		<u>1,007,924</u>	<u>963,038</u>	<u>572,586</u>	<u>518,885</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	B13	173.39	162.01	98.50	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 functional 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 RM 0.5681 as at 31 December 2014.

Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 DECEMBER 2014
 Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		QUARTER	YEAR	QUARTER	YEAR
		31-Dec-14	CORRESPONDING	31-Dec-14	CORRESPONDING
		RMB'000	QUARTER	31-Dec-13	QUARTER
			RMB'000		RM'000 (1)
					RM'000 (1)
Revenue		179,533	198,202	119,687	106,791
Cost of sales		(144,705)	(148,683)	(95,986)	(80,110)
Gross Profit		34,828	49,519	23,701	26,681
Other income		575	724	384	390
Selling and distribution expenses		(7,010)	(9,749)	(4,694)	(5,253)
Administrative expenses		(15,142)	(29,346)	(9,572)	(15,812)
Finance costs		(183)	(438)	(138)	(236)
Profit before taxation		13,068	10,710	9,681	5,770
Income tax expenses		(4,471)	(6,243)	(3,092)	(3,364)
Profit after taxation		8,597	4,467	6,589	2,406
Total comprehensive income for the period		8,597	4,467	6,589	2,406
Profit / (Loss) attributable to :					
- Equity holders of the Group		8,597	4,467	6,589	2,406
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		8,597	4,467	6,589	2,406

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Dec-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-13 RMB'000	UNAUDITED CURRENT QUARTER 31-Dec-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING QUARTER 31-Dec-13 RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	1.66	0.86	0.94	0.46
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 :

- (1) *The functional 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 RM 0.5681 as at 31 December 2014.*

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Company Name : MULTI SPORTS HOLDINGS LTD
 Stock Name : MSPORTS
 Financial Period Ended : 31 DECEMBER 2014
 Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2014

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED CURRENT YEAR TO-DATE 31-Dec-14 RMB'000	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-13 RMB'000	UNAUDITED CURRENT YEAR TO-DATE 31-Dec-14 RM'000 (1)	UNAUDITED PRECEDING YEAR CORRESPONDING PERIOD 31-Dec-13 RM'000 (1)
Revenue		706,456	712,290	401,327	383,782
Cost of sales		(555,078)	(524,055)	(315,331)	(282,361)
Gross Profit		151,378	188,235	85,996	101,421
Other income		2,288	1,839	1,300	990
Selling and distribution expenses		(28,191)	(43,276)	(16,015)	(23,317)
Administrative expenses		(44,050)	(68,953)	(25,024)	(37,152)
Finance costs		(1,184)	(1,778)	(673)	(957)
Profit before taxation		80,241	76,067	45,584	40,985
Income tax expenses		(20,934)	(34,149)	(11,892)	(18,400)
Profit after taxation		59,307	41,918	33,692	22,585
Total comprehensive income for the period		59,307	41,918	33,692	22,585
Profit attributable to :					
- Equity holders of the Group		59,307	41,918	33,692	22,585
Total comprehensive income attributable to :					
- Equity holders of the Group		59,307	41,918	33,692	22,585

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR TO-DATE	YEAR	YEAR TO-DATE	YEAR
		CORRESPONDING	CORRESPONDING	CORRESPONDING	CORRESPONDING
		PERIOD	PERIOD	PERIOD	PERIOD
		31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Earnings per share attributable to equity holders of the Group :					
Basic (sen in RMB / RM)	B13	11.46	8.10	6.51	4.36
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.

Note :

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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 DECEMBER 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	838,396
Net profit for the period	-	-	-	-	59,307	59,307
Share issue expenses		(423)				(422)
Transfer to statutory reserve	-	-	8,644	-	(8,644)	-
At 31 December 2014	175,361	137,003	35,847	(54,916)	603,985	897,281

	← 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	99,620	78,070	15,453	(31,197)	314,334	476,280
Net profit for the period	-	-	-	-	33,692	33,692
Share issue expenses		(239)				(239)
Transfer to statutory reserve	-	-	4,910	-	(4,910)	-
At 31 December 2014	99,620	77,831	20,363	(31,197)	343,117	509,733

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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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 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	-	-	-	-	41,918	41,918
Dividends paid	-	-	3,850	-	(3,850)	-
At 31 December 2013	175,361	137,426	27,203	(54,916)	553,323	838,397

	← 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	94,484	74,045	12,583	(29,589)	277,620	429,143
Net profit for the period	-	-	-	-	22,585	22,585
Dividends paid	-	-	2,074	-	(2,074)	-
At 31 December 2013	94,484	74,045	14,656	(29,589)	298,131	451,728

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2014

	UNAUDITED CURRENT PERIOD 31-Dec-14 RMB'000	UNAUDITED PRECEDING PERIOD 31-Dec-13 RMB'000	UNAUDITED CURRENT PERIOD 31-Dec-14 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Dec-13 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	80,241	76,067	45,584	40,985
Adjustments for :-				
Depreciation of property, plant and equipment	21,795	20,814	12,382	11,214
Amortisation of intangible assets	233	2,997	144	1,615
Amortisation of land use rights	402	402	217	217
Impairment of intangible assets	-	15,006	-	8,085
Loss on disposal of property, plant & equipment and intangible asset	-	524	-	282
Gain on disposal of land use rights	-	-	-	-
Interest income	(1,878)	(1,786)	(1,067)	(962)
Interest expense	1,184	1,778	672	958
Operating profit before working capital changes	101,977	115,802	57,932	62,394
Increase in inventories	5,780	(9,501)	3,283	(5,119)
Decrease/ (increase) in trade and other receivables	8,069	(65,929)	4,584	(35,523)
Increase / (decrease) in trade and other payables	3,334	21,578	1,894	11,627
Net cash generated from operations	119,160	61,950	67,693	33,379
Income tax paid	(22,266)	(38,133)	(12,649)	(20,547)
Interest received	1,878	2,687	1,067	1,448
Interest paid	(1,184)	(1,778)	(673)	(958)
Net cash generated from operating activities	97,588	24,726	55,438	13,322
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(6,617)	(11,631)	(3,759)	(6,267)
Acquisition of trademark	-	(641)	-	(345)
Proceed from disposal of property, plant & equipment and intangible asset	-	204	-	110
Net cash used in investing activities	(6,617)	(12,068)	(3,759)	(6,502)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceed from issue of shares	-	-	-	-
Share issue expenses written off against share premium account	(423)	-	(240)	-
Repayment to a director	-	-	-	-
Obtained of bank loan	11,500	27,500	6,533	14,817
Repayment of bank loan	(27,500)	(27,500)	(15,622)	(14,817)
Deposit refunded from bank	-	-	-	-
Net cash used in financing activities	(16,423)	-	(9,329)	-

	UNAUDITED CURRENT PERIOD 31-Dec-14 RMB'000	UNAUDITED PRECEDING PERIOD 31-Dec-13 RMB'000	UNAUDITED CURRENT PERIOD 31-Dec-14 RM'000 (1)	UNAUDITED PRECEDING PERIOD 31-Dec-13 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	74,548	12,658	42,350	6,820
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	501,440	488,782	284,860	263,356
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	575,988	501,440	327,210	270,176
Cash and cash equivalents comprise:				
Cash and bank balances	575,988	501,440	327,210	270,176
Less: Deposit pledged with bank	-	-	-	-
	575,988	501,440	327,210	270,176

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 YEAR ENDED 31 DECEMBER 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 2014, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

On 1 January 2014, 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
IFRS 7	Financial Instruments: Transition disclosures	01.01.2015
IFRS 9	Financial Instruments - Deferral of mandatory effective date of IFRS 9	01.01.2015
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition.	01.01.2018
Amendments to IFRS 10	Consolidated Financial Statement - Sale or contribution of assets between an investor and its associate or joint venture	01.01.2016
Amendments to IFRS 10	Consolidated Financial Statement - Application of the consolidation exception	01.01.2016
Amendment to IFRS 11	Joint Arrangements - Accounting for acquisitions of an interest in a joint operation	01.01.2016
Amendment to IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception	01.01.2016
IFRS 13	Fair value measurement	01.07.2014

IFRS 14	Regulatory Deferral Accounts - Original issue	01.01.2016
IFRS 15	Revenue from Contracts with Customers - Original issue	01.01.2017
Amendments to IAS 1	Presentation of Financial Statements - Disclosure initiative	01.01.2016
Amendments to IAS 16	Property, Plant and Equipment- Proportionate restatement of accumulated depreciation on revaluation	01.07.2014
Amendments to IAS 16	Property, Plant and Equipment-Clarification of acceptable methods of depreciation and amortisation	01.01.2016
Amendments to IAS 16	Property, Plant and Equipment-Bearer plants into the scope of IAS 16	01.01.2016
IAS 19 (as revised in 2011)	Employee Benefits – Clarification on the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	01.07.2014
IAS 19 (as revised in 2011)	Employee Benefits –September 2014 Annual Improvements to IFRSs	01.01.2016
Amendments to IAS 24	Related Party Disclosures - Annual Improvements 2010-2012 Cycle (management entities)	01.07.2014
Amendment to IAS 27 (as revised in 2011)	Separate Financial Statements - Reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements	01.01.2016
Amendments to IAS 28	Investments in Associates and Joint Ventures - Sale or contribution of assets between an investor and its associate or joint venture	01.01.2016
Amendments to IAS 28	Investments in Associates and Joint Ventures - Application of the consolidation exception	01.01.2016
Amendments to IAS 34	Interim Financial Reporting - September 2014 Annual Improvements to IFRSs	01.01.2016
Amendments to IAS 38	Intangible Assets – Annual improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)	01.07.2014
Amendments to IAS 38	Intangible Assets - Clarification of acceptable methods of depreciation and amortisation	01.07.2014
Amendments to IAS 41	Agriculture Bearer plants into the scope of IAS 16	01.01.2016

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

Save as disclosed below, there were no issuances, cancellations, resale and repayments of debt and equity securities for the current financial year to date.

On 15 August 2014, the Company had proposed to undertake a bonus issue of 258,750,000 Warrants on the basis of one(1) Warrant for every two(2) existing ordinary shares of ("US\$") 0.05 each in the Company held at 5 P.M on 5 Nov 2014.

Please refer to the announcement made on 14 Nov 2014 for full details of the announcement.

6. Dividends paid

There were no dividends paid during the period under review.

7. Segment Information

Business Segments

Financial period ended 31 December 2014
(unaudited)

	TPR	RB	MD1	MD2	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	29,460	16,315	114,530	446,358	95,746	4,047	706,456
Segment profit	3,640	2,009	14,428	55,900	5,292	269	81,538
Unallocated interest income							40
Unallocated other expenses							(1,337)
Profit from operations							80,241
Other information:							
Interest income	78	43	310	1,200	235	12	1,878
Interest expenses	49	27	196	757	148	7	1,184
Additions to non-current assets *	317	175	1,257	4,868	-	-	6,617
Depreciation and amortisation	1,065	588	4,223	16,359	186	9	22,430

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

Financial period ended 31 December 2014
(unaudited)

Segment assets	46,710	25,781	185,153	717,335	30,972	1,572	1,007,523
Segment liabilities	5,103	2,817	20,230	78,377	2,310	117	108,954

As at
31-Dec-14
RMB'000
(Unaudited)

Segment assets are reconciled to total assets as follows:

Segment assets	1,007,523
Unallocated Prepayment and other receivable	276
Unallocated Cash at bank & on hand	126
Total assets	1,007,925

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	108,954
Unallocated Income tax payable	-
Unallocated Accruals and Other payables	1,689
Total liabilities	110,643

Business Segments

Financial period ended 31 December 2014
(unaudited)

	TPR	RB	MD1	MD2	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	16,736	9,268	65,063	253,569	54,392	2,299	401,327
Segment profit	2,067	1,141	8,197	31,756	3,006	153	46,320
Unallocated interest income							23
Unallocated other expenses							(759)
Profit from operations							45,584

Other information:

Interest income	44	25	177	681	133	7	1,067
Interest expenses	28	15	111	430	84	4	672
Additions to non-current assets	180	99	714	2,766	-	-	3,759
Depreciation and amortisation	605	335	2,399	9,293	106	5	12,743

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

Financial period ended 31 December 2014
(unaudited)

Segment assets	26,535	14,646	105,183	407,507	17,594	893	572,358
Segment liabilities	2,899	1,600	11,492	44,525	1,312	67	61,895

As at
31-Dec-14
RM'000
(Unaudited)

Segment assets are reconciled to total assets as follows:

Segment assets	572,358
Unallocated prepayment and other receivable	156
Unallocated cash at bank & on hand	72
Total assets	572,586

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	61,895
Unallocated income tax payable	-
Unallocated accruals and other payables	960
Total liabilities	62,855

Business Segments

Financial period ended 31 December 2013
(unaudited)

	TPR	RB	MD1	MD2	Apparels	Accessories	TOTAL
	Shoe soles	Shoe soles	Shoe soles	Shoe soles			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue							
- External sales	26,329	16,902	117,225	511,583	38,639	1,612	712,290
Segment profit	5,284	3,377	23,691	103,383	(52,399)	(2,756)	80,580
Unallocated interest income							187
Unallocated other expenses							(4,700)
Profit from operations							76,067
Other information:							
Interest income	66	42	295	1,287	91	5	1,786
Interest expenses	(65)	(42)	(294)	(1,281)	(91)	(5)	(1,778)
Additions to non-current assets *	436	279	1,954	8,527	1,022	54	12,272
Depreciation and amortisation	(828)	(530)	(3,714)	(16,205)	(2,789)	(147)	(24,213)

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

Financial period ended 31 December 2013
(unaudited)

Segment assets	34,285	21,912	153,721	670,790	44,809	2,357	927,874
Segment liabilities	4,429	2,830	19,856	86,644	2,770	146	116,675

As at
31-Dec-13
RMB'000
(Unaudited)

Segment assets are reconciled to total assets as follows:

Segment assets	927,874
Unallocated Prepayment and other receivable	277
Unallocated Cash at bank & on hand	34,887
Total assets	963,038

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	116,675
Unallocated Income tax payable	6,244
Unallocated Accruals and Other payables	1,722
Total liabilities	124,641

Business Segments

Financial period ended 31 December 2013
(unaudited)

	TPR Shoe soles RM'000	RB Shoe soles RM'000	MD1 Shoe soles RM'000	MD2 Shoe soles RM'000	Apparels RM'000	Accessories RM'000	TOTAL RM'000
Segment revenue							
- External sales	14,186	9,107	63,161	275,641	20,819	868	383,782
Segment profit	2,847	1,819	12,765	55,703	(28,232)	(1,485)	43,417
Unallocated interest income							101
Unallocated other expenses							(2,533)
Profit from operations							40,985
Other information:							
Interest income	35	23	159	693	49	3	962
Interest expenses	(35)	(23)	(158)	(690)	(49)	(3)	(958)
Additions to non-current assets	235	150	1,053	4,594	551	29	6,612
Depreciation and amortisation	(446)	(285)	(2,001)	(8,731)	(1,503)	(79)	(13,045)

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

Financial period ended 31 December 2013
(unaudited)

Segment assets	18,473	11,806	82,825	361,422	24,143	1,270	499,939
Segment liabilities	2,386	1,525	10,698	46,684	1,493	79	62,865

As at
31-Dec-13
RM'000
(Unaudited)

Segment assets are reconciled to total assets as follows:

Segment assets	499,939
Unallocated prepayment and other receivable	149
Unallocated cash at bank & on hand	18,797
Total assets	518,885

Segment liabilities are reconciled to total liabilities as follows:

Segment liabilities	62,865
Unallocated income tax payable	3,364
Unallocated accruals and other payables	928
Total liabilities	67,157

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	1,557	832	6,617	3,759
Intangible asset	-	-	-	-
	<u>1,557</u>	<u>832</u>	<u>6,617</u>	<u>3,759</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-Dec-2014 RMB' 000	Unaudited 31-Dec-2013 RMB' 000	
<u>Revenue</u>			
TPR shoe soles	29,460	26,328	11.90%
RB shoe soles	16,315	16,902	-3.47%
MD1 shoe soles	114,530	117,225	-2.30%
MD2 shoe soles	446,358	511,584	-12.75%
	<u>606,663</u>	<u>672,039</u>	<u>-9.73%</u>
Apparels	95,746	38,639	147.80%
Accessories	4,047	1,612	151.05%
	<u>99,793</u>	<u>40,251</u>	<u>147.93%</u>
Total	<u>706,456</u>	<u>712,290</u>	<u>-0.82%</u>

	Financial period ended		Change
	Unaudited 31-Dec-2014 Pair ('000)	Unaudited 31-Dec-2013 Pair ('000)	
<u>Sales volume</u>			
TPR shoe soles	2,457	2,235	9.93%
RB shoe soles	1,227	1,182	3.81%
MD1 shoe soles	5,252	6,329	-17.02%
MD2 shoe soles	19,592	22,289	-12.10%
	<u>28,528</u>	<u>32,035</u>	<u>-10.95%</u>
Apparels (units)	506	139	264.03%
Accessories (units)	35	14	150.00%
	<u>541</u>	<u>153</u>	<u>253.59%</u>

Overall:

The Group recorded profit after taxation of RMB59.3 (RM33.7) million for the current year compared to RMB41.9 (RM22.6) million in the preceding year. The Group's performance was affected by lower sale and marketing expenses and absence of renovation expenses as compared to preceding year. However, the revenue has slightly decreased by 0.8% due to higher production costs for instances, higher cost of labour and raw material costs.

Sport-shoe soles:

The revenue dropped by 9.73% compared with last year. Sales volumes for RB, MD1 and MD2 have declined by 3.47%, 2.30%, 12.75% respectively. The changed in sales mix was mainly due to the market trend and demand. The production utilisation rate maintains at a moderate level of 61.5% in the current quarter.

Gross profit margin for the year ended 31 December 2014 has decreased to 20% from 26% for last year. The lower profit margin was due to the higher production costs arising from rises in labour and overhead costs; while prices of old products were being adjusted slightly lower to keep up with the market competitiveness.

In line with the decreased in gross profit margin, the profit after taxation declined from 16% last year compared to 10% in the current year.

Apparels and accessories:

The business recorded revenue of RMB99.8 million that increased from RMB40.3 million compared to preceding year. The gross profit margin remained at 33%. The huge increases of the business were resulted from the full year operation during the year, where the Group commenced trading of apparels under the brand name of "Evidoma" during fourth quarter of year 2013.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Dec-14 RMB'000	Preceding quarter 30-Sep-14 RMB'000	Current quarter 31-Dec-14 RM'000	Preceding quarter 30-Sep-14 RM'000
Revenue	179,533	175,431	119,687	99,778
Gross profit	34,828	37,172	23,701	21,225
Profit after taxation	8,597	13,305	6,589	7,750

For fourth quarter performance, the Group recorded revenue of RMB179.5 (RM119.7) million and profit after taxation of RMB8.6 (RM6.6) million.

As compared with Q3 2014, revenue of current quarter has increased by 2.3% attributable to sales of fashion apparels and accessories, as higher sales approached year end due to the festive season

However, the gross profit margin for the current quarter dropped to 19.4% from 21.2% for the preceding quarter. The fall was caused by higher production costs arising from rises in labour and overhead costs; while prices of old products were being adjusted slightly lower and prices of new products were not high.

3. Prospects for FYE 2015

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 2015 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	4,471	3,092	20,934	11,892

- 1) The effective tax rate of the Group for the current quarter was 34% as compared to the current Enterprise Income Tax (EIT) rate of 25%. The higher effective tax rate in the current quarter was mainly due to operating expenses incurred by the holding corporation as well as the intermediate holding corporation which are non-tax deductible against the Group's profit

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	RMB'000	RM'000	RMB'000	RM'000
Realised	602,577	342,318	602,652	322,116
Unrealised	(107)	(61)	(133)	(71)
	602,470	342,257	602,519	322,045
Consolidation adjustments	1,515	860	1,514	809
Total Group retained profits as per Consolidated accounts	603,985	343,117	604,033	322,854

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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	(499)	(283)	(1,878)	(1,067)
Interest expenses	183	104	1,184	672
Depreciation and amortisation	5,639	3,204	22,430	12,743
Foreign exchange (gain)/ loss	(19)	(30)	(580)	(330)

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	2,138	1,822	(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 these proceeds were used to speed up expansion of the product development and marketing in China continuing in 1st half of year 2015.
- (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 been fully utilised

(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	6,551	8,044	(1)
(ii) Working capital	7,873	7,873	-	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
Total proceeds	24,768	9,024		

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. On 5 May 2014, Hongkong Subsidiary "PakSing" has transferred RMB 32.03 million (RM18.196 million) as capital injection to fund the operation of "Evidoma".
- (3) The total listing expenses were RM2.653 million, out of which RM0.94 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.353 million was financed via the funds generated internally by the Group

9. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 31 December 2014 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	11,500	6,533

The bank loans were pledged by the Group's land use rights.

10. Off-balance sheet financial instruments risks

As at the date of this report, neither do we have nor are we using any financial instruments.

11. Changes in material litigation

As at the date of this report, our Group is not engaged either as plaintiff or defendant in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of our Group, our Directors are also not aware of any proceedings pending or threatening or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

12. Proposed dividend

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

13. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 December 2014	31 December 2013
At beginning of year and at end of year	<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 31 December 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 31 December 2014 and 31 December 2013 respectively.

On 15 August 2014, the Company had proposed to undertake a bonus issue of 258,750,000 Warrants on the basis of one(1) Warrant for every two(2) existing ordinary shares of ("US\$") 0.05 each in the Company held at 5 P.M on 5 Nov 2014.

The fair value of the warrant was determined to be zero as there is no consideration received for the warrant. The exercise price per share was RM 0.18.

The numbers of warrants outstanding as at 31 December 2014 are 258,750,000.

<u>Exercisable period</u>	<u>Number of warrant</u>
3 years	258,750,000

There are no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at end of the current and preceding quarter under review.

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.

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