

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY. If you have sold or transferred all your shares in Multi Sports Holdings Ltd ("**Multi Sports**" or the "**Company**"), you should at once hand this Abridged Prospectus together with the Notice of Provisional Allotment ("**NPA**") and the Rights Subscription Form ("**RSF**") to the agent / broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue (as defined herein) should be addressed to the Company's Malaysia share registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia ("**Malaysian Registrar**").

This Abridged Prospectus, together with the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia or to persons who are or may be subject to the laws of any countries or jurisdictions other than the laws of Malaysia. No action has been or will be taken under the requirements of the laws or regulations or of the legal or regulatory authorities of any jurisdiction other than Malaysia and Bermuda for the filing and/or registration of this Abridged Prospectus, together with the NPA and the RSF. The distribution of this Abridged Prospectus, together with the NPA and the RSF may be prohibited or restricted (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions or in respect of certain persons under the relevant laws of those jurisdictions. This Abridged Prospectus, together with the NPA and the RSF does not constitute an offer, solicitation or invitation to subscribe for the Rights Issue in any jurisdiction other than Malaysia or to any person to whom it would be unlawful to make such an offer, solicitation or invitation. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Malaysia where shareholders may have their registered addresses, this Abridged Prospectus, together with the NPA and the RSF has not been and will not be despatched to shareholders with a registered address outside Malaysia ("**Foreign Shareholders**") unless they have provided an address in Malaysia for the service of this Abridged Prospectus, together with the NPA and the RSF by the entitlement date as set out below. However, nothing shall preclude Foreign Shareholders from collecting this Abridged Prospectus, together with the NPA and the RSF, in person, at the office of the Company's Malaysian Registrar, in which event the Company's Malaysian Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Rights Issue. However, even though a person may be issued, circulated or distributed or be permitted to collect this Abridged Prospectus, together with the NPA and the RSF, the Company and AmlInvestment Bank Berhad ("**AmlInvestment Bank**") require that a person into whose possession of this Abridged Prospectus, together with the NPA and the RSF may come must inform himself of, and observe all the applicable laws of other jurisdictions which may prohibit or restrict the issue, circulation or distribution of this Abridged Prospectus, together with the NPA and the RSF to him or which may prohibit or restrict the offering, solicitation or invitation to subscribe for Rights Shares under this Abridged Prospectus, together with the NPA and the RSF or the Rights Issue to him. The Company and AmlInvestment Bank shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the entitled shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of this Abridged Prospectus, together with the NPA and the RSF has been registered with the Securities Commission of Malaysia ("**SC**"). The registration of this Abridged Prospectus, together with the NPA and the RSF should not be taken to indicate that the SC recommends the Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus, together with the NPA and the RSF. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, together with the NPA and the RSF, has also been lodged with the Registrar of Companies of Malaysia, who takes no responsibility for their contents. A copy of this Abridged Prospectus, together with the NPA and the RSF, will be filed with the Registrar of Companies in Bermuda. The Registrar of Companies in Bermuda in accepting this Abridged Prospectus, NPA and RSF for filing accepts no responsibility for the financial soundness of our Group or any proposal or for the correctness of any of the statements made or opinions expressed in this Abridged Prospectus or any other documents.

Approval for this Rights Issue has been obtained from the shareholders of Multi Sports at the Company's Special General Meeting held on 23 June 2010. Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") vide its letter dated 1 June 2010 for the listing and quotation of the Rights Shares. The official listing and quotation of the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Malaysia Depository Sdn Bhd that all CDS accounts of the successful entitled shareholders and/or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. Admission to the Official List of the Main Market of Bursa Securities and quotation of the Rights Shares are in no way reflective of the merits of the Rights Issue. Neither Bursa Securities nor the SC takes any responsibility for the correctness of statements made or opinions expressed herein.

All the documentation relating to this Rights Issue, including this Abridged Prospectus, together with the NPA and the RSF have been seen and approved by the Board of Directors of Multi Sports and they collectively and individually accept full responsibility for the accuracy of the information contained therein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

AmlInvestment Bank, being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus, together with the NPA and the RSF, constitutes a full and true disclosure of all material facts concerning this Rights Issue.

THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. PLEASE REFER TO "RISK FACTORS" AS SET OUT IN SECTION 5 OF THIS ABRIDGED PROSPECTUS.

MULTI SPORTS

HOLDINGS LTD

Bermuda Company No. 42425

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda)

Malaysian Foreign Company Registration No. 995199-H

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 90,000,000 NEW ORDINARY SHARES OF US\$0.05 EACH IN MULTI SPORTS ("RIGHTS SHARE(S)") AT AN ISSUE PRICE OF RM0.38 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF US\$0.05 EACH HELD IN MULTI SPORTS AT 5.00 P.M. ON 9 JULY 2010

Adviser

AmlInvestment Bank Berhad

(Company No. 23742-V)

A member of

CD

AmlInvestment Bank

Group

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES

Entitlement Date.....: Friday, 9 July 2010 at 5.00 p.m.

Last date and time for:

- Sale of Provisional Allotment of Rights Shares.....: Friday, 16 July 2010 at 5.00 p.m.

- Transfer of Provisional Allotment of Rights Shares.....: Wednesday, 21 July 2010 at 4.00 p.m.

- Acceptance and Payment.....: Monday, 26 July 2010 at 5.00 p.m.*

- Excess Rights Shares Application and Payment.....: Monday, 26 July 2010 at 5.00 p.m."

* or such later date and time as the Board of Directors of Multi Sports may decide and announce not less than two (2) Market Days before the stipulated date and time.

This Abridged Prospectus is dated 9 July 2010

THE SC AND BURSA SECURITIES SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS / INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS / INVESTORS WHO ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR FACTS MADE IN CONNECTION WITH THE ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE *CAPITAL MARKETS AND SERVICES ACT 2007* ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

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DEFINITIONS

Except where the context otherwise requires, the following terms and expressions as defined, shall apply throughout this Abridged Prospectus:-

Acquisition Of Xibin Land	The acquisition by Baixing of Xibin Land together with two (2) completed factory buildings of six-storeys each with an aggregate built-up area of approximately 17,631.6 sq m on Xibin Land, for a total cash consideration of CNY29.5 million (approximately RM15.02 million based on BNM's exchange rate of CNY1: RM0.5092 as at 24 September 2009)
Act	Companies Act, 1965 of Malaysia, as amended from time to time and any re-enactment thereof
AmlInvestment Bank	AmlInvestment Bank Berhad (a member of the AmlInvestment Bank Group)(23742-V)
Baixing	Jinjiang Baixing Shoe Material Co., Ltd. (f t t l ^ S S W 1 ^ W j.) (PRC company registration no. 350500400027080), a company established in Jinjiang City, Fujian Province, China, and a wholly-owned subsidiary of Multi Sports
BNM	Bank Negara Malaysia
Board	The Board of Directors of Multi Sports
Bursa Depository	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	Bursa Malaysia Securities Berhad (635998-W)
CDS	Central Depository System
China or PRC	People's Republic of China, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Chinese yuan, the official currency of China
CNY	Director(s) of Multi Sports
Director(s) Entitled Shareholder(s)	Shareholder(s) of Multi Sports whose name(s) appear in the register of members of our Company at the close of business on the Entitlement Date
Entitlement Date	The date on which as at the close of business at 5.00 p.m. on 9 July 2010 the Entitled Shareholders must be registered in Multi Sports' register of members, in order to be entitled to the Rights Issue
EPS	Earnings per Share
EVA	Ethylene vinyl acetate, a key component of our EVA sports-shoe soles which provides elasticity, softness and flexibility
Excess Rights Share(s)	Rights Share(s) which are not taken up or not validly taken up by the Entitled Shareholders and/or their renounee(s) prior to Excess Rights Shares Application

DEFINITIONS (CONT'D)

Excess Rights Shares Application(s)	Application(s) for Excess Rights Share(s), in excess of an Entitled Shareholder's entitlement under the Rights Issue as set out in Section 3.5 of this Abridged Prospectus
FYE	Financial year ending / ended 31 December, as the case may be
HK\$	Hong Kong dollars
IPO	Multi Sports' initial public offering in Malaysia, which was completed on 19 August 2009 with Multi Sports' Listing
Listing	Admission to the official list of the Main Market of Bursa Securities and the listing and quotation of Multi Sports' entire issued and fully paid-up share capital on the Main Market of Bursa Securities
Listing Requirements	Main Market Listing Requirements of Bursa Securities and practice notes thereunder including any amendments thereto that may be made from time to time
LPD	25 June 2010, being the latest practicable date prior to the printing of this Abridged Prospectus
Market Day	Any day between Monday to Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MD	A type of lightweight material made of EVA pellets which is produced using the EVA double-foaming process, and which is commonly used in the production of midsoles
Minimum Subscription Level	The minimum level of subscription for the Rights Issue of 54,000,000 Rights Shares
Multi Sports or Company	Multi Sports Holdings Ltd (Bermuda Company No. 42425) (Malaysian Foreign Company Registration No. 995199-H), incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda and registered as a foreign company in Malaysia under the Act
Multi Sports Group or Group	Multi Sports and its subsidiaries
NA	Net assets
NPA	Notice of Provisional Allotment pursuant to the Rights Issue
Paksing	Pak Sing Shoe Material (H.K.) Limited (51tU(Si)tKfiwJ) (Hong Kong business registration certificate no. 33677256-000-06-08-0 and company no. 849373), a company incorporated in Hong Kong
Power Wide	Power Wide Holdings Limited (British Virgin Islands Company No. 1496830), a company incorporated in the British Virgin Islands
Prospectus	Prospectus dated 30 July 2009 issued in respect of Multi Sports' IPO
Quarterly Report 1Q 2010	Quarterly report on the consolidated results of our Group for the first quarter ended 31 March 2010

DEFINITIONS (CONT'D)

R&D	Research and development
RB	Rubber, a key component of our sports-shoe soles which provides high resistance to wear and tear
Record of Depositors	A record of securities holders of our Company established by Bursa Depository under the Rules of Bursa Depository
Registrar in Malaysia or Malaysian Registrar	The Company's Malaysia share registrar, Tricor Investor Services Sdn Bhd (118401-V) at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Rights Issue	The renounceable rights issue of up to 90,000,000 Rights Shares to Entitled Shareholders at an issue price of RM0.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing Shares held in Multi Sports at the close of business on the Entitlement Date
Rights Share(s)	Up to 90,000,000 new Shares to be issued pursuant to the Rights Issue
RM and sen	Ringgit Malaysia and sen respectively
RSF	Rights Subscription Form pursuant to the Rights Issue
Rules of Bursa Depository	The Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the Securities Industry (Central Depositories) Act 1991, including any amendments thereto that may be made from time to time
SC	Securities Commission of Malaysia
SGM	Special General Meeting
Share(s) or Multi Sports Share(s)	Ordinary share(s) of US\$0.05 each in Multi Sports
sq m	Square metres
TERP	Theoretical ex-rights price
Undertaking	The letter of undertaking from Power Wide, pursuant to which Power Wide has irrevocably and unconditionally undertaken <i>inter alia</i> to apply and subscribe in full for its entitlement to the Rights Shares and a portion of Excess Rights Shares Application for a total of up to 54,000,000 Rights Shares, details of which are set out in Section 9 of this Abridged Prospectus
US\$	United States Dollar
WAMP	Volume weighted average market price
Xibin Land	The parcel of land of 46.8 mu (approximately 3.12 hectares*) in Xibin Farm, Xibin Town, Jinjiang City, Fujian Province, China, which has been acquired by Baixing, as announced on 25 September 2009

* A portion of this land measuring 3,960 sq m has been allocated for public road use.

DEFINITIONS (CONT'D)

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

All references to "you" in this Abridged Prospectus are to the shareholders of our Company, and references to "we", "us", "our" and "ourselves" are to our Company, and where the context requires, our Group. Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that Multi Sports' plans and objectives will be achieved.

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TABLE OF CONTENTS

	Page
CORPORATE DIRECTORY	vii
LETTER TO SHAREHOLDERS OF MULTI SPORTS CONTAINING:-	
1. INTRODUCTION.....	1
2. THE RIGHTS ISSUE.....	3
2.1 Details of the Rights Issue.....	3
2.2 Basis of determining the issue price of the Rights Shares.....	4
2.3 Ranking of the Rights Shares.....	4
3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE / TRANSFER AND EXCESS RIGHTS SHARES APPLICATION.....	4
3.1 General.....	4
3.2 Last date and time for acceptance and payment.....	5
3.3 Acceptance and payment.....	5
3.4 Sale and/or transfer of provisional allotment of Rights Shares.....	6
3.5 Excess Rights Shares Application.....	7
3.6 Splitting.....	8
3.7 Purchase of rights.....	8
3.8 Laws of foreign jurisdiction.....	9
3.9 CDS accounts.....	11
3.10 Notice of allotment.....	11
4. PURPOSE OF THE RIGHTS ISSUE.....	12
4.1 Rationale for the Rights Issue.....	12
4.2 Utilisation of proceeds.....	13
5. RISK FACTORS.....	17
5.1 Risks in respect of the Rights Issue.....	17
5.2 Risks relating to the operations of our Group.....	20
6. FINANCIAL EFFECTS OF THE RIGHTS ISSUE.....	25
6.1 Share capital.....	25
6.2 NA and gearing.....	26
6.3 Earnings and EPS.....	27
7. INDUSTRY REVIEW AND FUTURE PROSPECTS.....	27
7.1 Overview and outlook of global and Asian economic conditions.....	27
7.2 Overview of China's economy in 2010.....	28
7.3 Future prospects of our Group.....	29
8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS.....	29
8.1 Working capital.....	29
8.2 Borrowings.....	30
8.3 Contingent liabilities.....	30
8.4 Material capital commitments.....	30

TABLE OF CONTENTS (CONT'D)

	Page
9. UNDERTAKING AND UNDERWRITING.....	30
9.1 Undertaking.....	30
9.2 Underwriting.....	31
10. TERMS AND CONDITIONS.....	32
11. LISTING AND QUOTATION OF THE RIGHTS SHARES.....	32
12. FURTHER INFORMATION.....	32

APPENDICES

APPENDIX I	CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT THE SGM OF MULTI SPORTS HELD ON 23 JUNE 2010.....	33
APPENDIX II	INFORMATION ON MULTI SPORTS.....	35
APPENDIX III	PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON.....	44
APPENDIX IV	AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON.....	55
APPENDIX V	UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010.....	100
APPENDIX VI	DIRECTORS' REPORT.....	121
APPENDIX VII	FURTHER STATUTORY AND ADDITIONAL INFORMATION.....	122

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name / Designation	Address	Nationality	Profession
Mr. Lin Huozhi <i>(Executive Chairman and Chief Executive Officer)</i>	No.11 Shanhe Road Yanshang Village Chendai Town, Jinjiang City Fujian Province China	China	Company Director
Ms. Lin Liying <i>(Executive Director)</i>	No. 11 Shanhe Road Yanshang Village Chendai Town, Jinjiang City Fujian Province China	China	Company Director
Mr. Huang Weimin <i>(Executive Director)</i>	Block E-411 No. 66 Xinghu Road Licheng District Quanzhou City China	China	Company Director
Mr. Chan Chiu Hung Alex <i>(Independent Non-Executive Director)</i>	Flat J, 4/F 43 Ma Tau Wai Road Hung Horn Kowloon Hong Kong	China (Hong Kong)	Company Director
Ms. Gong Ane <i>(Independent Non-Executive Director)</i>	Room 27E, Block 1 Tianhu Park No. 50 Tianhu Road Xiamen City Fujian Province China	China	Company Director
Mr. Lee Kian Hu <i>(Independent Non-Executive Director)</i>	106, Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Johor Malaysia	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Mr. Chan Chiu Hung Alex	Chairman	Independent Non-Executive Director
Ms. Gong Ane	Member	Independent Non-Executive Director
Mr. Lee Kian Hu	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARY** : Wong Wei Fong (MAICSA 7006751)
- Level 18, The Gardens North Tower
Mid Valley City
Lingkarān Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03 - 2264 8888
Fax : 03 - 2282 2733
- COMPANY AGENT IN MALAYSIA** : PFA Corporate Consultants Sdn Bhd (232360-T)
- Level 18, The Gardens North Tower
Mid Valley City
Lingkarān Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03 - 2264 8888
Fax : 03 - 2282 2733
- REGISTERED OFFICE IN BERMUDA**
- Clarendon House
2 Church Street
Hamilton HM11
Bermuda
Tel : +1 (441)295 5950
Fax : +1 (441)292 4720
- REGISTERED OFFICE IN MALAYSIA**
- Level 18, The Gardens North Tower
Mid Valley City
Lingkarān Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03 - 2264 8888
Fax : 03 - 2282 2733
- HEAD / MANAGEMENT OFFICE** :
- Yanshang Industry Zone
Chendai Town, Jinjiang City
Fujian Province
China
Tel : +86 (595) 8205 8888
Fax : +86 (595)8508 3788
Email : admin@baixingshoes.com
Website: www.multi-sports.com.cn
- MALAYSIAN REGISTRAR & TRANSFER OFFICE IN MALAYSIA**
- Tricor Investor Services Sdn Bhd (118401-V)
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkarān Syed Putra
59200 Kuala Lumpur
Malaysia
Tel : 03 - 2264 3883
Fax : 03-2282 1886
- BERMUDA SHARE REGISTRAR** :
- Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda
Tel : +1 (441)295 5950
Fax : +1 (441)292 4720

CORPORATE DIRECTORY (CONT'D)

AUDITORS

Foo Kon Tan Grant Thornton LLP
47, Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry
Building
Singapore 179365
Tel : +65 6336 3355
Fax : +65 6337 2197

REPORTING ACCOUNTANTS

SJ Grant Thornton (AF:0737)
Level 11, Faber Imperial Court
Jalan Sultan Ismail
P.O. Box 12337
50774 Kuala Lumpur
Malaysia
Tel : 03 - 2692 4022
Fax : 03 -2732 5119

**SOLICITORS FOR THE RIGHTS
ISSUE**

Jeff Leong, Poon & Wong
Advocates & Solicitors
A-11-3A, Level 11
Megan Avenue II
Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia
Tel : 03-2166 3225
Fax : 03-2166 3227

**LEGAL ADVISERS TO OUR
COMPANY ON BERMUDA LAW**

Conyers Dill & Pearman Pte. Ltd.
9 Battery Road
#20-01 Straits Trading Building
Singapore 049910
Tel : +65 6223 6006
Fax : +65 6223 7887

**LEGAL ADVISERS TO OUR
COMPANY ON PRC LAW**

Grandall Legal Group (Guangzhou)
9/F, Cheng Jian Building
189 Ti Yu Xi Road
Guangzhou
China 510620
Tel : +86 (20) 3879 9345
Fax : +86 (20) 3879 9335

**LEGAL ADVISERS TO OUR
COMPANY ON HONG KONG
LAW**

Chiu, Szeto & Cheng Solicitors
Unit 818, 8th Floor
China Insurance Group Building
No. 73 Connaught Road
Central
Hong Kong SAR
Tel : +852 2529 9191
Fax : +852 2529 9116

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CORPORATE DIRECTORY (CONT'D)

- PRINCIPAL BANKERS** : Quanzhou City Commercial Bank
Hepingzhong Road
Qingyang, Jinjiang City
Fujian Province
China 362200
Tel : +86 (595) 8508 3829
- Industrial and Commercial Bank of China
Chongde Road
Qingyang, Jinjiang City
Fujian Province
China 362200
Tel : +86 (595) 8586 2680
- PRINCIPAL ADVISER** : AmInvestment Bank Berhad (23742-V)
(a member of AmInvestment Bank Group)
22nd Floor, Bangunan AmBank Group
55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 03-2036 2633
Fax : 03 - 2078 2842
- STOCK EXCHANGE LISTED AND LISTING SOUGHT** : Main Market of Bursa Securities

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MULTI SPORTS

INGS LTD

Bermuda Company No. 42425

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda)

Malaysian Foreign Company Registration No. 995199-H

(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia)

Registered Office in Malaysia

Level 18
The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

9 July 2010

Board of Directors:

Mr. Lin Huozhi (*Executive Chairman and Chief Executive Officer*)

Ms. Lin Liying (*Executive Director*)

Mr. Huang Weimin (*Executive Director*)

Mr. Chan Chiu Hung Alex (*Independent Non-Executive Director*)

Ms. Gong Ane (*Independent Non-Executive Director*)

Mr. Lee Kian Hu (*Independent Non-Executive Director*)

To: The shareholders of Multi Sports

Dear Sir / Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 90,000,000 RIGHTS SHARES TO ENTITLED SHAREHOLDERS AT AN ISSUE PRICE OF RM0.38 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SHARES HELD IN MULTI SPORTS AT 5.00 P.M. ON 9 JULY 2010

1. INTRODUCTION

Our Board is pleased to inform that at the recent SGM held on 23 June 2010, our shareholders approved the Rights Issue. A certified true extract of the ordinary resolution passed by our shareholders at the aforesaid SGM is set out in Appendix I of this Abridged Prospectus.

On 24 June 2010, AmlInvestment Bank had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM0.38 per Rights Share, after taking into consideration the TERP of Multi Sports Shares of RM0.4252 per Share based on the five (5)-day WAMP of Multi Sports Shares up to and including 23 June 2010 (being the five (5) Market Days immediately preceding the price-fixing date) of RM0.4365.

On 25 June 2010, AmlInvestment Bank had, on behalf of our Board, announced that the Entitlement Date has been fixed as at the close of business at 5.00 p.m. on 9 July 2010.

For information purposes, the Rights Issue will be implemented based on the Listing Requirements, and hence does not require the SC's approval.

Approval has been obtained from Bursa Securities vide its letter dated 1 June 2010 for the listing and quotation of the Rights Shares to be issued pursuant to the Rights Issue on the Main Market of Bursa Securities, subject to *inter-alia*, the following conditions:-

Conditions imposed	Status of compliance
Multi Sports and its adviser must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue.	Met / To be met, where applicable
Multi Sports and its adviser to inform Bursa Securities upon the completion of the Rights Issue.	To be met
Multi Sports to furnish Bursa Securities with a certified true copy of the resolution passed by our shareholders approving the Rights Issue prior to the quotation of the Rights Shares.	To be met
Multi Sports to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue is completed.	To be met

The listing and quotation of the Rights Shares will take place on the next Market Day after the following:-

- (i) submission of the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m. on the Market Day prior to the listing date;
- (ii) receipt of confirmation from Bursa Depository that the additional new Shares are ready for crediting into the respective CDS accounts of the Entitled Shareholders and/or their renounee(s); and
- (iii) an announcement in accordance to Paragraph 13.2 of Practice Note 28 is submitted via Bursa Link before 3 p.m. on the Market Day prior to the listing date.

Our Board has confirmed that as at LPD, save for the Rights Issue, Multi Sports does not have any other intended corporate proposals which have been approved by the regulatory authorities that are pending implementation.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Rights Issue and if given or made, such information or representation must not be relied upon as having been authorised by AmlInvestment Bank or by us.

As you are an Entitled Shareholder, you will find enclosed with this Abridged Prospectus, a NPA setting out the number of Rights Shares which you are entitled to subscribe for under the terms of the Rights Issue, and a RSF which is to be used for acceptance of the Rights Shares provisionally allotted to you and for application for any Excess Rights Shares, should you wish to do so. The Rights Shares that are not taken up or allotted for any reason, if any, will be made available for Excess Rights Shares Applications.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser(s) immediately.

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2. THE RIGHTS ISSUE

2.1 Details of the Rights Issue

In accordance with the terms of the Rights Issue as approved by the shareholders of Multi Sports at the SGM held on 23 June 2010, Multi Sports will provisionally allot up to 90,000,000 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Shares held in our Company, for subscription by the Entitled Shareholders at an issue price of RM0.38 per Rights Share. The issue price of RM0.38 per Rights Share is payable in full upon acceptance.

The Company intends to undertake the Rights Issue on a minimum subscription basis based on the Minimum Subscription Level of 54,000,000 Rights Shares. The Minimum Subscription Level was determined by our Board after taking into consideration, amongst others, the minimum level of funds that Multi Sports wishes to raise from the Rights Issue that will be channelled towards utilisation as set out in Section 4.2 of this Abridged Prospectus.

To meet the Minimum Subscription Level, our Company has obtained the Undertaking from our major shareholder, Power Wide, as detailed in Section 9 of this Abridged Prospectus. **Notwithstanding the above, Power Wide may also apply for additional Rights Shares not taken up by other Entitled Shareholders by way of Excess Rights Shares Application (in addition to the 8,549,677 Rights Shares that Power Wide has already undertaken to apply and subscribe for by way of Excess Rights Shares Application, based on the Undertaking).** There will not be any underwriting arrangement for the Rights Issue.

The Rights Issue is renounceable in full or in part. Accordingly, the Entitled Shareholders have the right to subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. The Rights Shares which are not taken up or validly taken up shall be made available for Excess Rights Shares Applications by Entitled Shareholders and/or their renounee(s). It is the intention of our Board to allocate the Excess Rights Shares in a fair and equitable manner in the following order of priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have validly applied for Excess Rights Shares, on a pro-rata basis in accordance with the respective shareholdings of the Entitled Shareholders as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have validly applied for Excess Rights Shares, on a pro-rata basis based on the number of Excess Rights Shares applied for by the respective Entitled Shareholders; and
- (iv) fourthly, the remaining balance (if any) for allocation to applicants (other than Entitled Shareholders) who have validly applied for Excess Rights Shares, on a pro-rata basis after taking into consideration the number of Excess Rights Shares applied for by the respective applicants.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason in respect thereof.

In determining shareholders' entitlements under the Rights Issue, fractional entitlements, if any, will be disregarded and such fractional entitlements will be dealt with in such manner as our Board shall in its absolute discretion deems fit or expedient or in the best interests of our Company.

Upon allotment and issuance by our Company, the Rights Shares will be credited directly into the respective CDS accounts of the Entitled Shareholders and/or their renounee(s). No physical shares certificates will be issued to the Entitled Shareholders and/or their renounee(s) pursuant to the Rights Issue.

2.2 Basis of determining the issue price of the Rights Shares

As announced on 24 June 2010, our Board has fixed the issue price of the Rights Shares at RM0.38 per Rights Share. The issue price was arrived at after taking into consideration the TERP of Multi Sports Shares of RM0.4252 per Share based on the five (5)-day WAMP of Multi Sports Shares up to and including 23 June 2010 (being the five (5) Market Days immediately preceding the price-fixing date) of RM0.4365.

The issue price of the Rights Shares represents a discount of 4.52 sen or approximately 10.63% from the TERP of Multi Sports Shares based on the five (5)-day WAMP of Multi Sports Shares up to and including 23 June 2010.

For illustration purposes, the issue price of the Rights Shares represents a discount of 1.6 sen or approximately 4.04% from the TERP of Multi Sports Shares of RM0.396 per Share based on the closing market price of Multi Sports Shares of RM0.40 as at 6 July 2010, being the last Market Day prior to the ex-date of the Rights Issue.

2.3 Ranking of the Rights Shares

The Rights Shares shall, when allotted, issued and fully paid-up, rank *pari passu* in all respects with the then existing issued and paid-up Shares of our Company, except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or distributions which may be declared, made or paid to shareholders of our Company, the entitlement date of which is prior to the date of allotment of the Rights Shares.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE / TRANSFER AND EXCESS RIGHTS SHARES APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO DISPOSE OF ALL OR ANY PART OF YOUR ENTITLEMENTS AS WELL AS FOR EXCESS RIGHTS SHARES APPLICATION ARE SET OUT IN THE RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY. THE RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THIS ABRIDGED PROSPECTUS.

ACCEPTANCES WHICH DO NOT CONFORM STRICTLY TO THE TERMS OF THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS PRINTED THEREIN OR WHICH ARE ILLEGIBLE MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR COMPANY.

3.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisionally allotted Rights Shares, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue (fractional allotment, if any, having been disregarded). You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such provisionally allotted Rights Shares into your CDS account and a RSF to enable you to subscribe for the Rights Shares provisionally allotted to you, as well as to apply for any Excess Rights Shares if you choose to do so. This Abridged Prospectus and the RSF are also available on Bursa Securities' website (<http://www.bursamalaysia.com>).

3.2 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Rights Shares is 5.00 p.m. on 26 July 2010, or such other later date and time as our Board in their absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of time of receipt by the Malaysian Registrar.

3.3 Acceptance and payment

If you wish to accept the Rights Shares provisionally allotted to you either in full or in part, please complete Parts I(A) and II of the RSF in accordance with the notes and instructions contained in the RSF (including specifying the number of Rights Shares which you are accepting) and deliver it together with the appropriate remittance either by ORDINARY POST or DELIVERED BY HAND in the reply envelope prescribed, one reply envelope for each completed RSF (at your own risk) to the Malaysian Registrar, **Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia. The RSF and payment remittance must arrive at the Malaysian Registrar's office, not later than 5.00 p.m. on 26 July 2010**, being the last date and time for acceptance and payment, or such later date and time as our Board in its absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time. Proof of time of postage shall not constitute proof of time of receipt by the Malaysian Registrar. The Board reserve the right not to accept or to accept in part only any application without providing any reasons.

If you do not wish to accept the Rights Shares provisionally allotted to you in full, you are entitled to accept part of your entitlements that can be subscribed / applied for. The minimum number of provisionally allotted Rights Shares that can be accepted is one (1) provisionally allotted Rights Share. Applicants should take note that a trading board lot of the Rights Shares comprises of one hundred (100) Rights Shares. You have to complete Parts I(A) and II of the RSF by specifying the number of Rights Shares which you are accepting. The portion of the Rights Shares that has not been accepted will be allotted to applicants applying for Excess Rights Shares in the manner set out in Section 3.5 of this Abridged Prospectus.

Acceptance and payment for the Rights Shares provisionally allotted to you must be made on the RSF issued with this Abridged Prospectus and must be completed in accordance with the notes and instructions printed therein. Acceptances which do not strictly conform to the terms and conditions of this Abridged Prospectus or the RSF or notes and instructions contained in these documents or which are illegible, may not be accepted at the absolute discretion of our Board.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Rights Shares accepted in the form of Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and must be made payable to "**MULTI SPORTS RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS account number. The payment must be made in the exact amount. Any excess or insufficient payment will be rejected at the absolute discretion of our Board. Cheques or any other mode of payments not prescribed herein are not acceptable.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR THE MALAYSIAN REGISTRAR IN RESPECT OF THE RIGHTS SHARES. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN BURSA DEPOSITORY'S RECORDS AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES.

APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF REMITTANCE BEING PRESENTED FOR PAYMENT.

If acceptance and payment for the Rights Shares provisionally allotted to you are not received by the Malaysian Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia by 5.00 p.m. on 26 July 2010 being the last date and time for acceptance and payment, or such later date and time as our Board in its absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time, the said provisional allotment to you will be deemed to have been declined and will be cancelled and such Rights Shares not taken up will be allotted to applicants who have applied for Excess Rights Shares.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reason thereof.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR MALAYSIAN REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN. WHERE THE APPLICATION IS NOT ACCEPTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO YOU WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES BY ORDINARY POST TO THE ADDRESS SHOWN IN BURSA DEPOSITORY'S RECORDS AT YOUR OWN RISK.

3.4 Sale and/or transfer of provisional allotment of Rights Shares

The provisional allotment of Rights Shares is renounceable and will be traded on Bursa Securities commencing 12 July 2010 up to and including 16 July 2010. As such, you and/or your transferee(s) and/or your renouncee(s) may sell / transfer all or part of your entitlements to the Rights Shares.

As the provisional allotment of Rights Shares are prescribed securities, you and/or your transferee(s) and/or your renouncee(s) who wish to dispose of all or part of your entitlements to the Rights Shares may do so immediately through your stockbroker for the period up to the last day of trading of the provisional allotment of Rights Shares on 16 July 2010, without first having to request for a split of the provisional allotment of Rights Shares standing to the credit in your CDS accounts.

To dispose of all or part of your provisional entitlements to the Rights Shares, you and/or your transferee(s) and/or your renouncee(s) may sell such entitlements on Bursa Securities or transfer such entitlements to such persons as may be allowed pursuant to the Rules of Bursa Depository.

IN SELLING OR TRANSFERRING ALL OR PART OF YOUR PROVISIONAL ALLOTMENT OF RIGHTS SHARES, YOU AND/OR YOUR TRANSFEREE(S) AND/OR YOUR RENOUNCEE(S) NEED NOT DELIVER ANY DOCUMENT (INCLUDING THE RSF), TO THE STOCKBROKER IN RESPECT OF THE PORTION OF THE PROVISIONAL ALLOTMENT SOLD / TRANSFERRED. HOWEVER, YOU AND/OR YOUR TRANSFEREE(S) AND/OR RENOUNCEE(S) MUST ENSURE THAT YOU HAVE SUFFICIENT PROVISIONAL ALLOTMENT OF RIGHTS SHARES STANDING TO THE CREDIT IN YOUR CDS ACCOUNTS THAT ARE AVAILABLE FOR SETTLEMENT OF THE SALE OR TRANSFER.

If you and/or your renouncee(s) have disposed of only part of your / their entitlements of the Rights Shares, you / they may still accept the balance of your / their entitlements of the Rights Shares by completing Parts 1(A) and II of the RSF and forwarding the RSF together with the full amount payable on the balance of the Rights Shares applied for to the Malaysian Registrar in accordance with the instructions in Section 3.3 of this Abridged Prospectus. The minimum number of Rights Shares that can be accepted or minimum number of Excess Rights Shares which can be applied for is one (1) Rights Share.

IF YOU AND/OR YOUR RENOUNCEE(S) SELL / TRANSFER ALL OR PART OF YOUR / THEIR PROVISIONAL ALLOTMENT OF RIGHTS SHARES, YOU OR THEY WILL AUTOMATICALLY BE DISPOSING YOUR / THEIR ENTITLEMENTS TO THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES. YOU / THEY CANNOT DISPOSE YOUR / THEIR ENTITLEMENTS IN ANY OTHER PROPORTIONS OTHER THAN THAT STATED ABOVE.

ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

Excess Rights Shares Application

If you wish to apply for additional Rights Shares in excess of those provisionally allotted to you, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II of the RSF) and forwarding it with a separate remittance for the full amount payable in respect of the Excess Rights Shares applied for to the Malaysian Registrar, **Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not later than 5.00 p.m. on 26 July 2010**, being the last date and time for Excess Rights Shares Application and payment, or such later date and time as our Board in its absolute discretion may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment under the Excess Rights Shares Applications should be made in the same manner described in Section 3.3 above except that the Banker's Draft(s), Cashier's Order(s), Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia should be made payable to "**MULTI SPORTS EXCESS RIGHTS SHARES ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name and address in block letters and your CDS account number. Cheques or any other mode of payments not prescribed herein are not acceptable.

It is the intention of our Board to allocate the Excess Rights Shares in a fair and equitable manner in the following order of priority:-

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, for allocation to Entitled Shareholders who have validly applied for Excess Rights Shares, on a pro-rata basis in accordance with the respective shareholdings of the Entitled Shareholders as at the Entitlement Date;
- (iii) thirdly, for allocation to Entitled Shareholders who have validly applied for Excess Rights Shares, on a pro-rata basis based on the number of Excess Rights Shares applied for by the respective Entitled Shareholders; and
- (iv) fourthly, the remaining balance (if any) for allocation to applicants (other than Entitled Shareholders) who have validly applied for Excess Rights Shares, on a pro-rata basis after taking into consideration the number of Excess Rights Shares applied for by the respective applicants.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares applied for under the RSF in such manner as it deems fit and expedient and in the best interest of our Company. Our Board also reserves the right to accept any Excess Rights Shares Application, in full or in part, without assigning any reason in respect thereof.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF FOR THE EXCESS RIGHTS SHARES APPLICATION OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR THE MALAYSIAN REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES.

In respect of unsuccessful or partially successful Excess Rights Shares Applications, the full amount or the balance of the application monies (as the case may be) will be refunded without interest within fifteen (15) Market Days from the last date of application and payment of the Excess Rights Shares by ordinary post at the address shown in Bursa Depository's records at your own risk.

If you lose, misplace or for any reason require another copy of the RSF, you may obtain additional copies from your stockbrokers, our Company's Registered Office in Malaysia, Bursa Securities' website (www.bursamalaysia.com) or the Malaysian Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia.

3.6 Splitting

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS accounts of the Entitled Shareholders and the new purchaser. The provisional allotment of Rights Shares will be credited into your CDS account. You will be notified of the crediting via the NPA which is enclosed with this Abridged Prospectus. You may sell part of or all of the Rights Shares provisionally allotted to you.

3.7 Purchase of rights

If you have purchased any provisional allotment of Rights Shares on Bursa Securities, to enable you to accept the Rights Shares, you should obtain the RSF from one of the following:-

- 1) All Malaysian stockbroking companies
- 2) Our Company's Registered Office in Malaysia at:-

Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
- 3) The Malaysian Registrar at:-

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

4) Bursa Securities' website at the following address:-

www.bursamalaysia.com

You are to complete the RSF and submit the same with the requisite payment to the Malaysian Registrar as described under Section 3.3 of this Abridged Prospectus on Acceptance and Payment.

3.8 Laws of foreign jurisdiction

This Abridged Prospectus, together with the NPA and RSF, are not and will not be made to comply with the laws of any jurisdiction other than Malaysia, and have not and will not be registered or filed under any applicable securities legislation of any jurisdiction other than Malaysia and Bermuda or with or by any regulatory authorities or other relevant bodies of any jurisdiction other than Malaysia and Bermuda, and the Rights Issue will not be offered for subscription in any country other than Malaysia.

This Abridged Prospectus, the NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed, and the Rights Issue will not be made or offered or deemed to be made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than the laws of Malaysia. The Rights Issue to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus and the RSF electronically or otherwise within Malaysia.

Accordingly, this Abridged Prospectus and the accompanying NPA and RSF relating to the Rights Issue will not be despatched to you if you do not have a registered address or an address for service in Malaysia as registered in the register of members of Multi Sports on the Entitlement Date. However, you may collect this Abridged Prospectus including the accompanying documents from the Malaysian Registrar, in which event the Malaysian Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue.

Our Company will not make or be bound to make any enquiry as to whether you have a registered address in Malaysia other than as stated in Multi Sports' register of members as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith. We will assume that the Rights Issue and the acceptance thereof by you would not be in breach of the laws of any jurisdiction. We will further assume that you have accepted the Rights Issue in Malaysia and will at all applicable times be subject to the laws of Malaysia.

You and/or your transferee(s) and/or your renounee(s) shall not have any right or claim against us or AmlInvestment Bank or any other advisers to the Rights Issue in respect of your rights or entitlements in respect of the Rights Issue or to any proceeds thereof. You may only accept or renounce or transfer (as the case may be) all or part of your entitlement and exercise any other rights in respect of the Rights Issue only to the extent that it would be lawful to do so, and our Company and AmlInvestment Bank or any other advisers would not be in breach of the laws of any foreign jurisdiction / country to which that you or your transferee(s) or your renounee(s) is or may be subject to.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid, if we believe that such acceptance may violate applicable legal or regulatory requirements.

If you are or may be subject to the laws or country / jurisdiction other than Malaysia ("**Foreign Shareholder(s)**"), it shall be your sole responsibility to consult your legal and/or other professional advisers as to whether the acceptance or renunciation in any manner whatsoever of your entitlement under the Rights Issue would result in the contravention of any laws of such country / jurisdiction and our Company, AmlInvestment Bank or any other advisers to the Rights Issue shall not accept any responsibility or liability whatsoever to any party in the event that any acceptance or renunciation of the sale or transfer of the provisional allotment of Rights Shares made by you and/or your transferee(s) and/or your renounee(s) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

If you are a Foreign Shareholder, remittances by you and/or your transferee(s) and/or your renounee(s) who wish to accept the provisional allotment of Rights Shares subject to the above conditions must be made in the manner prescribed in Sections 3.3 and 3.5 of this Abridged Prospectus.

If you are a Foreign Shareholder, by signing the RSF, you and/or your transferee(s) and/or your renounee(s) are deemed to have represented, acknowledged and declared in favour of (and which representation, acknowledgement and declaration will be relied upon by) our Company, our Board and our officers, AmlInvestment Bank and other advisers to the Rights Issue that:-

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue, be in breach of the laws of any jurisdiction which you and/or your transferee(s) and/or your renounee(s) are or may be subject to;
- (ii) you and/or your transferee(s) and/or your renounee(s) have complied with the laws which you and/or your transferee(s) and/or your renounee(s) are or may be subject to in connection with the acceptance or renunciation;
- (iii) you and/or your transferee(s) and/or your renounee(s) are not a nominee or agent of a person in respect of whom our Company would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction which that person is or may be subject to;
- (iv) you and/or your transferee(s) and/or your renounee(s) are aware that the provisional allotment of Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged or dealt with in any way in accordance with all applicable laws in Malaysia;
- (v) you and/or your transferee(s) and/or your renounee(s) have respectively received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus; and
- (vi) you and/or your transferee(s) and/or your renounee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

Persons receiving this Abridged Prospectus, NPA and/or RSF (including without limitation custodians, nominees and trustees) must not, in connection with the Rights Issue, offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or other relevant laws or regulations. If this Abridged Prospectus, NPA and RSF are received by any persons in such jurisdictions, or by the agent or nominee of such a person, he / she / it / they must not seek to accept the offer unless he / she / it / they has / have complied with and observed the laws of the relevant jurisdiction.

Any person who does forward this Abridged Prospectus, NPA and/or RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares from any application by Foreign Shareholders and/or their transferee(s) and/or their renounee(s) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any applicable legal or regulatory requirements.

3.9 CDS accounts

Bursa Securities has already prescribed the securities of Multi Sports listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares are prescribed securities and as such, all dealings in the provisional allotment of Rights Shares will be by book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository. You are required to have valid and subsisting CDS Accounts in order to subscribe for the Rights Shares.

The acceptance of the Rights Shares by you or any purchaser of the rights thereof shall mean consent to receiving such Rights Shares as prescribed securities which will be credited directly into your or the purchaser's CDS account.

All Excess Rights Shares allotted shall be credited directly into the CDS accounts of the successful applicants.

You are required to use one (1) RSF for each CDS account. Separate RSF must be used if you have more than one CDS account having been credited with the provisional allotments of Rights Shares.

3.10 Notice of allotment

Upon allotment of the Rights Shares in respect of your acceptance and Excess Rights Shares Application (if any), the Rights Shares shall be credited into your CDS Account. No physical certificates will be issued to you in respect of the Rights Shares. However, a notice of allotment will be despatched to you by ordinary post within eight (8) Market Days from the last date of acceptance and payment of the Rights Shares and Excess Rights Shares Application at the address shown in Bursa Depository's records at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Rights Shares or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and be despatched to you within fifteen (15) Market Days from the last date of acceptance and payment in respect of the Rights Shares by ordinary post to the address shown in Bursa Depository's records at your own risk.

The allotment of the Rights Shares, despatch of notice of allotment and application to Bursa Securities for the quotation of the Rights Shares will be made within eight (8) Market Days from the last date for payment and acceptance of the Rights Shares.

PLEASE NOTE THAT A COMPLETED RSF AND THE PAYMENT THEREOF ONCE LODGED WITH THE MALAYSIAN REGISTRAR CANNOT SUBSEQUENTLY BE WITHDRAWN.

THE LATEST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE AT 5.00 P.M. ON 26 JULY 2010 OR SUCH LATER DATE AND TIME AS OUR BOARD IN ITS ABSOLUTE DISCRETION MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

4. PURPOSE OF THE RIGHTS ISSUE

4.1 Rationale for the Rights Issue

Subsequent to Multi Sports' Listing, we have been receiving larger than expected orders from existing and new customers. For information purposes, orders received by our Group for the month of May 2010 increased by approximately 83.6% as compared to the month of August 2009 (the month of our Listing). As we had come upon the strategic opportunity to acquire Xibin Land only after our IPO and Listing, and in order to capitalise on the larger than expected orders we have been receiving subsequent to Listing, the level of funds required to fast-track the completion of our new production centre on Xibin Land was not envisaged at the point of our IPO.

The Rights Issue will enable us to pursue our expansion on a bigger scale than planned prior to Listing, fast-track our expansion plans, and construct a larger production centre to further expand production capacity, as detailed in Section 4.2 of this Abridged Prospectus. In turn, this will enable our Group to achieve higher growth in turnover as well as profit after taxation.

In view of the above and the tightening of credit policies in both China and Malaysia in the first half of 2010, and after due consideration of various methods of fund raising, our Board is of the opinion that the Rights Issue is the most appropriate option to raise funds in a timely manner for our Group, and that raising funds by way of the Rights Issue (as opposed to other forms of equity fund raising such as restricted issues or private placements) is most suitable for the following reasons:-

- (i) the Rights Issue will provide all existing shareholders of Multi Sports with the opportunity to further increase their equity participation in the Company at an attractive entry cost, in view of the attractive price-earnings multiple of Multi Sports Shares currently being traded on the Main Market of Bursa Securities. In contrast, other forms of equity fund raising such as restricted issues or private placements would limit such an opportunity to select parties only;
- (ii) the Rights Issue will enable our Group to raise the requisite funds, provide our Group with additional capital without incurring additional interest expense, and minimise any potential cash outflow in respect of interest servicing costs;
- (iii) the Rights Issue will involve the issuance of new Shares without diluting existing shareholders' equity interest, provided that all Entitled Shareholders subscribe for their respective entitlements. In contrast, other forms of equity fund raising such as restricted issues or private placements would allow select parties to dilute existing shareholders' equity interest at attractive entry costs, based on the attractive price-earnings multiples of Multi Sports Shares currently being traded on the Main Market of Bursa Securities; and
- (iv) the Rights Issue will increase our Group's shareholders' funds, strengthen our Group's capital base, and enhance our Group's cash flow position.

In the event funds are to be raised via borrowings or issuance of debt instruments, our Group's gearing levels and total borrowings would increase, resulting in additional interest expense. Further, as mentioned above, our Board has also taken into consideration the tightening of credit policies in both China and Malaysia in the first half of 2010, and is of the view that our Group may not be able to raise the requisite funds via borrowings and/or issuance of debt instruments at this juncture in a cost effective and timely manner.

4.2 Utilisation of proceeds

For illustration purposes, based on the issue price of RM0.38 per Rights Share, the gross proceeds and the expected utilisation of the proceeds to be raised from the Rights Issue are as follows:-

	Minimum Scenario ^(a) RM'000	Maximum Scenario ^(b) RM'000	Expected timeframe for utilisation
Gross proceeds to be raised	20,520	34,200	
Proposed utilisation:-			
(i) Construction and renovation of new production centre	19,520	33,200	by end of 2010
(ii) Estimated expenses	1,000	1,000	immediate

Notes:-

- (a) *Minimum Scenario - Assuming only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.*
- (b) *Maximum Scenario - Assuming all Entitled Shareholders subscribe in full for their respective entitlements pursuant to the Rights Issue.*

As disclosed in Multi Sports' Prospectus, Multi Sports had allocated RM30 million of the IPO proceeds for expansion of production capacity, to be fully utilised within 24 months after Multi Sports' Listing. For information purposes, Multi Sports' Listing was completed on 19 August 2009.

Of this RM30 million, RM25 million had been earmarked for the construction of a new production centre with an estimated built-up area of approximately 60,000 sq m on a parcel of land owned by Multi Sports located in Shanxia Town, Hui'an County, Quanzhou City, Fujian Province, China. The remaining RM5 million had been allocated to fund the purchase of various production machinery and equipment for the setup of production lines, as the various phases of construction are completed on the new production centre.

Subsequently, as announced on 25 September 2009, Baixing had acquired Xibin Land, together with two (2) completed factory buildings of six-storeys each with an aggregate built-up area of approximately 17,631.6 sq m on Xibin Land, for a total cash consideration of CNY29.5 million (approximately RM15.02 million based on BNM's exchange rate of CNY1: RM0.5092 as at 24 September 2009).

The Acquisition Of Xibin Land was intended, amongst others, to allow Multi Sports to fast-track its expansion plans, as the purchase of Xibin Land would immediately provide two (2) newly completed factory buildings, which would allow for the purchase and installation of additional production machinery to increase production capacity faster than planned. In addition, our Board believes that the location of Xibin Land is more strategic, in addition to being nearer to our head office / current production centre, as compared to the land originally intended for construction of our new production centre.

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As disclosed in Quarterly Report 1Q 2010, Multi Sports had utilised approximately RM3.8 million of the RM5 million from the IPO proceeds earmarked for acquisition of production machinery and equipment. With the addition of five (5) production lines each for RB shoe soles / components and EVA MD II shoe soles to-date, our annualised production capacity has grown from approximately 24.6 million pairs per annum (as disclosed in the Prospectus) to approximately 32.5 million pairs per annum, an increase of 7.9 million pairs per annum. We intend to utilise the remaining RM1.2 million of the IPO proceeds as well as additional internally-generated funds for acquisition of production machinery and equipment to further increase our annual production capacity in stages to a target of up to 79.6 million pairs of sports-shoe soles per annum after completion of the new production centre at Xibin Land.

(i) Construction and renovation of new production centre

We intend to utilise the proceeds to be raised from the Rights Issue to fast-track the completion of our new production centre on Xibin Land. As we had come upon the strategic opportunity to acquire Xibin Land only after our IPO and Listing, and in order to capitalise on the larger than expected orders we have been receiving subsequent to Listing (as detailed in Section 4.1 of this Abridged Prospectus), the level of funds required to fast-track the completion of our new production centre on Xibin Land was not envisaged at the point of our IPO.

Following the Acquisition Of Xibin Land, we commenced construction of one (1) additional factory building and two (2) workers' dormitories on Xibin Land, which are expected to be completed by the last quarter of 2010. In addition, we have commenced construction of one (1) office building (of 10 storeys with 1 basement) on Xibin Land, which will also house a R&D centre, to be completed by the first half of 2011.

Further details of all buildings on Xibin Land are as follows:-

	Estimated built-up area sq m	Expected timeframe for completion of construction and renovation
Buildings under renovation		
- Factory buildings no. 1 & 2	17,631.6	by 3 rd quarter of 2010
Buildings under construction		
- Factory building no. 3	23,245.0	by last quarter of 2010
- Dormitory no. 1	9,370.8	by last quarter of 2010
- Dormitory no. 2	11,551.4	by last quarter of 2010
- Office building with R&D centre	8,236.0	by first half of 2011
Total estimated built-up area	70,034.8	

The estimated total built-up area of the new production centre on Xibin Land is approximately 70,034.8 sq m.

As disclosed in the Prospectus, we had earmarked RM25 million of the IPO proceeds to construct a new production centre with an estimated built-up area of approximately 60,000 sq m.

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Under the original plans for construction of the production centre, we had allocated an additional sum of approximately RM70 million from internally-generated funds over the 24-month time period after Listing to complete the construction of the production centre (approximately RM35 million per 12-month period after Listing). Based on the above and the exchange rate as set out in paragraph 4 of the Accountants' Report of the Prospectus, completion of the originally-planned production centre (including the land acquisition cost of CNY4.61 million) was estimated to total approximately RM97.46 million or CNY182.68 million, or approximately RM 1,624.3 or CNY3.044.7 per sq m of built-up area constructed.

Original plan for new production centre as disclosed in Prospectus		
Estimated total built-up area	60,000 sq m	
Estimated completion cost	CNY	RM
- Land acquisition (prior to IPO) ^(a)	4.61 million	2.46 million
- Construction & renovation ^(a)	178.07 million	95.00 million
Total	182.68 million	97.46 million
Average cost per sq m	3,044.7	1,624.3
Funding for completion of production centre^(b)	CNY	RM
o IPO proceeds ^(a)	46.86 million	25.00 million
o Internally-generated funds (over 24 months) ^(a)	131.21 million	70.00 million
	178.07 million	95.00 million

Notes:-

- (a) Based on the exchange rate of CNY1: RM0.5335 as set out in paragraph 4 of the Accountants' Report of the Prospectus.
- (b) The cost for acquisition of the parcel of land in Shanxia Town of CNY4.61 million was incurred prior to Multi Sports' IPO.

The total construction and renovation costs for all the additional buildings on Xibin Land (one (1) factory building, two (2) workers' dormitories, and one (1) office building with R&D centre), as well as renovation costs for the two (2) existing factory buildings on Xibin Land is estimated to be CNY190 million (approximately RM88.81 million based on BNM's exchange rate as at 30 April 2010).

For illustration purposes, based on BNM's exchange rate as at 24 September 2009 for the Acquisition Of Xibin Land, and BNM's exchange rate as at 30 April 2010 for completion of all buildings on Xibin Land, the completion of the new production centre on Xibin Land (including land acquisition costs) is estimated to total approximately RM103.83 million or CNY219.5 million, or approximately RM1,482.5 or CNY3.134.2 per sq m of built-up area constructed.

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New production centre on Xibin Land		
Estimated total built-up area	70,034.8 sq m	
Estimated completion cost	CNY	RM
Land (with 2 factories) acquisition ^(a)	29.50 million	15.02 million
Construction & renovation ^(b)	190.00 million	88.81 million
Total	219.50 million	103.83 million
Average cost per sq m	3,134.2	1,482.5
Funding for completion of production centre	CNY	RM
o IPO proceeds (already fully utilised) ^(c)	52.71 million	25.00 million
o Internally-generated funds (already utilised over 7.4 months) ^(c)	70.98 million	33.67 million
o Rights Issue (Minimum Scenario) ^(d)	41.76 million	19.52 million
o Internally-generated funds ^(c)	54.05 million	25.64 million
	219.50 million	103.83 million

Notes:-

- (a) Based on BNM's exchange rate of CNY1: RM0.5092 as at 24 September 2009.
- (b) Based on BNM's exchange rate of CNY1: RM0.4674 as at 30 April 2010.
- (c) Based on an assumed average exchange rate of CNY1: RM0.4744.
- (d) Minimum Scenario assumes that only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.

As disclosed in Quarterly Report 1Q 2010, total cost incurred for the new production centre had reached RM58.67 million - in order to fast-track our expansion plans, we had utilised RM33.67 million from internally-generated funds in the approximately 7.4 months after Listing (as at 31 March 2010) for the new production centre on Xibin Land. In contrast, as detailed above, we had originally intended to utilise approximately RM35 million per 12-month period after Listing for construction of a new production centre.

Based on the illustrative estimated completion cost of approximately RM103.83 million for the new production centre on Xibin Land, and total cost incurred up to 31 March 2010 for the new production centre of RM58.67 million, an additional RM45.16 million is required to complete all buildings on Xibin Land.

In order to complete the fast-track of the construction of the new production centre, we seek to fully utilise the net proceeds raised from the Rights Issue for completing the construction and renovation of all factory buildings and dormitories on Xibin Land by end 2010. As such, we expect the proceeds raised from the Rights Issue to be fully utilised by the end of 2010, as all factory buildings and dormitories on Xibin Land are expected to be completed by then, using the proceeds from the Rights Issue.

Based on the issue price of RM0.38 per Rights Share, with at least RM19.52 million (approximately CNY41.76 million based on BNM's exchange rate as at 30 April 2010) or up to a maximum of RM33.2 million of net proceeds raised from the Rights Issue in addition to internally generated funds, and after considering the projected construction and renovation costs for the buildings on Xibin Land, our Board believes that our Group will have sufficient financial resources to fund the completion of all factories and dormitories on Xibin Land by end 2010, and the completion of the office building with R&D centre on Xibin Land by the end of the first half of 2011.

(ii) Estimated expenses

An estimated RM1.0 million will be utilised to defray expenses (comprising of professional fees, fees payable to the relevant authorities, expenses in convening the SGM for the Rights Issue, printing, despatch and advertising expenses, and other miscellaneous charges) relating to the Rights Issue. If the actual expenses are higher than budgeted, the deficit will be funded from the portion allocated for construction and renovation of the new production centre. Conversely, any surplus following utilisation for expenses will be channelled for utilisation for construction and renovation of the new production centre.

Until such time when the net proceeds from the Rights Issue are fully utilised for the purposes stated above, the net proceeds will be invested in interest-bearing deposit accounts or other readily realisable short-term investments.

5. RISK FACTORS

Prospective subscribers should carefully consider the following risks (which may not be exhaustive), in addition to all other information contained in this Abridged Prospectus (as well as all risk factors set out in chapter 3 of the Prospectus), before subscribing for their respective entitlements to the Rights Shares.

5.1 Risks in respect of the Rights Issue

(i) Investment risk

The market price of Rights Shares (subsequent to listing and quotation on Bursa Securities), like all listed securities traded on Bursa Securities, is subject to fluctuation. There is no assurance that Multi Sports Shares will trade at or above the TERP or the issue price of the Rights Shares after the listing and quotation of the Rights Shares.

A variety of factors could cause the market price of our Shares to fluctuate, including purchases / sales of substantial numbers of Shares in the public market, announcements of developments relating to our Group's businesses, fluctuations in our Group's operating results and revenue levels, future profitability of our Group and changes in interest rates, regulatory requirements or market conditions.

In addition to the fundamentals of our Group, the future price performance of our Shares will also depend upon various external factors such as general economic, political and industry conditions, the performance of regional and world bourses as well as sentiments and liquidity in the local stock market.

(ii) Failure / delay in implementation of the Rights Issue

As stated in Section 2.1 and detailed in Section 9.1 of this Abridged Prospectus, our Company has procured the Undertaking from our major shareholder, Power Wide, which has irrevocably and unconditionally undertaken *inter alia* to subscribe for its full entitlement to the Rights Shares and for a portion of Excess Rights Shares Application. While AmlInvestment Bank has verified, to the extent possible, that Power Wide has sufficient financial resources to subscribe for the number of Rights Shares stated in the Undertaking, in event that for whatever reason Power Wide does not fulfill its obligations under the Undertaking, the successful and timely implementation of the Rights Issue may be affected.

In the event of a failure in implementation of the Rights Issue, we will return in full without interest, all monies received in respect of any application for subscription of the Rights Shares.

(iii) Restrictions on dividends / payments from our subsidiaries

Our Company is an investment holding company, and our main source of income is dividends derived from our subsidiaries, namely Baixing and Paksing, which are established in China and Hong Kong, respectively. Therefore, the availability of funds for us to pay dividends or make other distributions to our shareholders is dependent upon dividends / other distributions received from our subsidiaries.

If our subsidiaries incur debt or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including International Financial Reporting Standards. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

In addition, restrictive covenants in bank credit facilities or other agreements that our Company or our subsidiaries may enter into may also restrict our subsidiaries' ability to provide capital or declare dividends to us and our ability to receive distributions. Therefore, these restrictions and any other legal or regulatory restrictions by our subsidiaries' respective countries of incorporation on the availability and usage of our major source of funding may materially impact our ability to pay dividends to our shareholders.

(iv) Payment of dividends

Our ability to pay dividends or make other distributions to our shareholders are subject to the future financial performance and cashflow position of our Group. There is no assurance that our Company will be able to distribute dividends to our shareholders as a result of the abovementioned factors.

Accordingly, our historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by us in the future. There is also no assurance that we will be able to record profits and have sufficient funds above our funding requirements, other obligations and business plans to declare dividends to our shareholders.

(v) PRC income taxes on gains on sales of and/or dividends on shares

Capital gains realised by shareholders from sale of shares and dividends payable on shares in PRC are subject to PRC income tax. As such, if we are required under PRC tax laws to withhold PRC income tax on capital gains on sales of shares in PRC and/or dividends on shares in PRC payable to shareholders, the value of our shareholders' investment in Multi Sports Shares may be materially and adversely affected as our main operating wholly-owned subsidiary, Baixing, is a PRC company and is subject to the PRC tax laws.

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(vi) Future fundraisings may dilute shareholders equity / restrict our operations

In the event that additional funding is required for our future growth, dilution of our shareholders' equity, or restrictions imposed by additional debt fundings may result.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our customer base and the need to maintain and expand our production facilities. Thus, we may need additional capital expenditure for investments (or mergers and acquisitions). Any future issue of Shares or other securities to raise funds will dilute shareholders' equity interests and may, in the case of a rights issue, require additional investments by shareholders.

Further, an issue of Shares below the then prevailing market price will also affect the value of existing Shares held by shareholders. Dilution in shareholders' equity interests may occur even if the issue of Shares is at a premium to the market price. In addition, any additional debt funding would increase our gearing ratio and may restrict our freedom to operate our business as it may have conditions that: -

- (a) limit our ability to pay dividends / require us to seek consents for the payment of dividends;
- (b) increase our vulnerability to general adverse economic / industry conditions;
- (c) require us to dedicate a portion of our cash flow from operations to repayments of our debt, thereby reducing the availability of our cash flow for capital expenditures, working capital and other general corporate purposes; and
- (d) limit our flexibility in planning for, or reacting to, changes in our businesses and our industry.

If we fail to obtain more funds to meet future requirements of our business, investment plans or merger and acquisition plans, we may be unable to implement future plans that could be essential to our continued growth.

(vii) Forward-looking statements

Certain statements in this Abridged Prospectus may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by our Board after due enquiry, and are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements.

In light of these and other uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty that the plans and objectives of our Group will be achieved.

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Risks relating to the operations of our Group

(i) Dependence on principal market / sports-footwear manufacturing industry

We are dependent on China's domestic demand for sports shoes and sports-shoe soles. Although China's economic growth continues to be robust (as detailed in Section 7 of this Abridged Prospectus), any prolonged and/or widespread economic downturn may reduce disposable income and consumer confidence, which may in turn adversely affect China's sports-footwear market conditions.

In mitigation, as shoes are regarded as necessities, it is likely that consumer spending on shoes will still continue, albeit at a lower expenditure level during an economic slowdown. In addition, manufacturers with strong product quality, financial stability, and diverse range of products and designs, such as us, will be in better positioned to withstand the impact of an economic slowdown.

In addition, the long-term growth of China's domestic economy will increase the affluence of consumers in China, which in turn may likely contribute to increasing demand for consumer goods, such as sports footwear.

Nevertheless, there is no assurance that we will not be adversely affected by any adverse changes in China's sports-footwear market conditions (such as changes in spending patterns and purchasing power of consumers), which may be caused by unfavourable economic conditions. In such an event, our revenue, future performance and profitability may be adversely affected.

(ii) Absence of long-term contracts with customers

We currently do not have any formal long-term contracts with our customers. Approximately 30 of our larger customers provide us with their memoranda of intent at the end of each year, stipulating their estimated orders for the coming year. Such information is intended to assist our planning and allocation of resources to meet the potential orders, and does not constitute confirmed orders. Hence, our Group's revenue is mainly generated on an order-by-order basis.

In mitigation, despite the lack of formal long-term contracts, we have developed long-term business relationships with our customers. We have enjoyed the ongoing patronage of over 50 customers for nine (9) or more years, whilst over 90 customers have been dealing with us for at least five (5) years.

These long-term relationships enable us to develop a good understanding of our customers' requirements and expectations, which serves as a foundation that encourages their ongoing patronage, and provide some assurance of business continuity from our existing customer base.

In addition, we have been proactively widening our customer base in order to limit our exposure to any single customer. Whilst reducing the risk of our operations being adversely affected should any of our customers discontinue or reduce their orders, this allows us to establish long-term relationships and leverage on the continued growth of a larger group of customers.

However, there is no assurance that our existing customer relationships will be maintained indefinitely. Should our customers decide to source for similar products from other suppliers or reduce their orders with us, we may be unable to secure sufficient additional orders to replace these lost and/or reduced orders. Consequently, our business and financial results may be adversely affected.

Risks inherent to our expansion plan

As detailed in Section 4.2 of this abridged Prospectus, our new production centre on Xibin Land is currently under construction and renovation. According to the planned schedule of completion of our new production centre, we expect to be able to fast-track our expansion plans and pursue our expansion on a bigger scale than planned prior to Listing, in order to fulfil the larger than expected orders we have been receiving subsequent to Multi Sports' Listing.

However, there is no assurance that there will not be any delays in the completion of our new production centre. Any prolonged delay could adversely affect our Group's business, financial condition, operating results and future prospects.

Further, there is also no assurance that our profitability will increase significantly or that we will not incur losses after completion of our new production centre, due to potential increases in our operating costs arising from the maintenance and operations of our new production centre. Without a corresponding increase in production and revenue, this increase in operating costs will have an adverse impact on our financial performance.

Notwithstanding the above, it is our commitment to closely monitor the progress of our new production centre to ensure that this expansion plan is completed by the scheduled time as stated in Section 4.2 of this Abridged Prospectus. Furthermore, we will endeavour to effectively manage the setting-up of operations at our new production centre, and promptly troubleshoot and resolve any setback to ensure that our expansion plan is successfully implemented and our operational and financial performance is not adversely affected.

Failure to keep abreast with production technologies / market trends

Our continuous success depends on our ability to keep abreast with advancements in production technologies, as well as fashion and market trends. These are essential to our endeavours of introducing new and innovative products on a timely basis in tandem with current market demands, and producing competitively-priced, new and innovative products and designs with mass appeal to our target markets.

Whilst we constantly strive to develop and launch new product ranges and designs, such development processes involves considerable time and resource commitments. In the event that any new product range or design that we launch in the future is not commercially viable or successful, our financial performance and market reputation may be adversely affected.

Further, despite our best efforts, there can be no assurance that we will be able to keep pace with advancements in production technologies, and continue to successfully develop products and designs with mass appeal or in tandem with fast-changing fashion trends.

In mitigation, our product development process is structured to ensure the relevance of our new product offerings. We work closely with our customers' R&D departments to analyse market trends and design products. Sample prototypes are made for collective assessment by customers, our R&D team, and our sales and marketing team. After collation of feedback, the commercial feasibility of each shoe-sole design is evaluated before new designs are finalised and approved for mass production.

Availability and cost of materials

The principal raw materials used in the production of our sports-shoe soles are generally produced from by-products of oil or natural rubber. As such, the prices of our raw materials are dependent on prices of oil and natural rubber, which are global commodities. Consequently, any fluctuations in global oil prices and changes in supply and demand of natural rubber will have an impact in the prices of our raw materials.

In mitigation, China has a significant oil and gas production industry, which serves as the feedstock for the manufacture of plastic resins and synthetic rubber, and also produces its own natural rubber. In addition, plastic resins and synthetic rubber are commodities and easily available in the world market. Thus, as our main raw materials are derived from commodities and readily available in China and elsewhere in the world, the threat from shortage of supply and volatile fluctuations in the prices of our key raw materials is minimised.

In addition, we expect to be able to pass on price increases of raw materials to our customers, as shoe soles ordered from us would form a critical component in our customers' intended production of specific sports-shoe designs. This is possible as customers may likely have commenced the procurement of materials and/or production of the upper sections of sports shoes designed specifically for a particular sports-shoe sole, and thus would require the shoe soles to complete their shoe production.

In any event, all manufacturers will be similarly affected by price increases of raw materials. To ensure continuing business sustainability, manufacturers will likely pass price increases to their respective customers.

However, there is no assurance that we will be able to pass on the increases in the prices of our raw materials, whether partially or entirely, to our customers. Thus, any material increase in the prices of our raw materials may adversely affect the cost of production of our Group, which may in turn affect our financial performance.

Dependence on key personnel and skilled workforce

The success of our Group is dependent upon the abilities and continued efforts of our Directors, key management team and skilled personnel. Our continued success in our ability to soundly manage our business operations and competitive strategy in the future depends on our experienced senior management team headed by our Board.

Our management team's extensive knowledge and shoe-sole-manufacturing experience serves as the foundation for the strategic decision-making that has driven our development and growth, and will continue to propel the future expansion of our Group.

Another key factor to our success is the continued services of our skilled workers who are mainly responsible for quality control and R&D. They play an integral role in maintaining the high quality of our products and our design and development prowess.

Therefore, our continued success is dependent, to a large extent, on our ability to retain the services of our Executive Directors, key management and skilled workforce. We do not maintain any insurance coverage for possible loss resulting from any loss of key management staff or any other type of key man insurance. As such, the loss of the services of our Executive Directors and key management, and/or the substantial loss of our skilled workforce may significantly affect our business operations and future prospects.

(vii) Competition

We face competition from other producers of sports-shoe soles from both our existing competitors, other smaller-scale manufacturers, and new competitors who seek to penetrate markets where we have established a presence.

Increased competition may result in lower prices, reduced profit margins, loss of market share and/or increased difficulty in market penetration, any of which could materially and adversely affect our operations and/or financial results.

Although competition continues to exist in the industry, the barriers to entry for the manufacture of shoe soles are relatively high, primarily due to the high cost of capital investment and the technology required to produce high-quality shoe soles. Due to economies of scale and the investment in specialised production equipment and moulding technology, larger operators such as our Group, have an advantage over smaller players in achieving cost efficiencies and producing high quality shoe soles.

Nevertheless, we will continue to take measures to refine our delivery in terms of reliability and quality, improve our management systems and operational processes, and develop innovative marketing and positioning strategies to fulfil market needs, in order to protect and augment the strength of our industry and market reputation and differentiate ourselves from other players in the market.

Notwithstanding the above, while our management believes that our strategies and team of experienced key personnel will enable our Group to remain competitive in the future, there can be no assurance that our performance will not be affected by competition and that we will be able to compete successfully against existing or new competitors in the future.

(viii) Labour issues

Labour costs in China have been increasing in recent times. If labour costs in China continue to increase, this will translate to proportional increases in production and administrative costs. In such circumstances, if we are unable to effectively increase productivity or manage our costs of production, our results of operations could be materially and adversely affected.

Apart from the above, on 29 June 2007, the PRC government promulgated a new labour law, namely the Labour Contract Law of the PRC ("**New Labour Law**"), which became effective on 1 January 2008. The New Labour Law imposes greater liabilities on employers and significantly impacts the cost of an employer's decision to reduce its workforce. Further, it requires certain terminations to be based upon seniority and not merit.

If we decide to change or decrease our workforce in China in a significant manner, the New Labour Law could materially and adversely affect our ability to enact such changes in a manner that is expedient to our circumstances or in a timely and cost effective manner, thus our results of operations could be materially and adversely affected. We also could incur additional compliance costs in connection with the New Labour Law.

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Foreign exchange risks

The value of CNY against other foreign currencies is subject to changes in the PRC Government's policies and international economic and political developments. Under the unified floating exchange rate system, the conversion of CNY into foreign currencies has been based on rates set by the People's Bank of China ("**PBOC**"), which have generally been stable.

However, the PBOC (acting as the Central Bank of PRC) reformed the exchange rate regime on 21 July 2005 by moving into a managed floating exchange regime based on market supply and demand with reference to a basket of currencies and the CNY is no longer pegged to the US dollar. Furthermore, on 23 September 2005, the PBOC widened the daily trading band for CNY against non-US dollar currencies from 1.5% to 3.0% to improve the flexibility of the new foreign exchange system.

There has been pressure from foreign countries for the PRC to adopt a more flexible currency system that could lead to further appreciation of the CNY. The CNY may be revalued further against foreign currencies or may be permitted to enter into a full or limited free float, which may result in an appreciation or depreciation in the value of the CNY against foreign currencies.

Since our revenues and profit are denominated in CNY, any depreciation of CNY would materially and adversely affect our financial position and the value of any dividends payable on our Shares in foreign currency terms, as well as our ability to service any of our foreign currency obligations (if any). Also, any appreciation of CNY may result in funds raised by our Company in RM, when converted into CNY, being less than that required by our Group for our expansion plan as detailed in Section 4.2 of this Abridged Prospectus.

Political, economic and regulatory risks

Our business, prospects, financial condition and level of profitability may be affected by developments in the economic, political and regulatory environment in China. Any adverse developments or uncertainties in the political, economic and regulatory environment in China could materially and/or adversely affect our profitability business prospects, and the industry in which we operate.

Such uncertainties include (but are not limited to) risk of war, global economic downturn, expropriation, nationalisation, changes in political leadership, changes in investment policies, unfavourable changes in government policies especially those applicable to the industries in which our Group operates, changes in interest rates, methods and rates of taxation, exchange controls, labour laws, regulations, duties and tariffs.

Further, globalisation has resulted in situations where economic and market challenges in a single country or region are increasingly affecting other countries. An emergence of such situations may adversely affect global economic conditions and world markets, which could result in a chain-reaction effect and self-perpetuating spiral, and thus could adversely affect our businesses.

Although we endeavour to practice efficient operating procedures and prudent financial management, and review our business development and operational strategies in anticipation and response to the political, economic and regulatory conditions in China, there can be no assurance that adverse political, economic and regulatory developments, which are beyond our control, will not materially affect our performance or our industry as a whole.

(xi) Availability of funds to sustain operations and growth

Whilst we have been financing our expansion using funds raised from our IPO as well as internally-generated funds, we have been financing our operations mainly from internally-generated funds. There is no assurance, however, that we will be able to sustain our operations and continued growth via internal resources. In event that there are insufficient internal resources and we are unable to obtain loans or other credit facilities, we may not be able to implement business and operational strategies to sustain our growth.

Notwithstanding the above, our Listing has enabled us to tap the capital markets to meet long-term funding requirements when the need arises. The effective usage of the capital markets may facilitate the procurement of relatively more cost-effective sources of funds as compared to loans and/or credit facilities. Nonetheless, there is no assurance that our performance and prospects will not be materially affected by any difficulties we may face in the timely sourcing of funds, which may affect the timely implementation of our operational and strategic plans.

6. FINANCIAL EFFECTS OF THE RIGHTS ISSUE

For illustrative purposes, the proforma effects of the Rights Issue are set out below:-

6.1 Share capital

The proforma effects of the Rights Issue on the issued and paid-up share capital of our Company are as follows:-

	Minimum Scenario^(a)		Maximum Scenario^(b)	
	No. of Shares	US\$'000	No. of Shares	US\$'000
Issued and paid-up share capital				
As at LPD	360,000,000	18,000	360,000,000	18,000
To be issued pursuant to the Rights Issue	54,000,000	2,700	90,000,000	4,500
Enlarged issued and paid-up share capital	414,000,000	20,700	450,000,000	22,500

Notes:-

- (a) *Minimum Scenario - Assuming only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.*
- (b) *Maximum Scenario - Assuming all Entitled Shareholders subscribe in full for their respective entitlements pursuant to the Rights Issue.*

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6.2 NA and gearing

Based on the latest audited consolidated financial statements of our Group for FYE 2009, the proforma effects of the Rights Issue on the consolidated NA per Share and gearing of our Group are as follows:-

Minimum Scenario^(a)

	Audited as at 31 December 2009		(I) After Rights Issue		(ID) After (I) and full utilisation of proceeds ^(b)	
	CNY'000	^(c) RM'000	^(c) CNY'000	^(c) RM'000	^(c) CNY'000	^(c) RM'000
Share capital	123,178	61,823	141,611	71,075	141,611	71,075
Share premium	69,689	34,977	92,140	46,245	90,148	45,245
Statutory reserve	23,353	11,721	23,353	11,721	23,353	11,721
Merger deficit	(54,916)	(27,562)	(54,916)	(27,562)	(54,916)	(27,562)
Retained profits	146,075	73,315	146,075	73,315	146,075	73,315
Shareholders' equity / NA	307,379	154,274	348,263	174,794	346,271	173,794
No. of Shares in issue ('000)	360,000	360,000	414,000	414,000	414,000	414,000
NA per Share	CNY0.85	RM0.43	CNY0.84	RM0.42	CNY0.84	RM0.42
Total borrowings	nil	nil	nil	nil	nil	nil
Gearing (times)						

Notes:-

- Minimum Scenario - Assuming only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.
- After deducting the estimated expenses of RM1.0 million and utilising the proceeds raised from the Rights Issue as detailed in Section 4.2 of this Abridged Prospectus.
- Translated for illustrative purposes only, based on BNM's closing exchange rate of CNY1: RM0.5019 and USD1:RM3.4265 for 31 December 2009.

Maximum Scenario

	Audited as at 31 December 2009		(I) After Rights Issue		(ID) After (I) and full utilisation of proceeds ^(b)	
	CNY'000	^(c) RM'000	^(c) CNY'000	^(c) RM'000	^(c) CNY'000	^(c) RM'000
Share capital	123,178	61,823	153,900	77,242	153,900	77,242
Share premium	69,689	34,977	107,108	53,758	105,116	52,758
Statutory reserve	23,353	11,721	23,353	11,721	23,353	11,721
Merger deficit	(54,916)	(27,562)	(54,916)	(27,562)	(54,916)	(27,562)
Retained profits	146,075	73,315	146,075	73,315	146,075	73,315
Shareholders' equity / NA	307,379	154,274	375,520	188,474	373,528	187,474
No. of Shares in issue ('000)	360,000	360,000	450,000	450,000	450,000	450,000
NA per Share	CNY0.85	RM0.43	CNY0.83	RM0.42	CNY0.83	RM0.42
Total borrowings	nil	nil	nil	nil	nil	nil
Gearing (times)						

Notes:-

- Maximum Scenario - Assuming all Entitled Shareholders subscribe in full for their respective entitlements pursuant to the Rights Issue.
- After deducting the estimated expenses of RM1.0 million and utilising the proceeds raised from the Rights Issue as detailed in Section 4.2 of this Abridged Prospectus.
- Translated for illustrative purposes only, based on BNM's closing exchange rate of CNY1: RM0.5019 and USD 1:RM3.4265 for 31 December 2009.

6.3 Earnings and EPS

The Rights Issue is not expected to have an immediate material effect on the earnings of our Group for FYE 2010 as it is only expected to be completed in the second half of 2010, and the utilisation of the bulk of proceeds for completion of all factories and dormitories on Xibin Land as detailed in Section 4.2 of this Abridged Prospectus is expected to be towards the end of 2010.

The consolidated EPS of our Group is expected to be diluted as a result of the increase in the number of Shares in issue after the Rights Issue. Nonetheless, the utilisation of proceeds raised from the Rights Issue is expected to contribute positively to the future earnings of our Group.

7. INDUSTRY REVIEW AND FUTURE PROSPECTS

Our Group designs, develops and manufactures sports-shoe soles for use by China's sports-footwear manufacturing industry in the production of sports shoes, a consumer good for the retail market sector.

7.1 Overview and outlook of global and Asian economic conditions

The global economy continued to expand in the first quarter of 2010. Most economies registered stronger growth, with the emerging economies in Asia leading the global recovery. The improvement in economic activity in these economies was attributed to better consumer and business sentiments, leading to increases in consumption and investment. Conditions in the international financial markets continued to improve following massive policy support by the authorities and higher investor tolerance of risk. Inflationary pressures across most economies had begun to emerge, albeit moderately, due primarily to higher energy and food prices.

The Japanese economy remained on its recovery path, supported by sustained improvement in trade and private consumption. Exports rebounded strongly by 43.2% in the first quarter (4Q09: -5.8%), registering the fastest pace of expansion in more than 30 years, largely due to robust demand from Asia, especially from PRC.

In the Asian region, all economies continued their robust expansion in the first quarter, driven by sustained domestic demand and strong export growth. Private consumption and investment activity in the region remained strong, supported by favourable labour market conditions and lending activities. The acceleration in export growth was due to continued expansion in intra-regional trade, a gradual improvement in demand from the advanced economies, the upturn in the global electronics cycle and the low base effect. PRC's economy expanded at a robust annual pace of 11.9% in the first quarter (4Q09: 10.7%), supported by strong expansion in fixed asset investment, driven by both infrastructure spending related to the fiscal stimulus and real estate investment.

With inflationary pressures gradually increasing, emanating from higher food and commodity prices, coupled with strong growth prospects, several central banks in Asia have stepped up their efforts in normalising policy rates. The Reserve Bank of India increased its repurchase rate to 5.25% by 25 basis points each time in March and April to contain rising inflation. Similarly, the Monetary Authority of Singapore re-centered the exchange rate policy band and shifted its policy stance towards a "modest and gradual appreciation" in April from the previous "zero percent appreciation" stance. While keeping its key policy rate unchanged, the PBOC tightened regulations on the loan-to-value ratio and increased reserve requirements on banks, in an attempt to slow the growth of bank lending.

Going forward, considerable uncertainties remain due to the ongoing sovereign debt problems in Europe and the diminishing support from policy stimulus. Despite these developments and the potential destabilizing effects on financial markets, the assessment is that it would generally have limited effects on emerging market economies.

(Source: BNM, Quarterly Bulletin, first quarter of 2010)

7.2 Overview of China's economy in 2010

According to preliminary estimation, the gross domestic product of China in the first quarter of 2010 was CNY8.057.7 billion, a year-on-year increase of 11.9%, which was 5.7 percentage points higher than that in the same period of 2009. The value added of the primary industry was CNY513.9 billion, up by 3.8%; that of the secondary industry was CNY3.907.2 billion, up by 14.5%; and that of the tertiary industry was CNY3.636.6 billion, up by 10.2%.

Industrial production picked up with a substantial increase in economic efficiency of enterprises. In the first quarter of 2010, the total value added of the industrial enterprises above designated size was up by 19.6% year-on-year, or 14.5 percentage points higher than that in the first quarter of 2009. An analysis on different types of enterprises showed that the value added growth of the state-owned and state holding enterprises went up by 19.9%; collective enterprises by 13.0%; shareholding enterprises by 20.8%; and 18.8% growth for enterprises funded by foreign investors or investors from Hong Kong, Macao and Taiwan provinces. The year-on-year growth of heavy industry was 22.1%, and 14.1% for light industry. All the 39 industrial divisions registered year-on-year growth. In terms of different areas, the growth in eastern, central and western regions was 18.3%, 23.1% and 20.2% respectively. The production and sales of industrial products went on well. In the first quarter of 2010, the sales ratio of industrial products was 97.5%, or 0.5 percentage point higher than that in 2009.

In the first two months of 2010, the profits made by industrial enterprises above designated size stood at CNY486.7 billion, up by 119.7% year-on-year. Among the 39 industrial divisions, 35 divisions registered year-on-year increase in profits, 2 divisions reversed from loss-making to profits, and 1 division witnessed reduction of losses.

Foreign trade recovered rapidly and trade deficit was seen in March 2010. The total value of imports and exports for the first quarter of 2010 was US\$617.85 billion, up by 44.1% year-on-year; it was 34.9 percentage points higher than that in the fourth quarter of 2009. The value of exports was US\$316.17 billion, up by 28.7%, and the value of imports was US\$301.68 billion, up by 64.6%. The trade surplus was US\$14.49 billion, a drop of US\$47.9 billion over the same quarter last year. The trade deficit in March was US\$7.24 billion.

The urban and rural population's income continued to grow with rapid growth in income transfer. In the first quarter of 2010, the per capita total income of urban household was CNY5.787. Of this total, the per capita disposable income of urban population was CNY5.308, a year-on-year growth of 9.8%, or a real growth of 7.5% after deducting price factors. Of the per capita total income of urban household, the year-on-year growth of wage income was 9.7%; transferred income 13.3%; net income from operation 7.5%; and 17.0% from property income. The per capita cash income of rural population was CNY1,814, up by 11.8% year-on-year, or 9.2% growth in real term. Of this total, the growth of wage income was 16.3%; household operating income 7.6%; property income 15.6%; and 13.8% from transferred income.

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Consumer goods / domestic retail sector

Sales in domestic markets enjoyed steady and fast growth, and new areas for consumption increased rapidly. In the first quarter of 2010, total retail sales of consumer goods reached CNY3.637.4 billion, a year-on-year rise of 17.9%, which was 2.9 percentage points higher than that in the same period of 2009. Retail sales in cities reached CNY3.057.1 billion, up by 18.4%, and retail sales in rural areas stood at CNY580.3 billion, up by 15.4%. In particular, retail sales by businesses above designated size reached CNY1,287.7 billion, up by 29.6%. Total retail sales of consumer goods under garments, footwear, hats, and knitwear in the first quarter of 2010 was CNY151.0 billion, an increase of 23.9% over the first quarter of 2009.

(Source: Further Expanding Momentum of China's Economic Recovery in the First Quarter of 2010, 15 April 2010, quoted from the web site of the National Bureau of Statistics of China (www.stats.gov.cn))

7.3 Future prospects of our Group

We are optimistic that FYE 2010 will be a promising year for our Group, as the growth rate for China's sports-footwear market should continue to improve in tandem with the economic growth in China, which continues to be robust, as detailed in Section 7.2 of this Abridged Prospectus. As China's per capita disposable income continues to grow, we are optimistic that average consumption of sports shoes per person per annum will continue to grow with the increasing purchasing power of the average person in China. This will bode well for our Group, especially in view of the size of the domestic consumer market in China.

In view of promising market conditions for FYE 2010, we fast-tracked our expansion plans, and expect to complete construction of all factories and dormitories on our new production centre on Xibin Land by end 2010. Our operations are expected to grow significantly with the completion of our new production centre. The commencement of operations on Xibin Land after completion of the buildings on Xibin Land is anticipated to contribute positively to our growth in forthcoming years.

Our production capacity has increased by over 35% in the first quarter of 2010 as compared to the first quarter of 2009. In line with the increase in production capacity, our Group recorded considerable growth in revenue in the first quarter of 2010. In particular, demand for our EVA MD products continues to show robust growth - in response, we aim to continue to increase production capacity for EVA MD products in FYE 2010.

We expect the performance of the Group to further improve in FYE 2010, as we continue to increase our production capacity to fulfil customer demand, and increase our new range of design offerings to fulfil forecast market trends. Apart from fashion trends, our R&D efforts are also focused on continuing to develop sport-shoe soles with improved ergonomics and functional features.

Whilst we are optimistic about demand conditions for our sports-shoe soles and sports shoes in China for FYE 2010, we continue to exercise discipline in managing our operating cost base. Despite promising conditions for continued growth in FYE 2010, we believe that prudent financial management will be fundamental to sustainable long-term growth for our Group, and will be essential to weathering any unexpected challenging conditions.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENTS

8.1 Working capital

Our Board is of the opinion that after taking into account the amount to be raised from the Rights Issue, the banking facilities available to our Group and the funds generated from our operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus to meet our Group's present and foreseeable future requirements.

8.2 Borrowings

As at LPD, our Group has total outstanding borrowings as follows:-

	RM'000
Short-term and interest-bearing borrowings	
Bank loans	
-CNY15,700,000	7,495
	7,495
Long-term and interest-bearing borrowings	
nil	-
	7,495

Note:-

(a) Based on BNM's exchange rate of CNY1: RM0.4774 as at LPD.

The bank loans were secured and pledged by our Group's land use rights and guaranteed by a third party. Our Group borrowings are denominated in CNY.

As at LPD, our Group does not have any non-interest bearing borrowings.

There has not been any default on payments of either interest and/or principal sums in respect of any borrowings throughout the past one (1) financial year and the subsequent financial periods up to LPD.

8.3 Contingent liabilities

As at the LPD, our Board is not aware of any contingent liabilities, which upon becoming enforceable may have a material impact on the profit or net asset value of our Group.

8.4 Material capital commitments

As at LPD, save as disclosed below, our Board is not aware of any capital commitments incurred or known to be incurred by our Group which may have a material impact on the financial position or business of our Group:-

	Group CNY'000
Approved and contracted for:	
Property, plant and equipment	80,246

The above capital commitment will be funded via internally-generated funds and/or proceeds from the Rights Issue.

9. UNDERTAKING AND UNDERWRITING

9.1 Undertaking

In extending its support for the Rights Issue, Power Wide (the major shareholder of Multi Sports) has provided the irrevocable and unconditional Undertaking to subscribe in full for its entitlement to 45,450,323 Rights Shares under the Rights Issue based on its shareholdings as at 3 May 2010, as well as to apply and subscribe in full for up to 8,549,677 Rights Shares not taken up by other Entitled Shareholders by way of Excess Rights Shares Application.

Details of the Undertaking are as follows:-

Name	Existing direct shareholdings as at 3 May 2010		Total no. of Rights Shares undertaken to subscribe under the Minimum Scenario ^(a)		Total no. of Rights Shares undertaken to subscribe under the Maximum Scenario ^(b)	
	No. of Shares	% ^(c)	No. of Shares	%	No. of Shares	%
Power Wide	181,801,293	50.50	54,000,000	100	45,450,323	50.50

Notes:-

- (a) *Minimum Scenario - Assuming only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.*
- (b) *Maximum Scenario - Assuming all Entitled Shareholders subscribe in full for their respective entitlements pursuant to the Rights Issue.*
- (c) *Based on the issued and fully paid-up share capital of 360,000,000 Shares as at 3 May 2010.*

For illustration purposes, assuming none of the Rights Shares are subscribed for by any other Entitled Shareholders, Power Wide will subscribe for an aggregate of 54,000,000 Rights Shares, which amounts to 60% of the maximum number of 90,000,000 Rights Shares that may be issued under the Rights Issue.

Based on the Undertaking, Power Wide has irrevocably and unconditionally warranted that it shall not sell or in any other way dispose of its interest in the 181,801,293 Shares in Multi Sports or any part thereof during the period commencing from the date of the Undertaking to the Entitlement Date.

Notwithstanding the above, Power Wide may also apply for additional Rights Shares not taken up by other Entitled Shareholders by way of Excess Rights Shares Application (in addition to the 8,549,677 Rights Shares that Power Wide has already undertaken to apply and subscribe for by way of Excess Rights Shares Application, based on the Undertaking).

For information purposes, in event that either:-

- (i) only Power Wide subscribes for Rights Shares under the Rights Issue based on its Undertaking (and the Rights Issue is implemented based on the Minimum Subscription Level); or
- (ii) Power Wide subscribes in full for all the 90,000,000 Rights Shares that may be issued under the Rights Issue,

Power Wide will not trigger any obligation to undertake a take-over offer under the Malaysian Code on Take-Overs and Mergers, 1998, as Power Wide already holds 50.5% of the issued and paid-up share capital of Multi Sports as at LPD. In addition, neither of the above scenarios will result in any non-compliance with Chapter 8 of the Listing Requirements which requires that "at least 25% of Multi Sports' total listed shares are to be held by public shareholders", as Power Wide would only hold either 56.96% or 60.4% of the enlarged issued and paid-up share capital of Multi Sports in either of the above scenarios.

9.2 Underwriting

In view of the Rights Issue being undertaken under the Minimum Subscription Level (pursuant to the Undertaking), hence no underwriting is required for the Rights Issue.

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10. TERMS AND CONDITIONS

The issue of the Rights Shares pursuant to the Rights Issue is governed by the terms and conditions set out in this Abridged Prospectus and in the RSF and NPA.

11. LISTING AND QUOTATION OF THE RIGHTS SHARES

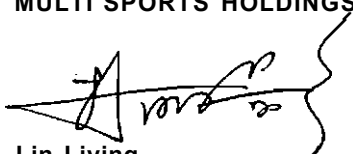
Approval has been obtained from Bursa Securities on 1 June 2010 for the listing and quotation of the Rights Shares to be issued pursuant to the Rights Issue on the Main Market of Bursa Securities.

The Rights Shares will be admitted to the Official List of the Main Market of Bursa Securities, and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS accounts of the Entitled Shareholders and/or their renouncee(s) have been duly credited and all notices of allotment have been despatched to the Entitled Shareholders and/or their renouncee(s).

12. FURTHER INFORMATION

Kindly refer to the attached Appendices for further information.

Yours faithfully,
For and on behalf of the Board of
MULTI SPORTS HOLDINGS LTD

A handwritten signature in black ink, appearing to read 'Lin Liying', is written over a horizontal line. The signature is stylized and includes a large, sweeping flourish on the right side.

Lin Liying
Executive Director

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APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT THE SGM OF MULTI SPORTS HELD ON 23 JUNE 2010

MULTI SPORTS HOLDINGS LTD
(Registration No. 42425)
(Incorporated in Bermuda)
(the "Company" or "Multi Sports")

EXTRACT OF THE MINUTES OF THE SPECIAL GENERAL MEETING OF THE COMPANY HELD ON 23 JUNE 2010

RESOLVED :

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 90,000,000 NEW ORDINARY SHARES OF US\$0.05 EACH IN MULTI SPORTS ("RIGHTS SHARE(S)") AT AN ISSUE PRICE TO BE DETERMINED LATER ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING ORDINARY SHARES OF US\$0.05 EACH ("SHARE(S)") HELD IN MULTI SPORTS AT AN ENTITLEMENT DATE TO BE DETERMINED LATER

THAT:

- (a) subject to the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation of the Rights Shares on the Main Market of Bursa Securities and the approval of any other relevant authorities, approval be and is hereby given for the Company to carry out, and for the Board of Directors of the Company ("Board") to provisionally allot by way of, a renounceable rights issue of up to 90,000,000 Rights Shares at an issue price to be determined later to the Shareholders of the Company whose names appear in the register of members at the close of business on an entitlement date to be determined by the Board ("Entitled Shareholders"), on the basis of one (1) Rights Share for every four (4) existing Shares held by the Entitled Shareholders and on such other terms and conditions as the Board may determine ("Proposed Rights Issue");
- (b) the Board be and is hereby authorised to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares to be issued in connection with the Proposed Rights Issue;
- (c) any Rights Shares which are not taken up or validly taken up or which are not allotted for any reason whatsoever shall be made available for excess Rights Shares applications by the Entitled Shareholders and/or their renounee(s) in such manner as set out in the Circular to Shareholders of the Company dated 8 June 2010 or as the Board shall determine at its absolute discretion;
- (d) approval be and is hereby given to the Board to allot and issue such number of Rights Shares to the Entitled Shareholders, and such Rights Shares, when issued and fully paid, shall rank *pari passu* with the then existing issued and fully paid Shares (except that the Rights Shares shall not be entitled to any dividends, rights, allotments and/or distributions which may be made, declared or paid to Shareholders of the Company, the entitlement date of which is prior to the date of allotment of the Rights Shares);
- (e) the Rights Shares issued pursuant to the Proposed Rights Issue shall be listed on the Main Market of Bursa Securities;

Page 1

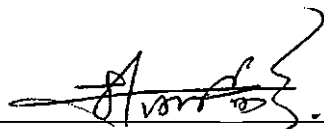
APPENDIX I - CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE RIGHTS ISSUE PASSED AT THE SGM OF MULTI SPORTS HELD ON 23 JUNE 2010 (CONT'D)

MULTI SPORTS HOLDINGS LTD (Registration No. 42425)

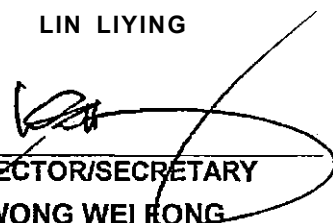
RE : EXTRACT OF THE MINUTES OF THE SPECIAL GENERAL MEETING OF THE COMPANY HELD ON 23 JUNE 2010

- (f) the proceeds of the Proposed Rights Issue be utilised for the purposes as set out in the Circular to Shareholders of the Company dated 8 June 2010, and the Board be authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;
- (g) the Board be and is hereby empowered and authorised to:-
- (i) deal with any fractional entitlements that may arise from the Proposed Rights Issue in such manner and on such terms and conditions as the Board shall in its absolute discretion deem fit or expedient or in the best interests of the Company;
 - (ii) do all acts, deeds and things and execute, sign, deliver and cause to be delivered on behalf of the Company all such transactions, arrangements, agreements and/or documents as may be necessary or expedient in order to implement, give effect to and complete the Proposed Rights Issue with full powers to assent to any condition, modification, variation and/or amendment to the terms of the Proposed Rights Issue as the Board may deem fit, necessary and/or expedient in the interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the said conditions, modifications, variations and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue;
- (h) this Ordinary Resolution constitutes a specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares to be issued pursuant to or in connection with the Proposed Rights Issue have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue.

CERTIFIED TRUE COPY



**DIRECTOR
LIN LIYING**



**DIRECTOR/SECRETARY
WONG WEI RONG**

Page 2

APPENDIX II - INFORMATION ON MULTI SPORTS

1. HISTORY OF BUSINESS AND PRINCIPAL ACTIVITIES

Multi Sports was incorporated in Bermuda under the Companies Act 1981 of Bermuda on 18 September 2008 as an exempted company limited by shares under the name of Multi Sports Holdings Ltd. On 3 June 2009, Multi Sports was registered as a foreign company in Malaysia, and subsequently became the holding company of our Group on 15 July 2009. Thereafter, Multi Sports was listed on the Main Market of Bursa Securities on 19 August 2009.

The business of Multi Sports is that of an investment holding company. Through Multi Sports' subsidiaries, our Group is principally involved in designing, developing and manufacturing sports-shoe soles. Our Group is a one-stop specialist in serving the shoe-sole requirements of China's sports-footwear industry.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

The authorised and issued and paid-up share capital of Multi Sports as at LPD are as follows:-

	No. of Shares '000	Par value US\$	Total US\$
Authorised share capital			
Ordinary Shares	1,000,000,000	0.05	50,000,000
Issued and fully paid-up share capital			
Ordinary Shares	360,000,000	0.05	18,000,000

The changes in the issued and paid-up ordinary share capital of Multi Sports for the past three (3) years up to LPD are as follows:-

Date of issue	No. of Shares issued	Par value US\$	Purpose of issue / Consideration	Cumulative issued and paid-up share capital US\$
14.10.2008	100	0.01	100 shares of par value US\$0.01 each were issued nil paid	-
28.05.2009		0.01	100 shares of par value US\$0.01 each were paid up via cash consideration of US\$1.00	1
28.05.2009	-	0.05	Consolidation of every 5 existing ordinary shares of US\$0.01 each into 1 ordinary share of US\$0.05	1
15.07.2009	302,399,980	0.05	Issued pursuant to acquisition of the entire issued and paid-up share capital of Paksing, which was wholly satisfied by the issuance of an aggregate of 302,399,980 new Shares each credited as fully paid at par value of US\$0.05 per Share	15,120,000
18.08.2009	57,600,000	0.05	Issued pursuant to the public issue under the IPO at an issue price of RM0.85 per Share	18,000,000

APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

3. SUBSTANTIAL SHAREHOLDERS

Assuming all shareholders subscribe for their respective entitlements under the Rights Issue, the Rights Issue will not have any effect on the respective percentage shareholdings of the substantial shareholders and all other shareholders in Multi Sports.

The substantial shareholders of Multi Sports as at LPD and the effect of the Rights Issue on their shareholdings in Multi Sports, for illustrative purposes, are as follows:-

Name	Existing shareholdings as at LPD		Minimum Scenario ^(a)		Maximum Scenario ^(b)	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares ^(c) %	No. of Shares ^(c) %	No. of Shares ^(d) %	No. of Shares ^(d) %	No. of Shares ^(e) %	No. of Shares ^(e) %
Power Wide	181,801,293	50.50	^(f) 235,801,293	56.96	^(g) 227,251,616	50.50
Lin Huozhi		^(h) 181,801,293 50.50		^(f) 235,801,293 56.96		^(h) 227,251,616 50.50

Notes:-

- (a) Minimum Scenario - Assuming only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.
- (b) Maximum Scenario - Assuming all Entitled Shareholders subscribe in full for their respective entitlements pursuant to the Rights Issue.
- (c) Based on the issued and paid-up share capital of 360,000,000 Shares as at LPD.
- (d) Based on the enlarged issued and paid-up share capital of 414,000,000 Shares, under the Minimum Scenario.
- (e) Based on the enlarged issued and paid-up share capital of 450,000,000 Shares, under the Maximum Scenario.
- (f) Assuming Power Wide applies and subscribes in full for 54,000,000 Rights Shares, based on its Undertaking.
- (g) Assuming Power Wide subscribes in full for its entitlement of 45,450,323 Rights Shares under the Rights Issue.
- (h) Deemed interest through Power Wide.

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APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

BOARD OF DIRECTORS

The particulars of the Directors of Multi Sports as at the LPD are as follows:

Name / Designation	Profession	Age	Nationality	Address
Mr. Lin Huozhi <i>(Executive Chairman and Chief Executive Officer)</i>	Company Director	47	China	No.11 Shanhe Road Yanshang Village Chendai Town, Jinjiang City Fujian Province China
Ms. Lin Liying <i>(Executive Director)</i>	Company Director	27	China	No.11 Shanhe Road Yanshang Village Chendai Town, Jinjiang City Fujian Province China
Mr. Huang Weimin <i>(Executive Director)</i>	Company Director	40	China	Block E-411 No. 66 Xinghu Road Licheng District Quanzhou City China
Mr. Chan Chiu Hung Alex <i>(Independent Non-Executive Director)</i>	Company Director	44	China (Hong Kong)	Flat J, 4/F 43 Ma Tau Wai Road Hung Horn Kowloon Hong Kong
Ms. Gong Ane <i>(Independent Non-Executive Director)</i>	Company Director	46	China	Room 27E, Block 1 Tianhu Park No. 50 Tianhu Road Xiamen City Fujian Province China
Mr. Lee Kian Hu <i>(Independent Non-Executive Director)</i>	Company Director	36	Malaysian	106, Jalan Sri Pelangi Taman Pelangi 80400 Johor Bahru Johor Malaysia

APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

The shareholdings of the Directors of Multi Sports as at LPD, and for illustration purposes, the effects of the Rights Issue on their respective shareholdings in Multi Sports are as follows:-

Name	Existing shareholdings as at LPD		Minimum Scenario ^(a)		Maximum Scenario ^(b)	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares ^(c) %	No. of Shares ^(c) %	No. of Shares ^(d) %	No. of Shares ^(d) %	No. of Shares ^(e) %	No. of Shares ^(e) %
Mr. Lin Huozhi		^(c) 181,801,293 50.50		^(g) 235,801,293 56.96		^(h) 227,251,616 50.50
Ms. Lin Liying						
Mr. Huang Weimin	-		-		-	
Mr. Chan Chiu Hung Alex						
Ms. Gong Ane						
Mr. Lee Kian Hu						

Notes:-

- (a) Minimum Scenario - Assuming only Power Wide subscribes for Rights Shares under the Rights Issue, based on its Undertaking.
- (b) Maximum Scenario - Assuming all Entitled Shareholders subscribe in full for their respective entitlements pursuant to the Rights Issue.
- (c) Based on the issued and paid-up share capital of 360,000,000 Shares as at LPD.
- (d) Based on the enlarged issued and paid-up share capital of 414,000,000 Shares, under the Minimum Scenario.
- (e) Based on the enlarged issued and paid-up share capital of 450,000,000 Shares, under the Maximum Scenario.
- (f) Deemed interest through Power Wide.
- (g) Deemed interest through Power Wide, and assuming Power Wide applies and subscribes in full for 54,000,000 Rights Shares, based on its Undertaking.
- (h) Deemed interest through Power Wide, and assuming Power Wide subscribes in full for its entitlement of 45,450,323 Rights Shares under the Rights Issue.

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APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

5. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiaries companies of Multi Sports as at the **LPD** are as follows:-

Name	Date of incorporation	Issued and paid-up share capital	Effective equity interest held (%)	Principal activities
Subsidiary incorporated in Hong Kong				
Paksing	11 June 2003	HK\$12,715	100	Investment holding
Subsidiary incorporated in China				
Baixing	28 May 2004	HK\$50,000,000	100	Design, development and manufacture of sports-shoe soles

Multi Sports does not hold any associated companies as at **LPD**.

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APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

PROFIT AND DIVIDEND RECORD

The profit and dividend record of the Multi Sports Group, based on the proforma consolidated results of the Group for FYE 2007 and FYE 2008 as disclosed in the Prospectus, the audited consolidated financial statements of the Group for FYE 2009, and the unaudited consolidated financial statements of the Group for the three (3)-month financial period ended 31 March 2010 are as follows:-

FYE / Financial period ended	← FYE 2007 →		← FYE 2008 →		← FYE 2009 →		3-month ended 31 March 2010	
	CNY'000	^(a) RM'000	CNY'000	^(a) RM'000	CNY'000	^(b) RM'000	CNY'000	^(c) RM'000
Revenue	306,630	163,587	385,310	205,563	474,187	237,994	133,720	63,851
Cost of sales	(221,332)	(118,081)	(269,661)	(143,864)	(313,303)	(157,247)	(90,902)	(43,406)
Gross profit	85,298	45,506	115,649	61,699	160,884	80,747	42,818	20,445
Other income	2,028	1,082	1,773	946	812	408	329	157
Selling and distribution expenses	(5,172)	(2,759)	(5,982)	(3,192)	(7,599)	(3,814)	(2,478)	(1,183)
Administrative expenses	(5,990)	(3,196)	(6,242)	(3,330)	(20,859)	(10,469)	(2,993)	(1,429)
Finance costs	-	-	-	-	(1,113)	(559)	(201)	(96)
Profit before taxation	76,164	40,633	105,198	56,123	132,125	66,313	37,475	17,894
Taxation	-	-	(13,018)	(6,945)	(18,186)	(9,128)	(5,056)	(2,414)
Profit after taxation	76,164	40,633	92,180	49,178	113,939	57,185	32,419	15,480
Attributable to:	-	-	-	-	-	-	-	-
- Owners of the parent	76,164	40,633	92,180	49,178	113,939	57,185	32,419	15,480
- Non-controlling interest	-	-	-	-	-	-	-	-
Basic EPS (CNY / RM)	^(d) 0.25	^(d) 0.13	^(d) 0.30	^(d) 0.16	^(e) 0.35	^(e) 0.18	^(f) 0.09	^(f) 0.04
Diluted EPS (CNY / RM)	^(d) 0.25	^(d) 0.13	^(d) 0.30	^(d) 0.16	^(e) 0.35	^(e) 0.18	^(f) 0.09	^(f) 0.04
Earnings before interest, depreciation, taxation and amortisation	85,125	45,414	114,605	61,142	141,974	71,257	40,092	19,144
Interest income	134	71	239	128	446	224	154	74
Interest expense	-	-	-	-	1,113	559	201	96
Depreciation	8,961	4,781	9,383	5,006	8,641	4,337	2,368	1,131
Amortisation	-	-	24	13	95	48	48	23
Gross profit margin (%)	27.82	27.82	30.01	30.01	33.93	33.93	32.02	32.02
Profit after taxation margin (%)	24.84	24.84	23.92	23.92	24.03	24.03	24.24	24.24

APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

Notes:-

- (a) *Translated for illustrative purposes only, based on the exchange rate of CNY1: RM0.5335, as set out in Paragraph 4 of the Accountants' Report as disclosed in Section 10 of the Prospectus.*
- (b) *Translated for illustrative purposes only, based on BNM's closing exchange rate of CNY1: RM0.5019 for 31 December 2009.*
- (c) *Translated for illustrative purposes only, based on the exchange rate of CNY1: RM0.4775 as set out in the unaudited consolidated financial statements of the Group for the three (3)-month financial period ended 31 March 2010.*
- (d) *Based on the issued share capital of 302,400,000 Shares prior to the public issue of 57,600,000 Shares pursuant to the IPO.*
- (e) *Based on the weighted average number of 324,000,000 Shares in issue for FYE 2009.*
- (f) *Based on the issued share capital of 360,000,000 Shares.*

COMMENTARIES ON PAST PERFORMANCE

FYE 2007

Our Group reported an increase in revenue of 42.8% in FYE 2007, as we expanded our production capacity by 9.2% and production output by 34.7%, with our production utilisation rate rising to 92.7% (as compared with 75.2% in FYE 2006).

Our EVA MD products enjoyed an increase in sales by 47%, directly correlating with the increase in revenue. These series of products were our major contributors to total revenue, at 87% for FYE 2007. In FYE 2007, we successfully developed an accumulated number of approximately 235 models of shoe soles, as compared to an accumulated number of approximately 175 models of sports-shoe soles in FYE 2006.

Apart from increased sales volume, our revenues were also boosted by an increase in the average selling price of our sports-shoe soles. Our average selling price increased from CNY16.12 in FYE 2006, to CNY17.06 in FYE 2007.

Our gross profit margin increased from 26.7% in FYE 2006 to 27.8% in FYE 2007, mainly due to cost savings from economies of scale achieved with the increase of approximately 35.1% in production output from 13.4 million pairs of shoe soles in FYE 2006 to 18.1 million pairs in FYE 2007, and a general increase in the overall average selling prices of our products in FYE 2007 as we adjusted the prices in tandem with increases in costs of raw materials.

As a wholly foreign-owned enterprise established under the laws of the PRC, Baixing (our subsidiary) is entitled to full exemption from PRC Enterprise Income Tax ("**EIT**") for the first two years and a 50% reduction in EIT for the next three years. Baixing elected FYE 2006 to be its first profitable year for the purpose of determining the commencement of its tax holiday period, and as such Baixing was not subject to EIT in FYE 2006 and FYE 2007.

FYE 2008

Our Group reported an increase in revenue of 25.7% in FYE 2008, as we expanded our production capacity by 26.2% and production output by 22.5%, with our production utilisation rate at 90.0%.

Our EVA MD products enjoyed an increase in sales by 24%, directly correlating with the increase in revenue. These series of products were our major contributors to total revenue, at 86% for FYE 2008. In FYE 2008, we successfully developed an accumulated number of approximately 300 models of sports-shoe soles. Our revenues were also boosted by an increase in the average selling price of our sports-shoe soles. Our average selling price increased to CNY17.51 in FYE 2008.

Our gross profit margin increased to 30.0% in FYE 2008, mainly due to cost savings from economies of scale achieved with the increase of approximately 22.1% in production output to 22.1 million pairs of shoe soles in FYE 2008, and a general increase in the overall average selling prices of our products in FYE 2008 as we continued to adjust the prices in tandem with increases in costs of raw materials.

APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

Baixing was subjected to taxation of CNY13.0 million in FYE 2008, taxed at a rate of 12.5% as Baixing entered into the third year of assessment under the "Regular Tax Reduction and Exemption Treatment".

FYE 2009

Our Group recorded a higher revenue of CNY474.2 million in FYE 2009, an increase of 23.1%. Our Group's profit before tax grew by 25.6% to CNY132.1 million in FYE 2009.

This is attributable to the addition of five (5) production lines each for RB shoe soles / components and EVA MD II shoe soles, which enabled our Group to better fulfill the increased demand from our customers. In line with this expansion, our production capacity increased to 27.9 million pairs per annum in FYE 2009 on a pro-rata basis, and to 32.5 million pairs per annum on an annualised basis. In FYE 2009, we expanded our production output by 16.7%, with our production utilisation rate at 92.6%.

Our gross profit margin improved by 3.9%, mainly due to better cost efficiencies due to the in-house production of EVA compound pellets that are key components for production of EVA MD shoe soles, as well as an increase in the average selling price per pair of shoe sole to CNY18.38 in FYE 2009.

Our income tax was at a rate of 12.5% as we entered into the fourth year of assessment under the "Regular Tax Reduction and Exemption Treatment".

3-month financial period ended 31 March 2010

Our Group recorded revenue of CNY133.7 million and profit after taxation of CNY32.4 million. The growth in revenue by 63.9% as compared to Q1 2009 was due to the increase in production capacity attributable to the additional five (5) production lines each for RB shoe soles / components and EVA MD II shoe soles in FYE 2009. Our sales volume increased from 4.6 million pairs of sports-shoe soles in Q1 2009 to 7.1 million pairs in Q1 2010.

Despite a general increase in average selling price by approximately 6.8% as compared to Q1 2009, our gross profit margin decreased from 33.3% in Q1 2009 to 32.0% in Q1 2010, mainly due to the increase in average unit cost of sale per pair as a result of the higher production cost arising from wage increments in January 2010. Our Group decided to revise our workers' wages upward in view of increasing orders being received by our Group.

In line with the drop in gross profit margin, our Group's profit after taxation decreased by 1.8% from 26.0% in Q1 2009 compared to 24.2% in Q1 2010.

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APPENDIX II - INFORMATION ON MULTI SPORTS (CONT'D)

7. SHARE PRICES

The monthly highest and lowest market prices of Multi Sports Shares traded on the Main Market of Bursa Securities for the past 11 months from August 2009 to June 2010 are as follows (for information purposes, Multi Sports' Listing was completed on 19 August 2009):-

	High RM	Low RM
2009		
August	0.89	0.58
September	0.585	0.49
October	0.545	0.49
November	0.72	0.48
December	0.52	0.475
2010		
January	0.575	0.495
February	0.515	0.48
March	0.515	0.47
April	0.485	0.44
May	0.45	0.39
June	0.47	0.385

(Source: Bloomberg)

The last transacted market price of Multi Sports Shares on Bursa Securities on 5 May 2010 (being the last Market Day immediately before the date of announcement of the Rights Issue) was RM0.43 per Share.

The last transacted market price of Multi Sports Shares on Bursa Securities as at the LPD prior to the issuance of this Abridged Prospectus was RM0.43 per Share.

The last transacted market price of Multi Sports Shares on Bursa Securities on 6 July 2010, being the last Market Day prior to the ex-date of the Rights Issue, was RM0.40 per Share.

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009
(Prepared for inclusion in the Abridged Prospectus)**

Date: 2 July 2010

The Board of Directors
Multi Sports Holdings Ltd
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

SJ Grant Thornton IAF:0737|
Level 11, Faber Imperial Court
Jalan Sultan Ismail,
P. O. Box 12337
50774 Kuala Lumpur, Malaysia
T +6 (03) 2692 4022
F +6 (03) 2691 5229
www.gt.com.my

Dear Sirs,

**MULTI SPORTS HOLDINGS LTD
PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

We have reviewed the presentation of the Proforma Consolidated Statement of Financial Position of Multi Sports Holdings Ltd ("Multi Sports" or "the Company") and its subsidiary companies ("Multi Sports Group" or "the Group") as at 31 December 2009 together with the accompanying notes, for which the Directors are solely responsible, as set out in the accompanying statement for the purpose of inclusion in the Company's Abridged Prospectus and which we have stamped for the purpose of identification, in connection with the renounceable rights issue of up to 90,000,000 new ordinary shares of USD0.05 each in Multi Sports ("Rights Shares") at an issue price of RM0.38 per Rights Share on the basis of one (1) Rights Share for every four (4) existing ordinary shares of USD0.05 each held in Multi Sports at 5.00 p.m. on 9 July 2010 ("Entitlement Date") ("Rights Issue").

In our opinion:-

- (a) the Proforma Consolidated Statement of Financial Position together with the notes thereon (which are provided solely for illustrative purposes only) have been properly compiled on a basis of preparation as stated in the notes thereto and such basis is consistent with the accounting policies normally adopted by Multi Sports Group;
- (b) the adjustments made to the information used in the preparation of the Proforma Consolidated Statement of Financial Position are appropriate for the purposes of preparing the Proforma Consolidated Statement of Financial Position; and
- (c) the Audited Consolidated Financial Statements of Multi Sports Group used in the preparation of the Proforma Consolidated Statement of Financial Position were prepared in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997, which include International Financial Reporting Standards, and in a manner consistent with both the format of the Audited Consolidated Financial Statements of Multi Sports Group and the accounting principles and bases normally adopted by the Multi Sports Group.

**APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF
MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING
ACCOUNTANTS' LETTER THEREON (CONT'D)**

GrantThornton

Our letter on the Proforma Consolidated Statement of Financial Position of Multi Sports Group as at 31 December 2009 is prepared solely for inclusion in the Abridged Prospectus. This letter is not to be reproduced, referred to in any other document, or used or relied upon for any other purpose without our prior written consent.

Yours faithfully,



SJ GRANT THORNTON
NO. AF: 0737
CHARTERED ACCOUNTANTS



DATO' N.K. JASANI
NO: 708/03/12 (J/PH)
PARTNER OF THE FIRM

APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 42425)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
- Foreign Company Registration No: 995199-H)

AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

The Proforma Consolidated Statement of Financial Position set out below are provided for illustrative purposes based on the Audited Consolidated Statement of Financial Position of Multi Sports Holdings Ltd as at 31 December 2009, and on the assumption that the Rights Issue and the utilisation of proceeds had been completed on 31 December 2009.

Minimum Scenario

	Audited Consolidated Statement of Financial Position as at 31.12.2009		Proforma I		Proforma II	
	CNY' 000	RM'000	CNY' 000	RM'000	CNY' 000	RM'000
Share capital	123,178	61,823	141,611	71,075	141,611	71,075
Share premium	69,689	34,977	92,140	46,245	90,148	45,245
Statutory reserve	23,353	11,721	23,353	11,721	23,353	11,721
Merger deficit	(54,916)	(27,562)	(54,916)	(27,562)	(54,916)	(27,562)
Retained earnings	146,075	73,315	146,075	73,315	146,075	73,315
Total shareholders' equity	307,379	154,274	348,263	174,794	346,271	173,794
Represent by:-						
NON CURRENT ASSETS						
Property, plant and equipment	126,545	63,513	126,545	63,513	165,437	83,033
Land use rights	23,614	11,852	23,614	11,852	23,614	11,852
Total non-current assets	150,159	75,365	150,159	75,365	189,051	94,885
CURRENT ASSETS						
Inventories	12,160	6,103	12,160	6,103	12,160	6,103
Trade and other receivables	64,694	32,470	64,694	32,470	64,694	32,470
Cash and bank balances	160,706	80,658	201,590	101,178	160,706	80,658
Total current assets	237,560	119,231	278,444	139,751	237,560	119,231
CURRENT LIABILITIES						
Trade and other payables	50,575	25,383	50,575	25,383	50,575	25,383
Amount owing to a shareholder cum director	18,377	9,223	18,377	9,223	18,377	9,223
Income tax payable	11,388	5,716	11,388	5,716	11,388	5,716
Total current liabilities	80,340	40,322	80,340	40,322	80,340	40,322
NET CURRENT ASSETS	157,220	78,909	198,104	99,429	157,220	78,909
	307,379	154,274	348,263	174,794	346,271	173,794
Number of Multi Sports Shares in issue ('000)	360,000	360,000	414,000	414,000	414,000	414,000
Net Assets per share (CNY/RM)	0.85	0.43	0.84	0.42	0.84	0.42
Borrowings	-	-	-	-	-	-
Gearing (Times)						

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SJ Grant Thornton

APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 4242S)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
- Foreign Company Registration No: 995199-H)

AND ITS SUBSIDIARY COMPANIES

PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009 (CONT'D)

Maximum Scenario

	Audited Consolidated Statement of Financial Position as at 31.12.2009		Proforma I		Proforma II	
	CNY' 000	RM'000	CNY' 000	RM'000	CNY' 000	RM'000
Share capital	123,178	61,823	153,900	77,242	153,900	77,242
Share premium	69,689	34,977	107,108	53,758	105,116	52,758
Statutory reserve	23,353	11,721	23,353	11,721	23,353	11,721
Merger deficit	(54,916)	(27,562)	(54,916)	(27,562)	(54,916)	(27,562)
Retained earnings	146,075	73,315	146,075	73,315	146,075	73,315
Total shareholders' equity	307,379	154,274	375,520	188,474	373,528	187,474
Represent by:-						
NON CURRENT ASSETS						
Property, plant and equipment	126,545	63,513	126,545	63,513	192,694	96,713
Land use rights	23,614	11,852	23,614	11,852	23,614	11,852
Total non-current assets	150,159	75,365	150,159	75,365	216,308	108,565
CURRENT ASSETS						
Inventories	12,160	6,103	12,160	6,103	12,160	6,103
Trade and other receivables	64,694	32,470	64,694	32,470	64,694	32,470
Cash and bank balances	160,706	80,658	228,847	114,858	160,706	80,658
Total current assets	237,560	119,231	305,701	153,431	237,560	119,231
CURRENT LIABILITIES						
Trade and other payables	50,575	25,383	50,575	25,383	50,575	25,383
Amount owing to a shareholder cum director	18,377	9,223	18,377	9,223	18,377	9,223
Income tax payable	11,388	5,716	11,388	5,716	11,388	5,716
Total current liabilities	80,340	40,322	80,340	40,322	80,340	40,322
NET CURRENT ASSETS	157,220	78,909	225,361	113,109	157,220	78,909
	307,379	154,274	375,520	188,474	373,528	187,474
Number of Multi Sports Shares in issue ('000)	360,000	360,000	450,000	450,000	450,000	450,000
Net Assets per share (CNY/RM)	0.85	0.43	0.83	0.42	0.83	0.42
Borrowings						
Gearing (Times)						

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SJ Grant Thornton

APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 42425)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
- Foreign Company Registration No: 995199-H)

AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. The Proforma Consolidated Statement of Financial Position have been prepared based on the Audited Consolidated Financial Statements of Multi Sports Group as at 31 December 2009, which is in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997, which include International Financial Reporting Standards. There are no auditor's qualification in relation to these underlying financial statements.
2. Conversion Rate

In preparing this report, we have converted all figures stated in Chinese Yuan (CNY) and United States Dollar (USD) to Ringgit Malaysia (RM). The applied rates of exchange are CNY1: RM0.5019 and USD1: RM3.4265 respectively based on the exchange rate as at 31 December 2009, as extracted from www.bnm.gov.my.
3. The details of the minimum scenario and maximum scenario are set out below:-

Minimum Scenario

Minimum scenario represents the scenario on the assumption that none of the entitled shareholders subscribe for their respective entitlements to the Rights Shares and only Power Wide Holdings Limited ("Power Wide") (the major shareholder of Multi Sports) subscribes for Rights Shares based on its undertaking, which requires Power Wide to irrevocably and unconditionally subscribe in full for its entitlement to 45,450,323 Rights Shares under the Rights Issue based on its shareholdings as at 3 May 2010, as well as to apply and subscribe in full for 8,549,677 Rights Shares not taken up by other entitled shareholders by way of excess Rights Shares for an aggregate of 54,000,000 Rights Shares.

Maximum Scenario

Maximum scenario represents the scenario on the assumption that all entitled shareholders subscribe in full for their respective entitlements to the Rights Shares based on their respective shareholdings as at Entitlement Date.

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 42425)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
- Foreign Company Registration No: 995199-H)

AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

4. The Proforma Consolidated Statement of Financial Position has been prepared in a manner consistent with both the format of the Audited Consolidated Financial Statements and the accounting principles and bases consistent with those normally adopted in the preparation of Audited Consolidated Financial Statements, to illustrate the Proforma Consolidated Statement of Financial Position of Multi Sports Group assuming that all the transactions mentioned below had taken place on 31 December 2009:-

Proforma I: Rights Issue

Minimum Scenario

The minimum scenario of the Rights Issue has been fixed at 54,000,000 Rights Shares to be subscribed in full by Power Wide, pursuant to its entitlement to 45,450,323 Rights Shares under the Rights Issue based on its shareholding as at 3 May 2010, as well as excess Rights Shares application for 8,549,677 Rights Shares not taken up by any other entitled shareholders.

It is expected to raise estimated gross proceeds of CNY40,884,000 (RM20,520,000) based on an issue price of RM0.38 per Rights Share.

Maximum Scenario

The maximum scenario of the Rights Issue is based on the assumption that 90,000,000 Rights Shares will be subscribed in full by all entitled shareholders, pursuant to their respective entitlements to the Rights Shares under the Rights Issue.

It is expected to raise estimated gross proceeds of CNY68,141,000 (RM34,200,000) based on an issue price of RM0.38 per Rights Share.

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 42425)
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AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

4. The Proforma Consolidated Statement of Financial Position has been prepared in a manner consistent with both the format of the Audited Consolidated Financial Statements and the accounting principles and bases consistent with those normally adopted in the preparation of Audited Consolidated Financial Statements, to illustrate the Proforma Consolidated Statement of Financial Position of Multi Sports Group assuming that all the transactions mentioned below had taken place on 31 December 2009 (cont'd):-

Proforma II: Utilisation of Proceeds from the Rights Issue

After Proforma I and assuming full utilisation of proceeds raised from the Rights Issue.

Minimum Scenario

The gross proceeds arising from the Rights Issue amounting to CNY40,884,000 (RM20,520,000) are expected to be fully utilised in the following manner:-

	CNY'000	RM'000
Construction and renovation of new production centre	38,892	19,520
Estimated Rights Issue expenses	<u>1,992</u>	<u>1,000</u>
	<u>40,884</u>	<u>20,520</u>

Maximum Scenario

The gross proceeds arising from the Rights Issue amounting to CNY68,141,000 (RM34,200,000) are expected to be fully utilised in the following manner:-

	CNY'000	RM'000
Construction and renovation of new production centre	66,149	33,200
Estimated Rights Issue expenses	<u>1,992</u>	<u>1,000</u>
	<u>68,141</u>	<u>34,200</u>

The Rights Issue expenses are estimated at CNY 1,992,000 (RM 1,000,000) and will be set off against the share premium account.

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 4242S)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
- Foreign Company Registration No: 995199-H)

AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

5. The movement of the issued and paid-up share capital account is as follows:-

Minimum Scenario

	CNY'000	RM'000
As at 31 December 2009	123,178	61,823
Rights Issue	<u>18,433</u>	<u>9,252</u>
As per Proforma I / Proforma II	<u>141,611</u>	<u>71,075</u>

Maximum Scenario

	CNY'000	RM'000
As at 31 December 2009	123,178	61,823
Rights Issue	<u>30,722</u>	<u>15,419</u>
As per Proforma I/Proforma II	<u>153,900</u>	<u>77,242</u>

6. The movement of the share premium account is as follows:-

Minimum Scenario

	CNY'000	RM'000
As at 31 December 2009	69,689	34,977
Rights Issue	22,451	11,268
As per Proforma I	92,140	46,245
Utilisation of Proceeds from Rights Issue - Estimated Rights Issue expenses	(1,992)	(1,000)
As per Proforma II	<u>90,148</u>	<u>45,245</u>

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 42425)
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AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

6. The movement of the share premium account is as follows (cont'd):-

Maximum Scenario

	CNY'000	RM'000
As at 31 December 2009	69,689	34,977
Rights Issue	37,419	18,781
As per Proforma I	107,108	53,758
Utilisation of Proceeds from Rights Issue - Estimated Rights Issue expenses	(1,992)	(1,000)
As per Proforma II	105,116	52,758

7. The movement of the property, plant and equipment account is as follows:-

Minimum Scenario

	CNY'000	RM'000
As at 31 December 2009/ Proforma I	126,545	63,513
Utilisation of Proceeds from Rights Issue - Construction and renovation of new production centre	<u>38,892</u>	<u>19,520</u>
As per Proforma II	<u>165,437</u>	<u>83,033</u>

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 4242S)
(Registered as a foreign company in Malaysia under the Companies Act, 1965 of Malaysia
- Foreign Company Registration No: 995199-H)

AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

7. The movement of the property, plant and equipment account is as follows (cont'd):-

Maximum Scenario

	CNY'000	RM'000
As at 31 December 2009/Proforma I	126,545	63,513
Utilisation of Proceeds from Rights Issue		
- Construction and renovation of new production centre	66,149	33,200
As per Proforma II	<u>192,694</u>	<u>96,713</u>

8. The movement of the cash and bank balances account is as follows:-

Minimum Scenario

	CNY'000	RM'000
As at 31 December 2009	160,706	80,658
Rights Issue	40,884	20,520
As per Proforma I	201,590	101,178
Utilisation of Proceeds from Rights Issue		
- Estimated Rights Issue expenses	(1,992)	(1,000)
- Construction and renovation of new production centre	(38,892)	(19,520)
As per Proforma II	<u>160,706</u>	<u>80,658</u>

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APPENDIX III - PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF MULTI SPORTS GROUP AS AT 31 DECEMBER 2009 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (CONT'D)

MULTI SPORTS HOLDINGS LTD

(Incorporated as an exempted company in Bermuda under the Companies Act 1981 of Bermuda - Company No: 42425)
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AND ITS SUBSIDIARY COMPANIES

**PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

8. The movement of the cash and bank balances account is as follows (cont'd):-

Maximum Scenario

	CNY'000	RM'000
As at 31 December 2009	160,706	80,658
Rights Issue	68,141	34,200
As per Proforma I	228,847	114,858
Utilisation of Proceeds from Rights Issue		
- Estimated Rights Issue expenses	(1,992)	(1,000)
- Construction and renovation of new production centre	(66,149)	(33,200)
As per Proforma II	160,706	80,658

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APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON

Multi Sports Holdings Ltd
and its subsidiaries

Contents

	Page
Directors' Report	1
Statements by Directors, Statutory Declaration	5
Independent Auditors' Report	6
Statement of Financial Position	8
Consolidated Statement of Comprehensive Income	9
Consolidated Statements of Changes in Equity	10
Consolidated Cash Flow Statements	11
Notes to the Financial Statements	12

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group	Company
	RMB'000	RMB'000
Profit/(loss) for the year attributable to equity holders	113,939	(13,297)

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the Notes to the financial statements.

DIVIDENDS

The amount of dividends paid and declared since the end of the last financial year were as follows:-

	RMB'000
In respect of the financial year ended 31 December 2008 and settled on 9 September 2008 * and 31 December 2008 *	<u>90,000</u>

In respect of the financial year ended 31 December 2009

* Pursuant to the dividend payment agreements dated 9 September 2008 and 31 December 2008 entered into between the Group, a related party and the Group's shareholders, dividend payable to the shareholders were settled by way of netting off the dividend payable against amount owing to the related party. Please refer to Prospectus dated 30 July 2009 under Section 7 for more detail.

DIRECTORS

The Directors in office since the date of incorporation are:-

Lin Huozhi	(Appointed on 14 Oct 2008)
Lin Liying	(Appointed on 14 Oct 2008)
Huang Weimin	(Appointed on 10 Jul 2009)
Chan Chiu Hung	(Appointed on 10 Jul 2009)
Gong Ane	(Appointed on 10 Jul 2009)
Lee Kian Hu	(Appointed on 10 Jul 2009)

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

DIRECTORS' REPORT (Continued)

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the date of incorporation, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, excepts as disclosed in Note 21 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in the shares of the Company were as follows:-

<u>Interest in the Company</u>	<u>Ordinary shares of USD 0.05 each</u>	
	<u>At 1.1.2009</u>	<u>At 31.12.2009</u>
<u>Deemed interest</u>		
LinHuozhi<>	-	181,801,293

<> Deemed interest by virtue of his substantial interest in Power Wide Holdings Limited.

Other than those disclosed above, the Directors at the end of the financial year did not hold any interest in shares and/or option over shares and/ or loan stocks of the Company and its related corporations during the financial year.

ISSUE OF SHARES

During the financial year, the following shares were issued:-

<u>Date of issue</u>	<u>Purpose of issue</u>	<u>Class of shares</u>	<u>Number of shares</u>	<u>Number of shares</u>	<u>Number of shares</u>
			©USD 0.01 each	©USD 0.05 each	©RM 0.85 each
14.10.2008	100 shares were issued with nil paid	Ordinary			
28.05.2009	100 shares were paid-up via cash consideration of USD1.00	Ordinary	100		
28.05.2009	Consolidation of every 5 existing ordinary shares	Ordinary	-	20	
15.07.2009	Issued pursuant to acquisition of subsidiary	Ordinary	-	302,399,980	
18.08.2009	Issue pursuant to the Public Issue	Ordinary	-	-	57,600,000

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

DIRECTORS' REPORT (Continued)

INFORMATION ON FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no bad debts to be written off and no allowance for doubtful debts was required; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render it necessary to write off any bad debts or to make any amount of the allowance for doubtful debts in respect of the financial statements of the Group and of the Company; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial period which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

DIRECTORS' REPORT (Continued)

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of Directors:-

- (a) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 27 to the financial statements.

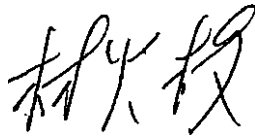
SIGNIFICANT EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

The significant event subsequent to the balance sheet date is disclosed in Note 28 to the financial statements.

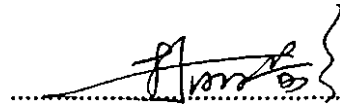
INDEPENDENT AUDITORS

The independent auditors, Foo Kon Tan Grant Thornton LLP, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,



Lin Huozhi



Lin Living

Date: 11 APR 2010

Jinjiang City, Fujian Province, China


APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying statements of the financial position of the Group and of the Company, consolidated statements of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flow, together with the notes thereon, are drawn up in accordance with the provision of the International Financial Reporting Standards so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2009 and of the financial performance, changes in equity and cash flow of the Group for the financial year ended on that date and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

LIN HUOZHI 

LIN LIYING 
Date: 30 APR 2010
Jinjiang City, Fujian Province, China

STATUTORY DECLARATION

Pursuant to Paragraph 9.27 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

I, Mr. TEOH TOH SOON, being the Officer primarily responsible for the financial management of Multi Sports Holdings Ltd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 8 to 44 are in my opinion correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Oaths and Declaration Act Cap. 211.

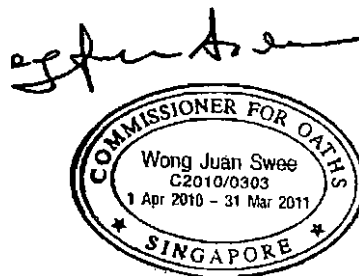
Subscribed and solemnly declared by the
abovenamed Mr. TEOH TOH SOON in Singapore
Date:

30 APR 2010


Mr. TEOH TOH SOON

Before me: •

Commissioner for Oaths/ Notary Public



APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTI SPORTS HOLDINGS LTD

We have audited the accompanying consolidated financial statements of Multi Sports Holdings Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position of the Group and the Company as at 31 December 2009, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Limited
and its subsidiaries

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTI SPORTS HOLDINGS LTD
(Continued)**

Opinion

In our opinion, the Statement of Financial Position of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the Statement of Financial Position of the Company and the Group as at 31 December 2009, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows of the Group for the financial year then ended on that date.



Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants

Wong Kian Kok
Partner in charge of the audit
Date of appointment: 20 October 2008

Singapore, 0 APR 2010

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Limited
and its subsidiaries

CERTIFIED TRUE COPY


01 JUL 2010

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

WONG WEI FONG
SECRETARY
MAICSA 7006751
The Group

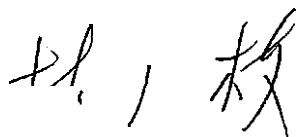
	Notes	The Company		The Group	
		31 December 2009 RMB'000	31 December 2008 RMB'000	31 December 2009 RMB'000	31 December 2008 RMB'000 (>)
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	4	-	-	126,545	39,360
Land use rights	5	-	-	23,614	4,719
Subsidiaries	6	103,465	-	-	-
		103,465	-	150,159	44,079
Current assets					
Inventories	7	-	-	12,160	10,988
Trade and other receivables	8	83,254	-	64,694	40,362
Cash and bank balances	9	-	-	160,706	29,943
		83,254	-	237,560	81,293
Current liabilities					
Trade and other payables	10	6,911	-	50,575	48,249
Amount owing to a shareholder cum director	11	238	-	18,377	-
Income tax payable		-	-	11,388	3,888
		7,149	-	80,340	52,137
Net current assets		76,105	-	157,220	29,156
Non-current liability					
Amount owing to a shareholder cum director	11	-	-	-	17,735
		-	-	-	17,735
Net assets		179,570	-	307,379	55,500
Share capital	12	123,178	-	123,178	11
Reserves		56,392	-	184,201	55,489
Total equity		179,570	-	307,379	55,500

↔ Even though the Company has only completed its reorganisation in 15 July 2009, the Group has been in existence in the previous period. The accounting treatment was in accordance with INT FRS12 Consolidation - Special Purpose Entities.

Approved by the Board of Directors and signed on its behalf by:

LIN HUOZHI
DIRECTOR

Date: 30 APR 2010



LIN LIYING
DIRECTOR

Date:

30 APR 2010



The annexed notes form an integral part of and should be read in conjunction with these Consolidated Financial Statements.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2009

WONG WEI FONG
SECRETARY
The Group A I C S A 700675!

	Notes	Year ended 31 December 2009 RMB'000	Year ended 31 December 2008 RMB'000 <i>m</i>
Revenue	14	474,187	385,310
Cost of sales		(313,303)	(269,661)
Gross profit		160,884	115,649
Other incomes	14	812	1,773
Selling and distribution expenses		(7,599)	(5,982)
Administrative expenses		(20,859)	(6,242)
Finance costs	15	(1,113)	-
Profit before taxation	16	132,125	105,198
Income tax expense	17	(18,186)	(13,018)
Total comprehensive income attributable to equity holders		113,939	92,180
Basic earnings per share (RMB cents)	18	35.17	30.48
Diluted earnings per share (RMB cents)	18	35.17	30.48

(i) Even though the Company has only completed its reorganisation in 15 July 2009, the Group has been in existence in the previous period. The accounting treatment was in accordance with INT FRS 12 Consolidation - Special Purpose Entities.

The annexed notes form an integral part of and should be read in conjunction with these Consolidated Financial Statements.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital RMB'000	Share Premium RMB'000	Statutory Reserve RMB'000	Merger Deficit RMB'000	Currency Translation Reserve RMB'000	Retained Profits RMB'000	Total Equity RMB'000
Notes	(Note 12)	(Note 13a)	(Note 13b)	(Note 13c)	(Note 13d)		
Balance at 1 January 2008	11	-	13,184	-	1	40,122	53,318
Currency translation reserve	-	-	-	-	2	-	2
Net gain recognized directly in equity	-	-	-	-	2	-	2
Net profit for the year	-	-	-	-	-	92,180	92,180
Total recognised income for the year	-	-	-	-	2	92,180	92,182
Dividend paid	19	-	-	-	-	(90,000)	(90,000)
Balance at 31 December 2008	11	-	13,184	-	3	42,302	55,500
Balance at 1 January 2009	11	-	13,184	-	3	42,302	55,500
Currency translation reserve	-	-	-	-	(3)	3	-
Net (loss) / gain recognized directly in equity	-	-	-	-	(3)	3	-
Net profit for the year	-	-	-	-	-	113,939	113,939
Total recognised income and expenses for the year	-	-	-	-	(3)	113,942	113,939
Arising from reorganisation	103,455	-	-	(54,916)	-	-	48,539
Public issue of shares	19,712	74,910	-	-	-	-	94,622
Share issue expenses	-	(5,221)	-	-	-	-	(5,221)
Transfer to statutory reserve	-	-	10,169	-	-	(10,169)	-
Balance at 31 December 2009	123,178	69,689	23,353	(54,916)	-	146,075	307,379

The annexed notes form an integral part of and should be read in conjunction with these Consolidated Financial Statements.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2009

	Notes	The Group	
		Year ended 31 December 2009 RMB'000	Year ended 31 December 2008 RMB'000
Cash flows from operating activities			
Profit before taxation		132,125	105,198
Adjustments for:			
Depreciation of property, plant and equipment	4	8,641	9,383
Amortisation of land use rights	5	95	24
Interest income	14	(446)	(239)
Interest expense		1,113	-
Operating profit before working capital changes		141,528	114,366
Increase in inventories		(1,172)	(1,511)
Increase in trade receivables		(25,638)	(4,128)
Decrease/(increase) in prepayments and other receivables		1,305	(1,601)
Increase/ (decrease) in trade payable		5,319	(254)
Increase in accrued liabilities and other payables		6,440	1,866
Cash generated from operations		127,782	108,738
Income tax paid		(10,686)	(9,130)
Interest received		446	239
Interest paid		(1,113)	-
<i>Net cash generated from operating activities</i>		116,429	99,847
Cash flows from investing activities			
Acquisition of property, plant and equipment	4	(95,826)	(6,636)
Acquisition of land use rights	5	(18,990)	(4,743)
<i>Net cash used in investing activities</i>		(114,816)	(11,379)
Cash flows from financing activities			
Proceeds from share issued		94,622	-
Proceeds from issue of redeemable convertible loan stock		48,539	-
Share issue expenses written off to share premium account		(5,221)	-
Advance from a shareholder		643	(1,060)
Repayment of advances from related parties		-	(828)
(Repayment to)/ advances from a shareholder cum director		(9,433)	9,433
Dividends paid		-	(90,000)
<i>Net cash generated from/(used in) financing activities</i>		129,150	(82,455)
Net increase in cash and cash equivalents		130,763	6,013
Cash and cash equivalents at beginning of the year		29,943	23,930
Cash and cash equivalents at end of the year	9	160,706	29,943

The annexed notes form an integral part of and should be read in conjunction with these Consolidated Financial Statements.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

1. GENERAL INFORMATION

The financial statements of the Company and of the Group for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

The Company (Bermuda Company Registration No. 42425 and Malaysia Foreign Company Registration No 995199-H) was incorporated in Bermuda on 18 September 2008 under the Bermuda Companies Act as an exempted company with limited liability under the name of Multi Sports Holdings Ltd and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered offices of the Company in Bermuda and Malaysia are Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur, Malaysia, respectively. The principal place of business of the Company is located at Yanshang Industrial Zone, Chendai Town, Jinjiang City, Fujian Province, the People's Republic of China ("PRC").

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

2. THE REORGANISATION

A reorganisation exercise was undertaken by the Group to rationalise and streamline the business operations and corporate structure for an initial public offering ("the Reorganisation"). The following steps were undertaken in the Reorganisation exercise:

(a) Consolidation and Increase In Authorized Share Capital

On 28 May 2009, a consolidation of every five existing ordinary shares of US\$0.01 each in the authorised and issued share capital of the Company into one ordinary share of US\$0.05, resulting in an authorised share capital of US\$10,000 divided into 200,000 shares of US\$0.05 each and an issued share capital of US\$1.00 divided into 20 shares of US\$0.05 each.

Following the Consolidation, the authorised share capital was increased from US\$10,000 divided into 200,000 ordinary shares of US\$0.05 each to US\$50,000,000 divided into 1,000,000,000 ordinary shares of US\$0.05 each.

(b) Acquisition of Pak Sing Shoe Material (H.K) Limited ("Paksing")

Pursuant to the Share Sale Agreement dated 6 April 2009 entered into by the Company and the vendors of Paksing ("SSA") and Supplemental Agreement dated 29 May 2009 entered into by the parties to the SSA (collectively, the "SSA Agreements") and Redeemable Convertible Loan Stock ("RCLS") Agreements, the Company acquired the entire issued and fully paid-up share capital of Paksing, comprising 12,175 ordinary shares of HK\$1.00 each in Paksing, for an aggregate purchase consideration of US\$15,119,999, which was wholly satisfied by the issuance of an aggregate of 302,399,980 new Multi Sports share each credited as fully paid up, at par value of US\$0.05 per share.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

2. THE REORGANISATION (Continued)

(b) Acquisition of Paksing (Continued)

Pursuant to the SSA Agreements, the specified vendors of Paksing, namely Lin Huozhi (65.71% shareholding) and Leung Sing Kit (16.43% shareholding which is being held by Leung Sing Kit in trust for Lin Huozhi under a trust agreement dated 5 June 2003) agreed and directed that all 248,401,273 new Multi Sports Shares to which they were entitled be issued and allotted by Multi Sports to certain investors.

Pursuant to the RCLS Agreements and subsequent to the acquisition of Paksing, Guoline Group Management Company Limited, as one of the vendors of Paksing, was issued 53,998,707 new Multi Sports Shares.

The purchase consideration of US\$15,119,999 for the acquisition of Paksing was agreed upon based on a willing-buyer willing-seller basis, after taking into consideration the combined financial position of Paksing and Jinjiang Baixing Shoe Material Co.,Ltd ("Jinjiang Baixing") as at 31 December 2008.

The 302,399,980 new Shares issued pursuant to the acquisition of Paksing rank *pari passu* in all respects with all then existing ordinary shares of Multi Sports and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

The completion of the acquisition of Paksing on 15 July 2009 resulted in the issued share capital of Multi Sports increasing from US\$1 comprising 20 Shares to US\$15,120,000 comprising 302,400,000 Shares.

(c) Acquisition of the Company's shares by Power Wide Holdings Limited ("Power Wide")

Subsequent to the completion of the acquisition of Paksing, on 15 July 2009, Power Wide acquired the 20 Shares that was held directly by Lin Huozhi, for a nominal amount of US\$1.00, which was wholly satisfied by cash, on a willing-buyer willing-seller basis.

3. SIGNIFICANT ACCOUNTING POLICIES

3 (a) Basis of preparation

The consolidated financial statements of Multi Sports Holdings Ltd (the "Company") and its subsidiaries (collectively referred to as the "Group") are presented on a full year basis ended on 31 December 2009 as if the Group is in existence throughout the reported financial period notwithstanding the fact that the first financial period of the Group is less than 12 months from the date of completion of acquisition of Pak Sing and its subsidiaries as in substance, the combined entities continue to trade as before but with a new legal parent.

The financial statements are prepared in accordance with IFRSs including related interpretations. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3 (a) Basis of preparation (Continued)

The Group's principal operations are conducted in the PRC and thus the financial statements are presented in Renminbi (RMB), being the measurement and presentation currency of the Group. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Significant accounting estimates and judgement

The preparation of the financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Critical assumptions used and accounting estimates in applying accounting policies

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 10 years. The carrying amounts of the Group's property, plant and equipment as at 31 December 2009 and 31 December 2008 were approximately RMB 126,545,000 and RMB 39,360,000 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories in these estimates could result in revisions to the valuation of inventories

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

The Group has exposure to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payable as at 31 December 2008 and at 31 December 2009 amounted to RMB 11,388,000 and RMB 3,888,000 respectively.

The accounting policies used by the Group have been applied consistently to all the year presented in these financial statements.

3 (b) Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the new or amended IFRSs and Interpretations to IFRSs ("INT IFRSs") that are mandatory for application from that date. This includes the following IFRSs and INT IFRSs, which are relevant to the Group.

IAS 1 (Revised 2008)	Presentation of Financial Statements
Amendments to IAS 1 (revised 2008)	Amendments relating to puttable financial instruments and obligations arising on liquidation
IAS 2	Inventories
IAS 7	Cash Flow Statements
IAS 16	Property, Plant and Equipment
IAS 19	Employee Benefits
IAS 23 (Revised)	Borrowing costs
Amendments to IAS 32	Amendments relating to puttable financial instruments and obligations arising on liquidation
IAS 33	Earning Per Share
IAS 34	Interim Financial Reporting
IAS 36	Impairment of assets
IAS 38	Intangible Assets
IFRS8	Operating Segments

The adoption of the above IFRSs and interpretations did not result in substantial changes to the Group's accounting policies nor any significant impact on these Financial Statements except for a revision in the titles of some of the financial statements primary statements and IFRS 8 which requires disclosure of information about the Group's operating segments. The Group determines that the reportable operating segments are in accordance with IFRS 8.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3 (c) FRS not yet effective

At the date of authorisation of these financial statements, the following IFRS and INT IFRS were issued but not yet effective.

IAS 27 (amended 2009)	Consolidated and separate financial statements
IFRS 3 (revised 2009)	Business combinations
Amendments to IAS 39	Financial instalments: Recognition and measurement - Eligible hedged items and Embedded derivatives
IFRIC 17	Distributions of non-cash assets to owners
IFRIC 18	Transfer of assets from customers
IFRIC 19	Extinguishing financial liabilities with equity instruments
Annual Improvement Process	Improvements to IFRSs 2008

The directors do not anticipate that the adoption of other IFRSs and INT IFRSs in future periods will have a material impact on the consolidated financial statements of the Group.

3 (d) Summary of significant accounting policies

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 given 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 Jinjiang Baixing and Paksing 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 reorganization 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 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.

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.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated income statement from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Investments in subsidiaries are stated at cost less allowance for impairment losses in the Company's statement of financial position.

For acquisition of subsidiaries under common control, the identifiable assets and liabilities were accounted for at their carrying values, in a manner similar to the pooling-of-interest method of consolidation.

For acquisition of subsidiaries that is not under common control, the purchase method of accounting is adopted. The cost of such acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates 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 fair value on the date of the acquisition, irrespective of the extent of minority interest.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Plant and machinery	5-10 years
Office equipment	5 years
Moulding equipment	3 - 5 years
Motor vehicle	3 years

No depreciation is provided on property under construction as it is not ready to be used.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use. Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

Impairment of non-financial assets

The carrying amounts of the Company's and Group's non-financial assets subject to impairment are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Any impairment loss is charged to the statement of comprehensive income unless it reverses a previous revaluation in which case it is charged to equity.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Company and the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired. Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the financial position date. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the statement of comprehensive income.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

The Group's financial liabilities include trade and other payables and amount owing to a shareholder cum director.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest related charges are recognised as an expense in "finance cost" in the statement of comprehensive income. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the statement of comprehensive income over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within twelve months after the balance sheet are included in current borrowings in the balance sheet even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the financial position date. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the financial position date are included in non-current borrowings in the balance sheet.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and conditions are accounted for as follows:

- (a) Raw materials at purchase cost on a weighted average basis; and
- (b) Finished goods and work in progress at cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Company and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Recognition of revenue

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, generally upon delivery. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income is recognised on a time-apportioned basis using the effective interest rate method.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date.

PRC corporate income tax is provided at rates applicable to an enterprise in the PRC on income for financial reporting purpose, adjusted for income and expenses items which are not assessable or deductible for income tax purposes.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes (Continued)

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Value-added tax

The Group's sale of goods in the PRC are subjected to Value-added tax ("VAT") at the applicable tax rate of 17% for PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the statement of financial position respectively.

Revenues, expenses and assets are recognised net of the amount of VAT except where:

- VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of VAT included.

Employee benefits

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries of the Company in the PRC are required to contribute a certain percentage of the basic salaries of their employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are expenses as incurred.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain general managers are considered key management personnel.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

(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 financial statements of the Group and the Company are presented in Renminbi, which is also the functional currency of the Company.

(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 the statement of comprehensive income, 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 the 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

(iii) Group companies

The results and financial position of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing exchange rates at the date of the statement of financial position;
- (b) Income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions); and
- (c) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

Rentals on operating leases are charged to statement of comprehensive income on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the statement of comprehensive income when incurred.

Financial instruments

The recognition methods adopted of financial assets and liabilities are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for. Disclosures on financial risk management are provided in Note 24.

Operating segment

For management purposes, operating segments are organised based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers are directly accountable to the chief executive officer who regularly reviews the segment results in order to allocate resources to the segments and to assess segment performance.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and in bank.

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Land use rights

Land use rights represent up-front payment to acquire long-term interests in the usage of land and are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged so as to write off the cost of the land use rights, using the straight-line method, over the period of the grant of 50 years, which is the lease term.

Research and developments costs

Research costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

.Multi Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

4. PROPERTY, PLANT AND EQUIPMENT

The Group	Plant & Machinery RMB'000	Office Equipment RMB'000	Moulding Equipment RMB'000	Motor vehicle RMB'000	Property under construction RMB'000	Total RMB'000
Cost						
At 1 January 2008	27,650	323	32,395	-	-	60,368
Additions	1,982	31	4,371	252	-	6,636
At 31 December 2008	29,632	354	36,766	252	-	67,004
Additions	3,424	53	4,593	532	87,224	95,826
At 31 December 2009	33,056	407	41,359	784	87,224	162,830
Accumulated Depreciation						
At 1 January 2008	7,000	114	11,147	-	-	18,261
Depreciation	3,144	60	6,151	28	-	9,383
At 31 December 2008	10,144	174	17,298	28	-	27,644
Depreciation	3,330	69	5,140	102	-	8,641
At 31 December 2009	13,474	243	22,438	130	-	36,285
Net Book Value						
At 31 December 2008	19,488	180	19,468	224	-	39,360
At 31 December 2009	19,582	164	18,921	654	87,224	126,545

Property under construction pertains to cost incurred as at 31 December 2009 in relation to new factory, office building and hostel in Xinbin Farm, Xibin Town, Jinjiang City, Fujian Province, PRC.

All property, plant and equipment held by the Group are located in the PRC.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

5. LAND USE RIGHTS

<u>Cost</u>	The Group RMB'000
At 1 January 2008	
Additions	4,743
At 31 December 2008	4,743
Additions	18,990
At 31 December 2009	<u>23,733</u>
 <u>Accumulated Amortisation</u>	
At 1 January 2008	
Amortisation	<u>24</u>
At 31 December 2008	24
Amortisation	<u>95</u>
At 31 December	<u>119</u>
 <u>Net Book Value</u>	
At 31 December 2008	<u>4,719</u>

At 31 December 2009 23,614

The Group's land use rights with a net book value of approximately RMB 4,624,000 located at Yanshang Industry Zone, Chendai Town, Jinjiang City, Fujian Province, PRC is pledged to a bank as securities for a banking facility subsequent to year end (Note 28).

Addition of the land use rights of approximately RMB 18,990,000 located at Xinbin Farm, Xibin Town, Jinjiang City, Fujian Province, PRC pertains to the land in relation to the property under construction (Note 4). Amortisation for this land use rights will commence upon the land is available for use by the Group.

The Group's Directors are of the opinion that the recoverable amount of the land use rights exceeds its carrying amount as at 31 December 2009 and 2008.

6. SUBSIDIARIES

	The Company	
	2009 RMB'000	2008 RMB'000
Unquoted equity investments, at cost	103,465	-

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

6. SUBSIDIARIES (Continued)

The subsidiaries are:

Name	Country of incorporation/ Principal place of business	Cost of investments		Equity interest held		Principal activities
		2009 RMB'000	2008 RMB'000	2009	2008	
<u>Directly held:</u>						
Pak Sing Shoe Material (H.K.) Limited ⁽¹⁾	Hong Kong	103,465		100%		Investment holding
<u>Indirectly held:</u>						
Jinjiang Baixing Shoe Material Co., Ltd. ⇐	PRC			100%	-	Design, development and manufacturing of sport-shoe soles

(1) Audited by Vision A.S. Limited, Certified Public Accountants, Hong Kong for statutory purposes and reviewed by Foo Kon Tan Grant Thornton LLP for the purposes of expressing an opinion on the consolidated financial statements.

(2) Audited by Quanzhou Ming Cheng You Xian Ze Ren Kuai Ji Shi Shi Wu Suo, Certified Public Accountants for statutory purposes and audited by Foo Kon Tan Grant Thornton LLP for the purpose of expressing an opinion on the consolidated financial statements.

7. INVENTORIES

	The Group	
	2009 RMB'000	2008 RMB'000
Raw materials	8,172	5,929
Finished goods	2,591	3,182
Work in progress	1,397	1,877
	12,160	10,988

During the financial year ended 31 December 2009 and 31 December 2008, there have been no inventory written off or allowance of inventory obsolescence made.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

8. TRADE AND OTHER RECEIVABLES

	The Company		The Group	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	-	-	63,374	37,736
Amounts due from a related party	-	-	273	273
Amount due from a subsidiary	83,187	-	-	-
Advance payments	-	-	980	2,353
Prepaid expenses	58	-	58	-
Deposit	9	-	9	-
	<u>83,254</u>	<u>-</u>	<u>64,694</u>	<u>40,362</u>

Amounts due from a related party relates to rental paid in advance. The amounts are unsecured, interest free and have no fixed terms of repayment.

Amount due from a subsidiary relates to inter-company advances for working capital purposes, net of listing expenses paid on behalf by the subsidiary. The amount is unsecured, interest free and repayable on demand.

Advance payments relate mainly to payment in advance to suppliers for the financial year ended 2009 and prepaid listing expenses for the financial year ended 2008.

Trade and other receivables are denominated in the following currencies:

	The Company		The Group	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	83,185	-	64,652	40,362
Hong Kong Dollar	2	-	2	-
United State Dollar	39	-	39	-
Ringgit Malaysia	28	-	28	-
	<u>83,254</u>	<u>-</u>	<u>64,694</u>	<u>40,362</u>

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

8. TRADE AND OTHER RECEIVABLES (Continued)

The ageing analysis of trade receivables past due but not impaired is as follows:

	The Company		The Group	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Not past due	-	-	63,326	37,321
Past due 0 to 1 months			48	415
			<u>63,374</u>	<u>37,736</u>

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables that are past due. These receivables mainly relate to customers that have a good record with the Group.

9. CASH AND BANK BALANCES

	The Group	
	2009	2008
	RMB'000	RMB'000
Cash on hand	97	97
Cash at bank	160,609	29,846
	<u>160,706</u>	<u>29,943</u>

Cash and bank balances are denominated in the following currencies:

	The Group	
	2009	2008
	RMB'000	RMB'000
Renminbi	156,266	29,941
Hong Kong Dollar	176	2
United State Dollar	<u>4,264</u>	-
	<u>160,706</u>	<u>29,943</u>

The Renminbi is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The cash at bank bears effective interest rates of 0.36% and 0.60% per annum during the years ended 31 December 2009 and 31 December 2008 respectively.

Cash and bank balances of the Group are in the current account and have no maturity dates or fixed interest rates, accordingly, there is no repricing of the cash and bank balances.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

10. TRADE AND OTHER PAYABLES

	The Company		The Group	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	-	-	29,655	24,336
VAT payable	-	-	4,381	3,004
Accrued liabilities	929	-	16,539	11,466
Amount due to a director	-	-	-	9,433
Amount due to a subsidiary	5,982	-	-	-
Others	-	-	-	10
	6,911	-	50,575	48,249

Trade payables generally have credit terms of 30 - 40 days and are denominated in Renminbi

Accrued liabilities consist mainly of accrued wages, social security insurance and production overhead.

Amount due to a director as at 31 December 2008 related to advance to the Group for working capital purposes. The amount is unsecured, interest free and had no fixed terms of repayment. The amount has been fully repaid in 2009.

Amount due to a subsidiary relates to listing expenses paid on behalf by the subsidiary. The amount is unsecured, interest free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	The Company		The Group	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	5,982	-	49,627	38,816
Ringgit Malaysia	442	-	442	-
Singapore Dollar	487	-	487	9,433
Hong Kong Dollar	-	-	19	-
	6,911	-	50,575	48,249

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

11. AMOUNT DUE TO A SHAREHOLDER CUM DIRECTOR

Amount due to a shareholder cum director is unsecured, interest free and pursuant to an written agreement, the amount is repayable within 12 months. Accordingly, the amount has been reclassified to current. The directors are of the opinion that the carrying amount approximates its fair value. The fair value is determined from the discounted cash flows analysis, using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the statement of financial position date. No adjustment has been made to fair value as the differences between the carrying amount and fair value is not significant to the Group. The amount due to a shareholder is denominated in Hong Kong Dollar.

12. SHARE CAPITAL

The Company	No. of ordinary shares		← Amount →			
	2009	2008	2009		2008	
			USD'000	RMB'000	USD'000	RMB'000
<u>Authorised share capital</u>						
At beginning of year / date of						
Incorporation (°)	1,000,000	1,000,000	10	68	10	68
Consolidation (>)	(800,000)	-				
Addition during the year/ periods <=	<u>999,800,000</u>		<u>49,990</u>	<u>341,932</u>	-	
At end of the year/ periods	1,000,000,000	1,000,000	50,000	342,000	10	68
<u>Issued and fully paid:</u>						
At beginning of year / date of						
incorporation (>)	12,175	12,175	2	11	2	11
On acquisition of Pak Sing	(12,175)	-	(2)	(11)	-	-
Consolidation and increase <=	20	-	*	*	-	-
Acquisition of Pak Sing ⁽¹⁾	302,399,980	-	15,120	103,466	-	-
Public Issue shares <=	<u>57,600,000</u>		<u>2,880</u>	<u>19,712</u>		
At end of the year/ periods (>)	<u>360,000,000</u>	12,175	<u>18,000</u>	<u>123,178</u>	2	11

* US\$ 1.00 and its equivalent in RMB

(1) The Company was incorporated in Bermuda on 18 September 2008 under the Bermuda Companies Act as an exempted company. At date of incorporation, the authorised share capital of the Company was US\$10,000 divided into 1,000,000 ordinary shares of US\$0.01 each.

On 28 May 2009, the Company effected a consolidation of every five (5) existing ordinary shares of US\$0.01 each in our authorised and issued share capital into one (1) ordinary share of US\$0.05, resulting in an authorised share capital of US\$10,000 divided into 200,000 shares of US\$0.05 each and an issued share capital of US\$1.00 divided into 20 shares of US\$0.05 each.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

12. SHARE CAPITAL (Continued)

(1) Following the consolidation, the Company increased the authorised share capital from US\$10,000 divided into 200,000 ordinary shares of US\$0.05 each to US\$50,000,000 divided into 1,000,000,000 ordinary shares of US\$0.05 each.

On 15 July 2009, the Company acquired the entire issued and fully paid-up share capital of Paksing, comprising 12,175 ordinary shares of HK\$1.00 each in Paksing, for an aggregate purchase consideration of US\$15,119,999, which was wholly satisfied by the issuance of an aggregate of 302,399,980 new Multi Sports Shares each credited as fully paid-up, at par value of US\$0.05 per Share.

(2) On 18 August 2009, the Company implemented 57,600,000 public issue shares via public offering.

(3) The share capital as at 31 December 2008 in the statement of changes in equity represented the issued share capital of Pak Sing as even though the Company has only completed the Reorganisation in 15 July 2009, the Group has been in existence in the previous period. This accounting treatment was in accordance with INT FRS 12 Consolidation - Special Purpose Entities.

13. RESERVES

a) Share premium

The share premium arises from the difference between the par value and issue price of the share issued after the transaction costs that are directly relating to the public initial offerings and the issuance of equity instrument.

b) Statutory reserves

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.

c) Merger Deficit

The merger deficit arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares and share premium of subsidiary acquired under the pooling interest method of accounting.

d) Currency translation reserve

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

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

14. REVENUE AND OTHER INCOMES

Revenue represents the net invoiced value of goods sold, after allowances for return and trade discounts, if any. An analysis of the Group's revenue and other income is as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
<u>Revenue</u>		
Sale of goods	474,187	385,310
<u>Other incomes</u>		
Interest income	446	239
Exchange gain	53	1,060
Sales of scrap material	313	474
	812	1,773

15. FINANCE COSTS

	The Group	
	2009	2008
	RMB'000	RMB'000
<u>Interest expense</u>		
Bank borrowings	1,113	

The Group's interest-bearing bank borrowings are guaranteed by external parties and secured on the Group's land use rights (Note 5). Bank borrowings bear effective interest rates of 6.90% per annum (2008: Nil).

16. PROFIT BEFORE TAXATION

The Group's profit before taxation is arrived at after charging:

		The Group	
		2009	2008
	Notes	RMB'000	RMB'000
Cost of inventories recognised as expenses		210,545	182,456
Depreciation of property, plant and equipment	4	8,641	9,383
Amortisation of land use rights	5	95	24
Directors' remuneration			
- salaries and related cost		1,261	420
- retirement scheme contribution		8	8
Key management personnel (other than directors)			
- salaries and related cost		556	242
- retirement scheme contribution		8	8

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

16. PROFIT BEFORE TAXATION (Continued)

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

	The Group	
	2009	2008
	RMB'000	RMB'000
Other than directors and key management personnel		
- salaries and related cost	62,031	51,404
- retirement scheme contribution	4,394	2,988
Operating lease expenses	1,870	1,870
Research and development expenses	659	843
Listing expenses *	9,822	

* Listing expenses are charged to administrative expense in the consolidated statement of comprehensive income.

Depreciation expenses of approximately RMB 8,471,000 and RMB 9,295,000 have been charged in cost of sales on the face of the statements of comprehensive income for the year ended 31 December 2009 and 31 December 2008 respectively.

Depreciation expenses of approximately RMB 170,000 and RMB 88,000 have been charged in administrative expenses on the face of the statements of comprehensive income for the year ended 31 December 2009 and 31 December 2008 respectively.

17. INCOME TAX EXPENSE

	The Group	
	2009	2008
	RMB'000	RMB'000
Current year provision:		
PRC income tax	<u>18,186</u>	<u>13,018</u>

No deferred tax has been provided as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability at 31 December 2009 and 31 December 2008.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

17. INCOME TAX EXPENSE (Continued)

Reconciliation between tax expense and profit before taxation at applicable tax rates is as follows:

	2009	2008
The Group	RMB'000	RMB'000
Profit before taxation	132,125	105,198
Tax at the applicable tax rate of 25%	33,031	26,299
Tax effect on non-taxable income	(14)	(175)
Tax effect on non-deductible expenses	3,358	1
Income exempt from tax	(18,186)	(13,018)
Difference in foreign tax rate	(3)	(89)
	<hr/> 18,186	<hr/> 13,018

Movements in current income tax liabilities are as follows:

	2009	2008
The Group	RMB'000	RMB'000
Beginning of financial year	3,888	-
Income tax expense for the year	18,186	13,018
Income tax paid	(10,686)	(9,130)
End of financial year	<hr/> 11,388	<hr/> 3,888

Bermuda income tax

The Company was incorporated in the Bermuda as an exempted company with limited liability under the Companies Law of the Bermuda and accordingly, is exempted from payment of Bermuda income tax.

Hong Kong profit tax

No provision for Hong Kong profits tax was made as the Group has no assessable profits subject to Hong Kong profits tax.

PRC enterprise income tax ("EIT")

As a wholly foreign-owned enterprise established under the laws of the China, Jinjiang Baixing Shoe Material Co., Ltd. ("Jinjiang Baixing") is entitled to full exemption from EIT for the first two years and a 50% reduction in EIT for the next three years. Jinjiang Baixing has elected 31 December 2006 to be its first profitable year for the purpose of determining the tax holiday period and will be exempted from EIT for the financial year ended 31 December 2006 and 31 December 2007, and will be subject to EIT at a preferential rate of 12.5% for the financial years ended 31 December 2008 to 31 December 2010.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

17. INCOME TAX EXPENSE (Continued)

According to notice Caishui 2008 No.1 released by the Ministry of Finance and the State Administration of Taxation, dividends distributed to foreign investor by Foreign Invested Enterprises ("FIE") in the PRC, would be subject to withholding tax of 5%. The Chinese tax authorities have granted a special tax concession which states that dividends distributed out of the pre-2008 retained earnings of an FIE shall be exempted from withholding tax in 2008 and beyond. The management has determined that 2009 profit will not be distributed as dividend and profit will be reinvested into operation. Accordingly no provision for deferred tax liabilities has been made in the book

18. EARNINGS PER SHARE

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 324,000,000 and 302,400,000 ordinary shares in issue and for the financial year ended 31 December 2009 and 2008 respectively:

	Weighted average no. of shares	
	2009	2008
The Company and the Group		
At beginning of year		
Consolidation and increase (20 ordinary shares for 12 months) ⁽¹⁾	20	20
Acquisition of Pak Sing (302,399,980 ordinary shares for 12 months) ⇄	302,399,980	302,399,980
Public issue (57,600,000 ordinary shares for 4.5 months)	21,600,000	
	<u>324,000,000</u>	<u>302,400,000</u>

(1) Ordinary shares arising from the Reorganisation exercise are assumed to be issued throughout the financial year 31 December 2009 and 2008 as the Reorganisation exercise was accounted for under common control using the "pooling of interest" method of consolidation.

There is no potential dilutive effect on earnings per share.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

19. DIVIDENDS

The Company and the Group	2009	2008
	RMB'000	RMB'000
<u>Ordinary dividends paid</u>		
- Final tax-exempt dividend of 0.13 cents per share ⇨		38,655
- Final dividend with 5% withholding tax of 0.17 cents per share ⇨⇧		51,345
		90,000

- (1) Dividends per share are calculated based on the weighted average number of 302,400,000 ordinary shares in issued for the financial year ended 31 December 2008.
- (2) The 5% withholding tax of approximately RMB 2,567,000 was fully borne by the shareholder, Mr Lin Huo Zhi. This transaction has not been reflected in the consolidated statement of comprehensive income as the amount were not material and would not have any impact on the Group's financial statements.

20. COMMITMENTS

(a) Operating lease commitments

The Group leases production factory from a related party and a non-related party under non-cancellable operating lease arrangements. The Group also leases office building and employees' hostel from a non-related party under a non-cancellable operating lease arrangement. The leases have varying terms and the total future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	The Group	
	2009	2008
	RMB'000	RMB'000
Not later than one year	934	1,870
Later than one year and not later than five years		934
	934	<u>2,804</u>

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

20. COMMITMENTS (Continued)

(b) Capital commitments

Capital expenditures contracted but not provided for are as follow:

	The Group	
	2009	2008
	RMB'000	RMB'000
Property, plant and equipment	40,261	
Land use rights	460	
	40,721	

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in this consolidated financial statements, significant related party transactions of the Group are as follow:

	The Group	
	2009	2008
	RMB'000	RMB'000
Rental paid to a related party	1,092	1,092
Advances from a director	-	9,433
Dividend paid by a related party on behalf of subsidiary	-	90,000
Expenses paid on behalf by a director	643	

22. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their business activities, and has four reportable operating segments as follows:

1) TPR shoe soles

TPR shoe soles are a physical mix of polymers, usually a rubber and a plastic. It combines the functional properties of rubber and the easy processability, mouldability and recyclability of thermoplastics. TPR-based sports-shoe soles are lightweight, durable, flexible and provide good traction even under cold conditions.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

22. SEGMENT INFORMATION (Continued)

2) RB shoe soles

Natural and synthetic rubbers are used in the production of RB shoe soles. They are highly resistant to wear and tear, possess the highest tensile strength, provide good traction and is waterproof and weatherproof. However, they provide less dimensional stability, cushioning and shock-absorption capabilities.

3) MD1 shoe soles

The main components of MD1 shoe soles are ethylene vinyl acetate ("EVA") and rubber. EVA-based sports-shoe soles are lightweight, soft, flexible, elastic, resistant to wear and tear, and are dimensionally stable with adequate cushioning, thus serve as an excellent shock-absorber in sports-shoe soles.

4) MD2 shoe soles

The main component of MD 2 shoe soles are similar to MD 1 shoe soles, but are produced using a distinct production process with equipment that are technologically more advanced than MD1 shoe soles and as such, has greater variability in designs and improved quality control.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the Consolidated Financial Statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transaction with third parties, if any.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

22. SEGMENT INFORMATION (Continued)

The segment information provided to the management for the reportable segments for the financial year ended is as follows:

	Financial year ended 31 December 2009				Total RMB'000
	TPR	RB	MD1	MD2	
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	
Revenue:					
External sales	48,477	11,256	180,631	233,823	474,187
Results:					
Interest income	35	8	129	167	339
Interest expenses	113	27	424	549	1,113
Depreciation and amortization	891	208	3,329	4,308	8,736
Segment profit	14,826	3,466	55,410	71,701	145,403
Assets:					
Additions to non-current assets 0)	11,707	2,737	43,753	56,619	114,816
Reportable segment assets	39,081	9,136	146,056	189,001	383,274
Reportable segment liabilities	5,060	1,183	18,912	24,473	49,628
					31 December 2009
<u>Profit or loss</u>					RMB'000
Total profit for reportable segments					145,403
Unallocated interest income					107
Unallocated other incomes					53
Unallocated other expenses (*)					<u>(13,438)</u>
Profit from operations					<u>132,125</u>
<u>Assets</u>					
Total assets for reportable segments					383,274
Unallocated prepayment and other receivables <"					68
Unallocated cash and cash balances (*)					4,377
Group assets					<u>387,719</u>
<u>Liabilities</u>					
Total liabilities for reportable segments					49,628
Unallocated amount owing to a shareholder cum director P)					18,377
Unallocated income tax payable					11,388
Unallocated other payables (>					947
Group liabilities					<u>80,340</u>

(1) Addition to non-current assets consists of additions to property, plant and equipment and land use rights (Note 4, 5).

(2) Relate mainly to listing expenses and the Company's administrative expenses.

(3) Relate mainly relate to Pak Sing and the Company's prepaid administrative expenses.

(4) Relate to Pak Sing's cash and cash balances.

(5) Relates to advance from a shareholder cum director (Note 11).

(6) Relate mainly to the Company's administrative expenses.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

22. SEGMENT INFORMATION (Continued)

	Financial year ended 31 December 2008				
	TPR	RB	MD1	MD2	Total
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	
Revenue:					
External sales	<u>46,428</u>	<u>9,236</u>	<u>181,183</u>	<u>148,463</u>	<u>385,310</u>
Results:					
Interest income	29	6	112	92	239
Depreciation and amortization	1,136	231	4,407	3,633	9,407
Segment profit	<u>12,572</u>	<u>2,558</u>	<u>48,795</u>	<u>40,222</u>	<u>104,147</u>
Assets:					
Additions to non-current assets (>)	1,374	280	5,331	4,394	11,379
Reportable segment assets	<u>15,135</u>	<u>3,079</u>	<u>58,738</u>	<u>48,418</u>	<u>125,370</u>
Reportable segment liabilities	<u>5,825</u>	<u>1,185</u>	<u>22,606</u>	<u>18,633</u>	<u>48,249</u>

	31 December 2008
	RMB'000
<u>Profit or loss</u>	
Total profit for reportable segments	104,147
Unallocated other incomes ">	1,060
Unallocated other expenses	(9)
Profit from operations	<u>105,198</u>
<u>Assets</u>	
Total assets for reportable segments	125,370
Unallocated cash and cash balances (>)	2
Group assets	<u>125,372</u>
<u>Liabilities</u>	
Total liabilities for reportable segments	48,249
Unallocated amount owing to a shareholder cum director <	17,735
Unallocated income tax payable	3,888
Group liabilities	<u>69,872</u>

- (1) Addition to non-current assets consists of additions to property, plant and equipment and land use rights (Note 4, 5).
- (2) Relates to exchange difference arising from shareholder's loan (Note 14).
- (3) Relate to Pak Sing's cash and cash balances.
- (4) Relates to advance from a shareholder cum director (Note 11).

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

23. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate and ultimate holding company is Power Wide Holdings Limited, a company incorporated in the British Virgin Islands.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES - POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 31 December 2009 the Group's financial instruments mainly comprise cash and bank balances, trade receivables, other receivables, trade payables, accrued liabilities, other payables and amount due to a shareholder cum director.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from bank deposits placed with the financial institutions and interest-bearing bank borrowings.

The Group's exposures to interest rate risk from the interest-bearing bank borrowings are minimal as the Group's policy is to maintain the borrowings on a fixed rate basis. The Group does not have investment in other financial assets.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies. The Group carries out its business in the PRC and most of the transactions are denominated in Renminbi except that the amount due to a shareholder cum director is denominated in Hong Kong Dollar. Accordingly, the Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

24. FINANCIAL RISK MANAGEMENT OBJECTIVES - POLICIES (Continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserve for cash to meet its liquidity requirement in the short and long term. Except for amount due to a shareholder (Note 11), and bank borrowing subsequent to year end (Note 28), the Group's financial liabilities are short-term maturity.

(iv) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. The carrying amounts of trade receivables and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group does not have significant concentration of credit risk as no individual customer forms 5% of the trade receivables balance as at 31 December 2009 and 31 December 2008, respectively.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The provision for impairment loss for doubtful debts is based upon a review of the expected collectibles of all trade and other receivables. There is no impairment loss recognized in the statement of comprehensive income as majority of the receivables are collected within the credit period granted and directors expect all balances to be recoverable. Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 8.

Cash and cash balances of the Group are held by reputable financial institutions.

(v) Fair value

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments, except for amount due to a shareholder cum director as disclosed in Note 11.

(vi) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group does not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

APPENDIX IV - AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR FYE 2009 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

Multi Sports Holdings Ltd
and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2009

25. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns to shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected investment opportunities. The Group currently does not adopt any formal dividend policy.

26. FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at the statement of financial position date would be significantly different from the values that would eventually be received or settled.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Except for the Reorganisation exercise (Note 2), addition in construction in progress (Note 4) and land use rights (Note 5), no other significant event has arisen during the financial year.

28. SUBSEQUENT EVENT

Except for the event disclosed below, no other item, transaction or event of a material or unusual nature has arisen in the interval between 31 December 2009 and the date of the report from the independent auditors.

On 1 January 2010, our subsidiary, Jinjiang Baixing entered into loan agreement with Industrial and Commercial Bank of China to obtain bank loans amounting to RMB15.7 (RM7.9) million. The Bank loans were pledged by Jinjiang Baixing's land use rights and guaranteed by a third party.

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010

**MULTI SPORTS
HOLDINGS LTD**
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Company Name MULTI SPORTS HOLDINGS LTD
Stock Name MSPORTS
Financial Period Ended 31 MARCH 2010
Quarter 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

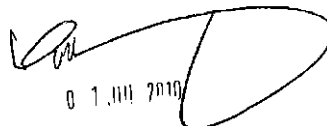
PARTICULARS	NOTE	UNAUDITED AS AT 31-Mar-10 RMB'000	AUDITED AS AT 31-Dec-09 RMB'000	UNAUDITED AS AT 31-Mar-10 RM'000 (1)	AUDITED AS AT 31-Dec-09 RM'000 (1)
ASSETS AND LIABILITIES					
<i>Non-current assets</i>					
Property, plant and equipment		136,700	126,545	65,274	60,425
Intangible assets		24,526	23,614	11,711	11,276
		<u>161,226</u>	<u>150,159</u>	<u>76,985</u>	<u>71,701</u>
<i>Current assets</i>					
Inventories		12,064	12,160	5,760	5,806
Trade receivables		58,931	63,374	28,140	30,261
Prepayment and other receivables		555	1,320	265	630
Cash and bank balances		191,717	160,706	91,545	76,737
		<u>263,267</u>	<u>237,560</u>	<u>125,710</u>	<u>113,434</u>
<i>Current liabilities</i>					
Trade payables		29,120	29,655	13,905	14,160
Accrued liabilities and other payables		16,447	20,920	7,853	9,989
Amount owing to a shareholder cum director		18,372	18,377	8,773	8,775
Income tax payable		5,056	11,388	2,414	5,438
Interest-bearing bank borrowings		15,700	-	7,497	-
		<u>84,695</u>	<u>80,340</u>	<u>40,442</u>	<u>38,362</u>
Net current assets		178,572	157,220	85,268	75,072
Net assets		<u>339,798</u>	<u>307,379</u>	<u>162,253</u>	<u>146,773</u>
EQUITY					
Share capital		123,178	123,178	58,817	58,817
Reserve		216,620	184,201	103,436	87,956
Total equity		<u>339,798</u>	<u>307,379</u>	<u>162,253</u>	<u>146,773</u>
Net Assets per share attributable to equity holders of the Group (sen in RMB / RM)	R 1 1	94.39	94.87	45.07	45.30

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Notes :

(1) The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB 1 to RM0.4775 as at 31 March 2010.

CERTIFIED TRUE COPY/



WONG WEI FONG
SECRETARY
MAICSA 7006751

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS

HOLDINGS LTD

Bermuda Company No. 42425

(Malaysian Foreign Company Registration No. 995199-H)

Company Name MULTI SPORTS HOLDINGS LTD
 Stock Name MSPORTS
 Financial Period Ended 31 MARCH 2010
 Quarter 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2010

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-10 RMB'000	AUDITED PRECEDING YEAR CORRESPONDING QUARTER (1) 31-Mar-09 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-10 RM'000 (2)	AUDITED PRECEDING YEAR CORRESPONDING QUARTER (1) 31-Mar-09 RM'000 (2)
Revenue		133,720	81,577	63,851	38,953
Cost of sales		<u>(90,902)</u>	<u>(54,420)</u>	<u>(43,406)</u>	<u>(25,985)</u>
Gross Profit		42,818	27,157	20,445	12,968
Other income		329	50	157	24
Selling and distribution expenses		(2,478)	(1,379)	(1,183)	(659)
Administrative expenses		(2,993)	(1,321)	(1,429)	(631)
Finance costs			<u>(229)</u>	<u>£6]</u>	<u>(109)</u>
Profit before taxation		37,475	24,278	17,894	11,593
Income tax expenses		(5,056)	(3,036)	(2,414)	(1,450)
Profit after taxation		32,419	21,242	15,480	<u>10,143</u>
Total comprehensive income for the period		32,419	21,242	15,480	10,143
Profit attributable to:					
- Equity holders of the Group		32,419	21,242	15,480	10,143
Total comprehensive income attributable to:					
• Equity holders of the Group		32,419	21,242	15,480	10,143



APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 99S198-H)

PARTICULARS	NOTE	INDIVIDUAL QUARTER		INDIVIDUAL QUARTER	
		UNAUDITED CURRENT QUARTER 31-Mar-10 RMB'000	AUDITED PRECEDING YEAR CORRESPONDING QUARTER (1) 31-Mar-09 RMB'000	UNAUDITED CURRENT QUARTER 31-Mar-10 RM'000 (2)	AUDITED PRECEDING YEAR CORRESPONDING QUARTER (1) 31-Mar-09 RM'000 (2)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B12	9.01	7.02	4.30	3.35
Diluted (sen in RMB / RM)	B12	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Notes:

- (1) *The condensed Combined Statement of Comprehensive Income are prepared in accordance with INT FRS 12 Consolidation - Special Purpose Entities and based on the combined results of Multi Sports Holdings Ltd ("MSPORTS") and its subsidiaries (MSPORTS GROUP). MSPORTS completed its restructuring only on 15 July 2009.*
- (2) *The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4775 as at 31 March 2010.*

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APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Company Name MULTI SPORTS HOLDINGS LTD
Stock Name MSPORTS
Financial Period Ended 31 MARCH 2010
Quarter 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2010

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		CURRENT	PRECEDING	CURRENT	PRECEDING
		YEAR	YEAR	YEAR	YEAR
		TO DATE	CORRESPONDING	TO DATE	CORRESPONDING
		31-Mar-10	PERIOD (1)	31-Mar-10	PERIOD (1)
		31-Mar-09	31-Mar-09	31-Mar-09	31-Mar-09
		RMB'000	RMB'000	RM'000 (2)	RM'000 (2)
Revenue		133,720	81,577	63,851	38,953
Cost of sales		(90,902)	(54,420)	(43,406)	(25,985)
Gross Profit		42,818	27,157	20,445	12,968
Other income		329	50	157	24
Selling and distribution expenses		(2,478)	(1,379)	(1,183)	(659)
Administrative expenses		(2,993)	(1,321)	(1,429)	(631)
Finance costs		(201)	(229)	(96)	(109)
Profit before taxation		37,475	24,278	17,894	11,593
Income tax expenses		(5,056)	(3,036)	(2,414)	(1,450)
Profit after taxation		32,419	21,242	15,480	10,143
Total comprehensive income for the year		32,419	21,242	15,480	10,143
Profit attributable to:					
- Equity holders of the Group		32,419	21,242	15,480	10,143
Total comprehensive income attributable to:					
- Equity holders of the Group		32,419	21,242	15,480	10,143

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APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Swmuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

PARTICULARS	NOTE	CUMULATIVE QUARTER		CUMULATIVE QUARTER	
		UNAUDITED	AUDITED	UNAUDITED	AUDITED
		CURRENT YEAR TO DATE 31-Mar-10 RMB'000	PRECEDING YEAR CORRESPONDING PERIOD (1) 31-Mar-09 RMB'000	CURRENT YEAR TO DATE 31-Mar-10 RM'000 (2)	PRECEDING YEAR CORRESPONDING PERIOD (1) 31-Mar-09 RM'000 (2)
Earnings per share attributable to equity holders of the Group:					
Basic (sen in RMB / RM)	B12	9.01	7.02	4.30	3.35
Diluted (sen in RMB / RM)	B12	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Notes:

- (1) *The condensed Combined Statement of Comprehensive Income are prepared in accordance with INTFRS 12 Consolidation - Special Purpose Entities and based on the combined results of Multi Sports Holdings Ltd ("MSPORTS") and its subsidiaries (MSPORTS GROUP). MSPORTS completed its restructuring only on 15 July 2009.*
- (2) *The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4775 as at 31 March 2010.*

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APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Company Name **MULTI SPORTS HOLDINGS LTD**
Stock Name **MSPORTS**
Financial Period Ended **31 MARCH 2010**
Quarter **1**

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2010

	Attributable to Equity Holders of The Group					Total Equity
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance At 1 January 2010	123,178	69,689	23,353	(54,916)	146,075	307,379
Net profit for the period	-	-	-	-	32,419	32,419
At 31 March 2010	123,178	69,689	23,353	(54,916)	178,494	339,798

	Attributable to Equity Holders of The Group					Total Equity
	Share Capital	Share Premium	Statutory Reserve	Merger Deficit	Retained Earnings	
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)
Balance At 1 January 2010	58,817	33,276	11,151	(26,222)	69,751	146,773
Net profit for the period	-	-	-	-	15,480	15,480
At 31 March 2010	58,817	33,276	11,151	(26,222)	85,231	162,253

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note:

- (1) The presentation currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4775 as at 31 March 2010.

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APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Company Name MULTI SPORTS HOLDINGS LTD
Stock Name MSPORTS
Financial Period Ended 31 MARCH 2010
Quarter 1

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 MARCH 2009

	Attributable to Equity Holders of The Group				
	Share Capital	Statutory Reserve	Currency Translation Reserve	Retained Earnings	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance At 1 January 2009	11	13,184	3	42,302	55,500
Currency translation reserve	-	-	(3)	3	-
Net (loss)/gain recognized directly in equity	-	-	(3)	3	-
Profit for the period	-	-	-	21,242	21,242
Total recognized income for the period	-	-	(3)	21,245	21,242
At 31 March 2009	11	13,184	-	63,547	76,742

	Attributable to Equity Holders of The Group				
	Share Capital	Statutory Reserve	Currency Translation Reserve	Retained Earnings	Total Equity
	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)	RM'000 (1)
Balance At 1 January 2009	5	6,295	2	20,199	26,501
Currency translation reserve	-	-	(2)	2	-
Net (loss)/gain recognized directly in equity	-	-	(2)	2	-
Profit for the period	-	-	-	10,143	10,143
Total recognized income for the period	-	-	(2)	10,145	10,143
At 31 March 2009	5	6,295	-	30,344	36,644

The audited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

Note:

(1) The presentation currency of this audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM0.4775 as at 31 March 2010

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Company Name **MULTI SPORTS HOLDINGS LTD**
 Stock Name **MSPORTS**
 Financial Period Ended **31 MARCH 2010**
 Quarter **1**
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER ENDED 31 MARCH 2010

	UNAUDITED	AUDITED	UNAUDITED	AUDITED
	CURRENT	PREDEDING YEAR	CURRENT	PREDEDING YEAR
	PERIOD	CORRESPONDING	PERIOD	CORRESPONDING
	31-Mar-10	PERIOD	31-Mar-10	PERIOD
		31-Mar-09		31-Mar-09
	RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	37,475	24,278	17,894	11,593
Adjustments for :-				
Depreciation of property, plant and equipment	2,368	2,067	1,130	987
Amortisation of intangible assets	48	24	23	11
Interest income	(154)	(38)	(73)	(18)
Interest expense	201	229	96	109
Operating profit before working capital changes	39,938	26,560	19,070	12,682
Decrease in inventories	96	494	46	236
Decrease in trade receivables	4,443	798	2,121	381
Decrease/(increase) in prepayments and other receivables	759	(2,024)	362	(967)
Decrease in trade payables	(535)	(5,976)	(255)	(2,853)
(Decrease)/ increase in accrued liabilities and other payables	(4,473)	1,014	(2,136)	484
Net cash generated from operations	40,228	20,866	19,208	9,963
Income tax paid	(11,387)	(3,888)	(5,437)	(1,856)
Interest received	154	38	73	18
Interest paid	(201)	(229)	(96)	(109)
Net cash generated from operating activities	28,794	16,787	13,748	8,016
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(12,540)	(588)	(5,987)	(281)
Acquisition of intangible asset	(960)		(458)	
Proceed from disposal of property, plant and equipment	17		8	
Net cash used in investing activities	(13,483)	(588)	(6,437)	(281)
CASH FLOW FROM FINANCING ACTIVITIES				
Amount owing to a director		(9,433)		(4,504)
Bank loan obtained	15,700	15,700	7,497	7,497
Deposit pledged with bank		(1,200)		(573)
Net cash generated from financing activities	15,700	5,067	7,497	2,420

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

	UNAUDITED	AUDITED PRECEDING YEAR	UNAUDITED	AUDITED PRECEDING YEAR
	CURRENT PERIOD 31-Mar-10	CORRESPONDING PERIOD 31-Mar-09	CURRENT PERIOD 31-Mar-10	CORRESPONDING PERIOD 31-Mar-09
	RMB'000	RMB'000	RM'000 (1)	RM'000 (1)
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,011	21,266	14,808	10,155
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	160,706	29,943	76,737	14,297
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	191,717	51,209	91,545	24,452
Cash and cash equivalents comprise:				
Cash and bank balances	191,717	51,209	91,545	24,452

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements. .

Notes :

(1) The presentation currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB 1 to RM0.4775 as at 31 March 2010.

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APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)



MULTI SPORTS
HOLDINGS LTD

Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

A. SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2010

1. Basis of accounting and changes in accounting estimates

a) Basis of accounting

The interim financial reports are unaudited and have been prepared in accordance with the requirements of International Accounting Standard ("IAS") 34 : Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements, and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

At the date of this report, certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods after 1 January 2010 or later periods.

The management does not anticipate that the adoption of the above IFRSs (including consequential amendments) and interpretations will result in any material impact to the financial statements in the period of initial application.

2. Seasonality or cyclicity of operation

The business of the Group was not affected by any significant seasonal and cyclical factors during the period under review.

3. Unusual items

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

4. Changes in estimates

There were no material changes in estimates for the current quarter and financial year-to-date

5. Changes in share capital and debts

There were no issuances, cancellations, resale and repayments of debt and equity securities for the current financial year-to-date.

6. Dividends

No dividends were proposed by the Board of Directors for the current quarter and financial year-to-date.

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

" " JVEULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

7. Segment Information

Business Segments

	Financial period from 1 January 2010 to 31 March 2010 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	RMB'000
Revenue:					
- External sales	12,283	4,212	43,662	73,563	133,720
Results:					
Interest income	14	5	50	86	155
Interest expenses	18	6	65	112	201
Depreciation and amortisation	220	77	781	1,338	2,416
Segment profit	<u>3,443</u>	<u>1,205</u>	<u>12,263</u>	<u>21,011</u>	<u>37,922</u>

	Financial period ended 31 March 2010 (Unaudited)				
Assets:					
Additions to non-current assets *	1,226	429	4,365	7,480	13,500
Reportable segment assets	<u>38,174</u>	<u>13,360</u>	<u>135,959</u>	<u>232,960</u>	<u>420,453</u>
Reportable segment liabilities	<u>5,473</u>	<u>1,915</u>	<u>19,490</u>	<u>33,395</u>	<u>60,273</u>

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	First and cumulative quarter ended 31 March 2010 RMB'000 (Unaudited)
Profit or loss	
Total profit for reportable segments	37,922
Unallocated other expenses	(447)
Profit from operations	<u>37,475</u>
	As at 31 March 2010 RMB'000 (Unaudited)
Assets	
Total assets for reportable segments	420,453
Unallocated prepayment and other receivable	38
Unallocated cash at bank and on hand	<u>4,002</u>
Group assets	<u>424,493</u>
Liabilities	
Total liabilities for reportable segments	60,273
Unallocated amount owing to a shareholder	18 372
Unallocated income tax payable	5 056
Unallocated accruals and other payables	<u>9^4</u>
Group liabilities	<u>84 695</u>

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Business Segments

	Financial period from 1 January 2010 to 31 March 2010 (Unaudited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	Shoe soles RM'000	RM'000
Revenue:					
- External sales	5,865	2,011	20,849	35,126	63,851
Results:					
Interest income	7	2	24	41	74
Interest expenses	9	3	31	53	96
Depreciation and amortisation	104	37	373	639	1,153
Segment profit	1,644	575	5,856	10,033	18,108

	Financial period ended 31 March 2010 (Unaudited)				
Assets:					
Additions to non-current assets	585	204	2,084	3,572	6,445
Reportable segment assets	18,229	6,379	64,920	111,238	200,766
Reportable segment liabilities	2,613	914	9,307	15,946	28,780

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	First and cumulative quarter ended 31 March 2010 RM'000 (Unaudited)
Profit or loss	
Total profit for reportable segments	18,108
Unallocated other expenses	(214)
Profit from operations	17,894
	As at 31 March 2010 RM'000 (Unaudited)
Assets	
Total assets for reportable segments	200,766
Unallocated prepayment and other receivables	18
Unallocated cash at bank and on hand	1,911
Group assets	202,695
Liabilities	
Total liabilities for reportable segments	28,780
Unallocated amount owing to a shareholder	8,773
Unallocated income tax payable	2,414
Unallocated accruals and other payables	475
Group liabilities	40,442

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Business Segments

	Financial period from 1 January 2009 to 31 March 2009 (Audited)				
	TPR	RB	MD1	MD2	TOTAL
	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	Shoe soles RMB'000	RMB'000
Revenue:					
- External sales	8,838	1,792	36,317	34,630	81,577
Results:					
Interest income	4	1	17	16	38
Interest expenses	25	5	103	96	229
Depreciation and amortisation	230	42	941	878	2,091
Other non-cash income	1	1	5	5	12
Segment profit	2,671	486	10,928	10,200	24,285

	Financial year ended 31 December 2009 (Audited)				
Assets:					
Additions to non-current assets *	11,707	2,737	43,753	56,619	114,816
Reportable segment assets	39,081	9,136	146,056	189,001	383,274
Reportable segment liabilities	5,060	1,183	18,912	24,473	<u>49,628</u>

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	First and cumulative Quarter ended 31 March 2009 RMB'000 (Audited)
<u>Profit or loss</u>	
Total profit for reportable segments	24,285
Unallocated other expenses	(7)
Profit from operations	24,278

	As at 31 December 2009 RMB'000 (Audited)
<u>Assets</u>	
Total assets for reportable segments	383,274
Unallocated prepayment and other receivables	68
Unallocated cash and cash balances	4,377
Group assets	387,719
<u>Liabilities</u>	
Total liabilities for reportable segments	49,628
Unallocated amount owing to a shareholder cum director	18,377
Unallocated income tax payable	11 388
Unallocated other payables	947
Group liabilities	<u>80 340</u>

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

Business Segments

Financial period from 1 January 2009 to 31 March 2009

(Audited)

	TPR Shoe soles RM'000	RB Shoe soles RM'000	MD1 Shoe soles RM'000	MD2 Shoe soles RM'000	TOTAL RM'000
Revenue:					
- External sales	4,220	856	17,341	16,536	38,953
Results:					
Interest income	2		8	8	18
Interest expenses	12	2	49	46	109
Depreciation and amortisation	110	20	449	419	998
Other non-cash income	1	1	2	2	6
Segment profit	1,275	232	5,218	4,871	11,596

Financial year ended 31 December 2009

(Audited)

Assets:					
Additions to non-current assets *	5,590	1,307	20,892	27,036	54,825
Reportable segment assets	18,661	4,362	69,742	90,248	183,013
Reportable segment liabilities	2,416	565	9,030	11,686	23,697

* - Addition to non-current assets consist of additions to property, plant and equipment and intangible asset.

	First and cumulative quarter ended 31 March 2009 RM'000 (Audited)
Profit or loss	
Total profit for reportable segments	11,596
Unallocated other expenses	(3)
Profit from operations	11,593
	As at 31 December 2009 RM'000 (Audited)
Assets	
Total assets for reportable segments	183,013
Unallocated prepayment and other receivables	32
Unallocated cash and cash balances	2,090
Group assets	185,135
Liabilities	
Total liabilities for reportable segments	23,697
Unallocated amount owing to a shareholder cum director	8,775
Unallocated income tax payable	5,438
Unallocated other payables	452
Group liabilities	38,362

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

^ M U L T I S P O R T S
H O L D I N G S L T D
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

8. Subsequent events

Save as disclosed under note B8, there were no material events subsequent to the end of the financial period under review that have not been reflected in this quarterly report as at the date of this report.

9. Changes in the composition of the Group

There were no significant changes in the composition of the Group during the current quarter.

10. Contingent liabilities or assets

No material contingent liabilities and assets, which upon becoming enforceable may have a material effect on the financial position of the Group since the last annual balance sheet date.

11. Property, plant and equipment

The Group acquired addition of property, plant and equipment as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	1,445	690	1,445	690
Construction in progress	11,095	5,297	11,095	5,297
Intangible asset	960	458	960	458
	<u>13,500</u>	<u>6,445</u>	<u>13,500</u>	<u>6,445</u>

The Group disposed of property, plant and equipment as follow:

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	(32)	(15)	(32)	(15)

12. Capital commitments

Capital expenditure contracted for as at 31 March 2010 but not recognised in the interim financial report is as follow:

	RMB'000	RM'000
Capital commitments in respect of		
Property, plant and equipment	<u>31,620</u>	<u>15,099</u>

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD

Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

13. Significant related party transactions

	Current Quarter		Current Year-to-date	
	RM'000	RM'000	RM'000	RM'000
Rental paid to a related party	273	130	273	130

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APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)

MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995198-H)

B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS

1. Review of the performance of the Group

For current period performance, the Group recorded revenue of RMB 133.7 (RM 63.9) million and profit after taxation of RMB32.4 (RM 15.5) million. The growth in revenue by 63.9% as compared to Q1 2009 was mainly contributed to the additional set-up of five (5) production lines each for RB and EVA MD II in Q3 2009 which enabled the Group to better fulfil the increased demand of shoe soles from our customers. In line with this expansion of production lines, our sales volume has increased from 4.6 million pairs in Q1 2009 to 7.1 million pairs in Q1 2010.

Despite a general increase in average selling price by approximately 6.8% as compared to Q1 2009, the gross profit margin decreased from 33.3% in Q1 2009 to 32.0% in Q1 2010 as this was mainly due to the increase in average unit cost of sale per pair as a result of the higher production cost arising from wages increment in Jan 2010. The Group decided to revise the production wages upward in view of sale orders are improving as global economies rebounded.

In line with the drop in gross profit margin, the Group's profit after taxation decreased by 1.8% from 26.0% in Q1 2009 compared to 24.2% in Q1 2010.

2. Variation of results against immediate preceding quarter

	Current quarter 31-Mar-10	Preceding quarter 31-Dec-09	Current quarter 31-Mar-10	Preceding quarter 31-Dec-09
	RMB'000	RMB'000	RM'000	RM'000
Revenue	133,720	160,033	63,851	76,416
Gross profit	42,818	55,481	20,445	26,664
Profit after taxation	32,419	42,575	15,480	20,329

For first quarter performance, the Group recorded revenue of RMB 133.7 (RM 63.9) million and profit after taxation of RMB 32.4 (RM 15.5) million.

As compared to Q4 2009, the drop in revenue and sale volume for the current quarter by 16.4% and 1.3 million pairs were mainly attributed to longer holiday break for Chinese New Year in Feb 2010. The gross profit margin reduced by 2.7% to 32.0% as compared to 34.7% in the last corresponding quarter due to the higher production cost as mentioned in note B1. The Group's profit after taxation decreased to 24.2% as compared to 26.6% in the last corresponding period, which is consistent with the drop in gross profit margin.

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)



3. Prospects for FYE 2010

We are optimistic that FYE 2010 will be a promising year for our Group, as the growth rate for China's sports-footwear market should continue to improve in tandem with the economic growth in China, which continues to be robust. As China's per capita disposable income continues to grow, we are optimistic that average consumption of sports shoes per person per annum will continue to grow with the increasing purchasing power of the average person in China. This will bode well for our Group, especially in view of the size of the domestic consumer market in China.

In view of promising market conditions for FYE 2010, we fast-tracked our expansion plans, and expect to complete construction of all factories and dormitories on our new production centre on Xibin Land by end 2010. Our operations are expected to grow significantly with the completion of our new production centre. The commencement of operations on Xibin Land after completion of the buildings on Xibin Land is anticipated to contribute positively to our growth in forthcoming years.

Our production capacity has increased by over 35% in the first quarter of 2010 as compared to the first quarter of 2009. In line with the increase in production capacity, our Group recorded higher growth in revenue in the first quarter of 2010 as compared to the first quarter of 2009. In particular, demand for our EVA MD products continues to show growth - in response, we aim to continue to ramp up production capacity for EVA MD products in FYE 2010.

We expect the performance of the Group to further improve in FYE 2010, as we continue to increase our production capacity to fulfil customer demand, and increase our new range of design offerings to fulfil forecasted market trends. Apart from fashion trends, our R&D efforts are also focused on continuing to develop sport-shoe soles with improved ergonomics and functional features.

Whilst we are optimistic about demand conditions for our sports-shoe soles and sports shoes in China for FYE 2010, we continue to exercise discipline in managing our operating cost base. Despite promising conditions for continued growth in FYE 2010, we believe that prudent financial management will be fundamental to sustainable long-term growth for our Group, and will be essential to weathering any unexpected challenging conditions.

4. Profit forecast and guarantee

No profit forecast or guarantee were previously announced and disclosed by the Group in a public document.

5. Income tax charge

	Current Quarter		Current Year-to-date	
	RMB'000	RM'000	RMB'000	RM'000
PRC income tax	5,056	2,414	5,056	2,414

The effective tax rate of the Group for the current quarter was 13.5% as compared to the current Enterprise Income Tax (EIT) rate of 25.0%. The lower effective tax rate is mainly due to Baixing enjoys an EIT rate of 12.5% up to 31 December 2010 under Regular Tax Reduction and Bemption Treatment" (ZL & HM ^) and this has however partially offset by the provision for withholding tax on dividend.

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)



MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

6. Sales of unquoted investments and/or properties

No sales of unquoted investments and/or properties of the Group in the current quarter and financial year-to-date.

7. Purchase or disposal of quoted securities

No purchase or disposal of quoted securities by the Group in the current quarter and financial year-to-date.

8. Status of corporate proposals and utilisation of proceeds

(a) On 6 May 2010, the Company proposed to undertake the following corporate exercise:

(i) Proposed Renounceable Right Issue of up to 90,000,000 new Ordinary Shares of USD0.05 each ("Rights Shares"), at an issue price to be determinate later on the basis of one (1) Rights Share for every four (4) existing Ordinary Shares of USD 0.05 each ("Share") held in the Company ("Rights Issue").

(b) Utilisation of proceeds

The Public Issue raised gross proceeds of RM48.96 million and we have utilised the proceeds raised in the following manner: -

		Estimated timeframe for utilisation	Proposed utilit.jlion RM 000	Actual utilisation RM 000	Deviation	Explanations
(i)	Expansion of production capacity	Within 24 months				
	- Production Centre		25,000	58,670	(33,670)	(1)
	- Production Line		5,000	3,840	1,160	(1), (2)
			30,000	62,510	(32,510)	
(ii)	Expansion of sales and marketing network in China	Within 18 months	3,960	-	3,960	(2)
(iii)	Advertising and branding	Within 24 months	3,000	440	2,560	(2)
(iv)	Enhancement of product development capabilities	Within 24 months	4,000	470	3,530	(2)
(v)	Working capital	Wthin 24 months	1,000	1,000	Nil	
(vi)	Estimated Listing expenses	Immediate	7,000	7,695	(695)	(3)
	Total proceeds		48,960	72,115		

Notes:

- (1) The new production centre is still in the course of construction and the total expansion cost of production centre increase up to year end was RM58.7 million, out of which RM25 million was financed via the IPO proceeds and the deviation of RM33.7 million was financed via funds generated internally by the Group. The total expansion cost of machinery and equipment amounting to RM3.8 million was financial via IPO proceeds.
- (2) IPO proceeds will be utilised within the estimated timeframe given and the Group does not expect any material deviation as at the date of this report.
- (3) The total listing expenses are RM7.7 million, out of which RM2.7 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.7 million was financed via the funds generated internally by the Group.

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)



MULTI SPORTS
HOLDINGS LTD
Bermuda Company No. 42425
(Malaysian Foreign Company Registration No. 995199-H)

9. Group borrowings and debts securities

Our Group's borrowings and debts securities as at 31 March 2010 were as follow : -

<u>Short term borrowings and debts securities</u>	RMB'000	RM'000
Bank loans - secured	15,700	7,497

The bank loans were pledged by the Group's land use rights, guaranteed by a third party, and a related party's land use rights and property.

10. Off-balance sheet financial instruments risks

As at the date of this report, we do not have nor are we using any financial instruments.

11. Changes in material litigation

As at the date of this report, our Group is not engaged whether as plaintiff or defendant in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of our Group, and our Directors are not aware of any proceedings pending or threatening or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

12. Net asset and earnings per share

The Company and the Group	Weighted average no. of shares	
	31 March 2010	31 December 2009
Consolidation and increase (20 ordinary shares for 12 months) ⁽¹⁾	20	20
Acquisition of Pak Sing (302,399,980 ordinary shares for 12 months) ⁽¹⁾	302,399,980	302,399,980
Subtotal	302,400,000	302,400,000
Public issue (57,600,000 ordinary shares for 4.5 months on 31 December 2009)	57,600,000	21,600,000
Total	360,000,000	324,000,000

(1) Ordinary shares arising from the Reorganisation exercise are assumed to be issued throughout the financial year 31 December 2009 as the Reorganisation exercise was accounted for under common control using the "pooling of interest" method of consolidation.

APPENDIX V - UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MULTI SPORTS GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2010 (CONT'D)



12. Net asset and earnings per share (Continued)

Net asset per share are calculated based on net asset attributable to equity holders of the Group and weighted average number of 360,000,000 and 324,000,000 ordinary shares in issue and for the financial year ended 31 March 2010 and 31 December 2009 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and the number of 360,000,000 ordinary shares fully in issue for the financial periods ended 31 March 2010 and the number of 302,400,000 ordinary shares in issue for the financial periods ended 31 March 2009 prior to the public issue of 57,600,000 ordinary shares.

There is no potential dilutive effect on earnings per share.

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

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2009.

APPENDIX VI - DIRECTORS' REPORT



Multi Sports Holdings Ltd
(Bermuda Company No. 42425)
(An Exempted Company incorporated in Bermuda)
Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda.

Date: 5 July 2010

The Shareholders of

MULTI SPORTS HOLDINGS LTD
("MULTI SPORTS" OR THE "COMPANY")

Registered Office in Malaysia:-
Level 18, The Gardens North Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur,
Malaysia.

Dear Sir/Madam,

On behalf of the Board of Directors of Multi Sports ("**Board**"), I wish to report that after due enquiry by us in relation to the interval between the period from 31 December 2009 (being the date to which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof (being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus), that:-

- (a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;
- (b) in the opinion of the Board, since the last audited consolidated financial statements of the Group, no circumstances that has adversely affected the trading or the value of the assets of the Group has arisen;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are no contingent liabilities that has arisen by reason of any guarantees or indemnities given by the Group;
- (e) there has not been, since the latest audited consolidated financial statements of the Group, any default or known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings of the Group, which the Board is aware of;
- (f) save as disclosed in the unaudited consolidated financial statements of the Group for the three (3)-month financial period ended 31 March 2010 as set out in Appendix V of this Abridged Prospectus, there has not been, since the last audited consolidated financial statements of the Group, any material changes in the published reserves or unusual factors affecting the profits of the Group; and
- (g) as disclosed above and up to the date of this letter, no other reports are required in relation to items (a) to (f) above.

Yours faithfully,
For and on behalf of the Board of
MULTI SPORTS HOLDINGS LTD

LIN LIYING
Executive Director

APPENDIX VII - FURTHER STATUTORY AND ADDITIONAL INFORMATION

1. SHARE CAPITAL

- (a) No securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of issue of this Abridged Prospectus.
- (b) There are no founder, management or deferred shares in the share capital of our Company. As at the date of this Abridged Prospectus, there is only one (1) class of shares in our Company, namely ordinary shares of US\$0.05 each, all of which rank *pari passu* with one another.
- (c) The names, addresses, designations and professions of the Directors are as set out under the section on Corporate Directory of this Abridged Prospectus.
- (d) No person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of our Company.
- (e) Save for the Rights Issue and as disclosed in Section 2 of Appendix II, no securities of our Company have been issued or proposed to be issued, as fully or partly paid-up in cash, or otherwise than in cash within the two (2) years immediately preceding the date of this Abridged Prospectus.

2. DIRECTORS

The following provides information about certain provisions of our Memorandum of Association and Bye-laws. The description below is only a summary and is qualified in its entirety by reference to our Memorandum of Association and Bye-laws: -

- (a) *Remuneration (Bye-laws 90, 95, 97(1) and 98)*

The fees of the Directors shall from time to time be determined by the Company in general meeting, shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director, but he shall not in any circumstances be remunerated by a commission on or a percentage of turnover.

Payments to any director or past director of the Company or of a subsidiary of the Company of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

APPENDIX VII - FURTHER STATUTORY AND ADDITIONAL INFORMATION (CONT'D)

(b) *Shareholding qualification (Bye-law 85(3))*

Neither a Director nor an alternate Director is required to hold any shares of the Company by way of qualification.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the date of this Abridged Prospectus, there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by our Company and our subsidiaries within two (2) years preceding the date of this Abridged Prospectus: -

- (i) Supplementary Agreement to Workshop Lease Agreement dated 24 February 2009 between Jinjiang Huoxing Investment Co., Ltd. and Baixing for granting Baixing an option to lease for further 2 years commencing 30 June 2013 and to purchase the property at Yanshang Village, Chendai Town, Jinjiang City, Fujian Province, PRC within the lease tenure.
- (ii) Share Sale Agreement dated 6 April 2009 and Supplemental Agreement dated 29 May 2009 made between Lin Huozhi and Leung Sing Kit ("**the Vendors**") and Multi Sports ("**the Purchaser**") ("**SSA**") in relation to the sale and purchase of 10,000 ordinary shares of HK\$1.00 each in the capital of Paksing, which represents 82.14% of the issued and paid-up share capital of Paksing, for a purchase consideration of US\$12,420,063.65 which was satisfied by the Purchaser issuing and allotting 248,401,273 ordinary shares of US\$0.05 each in the Purchaser to persons nominated by the Vendors.
- (iii) Investment Agreement dated 12 May 2009 between GuoLine Capital Limited, Paksing, Multi Sports, Lin Huozhi and Leung Sing Kit ("**the Investment Agreement**"), and novated pursuant to a Novation Agreement dated 21 May 2009 made between GuoLine Capital Limited ("**Assignor**"), GuoLine Group Management Co. Limited ("**Assignee**"), Paksing, Multi Sports, Lin Huozhi and Leung Sing Kit in which the Assignee subscribed for Redeemable Convertible Loan Stocks in Paksing for an aggregate sum of US\$7,094,010 which was subsequently converted into 2,175 ordinary shares of HK\$1.00 each in Paksing prior to the acquisition by Multi Sports of the entire issued and paid-up share capital of Paksing, based on the terms and conditions of the said agreements.
- (iv) Underwriting Agreement dated 3 July 2009 between the Company and AmInvestment Bank as the sole underwriter for the underwriting of 18,000,000 public issue shares pursuant to the IPO ("**Underwritten Shares**") at an underwriting commission of 3.25% of the IPO price of RM0.85 per Share and upon the terms and conditions contained therein.
- (v) Real Property Transfer Agreement dated 25 September 2009 between Baixing and Fujian Xueyu Property Co., Ltd. ("**Fujian Xueyu**"), whereby Fujian Xueyu shall transfer a piece of land located at Xibin Farm, Xibin Town, Jinjiang City, Fujian Province, PRC and two accompanying buildings to Baixing. In consideration of the real property transfer, Baixing shall pay CNY29,500,000 to Fujian Xueyu.
- (vi) Construction Contract dated 2 October 2009 between Baixing and Fujian Huidong Construction Project Co., Ltd. ("**Fujian Huidong**"), whereby Fujian Huidong shall build two dormitories, one factory and one office building for Baixing, and Baixing shall pay CNY110,000,000 to Fujian Huidong.

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APPENDIX VII - FURTHER STATUTORY AND ADDITIONAL INFORMATION (CONT'D)

- (vii) Purchase Contract dated 4 October 2009 between Baixing and Fujian Hongyuan Tube Stake Co., Ltd. (**^ i ^ ^ S f fifii^**) ("**Fujian Hongyuan**"), whereby Fujian Hongyuan shall sell PHC tube stakes to Baixing, and Baixing shall pay CNY6,443,525 to Fujian Hongyuan.
- (viii) Renovation Contract dated 26 May 2010 between Baixing and Fujian Yucai Construction Development Co., Ltd. (**i B & ^ W ^ * # . £ J S W r l & ^ l**) ("**Fujian Yucai**"), whereby Fujian Yucai shall renovate six buildings for Baixing, and Baixing shall pay CNY78,650,000 to Fujian Yucai.

4. MATERIAL LITIGATION

As at LPD, neither Multi Sports nor any of its subsidiary companies are engaged in any litigation, claims or arbitration, either as plaintiff or defendant, which has a material and adverse effect on the financial position of our Group, and to the best of our Board's knowledge and belief, our Board is not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group.

5. GENERAL

- (i) The nature of the business and the corporations which are deemed to be related to Multi Sports by virtue of Section 6 of the Act are set out in Appendix II of this Abridged Prospectus.
- (ii) The estimated expenses of the Rights Issue will be borne by our Company as disclosed under Section 4.2 of this Abridged Prospectus.
- (iii) Save as disclosed in Section 3 of this Appendix VII, no amount or benefit has been paid or payable within the two (2) years preceding the date of this Abridged Prospectus as commission for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any shares or debentures of our Company or our subsidiary companies and no director, proposed director, promoter or expert is entitled to receive any such commission.
- (iv) Save as disclosed in Sections 5, 7 and 8 of this Abridged Prospectus as well as Section 6 of Appendix II, and to the best of the knowledge and belief of our Board, the financial performance, condition, position and operations of our Group are not likely to be affected by any of the following:-
 - (a) known trends or known demands, commitments, events or uncertainties that will result in or that is reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (b) material commitments for capital expenditure of our Group;
 - (c) unusual or infrequent events or transactions or any significant economic changes that materially affect the amount of reported income from the operations of our Group; and
 - (d) known trends or uncertainties that have had or that our Group reasonably expects will have a material favourable or unfavourable impact on revenues or operating income.
- (v) Save as disclosed in Sections 5, 7 and 8 of this Abridged Prospectus, our Board is not aware of any material information including specific trade factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

APPENDIX VII - FURTHER STATUTORY AND ADDITIONAL INFORMATION (CONT'D)

- (vi) There is no existing or proposed service contract entered or to be entered into by our Company or any of our subsidiaries with any director or proposed director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.

6. CONSENTS

- (a) The written consents of the Principal Adviser, Company Secretary, Company Agent in Malaysia, Malaysian Registrar, Bermuda Share Registrar, Solicitors for the Rights Issue, Legal Advisers to our Company on Bermuda Law, Legal Advisers to our Company on PRC Law, Legal Advisers to our Company on Hong Kong Law and Principal Bankers for the inclusion in this Abridged Prospectus of their names in the form and context in which such names appear have been given before the issue of this Abridged Prospectus and have not subsequently been withdrawn.
- (b) The written consents of the Auditors and Reporting Accountants for the inclusion in this Abridged Prospectus of their names, the proforma consolidated statement of financial position of the Multi Sports Group as at 31 December 2009 together with the Reporting Accountants' letter thereon, and the audited consolidated financial statements of Multi Sports Group for FYE 2009 together with the Auditors' report thereon, in the form and context in which they appear, have been given before the issue of this Abridged Prospectus and have not subsequently been withdrawn.
- (c) The written consent of Bloomberg (Malaysia) Sdn Bhd to the inclusion in this Abridged Prospectus of its name and citation of the market data made available to its subscribers in the form and context in which such name and market data appear has been given before the issue of this Abridged Prospectus and has not subsequently been withdrawn.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours on any weekday (except public holidays) at the Registered Office of our Company in Malaysia for a period of twelve (12) months from the date of this Abridged Prospectus:-

- (a) The Memorandum of Association and Bye-laws of our Company;
- (b) The certified true extract of the ordinary resolution passed at the SGM of our Company on 23 June 2010 in respect of the Rights Issue as set out in Appendix I of this Abridged Prospectus;
- (c) The proforma consolidated statement of financial position of Multi Sports Group as at 31 December 2009 together with the Reporting Accountants' letter thereon as set out in Appendix III of this Abridged Prospectus;
- (d) The audited consolidated financial statements of Multi Sports Group for FYE 2009, the audited combined financial statements of Multi Sports Group for FYE 2006, 2007 and 2008, and the unaudited consolidated financial statements of Multi Sports Group for the first quarter ended 31 March 2010;
- (e) The Directors' Report set out in Appendix VI of this Abridged Prospectus;
- (f) The Undertaking as stated in Section 9.1 of this Abridged Prospectus;
- (g) The material contracts as disclosed in Section 3 of this Appendix VII; and
- (h) The letters of consent as stated in Section 6 of this Appendix VII.

APPENDIX VII - FURTHER STATUTORY AND ADDITIONAL INFORMATION (CONT'D)

8. RESPONSIBILITY STATEMENT

- (a) All the documentation relating to the Rights Issue, including this Abridged Prospectus, together with the NPA and RSF, have been seen and approved by our Board, and our Board collectively and individually accepts full responsibility for the accuracy of the information contained therein and confirms that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement therein false or misleading; and
- (b) AmInvestment Bank, being the Adviser for the Rights Issue, acknowledges that based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue.

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