



(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 SECOND QUARTER ENDED 31 DECEMBER 2015**

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.12.2015	31.12.2014	31.12.2015 (note a)	31.12.2014 (note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	234,822	385,618	148,572	243,981
Cost of sales		<u>(162,864)</u>	<u>(243,729)</u>	<u>(103,044)</u>	<u>(154,207)</u>
Gross profit		71,958	141,889	45,528	89,774
Other income		9,607	18,877	6,078	11,943
Selling and distribution expenses	B1	(15,324)	(49,453)	(9,695)	(31,289)
Administrative expenses		(9,675)	(13,638)	(6,121)	(8,629)
Finance costs		<u>(236)</u>	<u>(276)</u>	<u>(149)</u>	<u>(175)</u>
Profit before taxation	B1	56,330	97,399	35,641	61,624
Income tax expenses		<u>(13,203)</u>	<u>(21,044)</u>	<u>(8,354)</u>	<u>(13,315)</u>
Profit after taxation	B1	43,127	76,355	27,287	48,309
Other comprehensive losses, net of tax - Translation differences arising from foreign currency financial statements recognised directly in equity		<u>(8,506)</u>	<u>(17,268)</u>	<u>(5,382)</u>	<u>(10,925)</u>
Total comprehensive income for the period		<u>34,621</u>	<u>59,087</u>	<u>21,905</u>	<u>37,384</u>
Attributable to :					
- Equity holders of the Company		<u>34,621</u>	<u>59,087</u>	<u>21,905</u>	<u>37,384</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B10	0.13	0.23	0.08	0.14
Diluted (RMB/RM)	B10	*	*	*	*

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6327 at 31 December 2015. 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

* Refer to Note B1o (b) for further details.



(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 FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		31.12.2015	31.12.2014	31.12.2015 (note a)	31.12.2014 (note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	449,474	707,425	284,382	447,588
Cost of sales		<u>(306,211)</u>	<u>(452,432)</u>	<u>(193,740)</u>	<u>(286,254)</u>
Gross profit		143,263	254,993	90,642	161,334
Other income		36,118	27,015	22,852	17,092
Selling and distribution expenses	B1	(64,281)	(69,564)	(40,671)	(44,013)
Administrative expenses		(17,535)	(22,783)	(11,094)	(14,415)
Finance costs		<u>(495)</u>	<u>(556)</u>	<u>(313)</u>	<u>(352)</u>
Profit before taxation	B1	97,070	189,105	61,416	119,646
Income tax expenses		<u>(17,845)</u>	<u>(42,969)</u>	<u>(11,291)</u>	<u>(27,186)</u>
Profit after taxation	B1	79,225	146,136	50,125	92,460
Other comprehensive losses, net of tax - Translation differences arising from foreign currency financial statements recognised directly in equity		<u>(33,252)</u>	<u>(24,243)</u>	<u>(21,039)</u>	<u>(15,339)</u>
Total comprehensive income for the period		<u>45,973</u>	<u>121,893</u>	<u>29,086</u>	<u>77,121</u>
Attributable to :					
- Equity holders of the Company		<u>45,973</u>	<u>121,893</u>	<u>29,086</u>	<u>77,121</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B10	0.23	0.43	0.15	0.27
Diluted (RMB/RM)	B10	*	*	*	*

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6327 at 31 December 2015. 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

* Refer to Note B10 (b) for further details.



(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))

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Unaudited As At 31.12.2015	Audited As at 30.6.2015	Unaudited As At 31.12.2015 <i>(note a)</i>	Audited As at 30.6.2015 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	239,812	250,419	158,396	165,402
Land use rights	12,566	12,707	8,300	8,393
	252,378	263,126	166,696	173,795
Current assets				
Inventories	269,362	44,055	177,914	29,099
Trade and other receivables	365,858	253,536	241,649	167,461
Cash and bank balances	1,234,743	1,456,947	815,548	962,313
	1,869,963	1,754,538	1,235,111	1,158,873
Current liabilities				
Trade and other payables	120,367	68,017	79,503	44,926
Interest-bearing bank borrowings	18,000	18,000	11,889	11,889
Corporate income tax payable	13,203	7,003	8,721	4,626
	151,570	93,020	100,113	61,441
Net current assets	1,718,393	1,661,518	1,134,998	1,097,432
Non-current liability				
Deferred income tax liabilities	3,387	3,233	2,237	2,135
Net assets	1,967,384	1,921,411	1,299,457	1,269,092
EQUITY				
Share capital	230,886	230,886	152,500	152,500
Reserves	1,736,498	1,690,525	1,146,957	1,116,592
TOTAL EQUITY	1,967,384	1,921,411	1,299,457	1,269,092
Net assets per share attributable to equity holders of the Company (RMB/RM)	5.82	5.68	3.84	3.75

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6605 at 31 December 2015. 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 Financial Position should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



(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 CHANGES IN EQUITY
 FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

	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	Warrants reserve RMB'000	Discount on shares RMB'000	Retained earnings RMB'000	
At 1 July 2014	230,886	273,851	136,196	(81,403)	28,067	71,923	(71,923)	1,139,860	1,727,457
Total comprehensive income for the period	-	-	10,542	-	(45,207)	-	-	250,536	215,871
Dividends	-	-	-	-	-	-	-	(11,375)	(11,375)
Transfer to statutory reserve	-	-	-	-	-	-	-	(10,542)	(10,542)
At 30 June 2015	230,886	273,851	146,738	(81,403)	(17,140)	71,923	(71,923)	1,368,479	1,921,411
At 1 July 2015	230,886	273,851	146,738	(81,403)	(17,140)	71,923	(71,923)	1,368,479	1,921,411
Total comprehensive income for the period	-	-	-	-	(33,252)	-	-	79,225	45,973
At 31 December 2015	230,886	273,851	146,738	(81,403)	(50,392)	71,923	(71,923)	1,447,704	1,967,384

	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	Warrants reserve RM'000	Discount on shares RM'000	Retained earnings RM'000	
At 1 July 2014	152,500	180,879	89,957	(53,767)	18,538	-	-	752,878	1,140,985
Total comprehensive income for the period	-	-	6,963	-	(29,859)	-	-	165,479	142,583
Dividends	-	-	-	-	-	-	-	(7,513)	(7,513)
Transfer to statutory reserve	-	-	-	-	-	-	-	(6,963)	(6,963)
At 30 June 2015	152,500	180,879	96,920	(53,767)	(11,321)	-	-	903,881	1,269,092
At 1 July 2015	152,500	180,879	96,920	(53,767)	(11,321)	-	-	903,881	1,269,092
Total comprehensive income for the period	-	-	-	-	(21,963)	-	-	52,328	30,365
At 31 December 2015	152,500	180,879	96,920	(53,767)	(33,284)	-	-	956,209	1,299,457

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6605 at 31 December 2015. 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 Changes in Equity should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.



(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 CASH FLOWS
 FOR THE FINANCIAL PERIOD 31 DECEMBER 2015**

	6 months Ended 31.12.2015	6 months Ended 31.12.2014	6 months Ended 31.12.2015 <i>(note a)</i>	6 months Ended 31.12.2014 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	97,070	189,105	61,416	119,646
Adjustment for:				
Depreciation of property, plant and equipment	12,395	12,321	7,843	7,795
Write off of property, plant and equipment	-	1,368	-	866
Amortisation of land use rights	141	141	89	89
Unrealised gain on foreign exchange differences	(33,985)	(24,188)	(21,502)	(15,304)
Interest expenses on bank borrowings	495	549	313	347
Interest income	(2,586)	(2,163)	(1,636)	(1,369)
Operating profit before working capital changes	73,530	177,133	46,523	112,070
Increase in inventories	(225,307)	(31,293)	(142,552)	(19,799)
Increase in trade and other receivables	(112,322)	(42,691)	(71,066)	(27,013)
Increase in trade and other payables	53,069	44,513	33,577	28,164
Cash generated from operations	(211,030)	147,662	(133,518)	93,422
Interest paid	(495)	(549)	(313)	(347)
Income tax paid	(11,645)	(34,436)	(7,368)	(21,788)
Interest received	2,586	2,163	1,636	1,369
Net cash (used in)/generated from operating activities	(220,584)	114,840	(139,563)	72,656
Cash flows from investing activities				
Acquisition of property, plant and equipment	(1,788)	(24,245)	(1,131)	(15,340)
Cash used in investing activities	(1,788)	(24,245)	(1,131)	(15,340)
Cash flows from financing activities				
Bank loans obtained	18,000	13,300	11,389	8,415
Repayment of bank loans	(18,000)	(13,300)	(11,389)	(8,415)
Net cash generated from / (used in) financing activities	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	(222,372)	90,595	(140,694)	57,316
Translation differences	168	(29)	(6,071)	2,502
Cash and cash equivalents at beginning of the financial period	1,456,947	1,156,243	962,313	763,699
Cash and cash equivalents at end of financial period	1,234,743	1,246,809	815,548	823,517

Notes:

(a) The presentation currency of this unaudited interim financial report is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") for the quarter ended 31 December 2015 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6327 at 31 December 2015. 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 Cash Flows should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 30 June 2015 and the accompanying explanatory notes attached to the interim financial statements.

A. NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015

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 second quarter ended 31 December 2015 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

b) Changes in accounting policies

There are no changes in accounting policies for the financial period ended 31 December 2015.

c) Basis of consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Information on its subsidiaries is disclosed in Note 6.

The Group was formed as a result of the reorganisation exercise undertaken in 2009 for the purpose of the Company's listing on the Main Market of the Bursa Malaysia Securities Berhad. The acquisition of 100% equity in Addnice Holdings Limited by Xingquan International Sports Holdings Limited pursuant to the reorganisation exercise under common control has been accounted for using the pooling-of-interests method of consolidation. Under the pooling-of-interest method, the consolidated financial statements of the Group have been presented as if the Group structure immediately after the reorganisation has been in existence since the earliest financial year presented. The assets and liabilities were brought into the consolidated statement of financial position at their existing carrying amounts. The pooling-of-interest method will continue to be used for the entities in existence up to the Group's next reorganisation exercise.

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 or in which control ceases, respectively.

Business combination is 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 non-controlling interest.

Any 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 represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in profit and loss on the date of acquisition.

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

d) Functional currency and translation to presentation currency

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The functional currency of the Company is Malaysia Ringgit. The financial statements are presented in Renminbi instead of Malaysia Ringgit as the primary economic environment in which the Group operates is the People's Republic of China.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in term of historical cost in a foreign currency are translated using the exchange rates at the date of the translation.

(iii) Group entities

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

- (a) Assets and liabilities are translated at the closing rate at the reporting date;
- (b) Income and expenses 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
- (c) 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 2015 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 period under review.

A8. Segment information

a) Operating segments

	6 months ended 31 December 2015				
	Shoe soles	Casual Footwear	Apparels and Accessories	Eliminated	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	74,933	91,704	282,837		449,474
Inter-segment revenue	43,671	16,547	17,743	(77,961)	-
	118,604	108,251	300,580	(77,961)	449,474
Results					
Segment results	17,274	35,187	90,802	-	143,263
Other income					36,118
Selling and distribution expenses					(64,281)
Administrative expenses					(17,535)
Finance costs					(495)
Profit before taxation					97,070
Income tax expenses					(17,845)
Profit after taxation					79,225
Other information					
Segment assets	155,015	286,694	359,205	(4,000)	796,914
Unallocated assets					
- Land use rights					12,566
- Other receivables					78,118
- Cash and bank					1,234,743
Total assets					2,122,341
Segment liabilities	14,569	22,128	68,247	-	104,944
Unallocated liabilities					
- Borrowing					18,000
- Other payables					15,423
- Current tax payable					13,203
- Deferred tax liability					3,387
Total liabilities					154,957
Capital expenditure	1,788				1,788
Depreciation of property, plant and equipment	4,603	1,908	5,884		12,395
Amortisation of land use rights					141

6 months ended 31 December 2014

	Shoe soles	Casual Footwear	Apparels and Accessories	Eliminated	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	113,597	212,328	381,500		707,425
Inter-segment revenue	9,652	24,232	24,094	(57,978)	-
	123,249	236,560	405,594	(57,978)	707,425
Results					
Segment results	32,043	72,836	150,114	-	254,993
Other income					27,015
Selling and distribution expenses					(69,564)
Administrative expenses					(22,783)
Finance costs					(556)
Profit before taxation					189,105
Income tax expenses					(42,969)
Profit after taxation					146,136
Other information					
Segment assets	153,226	178,240	320,250	(7,000)	644,716
Unallocated assets					
- Land use rights					12,849
- Other receivables					90,096
- Cash and bank					1,246,809
Total assets					1,994,470
Segment liabilities	13,540	13,696	24,609	-	51,845
Unallocated liabilities					
- Borrowing					18,000
- Other payables					51,040
- Current tax payable					21,043
Dividends					11,917
- Deferred tax liability					3,191
Total liabilities					157,036
Capital expenditure	24,065	180			24,245
Depreciation of property, plant and equipment	4,570	2,771	4,980		12,321
Property, plant and equipment written off	789	220	359		1,368
Amortisation of land use rights					141

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.

A9. 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 2015.

A10. Corporate proposals

On 25th September 2015, the company announced to undertake the following corporate proposals:-

- Proposed reorganisation of the share capital of the Company which involves, among other things, the reduction of the issued and paid-up share capital of Xingquan via the cancellation of United States Dollar ("US\$") 0.09 on each of the existing ordinary issued and paid-up shares of US\$0.10 in Xingquan pursuant to Section 46 of the Companies Act 1981 of Bermuda ("Act") (the "Proposed Par Value Reduction"), to be effective on such date as may be determined by the Board ("Par Value Reduction Effective Date") ("Proposed Capital Reorganisation"); and
- Proposed renounceable rights issue of up to 253,547,250 new ordinary shares of US\$0.01 in the Company ("Rights Shares") on the basis of one (1) Rights Share for every two (2) existing shares held in Xingquan after the Proposed Par Value Reduction Effective Date, together with up to 84,515,750 free detachable warrants ("Warrant(s) B") on the basis of one (1) Warrant B for every three (3) Rights Shares subscribed, on an entitlement date to be determined later by the Board ("Entitlement Date") ("Proposed Rights Issue with Warrants").

Save for the above, there were no corporate proposals announced but not completed as at the date of this report.

A11. Contingent liabilities

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 30 June 2015.

A12. Capital commitments

There were no authorised capital expenditures contracted but not provided for in the financial statements as at 31 December 2015.

A13. Changes in the composition of the Group

There are no changes in the composition of the Group during the financial period to-date.

A14. 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 profits after taxation prepared in accordance with the accounting regulation in the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to reduce any losses incurred or for capitalisation as paid-up capital.

Merger reserve

The merger reserve arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the pooling of interests method of accounting

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of the financial statements of foreign entities with functional currencies different from the presentation currency of the Group.

Share premium

The share premium represents the excess of issue price over the par value of the shares issued, net of share issue expenses.

A15. Related party transactions

There are no related party transactions during the current quarter.

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

B1. Review of performance

a) Financial Year-to-date vs. Previous Financial Year-to-date

The Group achieved a revenue and profit before tax ("PBT") of RMB449.5 million and RMB97.1 million respectively for the 6 months financial period ended 31 December 2015 ("FPE2016"). The revenue of RMB449.5 million represents a decrease of 36.5% as compared to the revenue of RMB707.4 million recorded for the 6 months financial period ended 31 December 2014 ("FPE2015").

The decrease in revenue is contributed by the following:

- (i) Decrease in sales volume of shoe soles from 7.1 million in FPE2015 to 5.1 million in FPE2016.
- (ii) Decrease in sales volume of apparels from 1.8 million in FPE2015 to 1.4 million in FPE2016.

The PBT of RMB97.1 million for FPE2016 represents a decrease of 48.7% as compared to the PBT of RMB189.1 million recorded for FPE2015. The decrease in PBT was mainly due to the decrease in overall revenue.

The decrease in selling and distribution expenses from RMB69.6 million in FPE2015 to RMB64.3 million in FPE2016 is mainly due to lower expenses in relation to market development and renovation costs.

The profit after taxation ("PAT") of RMB79.2 million for FPE2016 represents a decrease of 45.8% as compared to PAT of RMB146.1 million recorded for FPE2015 due to decrease in overall revenue.

The effective tax rate decreases from 22.7% for FPE2015 to 18.4% FPE2016 due to the unrealised gain on foreign exchange difference is not subject to income tax.

Performance of the respective operating business segments for FPE2016 as compared to FPE2015 is analysed as follows:

Shoe soles – The decrease in revenue from RMB113.6 million for FPE2015 to RMB74.9 million for FPE2016 was mainly due to decrease in sales volume from 7.1 million pairs for FPE2015 to 5.1 million pairs for FPE2016.

Shoes – The decrease in revenue from RMB212.3 million for FPE2015 to RMB91.7 million for FPE2016 was mainly due to decrease in sales volume from 1.2 million pairs for FPE2015 to 0.5 million pairs for FPE2016.

Apparels - The decrease in revenue from RMB381.5 million for FPE2015 to RMB282.8 million for FPE2016 was mainly due to decrease in sales volume from 1.8 million piece for FPE2015 to 1.4 million piece for FPE2016.

The increase in the inventory as at 31 December 2015 is mainly due to the custom made shoes amounting to RMB186.0 million that is pending delivery.

b) Current Quarter vs. Previous Year Corresponding Quarter

The Group achieved a revenue and profit before taxation (“PBT”) of RMB234.8 million and RMB56.3 million respectively for the current quarter (“Q2FY2016”), representing decrease of 39.1% and 42.2% in revenue and PBT respectively as compared to the corresponding period in the preceding year.

The decrease in revenue is contributed by the decrease in sales volume of shoe, shoe sole, apparels and accessories in Q2FY2016.

The PBT of RMB56.3 million for Q2FY2016 represents a decrease of 42.2% as compared to the PBT of RMB97.4 million recorded for Q2FY2015. The decrease in PBT was mainly due to the decrease in revenue.

Performance of the respective operating business segments for Q2FY2016 as compared to Q2FY2015 is analysed as follows:

Shoe sole – The decrease in revenue was mainly due to decrease in sales volume.

Shoe – The decrease in revenue was mainly due to decrease in sales volume.

Apparel - The decrease in revenue was mainly due to decrease in sales volume.

B2. Variation of results against immediate preceding quarter

	Current quarter 31 December 2015 RMB 000	Preceding quarter 30 September 2015 RMB 000
Revenue	234,822	214,652
Profit before taxation	56,330	40,740

The Group recorded revenue of RMB234.8 million for Q2FY2016, representing a increase of 9.4% as compared to the revenue of RMB214.6 million recorded for the quarter ended 30 September 2015 (“Q1FY2016”). The increase in revenue was due to increase in volume for apparels.

The profit before taxation of RMB56.3 million for Q2FY2016 represents an increase of 38.3% as compared to the profit before taxation of RMB40.7 million recorded for Q1FY2016. This was mainly due to the increase in unrealised gain on foreign exchange differences.

B3. Prospects for FYE 2016

We are aware that the Chinese economic uncertainties may impact the spending pattern of the Chinese consumers which may then impact our business. As such, we will continue to be wary of the changes in the economic conditions. Nevertheless, our Board of Directors believes that the Group's prospects for the financial year ending 30 June 2016 should remain positive due to the success of the GERTOP brand which is in the outdoor casual wear segment as well as the market recognition of our shoe sole business.

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. Profit before taxation

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

	Current year quarter	Current year to date
	RMB 000	RMB 000
Depreciation of property, plant and equipment	6,212	12,395
Amortisation of land use rights	70	141
Interest expenses	236	495
Interest income	(1,279)	(2,586)
Unrealised gain on foreign exchange differences	(8,575)	(33,985)

Save for the above items, there are no other items required to be disclosed according to Note 16 of Appendix 9B on Quarterly Report issued by Bursa Malaysia.

B6. Taxation

Taxation comprises the following:

	Current Quarter	Current year to date
	RMB 000	RMB 000
PRC income tax	13,203	17,845

The effective income tax rate of the Group for the current quarter and current year to date was 18.4% as compared to the applicable tax rate of 25%. This is lower than the applicable tax rate because of unrealised gain on foreign exchange differences recorded during the quarter.

B7. Group borrowings

The Group's borrowings as at 31 December 2015 were as follows:

	Total RMB 000
Short term bank loans – secured	<u>18,000</u>

B8. 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.

B9. Dividend

There was no dividend declared by the Company for the current quarter.

B10. Earnings per share**a) Basic**

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

	Individual Quarter Ended		Individual Quarter Ended	
	31.12.2015 RMB	31.12.2014 RMB	31.12.2015 RM	31.12.2014 RM
Profit after tax	43,127,000	76,355,000	27,287,000	48,309,000
Weighted average number of ordinary shares in issue	338,063,000	338,063,000	338,063,000	338,063,000
Basic earnings per share	0.13	0.23	0.08	0.14

	Cumulative Quarter 6 Months Ended		Cumulative Quarter 6 Months Ended	
	31.12.2015 RMB	31.12.2014 RMB	31.12.2015 RM	31.12.2014 RM
Profit after tax	79,225,000	146,136,000	50,125,000	92,460,000
Weighted average number of ordinary shares in issue	338,063,000	338,063,000	338,063,000	338,063,000
Basic earnings per share	0.23	0.43	0.15	0.27

b) Diluted

As of 30 September 2015, the Group has 169,031,500 of warrant in issue, which entitles the holders the rights for conversion into one (1) ordinary share for every one (1) warrant at an exercise price of RM1.00 each. This gives rise to potential ordinary shares which, upon conversion, could result in dilution to earnings per share in future financial periods.

In accordance with MFRS 133, options and warrants have a dilutive effect only when the average market price of ordinary shares during the period exceeds the exercise price of the options and warrants (i.e. they are 'in the money').

The volume-weighted average market price of the Company's ordinary shares during September 2014 was slightly lower than the warrant exercise price. As such, the issued warrants are not regarded as dilutive and accordingly, no diluted earnings per share is being presented for the current quarter under review. Relevant disclosure and information, where applicable, would be made in future interim financial reports and annual financial statements.

B11. Realised and unrealised profits

	Cumulative Quarter		Cumulative Quarter	
	6 Months Ended		6 Months Ended	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RMB 000	RMB 000	RM 000	RM 000
Total Retained Profit/(Loss)				
Realised	1,382,807	1,322,123	913,344	873,262
Unrealised	42,245	(57,331)	27,903	(37,867)
	<u>1,425,052</u>	<u>1,264,792</u>	<u>941,247</u>	<u>835,395</u>
Consolidation adjustments	22,652	9,287	14,962	6,135
	<u><u>1,447,704</u></u>	<u><u>1,274,079</u></u>	<u><u>956,209</u></u>	<u><u>841,530</u></u>

By Order of the Board

Kang Shew Meng
Seow Fei San
Secretaries

24 February 2016