



(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 THIRD QUARTER ENDED 31 MARCH 2016**

	Note	Individual quarter Quarter ended		Individual quarter Quarter ended	
		31.03.2016	31.03.2015	31.03.2016 (note a)	31.03.2015 (note a)
		RMB'000	RMB'000	RM'000	RM'000
Revenue	B1	106,898	324,873	64,941	197,360
Cost of sales		(78,623)	(201,407)	(47,763)	(122,355)
Gross profit		28,275	123,466	17,178	75,005
Other income		-	13,913	-	8,452
Selling and distribution expenses	B1	(8,250)	(18,856)	(5,012)	(11,455)
Administrative expenses		(34,091)	(7,325)	(20,710)	(4,450)
Finance costs		(210)	(259)	(128)	(157)
(Loss)/Profit before taxation	B1	(14,276)	110,939	(8,672)	67,395
Income tax expenses		(3,793)	(24,839)	(2,304)	(15,090)
(Loss)/Profit after taxation	B1	(18,069)	86,100	(10,976)	52,305
Other comprehensive losses, net of tax					
- Translation differences arising from foreign currency financial statements recognised directly in equity		24,338	(16,204)	14,785	(9,844)
Total comprehensive income for the period		6,269	69,896	3,809	42,461
Attributable to :					
- Equity holders of the Company		6,269	69,896	3,809	42,461
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B10	(0.05)	0.25	(0.03)	0.15
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 March 2016 with comparatives are shown for reference only and has been made at the same exchange rate of RMB1 to RM0.6075 at 31 March 2016. 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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	Note	Cumulative Quarter Current year-to-date		Cumulative Quarter Current year-to-date	
		31.03.2016 RMB'000	31.03.2015 RMB'000	31.03.2016 (note a) RM'000	31.03.2015 (note a) RM'000
Revenue	B1	556,372	1,032,298	337,996	627,121
Cost of sales		<u>(384,834)</u>	<u>(653,839)</u>	<u>(233,787)</u>	<u>(397,207)</u>
Gross profit		171,538	378,459	104,209	229,914
Other income		15,904	40,928	9,662	24,864
Selling and distribution expenses	B1	<u>(72,531)</u>	<u>(88,420)</u>	<u>(44,063)</u>	<u>(53,715)</u>
Administrative expenses		<u>(31,413)</u>	<u>(30,108)</u>	<u>(19,083)</u>	<u>(18,291)</u>
Finance costs		<u>(704)</u>	<u>(815)</u>	<u>(428)</u>	<u>(495)</u>
Profit before taxation	B1	82,794	300,044	50,297	182,277
Income tax expenses		<u>(21,638)</u>	<u>(67,808)</u>	<u>(13,145)</u>	<u>(41,193)</u>
Profit after taxation	B1	61,156	232,236	37,152	141,084
Other comprehensive losses, net of tax - Translation differences arising from foreign currency financial statements recognised directly in equity		<u>(8,914)</u>	<u>(40,447)</u>	<u>(5,415)</u>	<u>(24,572)</u>
Total comprehensive income for the period		<u>52,242</u>	<u>191,789</u>	<u>31,737</u>	<u>116,512</u>
Attributable to :					
- Equity holders of the Company		<u>52,242</u>	<u>191,789</u>	<u>31,737</u>	<u>116,512</u>
Earnings per share attributable to equity holders of the Company :					
Basic (RMB/RM)	B10	0.18	0.69	0.11	0.42
Diluted (RMB/RM)	B10	*	*	*	*

Notes:

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(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.



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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Unaudited As At 31.03.2016	Audited As at 30.6.2015	Unaudited As At 31.03.2016 <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	233,361	250,419	141,837	152,205
Land use rights	12,495	12,707	7,594	7,723
	<u>245,856</u>	<u>263,126</u>	<u>149,431</u>	<u>159,928</u>
Current assets				
Inventories	447,426	44,055	271,946	26,777
Trade and other receivables	339,032	253,536	206,065	154,101
Cash and bank balances	1,142,912	1,456,947	694,662	885,532
	<u>1,929,370</u>	<u>1,754,538</u>	<u>1,172,673</u>	<u>1,066,410</u>
Current liabilities				
Trade and other payables	103,999	68,017	63,212	41,341
Interest-bearing bank borrowings	18,000	18,000	10,940	10,941
Corporate income tax payable	3,793	7,003	2,305	4,257
	<u>125,792</u>	<u>93,020</u>	<u>76,457</u>	<u>56,539</u>
Net current assets	1,803,578	1,661,518	1,096,216	1,009,871
Non-current liability				
Deferred income tax liabilities	3,369	3,233	2,048	1,965
Net assets	<u>2,046,065</u>	<u>1,921,411</u>	<u>1,243,599</u>	<u>1,167,834</u>
EQUITY				
Share capital	20,961	230,886	12,741	140,333
Reserves	2,025,104	1,690,525	1,230,858	1,027,501
TOTAL EQUITY	<u>2,046,065</u>	<u>1,921,411</u>	<u>1,243,599</u>	<u>1,167,834</u>
Net assets per share attributable to equity holders of the Company (RMB/RM)	<u>6.05</u>	<u>5.68</u>	<u>3.68</u>	<u>3.45</u>

Notes:

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(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.



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

Attributable to Equity Holders of the Company

	Non - distributable							Distributable			Total Equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Contribution surplus account RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Currency translation reserve RMB'000	Warrants reserve RMB'000	Discount on shares RMB'000	Share application 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
Share application	-	-	-	-	-	-	-	-	72,412	-	72,412
Transfer in relation to Capital Reorganisation	(209,925)	-	209,925	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(8,914)	-	-	-	61,156	52,242
At 31 March 2016	20,961	273,851	209,925	146,738	(81,403)	(26,054)	71,923	(71,923)	72,412	1,429,635	2,046,065

Attributable to Equity Holders of the Company

	Non - distributable							Distributable			Total Equity RM'000
	Share capital RM'000	Share premium RM'000	Contribution surplus account RM'000	Statutory reserve RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Warrants reserve RM'000	Discount on shares RM'000	Share application RM'000	Retained earnings RM'000	
At 1 July 2014	140,333	166,447	-	82,780	(49,477)	17,059	43,715	(43,715)	-	692,807	1,049,949
Total comprehensive income for the period	-	-	-	6,407	-	(27,477)	-	-	-	152,276	131,206
Dividends	-	-	-	-	-	-	-	-	-	(6,914)	(6,914)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	(6,407)	(6,407)
At 30 June 2015	140,333	166,447	-	89,187	(49,477)	(10,418)	43,715	(43,715)	-	831,762	1,167,834
At 1 July 2015	140,333	166,447	-	89,187	(49,477)	(10,418)	43,715	(43,715)	-	831,762	1,167,834
Share application	-	-	-	-	-	-	-	-	44,029	-	44,029
Transfer in relation to Capital Reorganisation	(127,592)	-	127,592	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(5,415)	-	-	-	37,151	31,736
At 31 March 2016	12,741	166,447	127,592	89,187	(49,477)	(15,833)	43,715	(43,715)	44,029	868,913	1,243,599

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 2015 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 31 MARCH 2016**

	9 months Ended 31.03.2016	9 months Ended 31.03.2015	9 months Ended 31.03.2016 <i>(note a)</i>	9 months Ended 31.03.2015 <i>(note a)</i>
	RMB'000	RMB'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	82,794	300,044	50,297	182,277
Adjustment for:				
Depreciation of property, plant and equipment	18,265	18,645	11,096	11,327
Write off of property, plant and equipment	931	1,487	566	903
Amortisation of land use rights	212	211	129	128
Unrealised gain on foreign exchange differences	(9,881)	(40,112)	(6,003)	(24,368)
Interest expenses on bank borrowings	704	804	428	488
Interest income	(3,415)	(3,300)	(2,075)	(2,005)
Operating profit before working capital changes	89,610	277,779	54,438	168,750
Increase in inventories	(403,371)	(23,742)	(245,048)	(14,423)
(Increase)/Decrease in trade and other receivables	(85,495)	55,746	(51,938)	33,864
Increase in trade and other payables	36,624	27,100	22,249	16,464
Cash (used in)/generated from operations	(362,632)	336,883	(220,299)	204,655
Interest paid	(704)	(804)	(428)	(488)
Income tax paid	(24,848)	(55,479)	(15,095)	(33,703)
Interest received	3,415	3,300	2,075	2,005
Net cash (used in)/generated from operating activities	(384,769)	283,900	(233,747)	172,469
Cash flows from investing activity				
Acquisition of property, plant and equipment	(1,870)	(24,245)	(1,136)	(14,729)
Cash used in investing activity	(1,870)	(24,245)	(1,136)	(14,729)
Cash flows from financing activities				
Share application	72,412	-	44,029	-
Bank loans obtained	18,000	-	10,935	-
Repayment of bank loans	(18,000)	-	(10,935)	-
Dividends paid	-	(12,230)	-	(7,430)
Net cash generated from / (used in) financing activities	72,412	(12,230)	44,029	(7,430)
Net (decrease)/increase in cash and cash equivalents	(314,227)	247,425	(190,854)	150,310
Translation differences	192	(273)	(16)	(91)
Cash and cash equivalents at beginning of the financial period	1,456,947	1,156,243	885,532	702,764
Cash and cash equivalents at end of financial period	1,142,912	1,403,395	694,662	852,983

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 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 MARCH 2016

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 third quarter ended 31 March 2016 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 March 2016.

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.

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 save for A10.

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

	9 months ended 31 March 2016				
	Shoe soles	Casual Footwear	Apparels and Accessories	Eliminated	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	94,608	115,013	346,751	-	556,372
Inter-segment revenue	78,317	22,764	17,743	(118,824)	-
	172,925	137,777	364,494	(118,824)	556,372
Results					
Segment results	21,655	48,890	100,993	-	171,538
Other income					15,904
Selling and distribution expenses					(72,531)
Administrative expenses					(31,413)
Finance costs					(704)
Profit before taxation					82,794
Income tax expenses					(21,638)
Profit after taxation					61,156
Other information					
Segment assets	132,980	497,567	301,215	(4,000)	927,762
Unallocated assets					
- Land use rights					12,495
- Other receivables					92,057
- Cash and bank					1,142,912
Total assets					2,175,226
Segment liabilities	12,407	14,813	44,658	-	71,878
Unallocated liabilities					
- Borrowing					18,000
- Other payables					32,121
- Current tax payable					3,793
- Deferred tax liability					3,369
Total liabilities					129,161
Capital expenditure	1,870				1,870
Depreciation of property, plant and equipment	6,866	2,839	8,560		18,265
Amortisation of land use rights					212
Property, plant and equipment write off	931				931

9 months ended 31 March 2015					
	Shoe soles	Casual Footwear	Apparels and Accessories	Eliminated	Total
	RMB 000	RMB 000	RMB 000	RMB 000	RMB 000
External revenue	172,272	315,988	544,038		1,032,298
Inter-segment revenue	13,992	40,407	39,807	(94,206)	-
	186,264	356,395	583,845	(94,206)	1,032,298
Results					
Segment results	49,775	109,060	219,624	-	378,459
Other income					40,928
Selling and distribution expenses					(88,420)
Administrative expenses					(30,108)
Finance costs					(815)
Profit before taxation					300,044
Income tax expenses					(67,808)
Profit after taxation					232,236
Other information					
Segment assets	157,598	149,020	256,571	(7,000)	556,189
Unallocated assets					
- Land use rights					12,778
- Other receivables					66,197
- Cash and bank					1,403,395
Total assets					2,038,559
Segment liabilities	13,566	10,517	18,107	-	42,190
Unallocated liabilities					
- Borrowing					18,000
- Other payables					43,311
- Current tax payable					24,839
- Deferred tax liability					3,203
Total liabilities					131,543
Capital expenditure	24,065	180			24,245
Depreciation of property, plant and equipment	7,021	4,271	7,353		18,645
Property, plant and equipment written off	908	213	366		1,487
Amortisation of land use rights					211

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"). Subsequently, the Proposed Par Value Reduction is completed on 10 February 2016; 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"). A total of 147,106,235 Rights Shares and 49,035,342 Warrants B as well as 23,329,593 Additional Warrants A consequential to the Rights Issue with Warrants were listed and quoted on the Main Market of Bursa Securities on Wednesday, 6 April 2016, marking the completion of the Proposed Rights Issue with Warrants.

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 March 2016.

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 RMB556.4 million and RMB82.8 million respectively for the 9 months financial period ended 31 March 2016 ("FPE2016"). The revenue of RMB556.4 million represents a decrease of 46.1% as compared to the revenue of RMB1,032.3 million recorded for the 9 months financial period ended 31 March 2015 ("FPE2015").

The decrease in revenue is contributed by the following:

- (i) Decrease in sales volume of shoe soles from 11.0 million pairs in FPE2015 to 6.5 million pairs in FPE2016.
- (ii) Decrease in sales volume of apparels from 2.6 million pieces in FPE2015 to 1.8 million pieces in FPE2016.

The PBT of RMB82.8 million for FPE2016 represents a decrease of 72.4% as compared to the PBT of RMB300.0 million recorded for FPE2015. The decrease in PBT was mainly due to the decrease in overall revenue and decrease in unrealised gain on foreign exchange difference.

The decrease in selling and distribution expenses from RMB88.4 million in FPE2015 to RMB72.5 million in FPE2016 is mainly due to lower expenses in relation to market development costs.

The profit after taxation ("PAT") of RMB61.2 million for FPE2016 represents a decrease of 73.7% as compared to PAT of RMB232.2 million recorded for FPE2015 due to decrease in overall revenue and decrease in unrealised gain on foreign exchange difference.

The effective tax rate increases from 22.6% for FPE2015 to 26.1% FPE2016 due to the expenses incurred at the ultimate holding company is not entitled for tax deduction.

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

Shoe soles – The decrease in revenue from RMB172.3 million for FPE2015 to RMB94.6 million for FPE2016 was mainly due to decrease in sales volume from 11.0 million pairs for FPE2015 to 6.5 million pairs for FPE2016.

Shoes – The decrease in revenue from RMB316.0 million for FPE2015 to RMB115.0 million for FPE2016 was mainly due to decrease in sales volume from 1.8 million pairs for FPE2015 to 0.7 million pairs for FPE2016.

Apparels - The decrease in revenue from RMB521.6 million for FPE2015 to RMB335.2 million for FPE2016 was mainly due to decrease in sales volume from 2.6 million piece for FPE2015 to 1.8 million piece for FPE2016.

The increase in the inventory as at 31 March 2016 is mainly due to the custom made shoes amounting to RMB390.3 million that is pending delivery.

b) Current Quarter vs. Previous Year Corresponding Quarter

The Group achieved a revenue and loss before taxation (“LBT”) of RMB106.9 million and RMB14.3 million respectively for the current quarter (“Q3FY2016”), representing decrease of 67.1% and 112.9% 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 Q3FY2016.

The profit generated from operation for this quarter is RMB6.3 million. However, after taken into consideration of the unrealised loss on foreign exchange differences amounting to RMB24.1 million for Q3FY2016, the loss before taxation is RMB14.3 million for this quarter, represents a decrease of 112.9% as compared to the PBT of RMB110.9 million recorded for Q3FY2015.

Performance of the respective operating business segments for Q3FY2016 as compared to Q3FY2015 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 March 2016 RMB 000	Preceding quarter 31 December 2015 RMB 000
Revenue	106,898	234,822
(Loss)/Profit before taxation	(14,276)	56,330

The Group recorded revenue of RMB106.9 million for Q3FY2016, representing a decrease of 54.5% as compared to the revenue of RMB234.8 million recorded for the quarter ended 31 December 2015 (“Q2FY2016”). The decrease in revenue was due to decrease in volume for shoe, shoe sole, apparels and accessories.

The profit generated from operation for this quarter is RMB6.3 million. However, after taken into consideration of the unrealised loss on foreign exchange differences amounting to RMB24.1 million for Q3FY2016, the loss before taxation is RMB14.3

million for this quarter, represents a decrease of 125.4% as compared to the profit before taxation of RMB56.3 million recorded for Q2FY2016.

The unrealised loss on foreign exchange difference is due to the functional currency of the Company is in Ringgit Malaysia ("RM") and RM had appreciated close to 9% against RMB from Q2FY2016 to Q3FY2016 (from RMB1:RM0.6605 as at 31 December 2015 to RMB1:RM0.6078 as at 31 March 2016). As a result, a substantial amount of unrealised loss on foreign exchange differences has arisen from the intercompany balances between the Company and its 100% owned subsidiaries and being recorded in Q3FY2016.

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	5,870	18,265
Write off of property, plant and equipment	931	931
Amortisation of land use rights	71	212
Interest expenses	209	704
Interest income	(829)	(3,415)
Unrealised loss/(gain) on foreign exchange differences	24,104	(9,881)

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	3,793	21,638

The effective income tax rate of the Group for the current year to date was 26.1% as compared to the applicable tax rate of 25%. This is lower than the applicable tax rate because of expenses incurred at the ultimate holding company is not entitled for tax deduction.

B7. Group borrowings

The Group's borrowings as at 31 March 2016 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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RMB	RMB	RM	RM
(Loss)/Profit after tax	(18,069,000)	86,100,000	(10,976,000)	52,305,000
Weighted average number of ordinary shares in issue	338,063,000	338,063,000	338,063,000	338,063,000
Basic (loss)/earnings per share	(0.05)	0.25	(0.03)	0.15

	Cumulative Quarter 9 Months Ended		Cumulative Quarter 9 Months Ended	
	31.03.2016 RMB	31.03.2015 RMB	31.03.2016 RM	31.03.2015 RM
Profit after tax	61,156,000	232,236,000	37,151,000	141,084,000
Weighted average number of ordinary shares in issue	338,063,000	338,063,000	338,063,000	338,063,000
Basic earnings per share	0.18	0.69	0.11	0.42

b) Diluted

As of 31 March 2016, 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 IAS33, 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	
	9 Months Ended		9 Months Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	RMB 000	RMB 000	RM 000	RM 000
Total Retained Profit/(Loss)				
Realised	1,425,558	1,392,363	866,390	846,216
Unrealised	5,544	(57,331)	3,434	(34,843)
	<u>1,431,102</u>	<u>1,335,032</u>	<u>869,824</u>	<u>811,373</u>
Consolidation adjustments	(1,467)	24,834	(911)	15,092
	<u>1,429,635</u>	<u>1,359,866</u>	<u>868,913</u>	<u>826,465</u>

By Order of the Board

Kang Shew Meng
Seow Fei San
Secretaries

31 May 2016