

Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31-Dec-15
Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

PARTICULARS	NOTE	Unaudited	Audited	Unaudited	Audited
		As At 31-Dec-15 RMB'000	As At 31-Dec-14 RMB'000	As At 31-Dec-15 RM'000 (1)	As At 31-Dec-14 RM'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		290,197	260,078	192,081	147,746
Intangible assets		17,220	17,855	11,398	10,143
		307,417	277,933	203,479	157,889
Current assets					
Inventories		11,238	18,369	7,438	10,435
Trade receivables		173,627	132,376	114,924	75,201
Prepayment and other receivables		546	3,199	361	1,817
Cash and bank balances		496,480	575,988	328,620	327,210
		681,891	729,932	451,343	414,663
Total assets		989,308	1,007,865	654,822	572,552
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		100,363	175,361	66,429	99,620
Reserve		785,141	720,940	519,686	409,555
Total equity		885,504	896,301	586,115	509,189

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

PARTICULARS	NOTE	Unaudited	Audited	Unaudited	Audited
		As At	As At	As At	As At
		31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Current liabilities					
Trade payables		55,363	63,879	36,645	36,274
Accrued liabilities and other payables		31,871	31,714	21,094	18,016
Income tax payable		5,070	4,471	3,356	2,540
Interest-bearing bank borrowings		11,500	11,500	7,612	6,533
		103,804	111,564	68,707	63,363
Total equity and liabilities		989,308	1,007,865	654,822	572,552
Net Assets per share attributable to equity holders of the Group (Cents in RMB / RM)	B13	167.80	173.20	111.07	98.39

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 0.6919 as at 31 December 2015 and RMB1 to RM0.5681 as at 31 December 2014.

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Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31-Dec-15
Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

PARTICULARS	NOTE	Individual Quarter		Individual Quarter	
		Unaudited	Audited	Unaudited	Unaudited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Dec-15 RMB'000	31-Dec-14 RMB'000	31-Dec-15 RM'000 (1)	31-Dec-14 RM'000 (1)
Revenue		143,106	179,533	81,634	119,687
Cost of sales		(124,584)	(144,705)	(71,415)	(95,986)
Gross Profit		18,522	34,828	10,219	23,701
Other income		722	575	425	198
Selling and distribution expenses		(4,961)	(7,010)	(2,815)	(5,063)
Administrative expenses		(23,828)	(15,142)	(13,955)	(9,574)
Other operating expenses		(3,062)	-	(2,027)	-
Finance costs		(177)	(183)	(101)	(138)
Profit /(Loss) before taxation		(12,784)	13,068	(8,254)	9,124
Income tax expenses		(1,863)	(4,471)	(1,020)	(3,092)
Profit / (loss) after taxation		(14,647)	8,597	(9,274)	6,032
Total comprehensive income / (loss) for the period		(14,647)	8,597	(9,274)	6,032
Profit / (Loss) attributable to :					
- Equity holders of the Group		(14,647)	8,597	(9,274)	6,032
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		(14,647)	8,597	(9,274)	6,032

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

PARTICULARS	NOTE	Individual Quarter		Individual Quarter	
		Unaudited	Audited	Unaudited	Unaudited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)

Earnings (loss) per share attributable to equity holders of the Group :

Basic (cents in RMB / RM)	B13	(2.78)	1.66	(1.76)	1.17
Diluted (cents 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 2014 and the accompanying explanatory notes attached to the financial statements.

Note :

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Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31-Dec-15
Quarter : 4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

PARTICULARS	NOTE	Cumulative Quarter		Cumulative Quarter	
		Unaudited	Audited	Unaudited	Audited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
Revenue		579,352	706,456	383,473	401,327
Cost of sales		(492,832)	(555,078)	(326,206)	(315,331)
Gross Profit		86,520	151,378	57,267	85,996
Other income		2,479	1,961	1,641	1,114
Selling and distribution expenses		(20,570)	(28,841)	(13,615)	(16,384)
Administrative expenses		(84,387)	(44,053)	(55,856)	(25,026)
Other operating expenses		(3,062)	-	(2,027)	-
Finance costs		(734)	(1,184)	(486)	(673)
Profit before taxation		(19,754)	79,261	(13,076)	45,027
Income tax expenses		(8,937)	(20,934)	(5,915)	(11,892)
Profit after taxation		(28,691)	58,327	(18,991)	33,135
Total comprehensive income for the period		(28,691)	58,327	(18,991)	33,135
Profit / (Loss) attributable to :					
- Equity holders of the Group		(28,691)	58,327	(18,991)	33,135
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		(28,691)	58,327	(18,991)	33,135

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

PARTICULARS	NOTE	Cumulative Quarter		Cumulative Quarter	
		Unaudited	Audited	Unaudited	Audited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)

Earnings (loss) per share attributable to equity holders of the Group :

Basic (cents in RMB / RM)	B13	(5.44)	11.27	(3.60)	6.40
Diluted (cents 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 2014 and the accompanying explanatory notes attached to the financial statements.

Note :

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Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31-Dec-15
Quarter : 4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

	← Attributable to Equity Holders of The Group →							Total Equity
	Share Capital	Share Premium	ESOS Reserve	Statutory Reserve	Merger Deficit	Contributed Surplus	Retained Earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance At 1 January 2015	175,361	137,003	-	35,846	(54,916)	-	603,007	896,301
Effect of Par Value Reduction	(87,680)	-	-	-	-	87,680	-	-
Granding of employee share option scheme (ESOS)	-	-	5,212	-	-	-	-	5,212
Issued of new share	12,682	-	(5,212)	-	-	-	5,212	12,682
Transfer to statutory reserve	-	-	-	2,830	-	-	(2,830)	-
Net profit / (loss) for the period	-	-	-	-	-	-	(28,691)	(28,691)
Balance At 31 December 2015	100,363	137,003	-	38,676	(54,916)	87,680	576,698	885,504

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

	← Attributable to Equity Holders of The Group →							Total Equity
	Share Capital	Share Premium	ESOS Reserve	Statutory Reserve	Merger Deficit	Contributed Surplus	Retained Earnings	
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	
Balance At 1 January 2015	116,071	90,684	-	23,726	(36,349)	-	399,130	593,262
Effect of Par Value Reduction	(58,036)	-	-	-	-	58,036	-	-
Granting of employee share option scheme (ESOS)	-	-	3,450	-	-	-	-	3,450
Issued of new share	8,394	-	(3,450)	-	-	-	3,450	8,394
Transfer to statutory reserve	-	-	-	1,873	-	-	(1,873)	-
Net profit / (loss) for the period	-	-	-	-	-	-	(18,991)	(18,991)
Balance At 31 December 2015	66,429	90,684	-	25,599	(36,349)	58,036	381,716	586,115

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 2014 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 : 31-Dec-15
Quarter : 4

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

	← 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	-	-	-	-	58,327	58,327
Share issue expenses	-	(423)	-	-	-	(423)
Transfer to statutory reserve	-	-	8,644	-	(8,644)	-
Balance At 31 December 2014	175,361	137,003	35,847	(54,916)	603,006	896,301

	← 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	-	-	-	-	33,135	33,135
Share issue expenses	-	(240)	-	-	-	(240)
Transfer to statutory reserve	-	-	4,911	-	(4,911)	-
Balance At 31 December 2014	99,620	77,830	20,364	(31,197)	342,558	509,175

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 2014 and the accompanying explanatory notes attached to the financial statements.

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Company Name : MULTI SPORTS HOLDINGS LTD
Stock Name : MSPORTS
Financial Period Ended : 31-Dec-15
Quarter : 4

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

	Unaudited Current Period 31-Dec-15 RMB'000	Audited Preceding Period 31-Dec-14 RMB'000	Unaudited Current Period 31-Dec-15 RM'000 (1)	Audited Preceding Period 31-Dec-14 RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit / (loss) before taxation	(19,754)	79,261	(13,076)	45,027
Adjustments for :-				
Depreciation of property, plant and equipment	22,294	21,795	14,756	12,382
Amortisation of intangible assets	233	233	154	144
Amortisation of land use rights	402	402	266	217
Loss on disposal of property, plant and equipment	3,062	-	2,027	
Share based payment	5,212	-	3,450	-
Interest income	(1,941)	(1,894)	(1,285)	(1,067)
Interest expense	728	1,184	482	672
Operating profit before working capital changes	<u>10,236</u>	<u>100,981</u>	<u>6,774</u>	<u>57,375</u>
Decrease / (Increase) in inventories	7,131	5,780	4,720	3,283
Decrease/ (increase) in trade receivables	(41,251)	8,677	(27,304)	4,895
Decrease/ (increase) in prepayment and other receivables	2,652	(548)	1,755	(311)
Increase / (decrease) in trade payables	(8,515)	2,475	(5,635)	633
Increase / (decrease) in other payables	157	2,220	104	1,260
Net cash generated from operations	<u>(29,590)</u>	<u>119,585</u>	<u>(19,586)</u>	<u>67,135</u>
Income tax paid	(8,338)	(22,707)	(5,519)	(12,649)
Interest received	1,941	1,894	1,285	1,067
Interest paid	(728)	(1,184)	(482)	(672)
Net cash generated from operating activities	<u>(36,715)</u>	<u>97,588</u>	<u>(24,302)</u>	<u>54,881</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(55,675)	(6,617)	(36,851)	(3,759)
Proceed from disposal of property, plant and equipment	200		132	
Net cash used in investing activities	<u>(55,475)</u>	<u>(6,617)</u>	<u>(36,719)</u>	<u>(3,759)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Share issue expenses written off against share premium account	-	(423)	-	(240)
Proceed from new share issued	12,682	-	8,394	
Drawdown of bank loan	-	11,500	-	6,533
Repayment of bank loan	-	(27,500)	-	(15,622)
Net cash used in financing activities	<u>12,682</u>	<u>(16,423)</u>	<u>8,394</u>	<u>(9,329)</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

	Unaudited Current Period 31-Dec-15 RMB'000	Audited Preceding Period 31-Dec-14 RMB'000	Unaudited Current Period 31-Dec-15 RM'000 (1)	Audited Preceding Period 31-Dec-14 RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(79,508)	74,548	(52,627)	41,793
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	575,988	501,440	381,247	284,860
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	496,480	575,988	328,620	326,653

Cash and cash equivalents comprise:

Cash and bank balances	496,480	575,988	328,620	327,210
Less: Deposit pledged with bank	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	496,480	575,988	328,620	327,210

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 QUARTER ENDED 31 DECEMBER 2015

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

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 Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:-

Effective for the Company’s and the Group’s annual accounting period beginning on 1 January 2015.

- Various improvements to IFRSs (Annual Improvements 2010-2012)
- Amendments to IFRS 8 Operating Segments
- Amendments to IAS 16 Property, Plant and Equipment
- Amendments to IAS 24 Related Party Disclosures
- Amendment to IAS 38 Intangible Assets
- Various improvements to IFRSs (Annual Improvements 2011-2013)
- Amendments to IFRS 13 Fair Value Measurement

Effective for the Company’s and the Group’s annual accounting period beginning on 1 January 2016.

- Amendments to IAS1: Disclosure Initiative
- Amendments to IAS 27: Equity Method in Separate Financial Statement
- Various improvements to IFRSs (Annual Improvements 2012-2014)
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Method of Depreciation and Amortisation

1. Basis of accounting and changes in accounting estimates (Cont.)

Effective for the Company's and the Group's annual accounting period beginning on 1 January 2017.

- IFRS 15 Revenue from Contract with Customers

Effective for the Company's and the Group's annual accounting period beginning on 1 January 2018.

- IFRS 9 Financial Instruments

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 business of the Group was not affected by any significant seasonal and cyclical factors except for lower level of production activities due to fewer working days as a result of Lunar New Year holidays in the first quarter each year.

3. Unusual items

Except for the exercise of Employees' Share Option Scheme by the employees which increased the equity of the company. 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

a) Par Value Reduction

On 25 August 2015, the board announced that the Par Value Reduction of USD0.025 per share takes effect on 24 August 2015.

b) Exercise of Employees' Share Option Scheme ("ESOS")

On 19 October 2015, 77,625,000 units of ESOS were granted to eligible employees of the Group. Accordingly, employees' benefits associated with grant of ESOS, RMB5,211,994 were charged to profit or loss in accordance with the requirement of IFRS 2 Share Based Payment.

On 16 of November 2015, the board announced that 77,622,000 units of ESOS were exercised resulting 77,622,000 units of new shares being issued at the price of RM0.11 per share with the listing date on 17 November 2015. The total proceeds raised from the exercise of ESOS amounted to RMB12,681,751.

Save for the above, there is no other changes in share capital and debts under review.

6. Dividends paid

There were no dividends paid during the period under review.

7. Segment Information

Business Segments

Financial period ended 31 December 2015

(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	23,176	17,899	107,491	384,588	42,866	3,332	579,352
Segment profit / (loss)	1,000	761	4,669	16,658	(36,880)	(3,290)	(17,082)
Unallocated interest income							-
Unallocated other income							234
Unallocated other expenses							(2,906)
Profit from Operation							(19,754)

Other information:

Interest income	78	59	363	1,297	132	12	1,941
Interest expenses	29	22	137	486	50	4	728
Additional to non-current assets*	2,412	1,836	11,259	40,168	-	-	55,675
Depreciation and amortisation	985	750	4,598	16,400	180	16	22,929

* Additional to non-current assets consist of additional to property, plant and equipment and intangible assets.

Financial period ended 31 December 2015

(Unaudited)

Segment assets	41,687	31,725	194,554	694,115	24,322	2,170	988,573
Segment liabilities	4,077	3,103	19,028	67,887	1,734	155	95,984

As at
31-Dec-15
RMB'000
Unaudited

Segment assets are reconciled to total assets as follows:-

Segment assets	988,573
Unallocated prepayment and other receivable	23
Unallocated cash at bank and on hand	712
Total assets	989,308

7. Segment Information (Cont.)

Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	95,984
Unallocated income tax payable	5,070
Unallocated accrual and other payables	2,750
Total liabilities	103,804

Business Segments

Financial period ended 31 December 2015

(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	15,340	11,848	71,148	254,558	28,373	2,206	383,473
Segment profit / (loss)	662	504	3,090	11,026	(24,411)	(2,177)	(11,306)
Unallocated interest income							-
Unallocated other income							154
Unallocated other expenses							(1,924)
Profit from Operation							(13,076)

Other information:

Interest income	52	39	241	857	88	8	1,285
Interest expenses	19	15	90	322	33	3	482
Additional to non-current assets*	1,596	1,215	7,452	26,588	-	-	36,851
Depreciation and amortisation	652	497	3,043	10,854	119	11	15,176

* Additional to non-current assets consist of additional to property, plant and equipment and intangible assets.

Financial period ended 31 December 2015

(Unaudited)

Segment assets	27,592	20,999	128,775	459,435	16,099	1,436	654,336
Segment liabilities	2,699	2,054	12,595	44,934	1,148	103	63,533

7. Segment Information (Cont.)

As at
31-Dec-15
RM'000
Unaudited

Segment assets are reconciled to total assets as follows:-

Segment assets	654,336
Unallocated prepayment and other receivable	14
Unallocated cash at bank and on hand	472
Total assets	654,822

Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	63,533
Unallocated income tax payable	3,356
Unallocated accrual and other payables	1,818
Total liabilities	68,707

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	3,649	2,014	14,464	56,037	4,641	269	81,074
Unallocated interest income							17
Unallocated other expenses							(1,830)
Profit from Operation							79,261

Other information:

Interest income	78	44	310	1,197	236	12	1,877
Interest expenses	(49)	(27)	(196)	(757)	(148)	(7)	(1,184)
Additional 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)

* Additional to non-current assets consist of additional to property, plant and equipment and intangible assets.

7. Segment Information (Cont.)
Financial period ended 31 December 2014

(Unaudited)

Segment assets	46,719	25,786	185,188	717,473	30,973	1,572	1,007,711
Segment liabilities	5,103	2,817	20,230	78,377	2,961	117	109,605

As at
31-Dec-14
RMB'000
Unaudited

Segment assets are reconciled to total assets as follows:-

Segment assets	1,007,711
Unallocated prepayment and other receivable	28
Unallocated cash at bank and on hand	126
Total assets	1,007,865

Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	109,605
Unallocated income tax payable	-
Unallocated accrual and other payables	1,959
Total liabilities	111,564

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	2,073	1,144	8,217	31,834	2,636	153	46,057
Unallocated interest income							10
Unallocated other expenses							(1,040)
Profit from Operation							45,027

7. Segment Information (Cont.)

Other information:

Interest income	44	25	176	680	134	7	1,066
Interest expenses	(28)	(15)	(111)	(430)	(84)	(4)	(672)
Additional to non-current assets*	180	99	714	2,765	-	-	3,758
Depreciation and amortisation	(605)	(334)	(2,399)	(9,293)	(106)	(5)	(12,742)

* Additional to non-current assets consist of additional to property, plant and equipment and intangible assets.

Financial period ended 31 December 2014 (Unaudited)

Segment assets	26,540	14,649	105,203	407,586	17,595	893	572,466
Segment liabilities	2,899	1,600	11,492	44,525	1,682	66	62,264

As at
31-Dec-14
RM'000
Unaudited

Segment assets are reconciled to total assets as follows:-

Segment assets	572,466
Unallocated prepayment and other receivable	16
Unallocated cash at bank and on hand	70
Total assets	572,552

Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	62,264
Unallocated income tax payable	-
Unallocated accrual and other payables	1,099
Total liabilities	63,363

8. Subsequent events

There were no subsequent events for the period under review.

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	
	31-Dec-15	31-Dec-15	31-Dec-15	31-Dec-15
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	54,011	35,838	55,675	36,851
Intangible asset	-	-	-	-
	<u>54,011</u>	<u>35,838</u>	<u>55,675</u>	<u>36,851</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 quarter ended (Unaudited)

	Individual Quarter		
	31-Dec-15	31-Dec-14	Change
	RMB' 000	RMB' 000	
Revenue			
TPR shoe soles	5,620	7,388	(23.93%)
RB shoe soles	4,760	4,173	14.07%
MD1 shoe soles	28,257	29,631	(4.64%)
MD2 shoe soles	98,460	112,732	(12.66%)
	<u>137,097</u>	<u>153,924</u>	(10.93%)
Apparels	5,785	24,540	(76.43%)
Accessories	224	1,069	(79.05%)
	<u>6,009</u>	<u>25,609</u>	(76.54%)
Total	<u>143,106</u>	<u>179,533</u>	(20.29%)

Overall:

The Group recorded loss after taxation of RMB14.6 (RM9.3) million for the current year quarter compared to profit after tax of RMB8.6 (RM6.0) million in the preceding year of 2014 quarter.

The Group's sales performance for shoe soles, apparels and accessories was lower for this quarter. The revenue decreased by 20.29% due to slow down in China's economy which had affected demand for downstream industries during this quarter under review.

Due to the decreased in gross profit margin from 19.4% for year 2014 to 12.9% this year and the increase in operation cost from RMB22.3 (RM14.4) million for year 2014 to RMB23.8 (RM13.4) million this year, the overall profitability of the group was affected.

During this quarter under review, the group disposed off machineries which resulted to a loss of disposal of RMB3.1 (RM2.0) million. The grant of ESOS to eligible employees has also contributed to higher loss after taxation.

Sport-shoe soles:

The revenue dropped by 10.93% compared with preceding year. Sales for TPR, MD1 and MD2 have declined by 23.93%, 4.64% and 12.66% respectively and for RB increased by 14.07%. The decreased in sales was due to lower demand for down stream shoes industries.

Gross profit margin for the quarter ended 31 December 2015 has decreased from 20.00% to 14.95% as compared with preceding year. The lower profit margin was due to higher production costs arising from rises in labour and overhead costs.

1. Review of the performance of the Group (Cont.)

Apparels and accessories:

The business recorded revenue of RMB6.0 million, a decrease of RMB19.6 million as compared to preceding year. The revenue of apparels and accessories of the Group was affected by the internal purchasing power and demand of for our fourth quarter.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Dec-15 RMB'000	Preceding quarter 30-Sep-15 RMB'000	Current quarter 31-Dec-15 RM'000	Preceding quarter 30-Sep-15 RM'000
Revenue	143,106	155,721	81,634	96,409
Gross profit	18,522	27,191	10,219	16,851
Profit / (loss) after taxation	(14,647)	(10,196)	(9,274)	(6,088)

For fourth quarter performance, the Group recorded revenue of RMB143.1 (RM81.6) million and loss after taxation of RMB14.6 (RM9.3) million.

As compared with third quarter 2015, revenue of current quarter has decreased by 8.1% attributable to lower sales of apparels and accessories and offset by fashion apparels.

However, the gross profit margin for the current quarter decreased from 17.5% for the preceding quarter to 12.9% . The decrease in gross profit was due to increase in production costs.

3. Prospects for FYE 2016

The management was the opinion that the demand for sports-shoe soles and sports shoes will be competitive and challenging in China for FYE 2016. The management will be mindful in its business dealings and will take reasonable steps to ensure that the business will continue to be sustainable.

For apparels and accessories business, the Group will need to further re-assess the market demand and profitability in this sector due to general purchasing power in China and slow in gross domestic demand for consumer goods.

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	
	31-Dec-15	31-Dec-15	31-Dec-15	31-Dec-15
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	1,863	1,020	8,937	5,915

- 1) The effective tax rate of the Group for the current quarter was 20% as compared to the current Enterprise Income Tax (EIT) rate of 25%. The lower effective tax rate in current quarter was due to no provision of income tax in apparels and accessories business during this quarter.

6. Retained earnings

	Current Quarter Ended		Preceding Quarter Ended	
	31-Dec-15	31-Dec-15	31-Dec-14	31-Dec-14
	RMB'000	RM'000	RMB'000	RM'000
Realised	574,954	380,562	601,599	341,759
Unrealised	230	152	(107)	(61)
	<u>575,184</u>	<u>380,714</u>	<u>601,492</u>	<u>341,698</u>
Consolidation adjustments	1,514	1,002	1,514	860
Total Group retained profits as per Consolidated accounts	<u>576,698</u>	<u>381,716</u>	<u>603,006</u>	<u>342,558</u>

7. Profit before taxation

The Group's profit before taxation is arrived after charging/ (crediting):

	Current Quarter		Current Year-to-date	
	31-Dec-15	31-Dec-15	31-Dec-15	31-Dec-15
	RMB'000	RM'000	RMB'000	RM'000
After Crediting				
Interest income	(920)	(663)	(1,941)	(1,285)
After Charging				
Interest expenses	358	257	728	482
Depreciation and amortisation	9,868	7,202	22,527	14,910

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	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	114,485		

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.

8 Status of corporate proposals and utilisation of proceeds (Cont.)

(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 (RM24.688) million and we have utilised the proceeds raised in the following manner: -

	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Explanations RM'000
(i) Expansion of production capacity				
- Production line	15,681	4,641		(1)
(ii) Working capital	17,747	22,859	(5,112)	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
Total proceeds	35,728	30,153		

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 2015 were as follow: -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	11,500	7,612

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

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 527,707,825 and 517,500,000 ordinary shares in issue for the financial period/ year ended 31 December 2015 and 2014 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 527,707,825 and 517,500,000 ordinary shares fully in issue for the financial period ended 31 December 2015 and 2014 respectively.

The Group

	Individual Quarter		Individual Quarter	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	RMB	RMB	RM	RM
	Cents	Cents	cents	cents
Basic earnings per share is based on:				
Profit after taxation attributable to ordinary shareholders of the Company	(2.78)	1.66	(1.76)	1.17

	Cumulative Quarter		Cumulative Quarter	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	RMB	RMB	RM	RM
	Cents	Cents	cents	cents
Basic earnings per share is based on:				
Profit after taxation attributable to ordinary shareholders of the Company	(5.44)	11.27	(3.60)	6.40

13 Net asset and earnings per share (Cont.)

	Weighted average no. of shares	
	31-Dec-15	31-Dec-14
The Company and the Group		
At the beginning of the year	517,500,000	517,500,000
Exercise of ESOS on 13/11/2015 for 77,622,000 shares at par value	10,207,825	-
At end of year	<u>527,707,825</u>	<u>517,500,000</u>

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 2015 are 258,750,000.

<u>Exercisable period</u>	Number of warrant
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 2014.