

**Company Name** : MULTI SPORTS HOLDINGS LTD  
**Stock Name** : MSPORTS  
**Financial Period Ended** : 31-Mar-16  
**Quarter** : 1

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

PARTICULARS	NOTE	Unaudited	Unaudited	Unaudited	Unaudited
		As At	As At	As At	As At
		31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		282,482	290,197	186,975	192,081
Intangible assets		16,358	17,220	10,827	11,398
		<u>298,840</u>	<u>307,417</u>	<u>197,802</u>	<u>203,479</u>
<b>Current assets</b>					
Inventories		12,220	11,238	8,088	7,438
Trade receivables		112,902	173,627	74,730	114,924
Prepayment and other receivables		1,298	546	859	361
Cash and bank balances		514,196	496,480	340,347	328,620
		<u>640,616</u>	<u>681,891</u>	<u>424,024</u>	<u>451,343</u>
<b>Total assets</b>		<u><u>939,456</u></u>	<u><u>989,308</u></u>	<u><u>621,826</u></u>	<u><u>654,822</u></u>
<b>EQUITY AND LIABILITY</b>					
<b>Capital and Reserves</b>					
Share capital		102,373	100,363	67,760	66,429
Reserve		772,607	785,141	511,388	519,686
<b>Total equity</b>		<u><u>874,980</u></u>	<u><u>885,504</u></u>	<u><u>579,148</u></u>	<u><u>586,115</u></u>

**Note:**

The quarterly report is prepared without taking into consideration of any financial adjustment, if any, that may arise from the additional works to be performed by the External Auditors of the Company, RT LLP to verify expenditure incurred and bank balances, as announced on 25 April 2016. The adjustment, if any, when determined, may have an impact on the current quarterly results.

However, the above audit is still on-going and at this juncture, the directors are not aware of any adjustments that may require to be made to the quarterly results.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016**

PARTICULARS	NOTE	Unaudited	Unaudited	Unaudited	Unaudited
		As At	As At	As At	As At
		31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
		RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
<b>Current liabilities</b>					
Trade payables		25,061	55,363	16,589	36,645
Accrued liabilities and other payables		25,018	31,871	16,559	21,094
Income tax payable		2,897	5,070	1,918	3,356
Interest-bearing bank borrowings		11,500	11,500	7,612	7,612
		<u>64,476</u>	<u>103,804</u>	<u>42,678</u>	<u>68,707</u>
<b>Total equity and liabilities</b>		<u>939,456</u>	<u>989,308</u>	<u>621,826</u>	<u>654,822</u>
Net Assets per share attributable to equity holders of the Group (Cents in RMB / RM)	B13	146.50	171.11	96.97	113.26

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 0.6619 as at 31 March 2016 and RMB1 to RM0.5973 as at 31 March 2015.*

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**Company Name** : MULTI SPORTS HOLDINGS LTD  
**Stock Name** : MSPORTS  
**Financial Period Ended** : 31-Mar-16  
**Quarter** : 1

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

PARTICULARS	NOTE	Individual Quarter		Individual Quarter	
		Unaudited	Unaudited	Unaudited	Unaudited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Mar-16 RMB'000	31-Mar-15 RMB'000	31-Mar-16 RM'000 (1)	31-Mar-15 RM'000 (1)
Revenue		80,215	137,587	53,094	82,186
Cost of sales		(79,310)	(112,033)	(52,496)	(66,921)
Gross Profit		905	25,554	598	15,265
Other income		424	585	280	349
Selling and distribution expenses		(2,452)	(3,906)	(1,623)	(2,333)
Administrative expenses		(12,054)	(9,041)	(7,979)	(5,401)
Other operating expenses		(124)	-	(82)	-
Finance costs		(183)	(182)	(121)	(109)
Profit /(Loss) before taxation		(13,484)	13,010	(8,927)	7,771
Income tax expenses		-	(2,699)	-	(1,612)
Profit / (loss) after taxation		(13,484)	10,311	(8,927)	6,159
Total comprehensive income / (loss)for the period		(13,484)	10,311	(8,927)	6,159
Profit / (Loss) attributable to :					
- Equity holders of the Group		(13,484)	10,311	(8,927)	6,159
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		(13,484)	10,311	(8,927)	6,159

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

PARTICULARS	NOTE	Individual Quarter		Individual Quarter	
		Unaudited	Unaudited	Unaudited	Unaudited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
		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	(2.26)	1.99	(1.49)	1.19
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 :**

- (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 0.6619 as at 31 March 2016 and RMB1 to RM0.5973 as at 31 March 2015.*

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**Company Name** : MULTI SPORTS HOLDINGS LTD  
**Stock Name** : MSPORTS  
**Financial Period Ended** : 31-Mar-16  
**Quarter** : 1

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

PARTICULARS	NOTE	Cumulative Quarter		Cumulative Quarter	
		Unaudited	Unaudited	Unaudited	Unaudited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Mar-16 RMB'000	31-Mar-15 RMB'000	31-Mar-16 RM'000 (1)	31-Mar-15 RM'000 (1)
Revenue		80,215	137,587	53,094	82,186
Cost of sales		(79,310)	(112,033)	(52,496)	(66,921)
Gross Profit		905	25,554	598	15,265
Other income		424	585	280	349
Selling and distribution expenses		(2,452)	(3,906)	(1,623)	(2,333)
Administrative expenses		(12,054)	(9,041)	(7,979)	(5,401)
Other operating expenses		(124)	-	(82)	-
Finance costs		(183)	(182)	(121)	(109)
Profit before taxation		(13,484)	13,010	(8,927)	7,771
Income tax expenses		-	(2,699)	-	(1,612)
Profit after taxation		(13,484)	10,311	(8,927)	6,159
Total comprehensive income for the period		(13,484)	10,311	(8,927)	6,159
Profit / (Loss) attributable to :					
- Equity holders of the Group		(13,484)	10,311	(8,927)	6,159
Total comprehensive income / (loss) attributable to :					
- Equity holders of the Group		(13,484)	10,311	(8,927)	6,159

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

PARTICULARS	NOTE	Cumulative Quarter		Cumulative Quarter	
		Unaudited	Unaudited	Unaudited	Unaudited
		Current Quarter	Preceding Year Corresponding Quarter	Current Quarter	Preceding Year Corresponding Quarter
		31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
		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	(2.26)	1.99	(1.49)	1.19
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 :**

- (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 0.6619 as at 31 March 2016 and RMB1 to RM0.5973 as at 31 March 2015.*

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**Company Name** : MULTI SPORTS HOLDINGS LTD  
**Stock Name** : MSPORTS  
**Financial Period Ended** : 31-Mar-16  
**Quarter** : 1

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	← 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 2016	100,362	137,003	-	38,676	(54,916)	87,680	576,602	885,407
Granting of employee share option scheme (ESOS)	-	-	1,046	-	-	-	-	1,046
Issued of new share	2,011	-	(1,046)	-	-	-	1,046	2,011
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Net profit / (loss) for the period	-	-	-	-	-	-	(13,484)	(13,484)
<b>Balance At 31 March 2016</b>	<b>102,373</b>	<b>137,003</b>	<b>-</b>	<b>38,676</b>	<b>(54,916)</b>	<b>87,680</b>	<b>564,164</b>	<b>874,980</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	← Attributable to Equity Holders of The Group →							Total Equity RM'000 (1)
	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 2016	66,429	90,684	-	25,599	(36,349)	58,036	381,653	586,052
Granting of employee share option scheme (ESOS)	-	-	692	-	-	-	-	692
Issued of new share	1,331	-	(692)	-	-	-	692	1,331
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Net profit / (loss) for the period	-	-	-	-	-	-	(8,927)	(8,927)
<b>Balance At 31 March 2016</b>	<b>67,760</b>	<b>90,684</b>	<b>-</b>	<b>25,599</b>	<b>(36,349)</b>	<b>58,036</b>	<b>373,418</b>	<b>579,148</b>

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 :**

- (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 0.6619 as at 31 March 2016 and RMB1 to RM0.5973 as at 31 March 2015.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	<----- 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 2015	175,361	137,426	35,846	(54,916)	603,007	896,724
Net profit for the period	-	-	-	-	10,311	10,311
Balance At 31 March 2015	175,361	137,426	35,846	(54,916)	613,318	907,035

	<----- 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 2015	104,750	81,838	21,412	(32,803)	360,198	535,395
Net profit for the period	-	-	-	-	6,159	6,159
Balance At 31 March 2015	104,750	81,838	21,412	(32,803)	366,357	541,554

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 :**

- (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 0.6619 as at 31 March 2016 and RMB1 to RM0.5973 as at 31 March 2015.

**Company Name** : MULTI SPORTS HOLDINGS LTD  
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**Financial Period Ended** : 31-Mar-16  
**Quarter** : 1

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 MARCH 2016**

	Unaudited Current Period 31-Mar-16 RMB'000	Unaudited Preceding Period 31-Mar-15 RMB'000	Unaudited Current Period 31-Mar-16 RM'000 (1)	Unaudited Preceding Period 31-Mar-15 RM'000 (1)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit / (loss) before taxation	(13,484)	13,010	(8,927)	7,771
Adjustments for :-				
Depreciation of property, plant and equipment	8,068	5,481	5,340	3,274
Amortisation of intangible assets	862	862	571	515
Amortisation of land use rights				
Loss on disposal of property, plant and equipment	124	-	82	-
Share based payment	1,046	-	692	-
Interest income	(375)	(509)	(248)	(304)
Interest expense	181	182	120	109
Operating profit before working capital changes	(3,578)	19,026	(2,370)	11,365
Decrease / (Increase) in inventories	(982)	2,811	(650)	1,679
Decrease/ (increase) in trade receivables	60,725	49,398	40,194	29,507
Decrease/ (increase) in prepayment and other receivables	(753)	(540)	(498)	(323)
Increase / (decrease) in trade payables	(30,302)	(22,329)	(20,057)	(13,338)
Increase / (decrease) in other payables	(6,948)	(7,350)	(4,597)	(4,390)
Net cash generated from operations	18,162	41,016	12,022	24,500
Income tax paid	(2,173)	(4,512)	(1,438)	(2,694)
Interest received	375	509	248	304
Interest paid	(181)	(182)	(120)	(109)
Net cash generated from operating activities	16,183	36,831	10,712	22,001
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(514)	(803)	(340)	(480)
Proceed from disposal of property, plant and equipment	36	-	24	-
Net cash used in investing activities	(478)	(803)	(316)	(480)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Share issue expenses written off against share premium account				
Proceed from new share issued	2,011	-	1,331	-
Net cash used in financing activities	2,011	-	1,331	-

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FOURTH QUARTER ENDED 31 MARCH 2016**

	Unaudited Current Period 31-Mar-16 RMB'000	Unaudited Preceding Period 31-Mar-15 RMB'000	Unaudited Current Period 31-Mar-16 RM'000 (1)	Unaudited Preceding Period 31-Mar-15 RM'000 (1)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	17,716	36,028	11,727	21,521
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	496,480	575,988	328,620	344,060
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>514,196</b>	<b>612,016</b>	<b>340,347</b>	<b>365,581</b>

**Cash and cash equivalents comprise:**

Cash and bank balances	514,196	612,016	340,347	365,581
Less: Deposit pledged with bank	-	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>514,196</b>	<b>612,016</b>	<b>340,347</b>	<b>365,581</b>

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 MARCH 2016**

**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 with those standard use in preparing the the Group's unaudited 4th quarter financial results 31 December 2015 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 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

**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 cyclical 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) Exercise of Employees' Share Option Scheme ("ESOS")**

On 23 February 2016, 11,642,000 units of ESOS were granted to eligible employees of the Group. Accordingly, employees benefits associated with grant of ESOS, RMB1.046 million were charged to profit or loss in accordance with the requirement of IFRS 2 Share Based Payment.

On 24 March 2016, the board announced that 11,642,000 units of ESOS were exercised resulting 11,642,000 units of new shares being issued at the price of RM0.11 per share with the listing date on 25 March 2016. The total proceeds raised from the exercise of ESOS amounted to RMB2.011 million.

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 March 2016							
(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
<b>Segment revenue</b>							
- External sales	2,839	2,814	16,701	57,275	569	17	80,215
Segment profit / (loss)	(385)	(365)	(2,256)	(7,757)	(1,829)	(53)	(12,645)
Unallocated interest income							-
Unallocated other income							(1)
Unallocated other expenses							(838)
<b>Profit from Operation</b>							<b>(13,484)</b>

### Other information:

Interest income	13	13	78	269	2	-	375
Interest expenses	6	6	38	130	1	-	181
Additional to non-current assets*	18	17	108	371	-	-	514
Depreciation and amortisation	293	276	1,716	5,895	729	21	8,930

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

Financial period ended 31 March 2016							
(Unaudited)							
Segment assets	33,601	31,633	196,727	676,450	304	9	938,724
Segment liabilities	2,072	1,951	12,133	41,719	697	20	58,592

**As at**  
**31-Mar-16**  
**RMB'000**  
**Unaudited**

### Segment assets are reconciled to total assets as follows:-

Segment assets	938,724
Unallocated prepayment and other receivable	23
Unallocated cash at bank and on hand	709
<b>Total assets</b>	<b>939,456</b>

**7. Segment Information (Cont.)**
**Segment liabilities are reconciled to total liabilities as follows:-**

Segment liabilities	58,592
Unallocated income tax payable	2,897
Unallocated accrual and other payables	2,987
<b>Total liabilities</b>	<b>64,476</b>

**Business Segments**

	Financial period ended 31 March 2016						
	(Unaudited)						
	TPR	RB	MD1	MD2	Apparels	Accessories	Total
	Shoe Soles RM'000	Shoe Soles RM'000	Shoe Soles RM'000	Shoe Soles RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>							
- External sales	1,879	1,862	11,055	37,911	376	11	53,094
<b>Segment profit / (loss)</b>	<b>(255)</b>	<b>(242)</b>	<b>(1,494)</b>	<b>(5,135)</b>	<b>(1,211)</b>	<b>(35)</b>	<b>(8,372)</b>
Unallocated interest income							-
Unallocated other income							-
Unallocated other expenses							(555)
<b>Profit from Operation</b>							<b>(8,927)</b>

**Other information:**

Interest income	9	8	52	177	2	-	248
Interest expenses	4	4	25	86	1	-	120
Additional to non-current assets*	12	11	71	246	-	-	340
Depreciation and amortisation	194	183	1,135	3,903	482	14	5,911

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

**Financial period ended 31 March 2016**

(Unaudited)

Segment assets	22,240	20,938	130,214	447,742	201	5	621,340
Segment liabilities	1,372	1,291	8,031	27,614	461	14	38,783

**7. Segment Information (Cont.)**

**As at**  
**31-Mar-16**  
**RM'000**  
**Unaudited**

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

Segment assets	621,340
Unallocated prepayment and other receivable	17
Unallocated cash at bank and on hand	469
<b>Total assets</b>	<b>621,826</b>

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

Segment liabilities	38,783
Unallocated income tax payable	1,918
Unallocated accrual and other payables	1,977
<b>Total liabilities</b>	<b>42,678</b>

**Business Segments**

Financial period ended 31 March 2015

(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
<b>Segment revenue</b>							
- External sales	5,486	3,492	23,203	85,205	19,189	1,011	137,586
<b>Segment profit</b>	<b>501</b>	<b>317</b>	<b>2,142</b>	<b>7,836</b>	<b>2,203</b>	<b>116</b>	<b>13,115</b>
Unallocated interest income							-
Unallocated other expenses							(105)
<b>Profit from Operation</b>							<b>13,010</b>

**Other information:**

Interest income	20	13	87	319	64	3	506
Interest expenses	7	5	32	115	23	1	183
Additional to non-current assets*	37	24	159	582	-	-	802
Depreciation and amortisation	293	185	1,255	4,587	22	1	6,343

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



**7. Segment Information (Cont.)**
**Financial period ended 31 March 2015**

(Unaudited)

Segment assets	44,176	27,914	188,860	690,722	33,164	1,747	986,583
Segment liabilities	3,516	2,222	15,033	54,979	2,895	153	78,798

**As at**  
**31-Mar-15**  
**RMB'000**  
**Unaudited**

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

Segment assets	986,583
Unallocated prepayment and other receivable	28
Unallocated cash at bank and on hand	73
<b>Total assets</b>	<b>986,684</b>

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

Segment liabilities	78,798
Unallocated income tax payable	-
Unallocated accrual and other payables	1,274
<b>Total liabilities</b>	<b>80,072</b>

**Business Segments**
**Financial period ended 31 March 2015**

(Unaudited)

	TPR	RB	MD1	MD2	Apparels	Accessories	Total
	Shoe Soles	Shoe Soles	Shoe Soles	Shoe Soles			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>							
- External sales	3,277	2,086	13,860	50,896	11,462	604	82,185
Segment profit	299	189	1,280	4,681	1,316	69	7,834
Unallocated interest income							-
Unallocated other expenses							(62)
<b>Profit from Operation</b>							<b>7,772</b>

## 7. Segment Information (Cont.)

### Other information:

Interest income	12	8	53	191	39	2	305
Interest expenses	4	3	19	68	14	1	109
Additional to non-current assets*	22	14	95	348	-	-	479
Depreciation and amortisation	175	111	749	2,740	13	1	3,789

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

### Financial period ended 31 March 2015

(Unaudited)

Segment assets	26,388	16,674	112,813	412,594	19,809	1,043	589,321
Segment liabilities	2,100	1,327	8,980	32,841	1,729	92	47,069

**As at**  
**31-Mar-15**  
**RM'000**  
**Unaudited**

### Segment assets are reconciled to total assets as follows:-

Segment assets	589,321
Unallocated prepayment and other receivable	16
Unallocated cash at bank and on hand	44
<b>Total assets</b>	<b>589,381</b>

### Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	47,069
Unallocated income tax payable	-
Unallocated accrual and other payables	761
<b>Total liabilities</b>	<b>47,830</b>

## 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-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	514	340	514	340
Intangible asset	-	-	-	-
	<u>514</u>	<u>340</u>	<u>514</u>	<u>340</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-Mar-16	31-Mar-15	Change
	RMB' 000	RMB' 000	
<b>Revenue</b>			
TPR shoe soles	2,839	5,486	(48.25%)
RB shoe soles	2,814	3,492	(19.42%)
MD1 shoe soles	16,701	23,203	(28.02%)
MD2 shoe soles	57,275	85,205	(32.78%)
	79,629	117,386	(32.16%)
Apparels	569	19,189	(97.03%)
Accessories	17	1,011	(98.32%)
	586	20,200	(97.10%)
Total	80,215	137,586	(41.70%)

**Overall:**

The Group recorded loss after taxation of RMB13.5 (RM8.2) million for the current year quarter compared to profit after tax of RMB10.3 (RM6.2) million in the preceding year quarter.

The Group's sales performance for shoe soles, apparels and accessories was lower for this quarter. The revenue decreased by 41.7% due to lower demand and production in first quarter due to prolong Chinese New Year holidays.

Due to the decreased in gross profit margin from 18.6% for year 2015 to 1.13% this year and the operation cost has increased from RMB12.5 (RM7.5) million for year 2015 to RMB14.4 (RM8.8) million this year. The decreased in revenue, gross profit margin and increase in operation cost had seriously affected the group profitability into a loss before taxation of RMB13.5 (RM8.2) million.

During this quarter under review, the group has disposed off plant and machinery which resulted to a loss of disposal of RMB0.1 (RM0.1) million. The grant of ESOS to eligible employees has also contributed to higher loss after taxation for RMB1.0 (RM0.7) million.

**Sport-shoe soles:**

The revenue dropped by 32.16% compared with preceding year. Sales for TPR, RB, MD1 and MD2 were declined by 48.25%, 19.42%, 28.02% and 32.78% respectively. The decreased in sales was due to lower demand and production for the first quarter due to prolong Chinese New Year holidays.

Gross profit margin for the quarter ended 31 March 2016 has decreased from 16.15% to 1.00% as compared with preceding year. The lower profit margin was due to the sales of more products with lower profit margin.

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

### Apparels and accessories:

The business recorded revenue of RMB0.6 million, a decrease of RMB19.6 million as compared to preceding year. The revenue of apparels and accessories of the Group was dropped seriously since 2015 and the Group was face out this business.

## 2. Variation of results against immediate preceding quarter

	<b>Current quarter 31-Mar-16 RMB'000</b>	<b>Preceding quarter 31-Dec-15 RMB'000</b>	<b>Current quarter 31-Mar-16 RM'000</b>	<b>Preceding quarter 31-Dec-15 RM'000</b>
Revenue	80,215	143,106	53,094	81,634
Gross profit	905	18,522	598	10,219
Profit / (loss) after taxation	(13,484)	(14,647)	(8,927)	(9,274)

For first quarter performance, the Group recorded revenue of RMB80.2 (RM53.1) million and loss after taxation of RMB13.5 (RM8.2) million.

As a comparison with fourth quarter 2015, revenue of current quarter has decreased by 44.0%. The decreased was due to lower sales in shoes soles business as well as phasing out the apparels and accessories businesses.

However, the gross profit margin for the current quarter decreased from 12.9% for the preceding quarter to 1.1%. The lower profit margin was due to the sales of more products with lower profit margin.

## 3. Prospects for FYE 2016

The management was the opinion that the demand for sports-shoe soles 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 phasing out from 2016.

#### 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-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	-	-	-	-

- 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-Mar-16	31-Mar-16	31-Mar-15	31-Mar-15
	RMB'000	RM'000	RMB'000	RM'000
Realised	562,420	372,264	611,911	365,523
Unrealised	230	152	(107)	(64)
	<u>562,650</u>	<u>372,416</u>	<u>611,804</u>	<u>365,459</u>
Consolidation adjustments	1,514	1,002	1,514	898
Total Group retained profits as per Consolidated accounts	<u>564,164</u>	<u>373,418</u>	<u>613,318</u>	<u>366,357</u>

#### 7. Profit before taxation

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

	Current Quarter		Current Year-to-date	
	31-Mar-16	31-Mar-16	31-Mar-16	31-Mar-16
	RMB'000	RM'000	RMB'000	RM'000
<b>After Crediting</b>				
Interest income	(375)	(248)	(375)	(248)
<b>After Charging</b>				
Interest expenses	181	120	181	120
Depreciation and amortisation	8,930	5,911	8,930	5,911

#### 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)
<b>Total proceeds</b>		<b>48,960</b>	<b>114,485</b>		

Notes :

- (1) The construction of a new production centre has been completed and the total cost of production centre was RM89.8 million, out of which RM25 million was financed via the IPO proceeds and the deviation of RM64.8 million was financed via funds generated internally by the Group. The total expansion cost of machinery and equipment amounting to RM5 million was financed via IPO proceeds and the deviation of RM0.6 million was financed via internal generated funds.
- (2) IPO proceeds 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)
<b>Total proceeds</b>	<b>35,728</b>	<b>30,153</b>		

Note:

- (1) The Company has completed its TDR issuance and listing on 30 December 2011.
- (2) TDR proceeds have been deposited into a bank in Hong Kong. Due to exchange controls, the Company is currently in the midst of converting the proceeds into share capital of its subsidiary for utilization as working capital. 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 March 2016 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 597,259,025 and 517,500,000 ordinary shares in issue for the financial period/ year ended 31 March 2016 and 2015 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 597,259,025 and 517,500,000 ordinary shares fully in issue for the financial period ended 31 March 2016 and 2015 respectively.

### The Group

Individual Quarter		Individual Quarter	
31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
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	(2.26)	1.99	(1.49)	1.19
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Cumulative Quarter		Cumulative Quarter	
31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
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	(2.26)	1.99	(1.49)	1.19
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**13 Net asset and earnings per share (Cont.)**

<b>The Company and the Group</b>	<b>Weighted average no. of shares</b>	
	<b>31-Mar-16</b>	<b>31-Mar-15</b>
At the beginning of the year	595,122,000	517,500,000
Exercise of ESOS on 24/03/2016 for 11,642,000 shares at par value	2,137,025	-
At end of year	<u>597,259,025</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 March 2016 are 258,750,000.

<u>Exercisable period</u>	<b>Number of warrant</b>
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**

The audited financial statements of the Group for the financial year ended 31 December 2015 has yet to be finalised and announced. Therefore at the issuance of this quarterly result, the Group was unable to disclose any opinion and variation of the Group's preceding annual financial statements.