



(Incorporated in Bermuda under the Companies Act 1981 of Bermuda (Company Registration No. 42756))
 (Registered as a foreign company in Malaysia under the Companies Act 1965 of Malaysia
 (Company No. 995177-V))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		30.9.2010	30.9.2009	30.9.2010 (note a)	30.9.2009 (note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	346,798	262,139	160,037	120,969
Cost of sales		(233,678)	(165,168)	(107,835)	(76,220)
Gross Profit		113,120	96,971	52,202	44,749
Other income		500	212	231	98
Selling and distribution expenses		(36,835)	(18,058)	(16,998)	(8,333)
Administrative expenses	B1	(7,346)	(18,552)	(3,390)	(8,561)
Finance costs		(887)	(731)	(409)	(337)
Profit before taxation	B1	68,552	59,842	31,636	27,616
Income tax expenses		(13,175)	(11,952)	(6,080)	(5,515)
Profit after taxation	B1	55,377	47,890	25,556	22,101
Other comprehensive income, net of tax					
- Translation differences arising from foreign currency financial statements recognised directly in equity		629	(1,414)	290	(653)
Total comprehensive income for the period		56,006	46,476	25,846	21,448
Attributable to :					
- Equity holders of the Company		56,006	46,476	25,846	21,448
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B11	0.18	0.16	0.08	0.07
Diluted (RMB/RM)	B11	N/A	N/A	N/A	N/A

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 30 September 2010 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.46147 at 30 September 2010. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be converted into RM at this or any other rate.

(b) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		30.9.2010 RMB'000	30.9.2009 RMB'000	30.9.2010 (note a) RM'000	30.9.2009 (note a) RM'000
Revenue	B1	346,798	262,139	160,037	120,969
Cost of sales		(233,678)	(165,168)	(107,835)	(76,220)
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Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 30 September 2010 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.46147 at 30 September 2010. This translation should not be construed as a representation that the RMB amounts actually represented have been or could be converted into RM at this or any other rate.

(b) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

	Unaudited As At 30.9.2010	Audited As at 30.6.2010	Unaudited As At 30.9.2010 (note a)	Audited As at 30.6.2010 (note a)
	RMB'000	RMB'000	RM'000	RM'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	175,055	165,425	80,783	76,339
Land use rights	14,050	14,121	6,484	6,516
	189,105	179,546	87,267	82,855
Current assets				
Inventories	32,216	39,487	14,867	18,223
Trade and other receivables	189,971	118,358	87,666	54,619
Cash and bank balances	630,818	587,367	291,104	271,052
	853,005	745,212	393,637	343,894
Current liabilities				
Trade and other payables	171,380	114,876	79,087	53,011
Interest-bearing bank borrowings	63,300	63,300	29,211	29,211
Corporate income tax payable	16,075	10,187	7,418	4,700
	250,755	188,363	115,716	86,922
Net current assets	602,250	556,849	277,921	256,972
Non-current liabilities				
Deferred income tax liabilities	3,991	3,550	1,842	1,638
Net assets	787,364	732,845	363,346	338,189
EQUITY				
Share capital	211,715	211,715	97,701	97,701
Reserves	575,649	521,130	265,645	240,488
TOTAL EQUITY	787,364	732,845	363,346	338,189
Net assets per share attributable to equity holders of the Company (RMB/RM)(Note b)	2.56	2.38	1.18	1.10

Notes:

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The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

(b) The net assets per share attributable to equity holders of the Company is calculated based on the net assets as at 30 September 2010 divided by the number of ordinary shares of 307,330,000.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

	Attributable to Equity Holders of the Company						Total Equity RMB'000
	Non - distributable				Distributable		
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Currency translation reserve RMB'000	Retained earnings RMB'000	
At 30 June 2009	148,716	-	12,371	(81,403)	(11)	154,922	234,595
Issue of new shares pursuant to the initial public offering	62,999	251,334	-	-	-	-	314,333
Share issue expenses	-	(17,835)	-	-	-	-	(17,835)
Total comprehensive income for the year	-	-	-	-	(1,403)	47,890	46,487
Statutory reserve	-	-	-	-	-	-	-
At 30 September 2009	211,715	233,499	12,371	(81,403)	(1,414)	202,812	577,580
At 30 June 2010	211,715	233,499	34,375	(81,403)	617	334,042	732,845
Statutory reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(857)	55,376	54,519
At 30 September 2010	211,715	233,499	34,375	(81,403)	(240)	389,418	787,364

	Attributable to Equity Holders of the Company						Total Equity RM'000
	Non - distributable				Distributable		
	Share capital RM'000	Share premium RM'000	Statutory reserve RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained earnings RM'000	
At 30 June 2009	68,629	-	5,709	(37,565)	(5)	71,492	108,260
Issue of new shares pursuant to the initial public offering	29,072	115,983	-	-	-	-	145,055
Share issue expenses	-	(8,230)	-	-	-	-	(8,230)
Total comprehensive income for the year	-	-	-	-	(647)	22,100	21,452
At 30 September 2009	97,701	107,753	5,709	(37,565)	(653)	93,592	266,537
At 30 June 2010	97,701	107,753	15,863	(37,565)	285	154,150	338,186
Statutory reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(395)	25,554	25,159
At 30 September 2010 (note a)	97,701	107,753	15,863	(37,565)	(111)	179,705	363,345

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

	3 months Ended 30.9.2010	3 months Ended 30.9.2009	3 months Ended 30.9.2010 <i>(note a)</i>	3 months Ended 30.9.2009 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	68,552	59,842	31,636	27,616
Adjustment for:				
Depreciation of property, plant and equipment	2,807	3,011	1,295	1,389
Amortisation of land use rights	71	47	33	22
Interest expenses on bank borrowings	887	731	409	337
Interest income	(500)	(212)	(231)	(98)
Operating profit before working capital changes	71,817	63,419	33,142	29,267
decrease in inventories	7,271	3,729	3,355	1,721
Decrease/(Increase) in trade and other receivables	(71,615)	(5,705)	(33,048)	(2,633)
(Decrease)/Increase in trade and other payables	60,051	12,944	27,712	5,973
Cash generated from operations	67,524	74,387	31,161	34,329
Interest paid	(887)	(731)	(409)	(337)
Income tax paid	(10,396)	(9,111)	(4,797)	(4,204)
Interest received	500	212	231	98
Net cash generated from operating activities	56,741	64,757	26,185	29,885
Cash flows from investing activities				
Acquisition of property, plant and equipment	(12,436)	(3,414)	(5,739)	(1,575)
Net cash used in investing activities	(12,436)	(3,414)	(5,739)	(1,575)
Cash flows from financing activities				
Advances from director	172		79	-
Repayment of director's loan	(169)	(5,103)	(78)	(2,355)
Dividends paid			-	-
Bank loans obtained	10,000	12,000	4,615	5,538
Repayment of bank loans	(10,000)	(63,200)	(4,615)	(29,165)
Fixed deposit pledged with bank	(1,200)	3,100	(554)	1,431
Proceeds from issue of shares pursuant to the initial public offering		314,333	-	145,055
Share issue expenses written off to share premium account		(17,835)	-	(8,230)
Net cash from/(used in) financing activities	(1,197)	243,295	(552)	112,273
Net increase in cash and cash equivalents	43,108	304,638	19,894	140,583
Cash and cash equivalents at beginning of the financial period	585,667	183,347	270,268	84,609
Effect of exchange rate fluctuations on cash and bank balances	(857)	(1,403)	(395)	(647)
Cash and cash equivalents at end of financial period	627,918	486,582	289,766	224,545

Notes:

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(b) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

A1. Basis of accounting and changes in accounting policies

a) Basis of accounting

The interim financial statements of Xingquan International Sports Holdings Limited (the "Company") for the first quarter ended 30 September 2010 are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

The Group has adopted IAS 1(Revised) and IFRS 8 for the quarter ended 30 September 2010 and provides comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

The requirements of IAS 1 (Revised) and IFRS 8 are as follows:

1. changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
2. components of comprehensive income to be excluded from statement of changes in equity;
3. items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
4. presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information;
5. segment information is presented on the same basis as that used for internal reporting process and;
6. segment revenue, segment profit and segment assets are also measured on a basis that is consistent with internal reporting.

The revisions also include changes in the titles of some of the financial statements primary statements.

b) Changes in accounting policies

There are no changes in accounting policies for the quarter ended 30 September 2010.

c) Basis of consolidation

The consolidated financial statements of the Group have been prepared using the historical cost method similar to the “pooling-of-interest” as acquisition of subsidiary is accounted for as reconstructions of businesses. Under the historical cost method, the acquired assets and liabilities are recorded at their existing carrying amounts.

The consolidated financial statements include the results of operations, and the assets and liabilities of the pooled enterprises as part of the Group for the whole of the current period.

Other than accounting of subsidiaries using the historical cost method as disclosed above, the results of the subsidiaries acquired during the financial year are included in the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Acquisitions of subsidiaries, if any, are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated statement of comprehensive income from the effective date in which control is transferred to the Group.

d) Functional currency and translation to presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Renminbi.

(ii) Transactions and balances

Foreign currency transactions are measured and recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective statement of financial position dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end

exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group companies

The results and financial positions of the Group entities that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that financial position;
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (3) All resulting exchange differences are recognised as a separate component of equity.

A2. Audit report of the Group's preceding annual financial statements

The Group's audited consolidated financial statements for the financial year ended 30 June 2010 were not subject to any audit qualification.

A3. Seasonal or cyclical factors

There are no seasonal or cyclical factors which materially affect the Group during the quarter under review.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date.

A5. Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results of the current quarter under review.

A6. Changes in share capital and debts

There were no issuance, cancellations, repurchase, resale and repayment of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial year to date.

A7. Subsequent material events

There are no other material events as at the date of this announcement that will affect the results in the financial year under review.

A8. Financial instruments with off-balance sheet risks

There are no financial instruments with off-balance sheet risks as at the date of this report.

A9. Segment information**a) Operating segments**

3 months ended 30 September 2010

	Design, manufacture and sale of shoe soles	Design, manufacture and sale of sports and leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	71,406	155,158	120,234	346,798
Inter-segment revenue	21,649	-	-	21,649
Interest income	164	188	146	498
Interest expense	596	208	161	965
Depreciation and amortisation	2,305	467	35	2,807
Reportable segments profit before tax	21,500	32,964	17,825	72,289
Reportable segment assets	297,034	111,190	69,285	477,509
Capital expenditure	273	2,077	-	2,350
Reportable segment liabilities	87,043	56,605	43,864	187,512

Reconciliation of reportable segment revenue and profit or loss**Revenue**

Total revenue for reportable segments	368,447
Elimination of inter-segment revenue	<u>(21,649)</u>
Consolidated revenue	<u>346,798</u>

Profit or loss

Total profit or loss for reportable segments	72,289
Unallocated amounts	<u>(3,737)</u>
Consolidated profit before income tax	<u>68,552</u>

Assets

Total assets for reportable segments	477,509
Other unallocated amounts	<u>564,598</u>
Consolidated total assets	<u>1,042,107</u>

Liabilities

Total liabilities for reportable segments	187,512
Other unallocated amounts	<u>414,352</u>
Consolidated total liabilities	<u>601,864</u>

A9. Segment information (continued)**a) Operating segments (continued)**

	3 months ended 30 September 2009			
	Design, manufacture and sale of shoe soles	Design, manufacture and sale of sports and leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	49,233	139,628	73,278	262,139
Inter-segment revenue	24,315	-	-	24,315
Interest income	51	103	54	208
Interest expense	331	259	136	726
Depreciation and amortisation	2,220	765	74	3,059
Reportable segments profit				
before tax	14,085	47,819	12,921	74,825
Reportable segment assets	167,186	112,654	45,291	325,131
Capital expenditure	-	-	-	-
Reportable segment Liabilities	63,236	41,808	21,941	126,985
Reconciliation of reportable segment revenue and profit or loss				
Revenue				
Total revenue for reportable segments				286,454
Elimination of inter-segment revenue				(24,315)
Consolidated revenue				262,139
Profit or loss				
Total profit or loss for reportable segments				74,825
Unallocated amounts				(14,983)
Consolidated profit before income tax				59,842
Assets				
Total assets for reportable segments				325,131
Other unallocated amounts				428,328
Consolidated total assets				753,459
Liabilities				
Total liabilities for reportable segments				126,986
Other unallocated amounts				48,897
Consolidated total liabilities				175,883

b) Geographical segments

As the business of the Group is engaged entirely in the People's Republic of China, no reporting by geographical location of operation is presented.

A10. Property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the Company's audited consolidated financial statements for the year ended 30 June 2010.

A11. Status of corporate exercise**(i) Utilisation of proceeds**

The status of the utilization of the gross proceeds from the Initial Public Offering amounting to RM164.577 million are as follows:

	Estimated time for utilisation	Proposed Utilisation RM 000	Actual Utilisation RM 000	Deviation RM 000
Marketing and advertising activities	24 months	32,000	10,699	-
Expansion of our sales and distribution network	24 months	33,000	12,537	-
Expansion of our production capacity	24 months	55,452	55,452	-
Expansion of our research and development capabilities	24 months	15,000	3,245	-
Working capital	12 months	17,125	17,125	-
Estimated listing expenses	6 months	12,000	12,000	-
Total gross proceeds		164,577	111,058	-

A12. Contingent liabilities

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 30 June 2010.

A13. Capital commitments

Authorised capital expenditure not provided for in the financial statements as at 30 September 2010 are as follows:

- contracted

RMB 00037,285**A14. Changes in the composition of the Group**

There are no other changes in the composition of the Group during the financial year-to-date save as announced on 14 September 2010, whereby the Company's wholly-owned subsidiary, Addnice Holdings Limited, had established a new subsidiary, Germany Top (Fujian) Outdoor Products Co. Ltd ("GTF"). GTF, a company incorporated in PRC, has a registered capital of HKD8.0 million (approximately equivalent to RM3.304 million at the rate of RM41.30:HKD100) and the intended principle activities of GTF are manufacturing of shoes, sports wear and sports related products.

A15. Reserves

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Company established in the PRC are required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the net tangible assets of subsidiaries acquired under the pooling interest method of accounting.

Currency translation reserve

Currency translation reserve represents translation differences arising from translation of foreign currency financial statements into presentation currency of the Group.

A16. Related party transactions

The following are the related party transactions during the current quarter:

Description	Transaction value	Balance outstanding
	Quarter ended 30 September 2010 RMB 000	As at 30 September 2010 RMB 000
Advances from director	172	4

B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. Review of performance

The Group achieved a revenue and profit before taxation ("PBT") of RMB346.8 million and RMB68.6 million respectively for the current quarter ("Q1FY2011"), representing an increase of 32.3% and 14.6% respectively as compared to the corresponding period in the preceding year.

The revenue of RMB346.8 million represents an increase of 32.3% as compared to the revenue of RMB262.1 million recorded for the financial period ended 30 September 2009 ("Q1FY2010"). The increase in revenue is in line with the Group's increase in the following:

- (i) Increase in sales volume of shoe sole and the outdoor sports and leisure product segments, particularly the increase in the sale of shoe soles from approximately 2.9 million pairs in Q1FY2010 to approximately 3.8 million pairs in Q1FY2011 and increase in the sale of sports apparels and accessories from approximately 1.3 million units in Q1FY2010 to approximately 2.1 million units in Q1FY2011.
- (ii) Increase in average selling price of shoe sole from RMB17.2 per pair in Q1FY2010 to RMB18.5 per pair in Q1FY2011 and increase in average selling price of outdoor and indoor sports and leisure shoes from RMB91.0 per pair in Q1FY2010 to RMB107.8 per pair in Q1FY2011.

The PBT of RMB68.6 million for Q1FY2011 represents an increase of 14.7% as compared to the PBT of RMB59.8 million recorded for Q1FY2010. The increase in PBT was mainly due to the increase in revenue as mentioned above.

The profit after taxation ("PAT") of RMB55.4 million for Q1FY2011 represents an increase of 15.7% as compared to PAT of RMB47.9 million recorded for Q1FY2010 due to the higher PBT recorded in Q1FY2011 as mentioned above.

Based on the Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises, Addnice Sports, Addnice China and Xingquan Plastic are entitled to full exemption from income tax for the first two years and a 50% reduction in income tax for the next three years starting from their first profitable year of operation. Addnice Sports is exempted from the state corporate income tax for its first two profitable calendar years of operation (i.e. from 1 January 2006 to 31 December 2007) and thereafter, is entitled to a 50% relief from the state corporate income tax for the third to fifth consecutive years (i.e. from 1 January 2008 to 31 December 2010). Addnice China commenced its 5-year tax holiday from 1 January 2008. Xingquan Plastic has fully utilised its tax incentives and was subject to the full state corporate income tax.

B2. Variation of results against immediate preceding quarter

	Current quarter 30 September 2010 RMB 000	Preceding quarter 30 June 2010 RMB 000
Revenue	346,798	299,355
Profit before taxation	68,552	58,282
Profit after taxation	55,377	44,538
Other comprehensive income:		
- Translation differences arising from foreign currency financial statements recognized directly in equity	629	431
Total comprehensive income for the period	56,006	44,969

The Group recorded a revenue of RMB346.8 million for Q1FY2011, representing an increase of 15.8% as compared to the revenue of RMB299.4 million as recorded for the quarter ended 30 June 2010 ("Q4FY2010"). The increase in revenue was due to the increase in the sales quantity of shoe sole and the apparels and accessories product segments. In addition, the revenue contribution for Q1FY2011 is partly from the Autumn products that have higher selling prices as compared to Summer products. Autumn products such as jackets, sweaters and leather-based shoes generally higher selling prices as compared to Summer products such as T-shirt and shirt.

The profit before taxation of RMB68.6 million for Q1FY2011 represents an increase of 17.7% as compared to the profit before taxation of RMB58.3 million recorded for Q4FY2010. This was mainly due to the increase in revenue as mentioned in the above paragraph.

B3. Prospects for FYE 2011

Based on market research conducted by Converging Knowledge Pte Ltd, the growth rate estimation ranges from 27.0% to 42.0% for CAGR for China's outdoor sportswear market from 2008 to 2012. As such and based on the encouraging sales recorded by the Group thus far, our Board of Directors believes that the Group's prospects for the financial year ending 30 June 2011 would remain positive.

B4. Profit forecast and profit guarantee

The Group has not provided any profit forecast or profit guarantee in any public document for the current financial quarter.

B5. Taxation

Taxation comprises the following:

	Current Quarter RMB 000	Current year to date RMB 000
PRC income tax	13,175	13,175

The effective tax rate of the Group for the current quarter and current year to date was 19.2% as compared to the applicable tax rate of 25%. The lower effective tax rate was due to Addnice Sports is enjoying the tax exemption of 50.0% up to 31 December 2010.

B6. Sale of unquoted investments and/or properties

There were no changes in the unquoted investments and/or properties of the Group in the current quarter and financial year to date.

B7. Quoted Securities

There was no purchase or disposal of quoted securities by the Group in the current quarter and financial year to date and there is no investment in quoted securities as at the end of the quarter.

B8. Group borrowings

The Group's borrowings as at 30 September 2010 were as follows:

	Total RMB 000
Short term bank loans – secured	63,300

B9. Changes in material litigation

As at the date of this report, there is no litigation or arbitration, which has a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B10. Dividend

On 16 August 2010, the Board of Directors proposed a tax exempt final dividend of 2.5 sen per share in respect of the financial year ended 30 June 2010 which is subject to shareholders' approval at the forthcoming Annual General Meeting. The entitlement date and payment date for the proposed tax exempt final dividend will be announced at a later date.

As such, the total tax exempt dividend (including the 2.5 sen tax exempt interim dividend paid on 16 April 2010) will be 5 sen per share for FYE2010, representing approximately 14.6% of the profit after tax attributable to shareholders for FYE2010.

B11. Earnings per share**a) Basic**

Basic earnings per share is calculated by dividing profits for the period attributable to equity holders of the Company before other comprehensive income by weighted average number of ordinary shares in issue during the period:-

	Individual Quarter Ended		Individual Quarter Ended	
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RMB	RMB	RM	RM
Profit attributable to equity holders of the Company before other comprehensive income	55,377,000	47,890,000	25,554,824	22,099,798
Weighted average number of ordinary shares in issue	307,330,000	297,308,261	307,330,000	297,308,261
Basic earnings per share	0.18	0.16	0.08	0.07

	Cumulative Quarter		Cumulative Quarter	
	3 Months Ended	3 Months Ended	3 Months Ended	3 Months Ended
	30.9.2010	30.9.2009	30.9.2010	30.9.2009
	RMB	RMB	RM	RM
Profit attributable to equity holders of the Company before other comprehensive income	55,377,000	47,890,000	25,554,824	22,099,798
Weighted average number of ordinary shares in issue	307,330,000	297,308,261	307,330,000	297,308,261
Basic earnings per share	0.18	0.16	0.08	0.07

b) Diluted

There is 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.

By Order of the Board

Kang Shew Meng
Seow Fei San
Secretaries

18 November 2010