

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
<p>by resolution passed in general meeting of the company, and is confirmed by order of the Court;</p> <p>(b) the resolution specifies the maximum rate of discount at which the shares are to be issued;</p> <p>(c) at the date of the issue not less than one year has elapsed since the date on which the company was entitled to commence business; and</p> <p>(d) the shares are issued within one month after the date on which the issue is confirmed by order of the Court or within such extended time as the Court allows.</p> <p>The Court, if having regard to all the circumstances of the case it thinks proper to do so, may make an order confirming the issue on such terms and conditions as it thinks fit.</p> <p>Section 58(1) of the Malaysian Companies Act: a company may pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, if -</p> <p>(a) the payment is authorized by the articles;</p> <p>(b) the commission does not exceed ten per centum of the price at which the shares are issued or the amount or rate authorized by the articles, whichever is the less;</p> <p>(c) the amount or rate of the commission is -</p> <p>(i) in the case of shares of an unlisted recreational club which are offered to the public for subscription or in the case of shares other than of an unlisted recreational club which are offered for</p>	<p>person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in the company.</p> <p>Section 38(2) of the Act: Save as aforesaid, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase money of any property acquired by the company, or the money be paid out of the nominal purchase money or contract price, or otherwise.</p>	<p>the Court.</p>

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<p>subscription or purchase pursuant to a prospectus that is registered under the Securities Commission Act 1993, disclosed in the prospectus; and</p> <p>(ii) in the case of shares not so offered, disclosed in the statement in lieu of prospectus, or in a statement in the prescribed form signed in like manner as a statement in lieu of prospectus and lodged before the payment of the commission with the Registrar, and, where a circular or notice not being a prospectus inviting subscription for the shares is issued, also disclosed in that circular or notice; and</p> <p>(d) the number of shares which persons have agreed for a commission to subscribe absolutely is disclosed in the like manner.</p> <p>(2) Except as provided in subsection (1) no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in the company, whether the shares or money are so applied by being added to the purchase money of any property acquired by the company or to the contract price of any work to be executed for the company, or the money is paid out of the nominal purchase money or contract price or otherwise.</p>	<p><i>Power to Issue Shares at a Premium</i></p>	<p>Both the Act and the Malaysian Companies Act contain provisions relating to issuance of shares at a</p>
<p>Section 60 (2) of the Malaysian Companies Act: Where a company issues shares for which a premium</p>	<p>Section 40(1) of the Act: Where a company issues shares at a premium, whether for cash or otherwise, a</p>	<p>Both the Act and the Malaysian Companies Act contain provisions relating to issuance of shares at a</p>

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<p>is received by the company whether in cash or in the form of other valuable consideration a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account called the "share premium account" and the provisions of the Malaysian Companies Act relating to the reduction of the share capital of a company shall subject to this section apply as if the share premium account were paid-up share capital of the company.</p> <p>Section 60 (3) of the Malaysian Companies Act: The share premium account may be applied -</p> <p>(a) in paying up unissued shares to be issued to members of the company as fully paid bonus shares;</p> <p>(b) in paying up in whole or in part the balance unpaid on shares previously issued to members of the company;</p> <p>(c) in the payment of dividends if such dividends are satisfied by the issue of shares to members of the company;</p> <p>(d) in the case of a company which carries on insurance business in Malaysia, by appropriation or transfer to any statutory fund established and maintained pursuant to any law of Malaysia relating to insurance;</p> <p>(e) in writing off -</p> <p>(i) the preliminary expenses of the company; or</p> <p>(ii) the expenses of, or the commission or brokerage paid or discount allowed on, any duty, fee or tax payable on or in connection with, any issue of shares of the company; or</p> <p>(f) in providing for the premium payable on</p>	<p>sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called "the share premium account", and the provisions of the Act relating to the reduction of the share capital of a company shall, except as provided in section 40 of the Act, apply as if the share premium account were paid-up share capital of the company.</p> <p>Provided that in the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.</p> <p>Section 40(2) of the Act: The share premium account may, notwithstanding anything in section 40(1) of the Act be applied by the company -</p> <p>(a) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;</p> <p>(b) in writing off-</p> <p>(i) the preliminary expenses of the company; or</p> <p>(ii) the expenses of, or the commission paid or discount allotted on, any issue of shares or debentures of the company; or</p> <p>(c) in providing for the premiums payable on redemption of any shares or of any debentures of the company.</p>	<p>premium and the application of premiums received. However, the Act provides that in relation to an exchange of shares where there is an excess value of shares acquired over the nominal value of the shares being issued, such excess value may be credited to a contributed surplus account instead. There is no 'contributed surplus account' in the Malaysian Companies Act. Premiums in relation to a share issue (including, any arising from a share exchange) are required to be credited to the share premium account under section 60 of the Malaysian Companies Act.</p>

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redemption of redeemable preference shares.		
<p><i>Redeemable preference shares</i></p> <p>Section 61 (1) of the Malaysian Companies Act: Subject to this section a company having a share capital may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be, liable to be redeemed and the redemption shall be effected only on such terms and in such manner as is provided by the articles.</p> <p>(2) The redemption shall not be taken as reducing the amount of authorized share capital of the company.</p> <p>(3) The shares shall not be redeemed—</p> <p>(a) except out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; and</p> <p>(b) unless they are fully paid up.</p> <p>Pursuant to Section 60(3)(f) of the Malaysian Companies Act, the share premium account may be applied -</p> <p>(f) in providing for the premium payable on redemption of redeemable preference shares.</p> <p><i>Power of company to alter its share capital</i></p>	<p>Please refer to sections 42 and 43 of the Act as set out under the heading <i>Rights attaching to shares</i>.</p>	<p>Both the Act and the Malaysian Companies Act contain provisions relating to issuance and redemption of redeemable preference shares.</p> <p>Under the Act, no such redemption may be effected if, on the date on which the redemption is to be effected, there are reasonable grounds for believing that the company is, or after the redemption would be, unable to pay its debts as they become due.</p>
<p>Please refer to Section 62 (1) of the Malaysian Companies Act as set out under <i>Alterations of</i></p>	<p>Section 45(1) to (4) of the Act: (1) A company limited by shares, or other company</p>	<p>Both the Act and the Malaysian Companies Act allow a company to alter its share capital.</p>

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<u>Malaysian Company Law</u> <i>Memorandum and Articles of Association/Constituent Documents</i>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
	<p>having a share capital, if authorized by a general meeting and by its bye-laws, may alter the conditions of its memorandum as follows, that is to say, it may –</p> <p>(a) increase its share capital by new shares of such amount as it thinks expedient;</p> <p>(b) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;</p> <p>(c) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>(d) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;</p> <p>(dd) change the currency denomination of its share capital;</p> <p>(e) make provision for the issue and allotment of shares which do not carry any voting rights; and</p> <p>(f) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.</p>	

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	<p>(2) A cancellation of shares in pursuance of section 45 of the Act shall not be deemed to be a reduction of share capital within the meaning of the Act.</p> <p>(3) Whenever a company alters the conditions of its memorandum under section 45(1)(a), (dd) or (f) of the Act, then within thirty days thereafter the company shall file a memorandum with the Registrar setting out the altered conditions.</p> <p>(4) If any company fails to file a memorandum in accordance with section 45(3) of the Act it shall be liable to a default fine.</p> <p>Bye-law 4: The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:-</p> <p>(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;</p> <p>(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;</p> <p>(c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of</p>	

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	<p>such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";</p> <p>(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;</p> <p>(e) change the currency denomination of its share capital;</p> <p>(f) make provision for the issue and allotment of shares which do not carry any voting rights; and</p> <p>(g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.</p>	
<p><i>Reduction of capital</i></p> <p>Section 64 of the Malaysian Companies Act: Subject to confirmation by the Court a company may, if so authorized by its articles, by special resolution reduce</p>	<p>Section 46(1) of the Act: A company having share capital if authorized in a general meeting may subject to any order made by the Minister under section 6(4)</p>	<p>While there is a need for a special resolution and a confirmation from the court for the reduction of capital under the Malaysian Companies Act, the Act requires</p>

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<p>its share capital in any way and in particular, without limiting the generality of the foregoing, may do all or any of the following:</p> <p>(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid-up; (b) cancel any paid-up share capital which is lost or unrepresented by available assets; or (c) pay off any paid-up share capital which is in excess of the needs of the company, and may so far as necessary alter its memorandum by reducing the amount of its share capital and of its shares accordingly. A company may not reduce its share capital in any way except by a procedure provided for it by the provisions of the Malaysian Companies Act.</p> <p>Please refer to Section 60(2) as set out under <i>Power to Issue Shares at a Premium</i> and Section 60(3) as set out under <i>Redeemable preference shares</i></p> <p>Section 61(5) of the Malaysian Companies Act provides that where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve called the "capital redemption reserve" a sum equal to the nominal amount of the shares redeemed, and the provisions of this Malaysian Companies Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve were paid-up share capital of the company.</p>	<p>of the Act and to its memorandum and bye-laws on such terms as it may decide reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power, by –</p> <p>(a) extinguishing or reducing the liability on any of its shares in respect of capital not paid up; or</p> <p>(b) either with or without extinguishing or reducing liability on any of its shares cancel any paid up capital that is lost or unrepresented by available assets; or</p> <p>(c) either with or without extinguishing or reducing liability of any of its shares and either with or without reducing the number of such shares pay off any paid up capital that is in excess of the requirements of the company.</p> <p>Section 46(2) of the Act: No company shall reduce the amount of its share capital -</p> <p>(a) unless, at a date not more than thirty days and not less than fifteen days before the date on which the reduction of the share capital is to have effect, the company causes a notice to be published in an appointed newspaper stating –</p> <p>(i) the amount of the share capital as last determined by the company;</p> <p>(ii) the amount to which the share capital is to be reduced; and</p> <p>(iii) the date on which the reduction is to have effect; and</p>	<p>the approval of the company in general meeting to reduce the share capital of a company and for a notice of the proposed capital reduction to be published in an appointed newspaper in Bermuda. Further, the company must also satisfy the solvency test.</p> <p>The Bye-laws provide for a special resolution subject to any confirmation or consent required by law.</p>

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<p>Please refer to Section 65 of the Malaysian Companies Act as set out under <i>Rights attaching to shares</i> The alteration of any provision in the memorandum or articles of association of a company which affects or relates to the manner in which the rights attaching to</p>	<p>(b) if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.</p> <p>Section 46(5) of the Act: Where a company having share capital reduces the amount of its share capital, then within thirty days after the date as from which the reduction has effect the company shall file a memorandum, with a copy of the notice referred to in Section 46(2)(a) of the Act, in the office of the Registrar stating that the provisions of Section 46 of the Act have been duly complied with.</p> <p>Please also refer to section 40 of the Act as set out under the heading <i>Power to Issue Shares at a Premium</i>, section 42 of the Act as set out under the heading <i>Rights attaching to shares</i> and sections 42A and 42B of the Act as set out under the heading <i>Powers of Issuer to Purchase its Own Shares</i>.</p> <p>Bye-law 6: The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by the laws of Bermuda.</p>	
CHANGES IN THE RESPECTIVE RIGHTS OF THE VARIOUS CLASSES OF SHARES INCLUDING THE ACTION NECESSARY TO CHANGE THE RIGHTS		
<p>Please refer to Section 65 of the Malaysian Companies Act as set out under <i>Rights attaching to shares</i> The alteration of any provision in the memorandum or articles of association of a company which affects or relates to the manner in which the rights attaching to</p>	<p>Please refer to section 47 of the Act, Bye-law 10 and Bye-law 11 as set out under the heading <i>Rights attaching to shares</i>.</p>	<p>Please refer to the comments under <i>Rights attaching to shares</i>.</p>

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<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
<p>the shares of any class may be varied or abrogated shall be deemed to be a variation or abrogation of the rights attached to the shares of that class</p>		
<p>DIVIDENDS</p>		
<p><i>Dividends and Other Methods of Distribution</i></p>		
<p>Section 365(1) of the Malaysian Companies Act: No dividend shall be payable to the shareholders of any company except out of profits or pursuant to Section 60 of the Malaysian Companies Act, (satisfied by the issue of shares to members of the company). Please also refer to Section 67A(3A)(c) of the Malaysian Companies Act as set out under <i>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</i> on distribution of treasury shares as share dividend.</p>	<p>Section 54 of the Act: (1) A company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that - (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. (2) For the purposes of section 54 of the Act, "contributed surplus" includes proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.</p>	<p>The Malaysian Companies Act expressly provide for dividend to be payable only out of profits of the company. Under the Act, a company may declare or pay a dividend or make a distribution so long as it can satisfy the solvency test set out in Section 54(1) of the Act.</p>
	<p>Bye-law 135: The Board may, subject to the Bye-laws and in accordance with the Act, declare a dividend in any currency to be paid to the Members and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. The Company in</p>	

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	<p>general meeting may also, subject to the Bye-laws and in accordance with the Act, declare a dividend or such other distribution to be paid to the Members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the Board.</p> <p>Bye-law 136: Without prejudice to the generality of the above Bye-law 135 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which is payable on any shares of the Company.</p> <p>Bye-law 137: No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.</p> <p>Bye-law 15A(2): Notwithstanding any provision in these Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's</p>	

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	<p>name (whether conferred or imposed by the Act, the memorandum of association of the Company or these Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.</p> <p>Bye-law 141(1): Subject to Bye-law 141(2), any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Subject to Bye-law 141(2), every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.</p>	

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	<p>Bye-law 141(2): Any dividend, interest or other sum payable in cash to the holder of any deposited security which is jointly held by the Depository and a Depositor may be paid by cheque or warrant sent through the post addressed to the Depositor at his address as appearing in the Register in respect of such deposited security. Every such cheque or warrant shall, unless the Depositor otherwise directs, be made payable to the Depositor and shall be sent at his risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. A Depositor may give effectual receipt for any dividends or other moneys payable or property distributable in respect of the deposited security held by such Depositor.</p>	
<p><i>Time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates</i></p>	<p>Not provided for in the Act. Bye-law 142: All dividends or bonuses unclaimed for one (1) year after having been declared may be disposed off in accordance with the provisions of the Unclaimed Moneys Act 1965 of Malaysia, which shall apply mutatis mutandis to the Company..</p>	<p>The Bye-laws provide for the application of the Malaysian Unclaimed Moneys Act 1965.</p>
WINDING-UP		
<p>Section 211 of the Malaysian Companies Act : The mode of winding up a company may be either- (a) by the Court; or (b) voluntary.</p>	<p>Section 157 of the Act: The winding up of a company may be either by the Court or voluntary and the Act, subject to any other Act, shall be applied to the winding up of a company by either of these modes.</p>	<p>Both the Act and the Malaysian Companies Act provide the mode for the winding up of a company to be either by the Court or voluntary.</p>

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<p>Section 217 of the Malaysian Companies Act: A company (whether or not it is being wound up voluntarily) may be wound up under an order of the Court on the petition of—</p> <p>(a) the company;</p> <p>(b) any creditor, including a contingent or prospective creditor, of the company;</p> <p>(c) a contributory or any person who is the personal representative of a deceased contributory or the trustee in bankruptcy or the Director General of Insolvency of the estate of a bankrupt contributory;</p> <p>(d) the liquidator;</p> <p>(e) the Minister pursuant to section 205 or on the ground specified in paragraph 218(1)(d);</p> <p>(f) in the case of a company which is a licensed institution, or a scheduled institution in respect of which the Minister charged with responsibility for finance has made an order under subsection 24(1) of the Banking and Financial Institutions Act 1989 of Malaysia, or a non-scheduled institution in respect of which such Minister has made an order under subsection 93(1) of that Act, Bank Negara Malaysia;</p> <p>(g) in the case of a company which is licensed under the Insurance Act 1996, Bank Negara Malaysia;</p> <p>(h) the Registrar on the ground specified in paragraph 218(1)(m) or (n);</p> <p>(i) in the case of a member institution under the</p>	<p>Section 161 of the Act: In addition to any other provision in the Act or any other Act prescribing for the winding up of a company a company may be wound up by the Court if—</p> <p>(a) the company has by resolution resolved that the company be wound up by the Court;</p> <p>(b) subject to section 88 of the Act, default is made in holding the statutory meeting or failing to comply with section 84 or section 89 of the Act;</p> <p>(c) the company does not commence its business within a year of its incorporation or suspends its business for a whole year;</p> <p>(ca) the company carries on any restricted business activity in contravention of section 4A of the Act;</p> <p>(d) the company engages in a prohibited business activity in contravention of section 4B of the Act;</p> <p>(e) the company is unable to pay its debts;</p> <p>(f) the consent by the Minister, where under the Act such consent was required, was obtained as a result of a material misstatement in the application for consent; or</p> <p>(g) the Court is of the opinion that it is just and equitable that the company should be wound up.</p> <p>Section 162 of the Act: A company shall be deemed to be unable to pay its debts –</p> <p>(a) if a creditor, by assignment or otherwise, to whom</p>	

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
<p>Malaysia Deposit Insurance Corporation Act 2005, the Malaysia Deposit Insurance Corporation under section 71 of that Act, or of any two or more of those parties.</p> <p>Section 218 of the Malaysian Companies Act: The Court may order the winding-up if (among others) the company has by special resolution resolved that it be wound-up by the Court, default is made by the company in lodging the statutory report or in holding the statutory meeting, the company does not commence business within a year from its incorporation or suspends its business for a whole year, the number of members is reduced in the case of a company (other than a company the whole of the issued shares in which are held by a holding company) below two, the company is unable to pay its debts, the directors have acted in the affairs of the company in their own interests rather than in the interests of the members as a whole, or in any other manner whatsoever which appears to be unfair or unjust to other members, the Court is of the opinion that it is just and equitable that the company be wound up, the company is being used for unlawful purposes or any purpose prejudicial to or incompatible with peace, welfare, security public order, good order or morality in Malaysia or the company is being used for any purpose prejudicial to national security or public interest.</p> <p>Section 254 of the Malaysian Companies Act: A company may be wound up voluntarily (a) when the period, if any, fixed for the duration of the company by the memorandum or articles expires, if any, occurs, on the occurrence of which the memorandum or articles provide that the company is to be dissolved and the company in general meeting has passed a resolution</p>	<p>the company is indebted in a sum exceeding five hundred dollars then due has served on the company, by leaving it at the registered office of the company, a demand requiring the company to pay the sum so due and the company has for three weeks thereafter neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor; or</p> <p>(b) if the execution or other process issued on a judgement, decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or</p> <p>(c) if it is proved to the satisfaction of the Court that the company is unable to pay its debts; in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company.</p> <p>Section 163(1) of the Act: An application to the Court for the winding up of a company shall be by petition, presented either by the company or by any creditor or creditors, including any contingent or prospective creditor or creditors, contributory or contributories, or by all of those parties, together or separately.</p> <p>Provided that -</p> <p>(a) a contributory shall not be entitled to present a winding up petition unless the shares in respect of which he is a contributory, or some of them, either were allotted to him or have been held by him and registered in his name, for at least six months during the eighteen months before the commencement of the winding up, or have</p>	

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
<p>requiring the company to be wound up voluntarily; or (b) if the company so resolves by special resolution. A company shall (a) within seven days after the passing of a resolution for voluntarily winding up lodge a printed copy of the resolution with the Registrar; and (b) within ten days after the passing of the resolution give notice of the resolution in a newspaper circulating generally throughout Malaysia.</p> <p>Section 181(2) of the Malaysian Companies Act provides that if on such application the Court is of the opinion that either of those grounds is established the Court may, with the view to bringing to an end or remedying the matters complained of, make such order as it thinks fit and without prejudice to the generality of the foregoing the order may-</p> <p>(a) direct or prohibit any act or cancel or vary any transaction or resolution;</p> <p>(b) regulate the conduct of the affairs of the company in future;</p> <p>(c) provide for the purchase of the shares or debentures of the company by other members or holders of debentures of the company or by the company itself;</p> <p>(d) in the case of a purchase of shares by the company provide for a reduction accordingly of the company's capital; or</p> <p>(e) provide that the company be wound up.</p>	<p>devolved on him through the death of a former holder; and</p> <p>(b) a winding up petition shall not, if the ground of the petition is default in holding the statutory meeting, be presented by any person except a member, nor before the expiration of fourteen days after the last day on which the meeting ought to have been held; and</p> <p>(c) the Court shall not give a hearing to a winding up petition presented by a contingent or prospective creditor until such security for costs has been given as the Court thinks reasonable and until a prima facie case for winding up has been established to the satisfaction of the Court; and</p> <p>(d) in a case falling within section 161(g) of the Act the winding up petition may be presented by the Registrar.</p> <p>Section 163(2) of the Act: When a company is being wound up voluntarily a winding up petition may be presented by the Official Receiver as well as by any other person authorised in that behalf under section 163 of the Act, but the Court shall not make a winding up order on the petition unless it is satisfied that the voluntary winding up cannot be continued with due regard to the interest of the creditors or contributories.</p> <p>Section 201 of the Act: A company shall be wound up voluntarily -</p> <p>(a) when the company resolves in general meeting that the company be wound up voluntarily; or</p> <p>(b) pursuant to section 201A of the Act.</p>	

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

Malaysian Company Law	Bermuda Company Law	Comments on differences
	<p>Section 201A of the Act: A company shall be wound up voluntarily upon the expiration of the period fixed for the duration of the company by its incorporating Act or its memorandum or upon the occurrence of the event on the occurrence of which its incorporating Act or its memorandum provides that the company is to be dissolved and thereafter the company shall be dissolved in accordance with Part XIII of the Act.</p> <p>Section 202(1) of the Act: Where a company is being wound up voluntarily, then within twenty-one days after-</p> <p>(a) the expiration of the period fixed for the duration of the company by its incorporating Act or memorandum;</p> <p>(b) the occurrence of the event, on the occurrence of which the incorporating Act or memorandum provides that the company is to be dissolved; or</p> <p>(c) the passing of the resolution that the company be wound up voluntarily,</p> <p>the company shall give notice thereof by advertisement in an appointed newspaper.</p> <p>Section 203 of the Act: A voluntary winding up shall be deemed to commence-</p> <p>(a) on the expiration of the period, if any, fixed in the incorporating Act or the memorandum for the duration of a company;</p> <p>(b) on the occurrence of the event, if any, on the occurrence of which it is provided in the incorporating Act or the memorandum that a company is to be dissolved; or</p>	

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
	<p>(c) at the time of the passing of the resolution for voluntary winding up.</p> <p>Section 206(1) of the Act: Where it is proposed to wind up a company voluntarily, the majority of the directors, shall each make a statutory declaration to the effect that they have formed the opinion that the company will be able to pay its debts in full within such period not exceeding twelve months from the commencement of the winding up as may be specified in the declaration.</p> <p>Section 206(4) of the Act: A winding up in the case of which a declaration has been made and delivered in accordance with section 206 of the Act is in the Act referred to as "a member's voluntary winding up", and a winding up in the case of which a declaration has not been made and delivered as aforesaid is in the Act referred to as "a creditors' voluntary winding up".</p> <p>Bye-law 162:</p> <p>(1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.</p> <p>(2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.</p> <p>Bye-law 163(1): If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members (other than the Depository)</p>	

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
	<p>in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members (other than the Depository) or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members (other than the Depository) as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.</p>	
<p><i>Limitations on the right to own shares of the company, including limitations on rights of shareholders regarded as non-resident or foreign shareholders to own or vote of their shares</i></p>	<p>There is no limitation, either under Bermuda law or the Bye-laws, on the right of owners of the Company's shares to hold or vote their shares solely by reason that they are non-Bermudians.</p>	<p>Both the Act and the Malaysian Companies Act do not contain limitations on this matter.</p>
<p><i>Take-over provisions</i></p>	<p>Bye-law 168: For so long as the shares of the Company are listed on the Designated Stock Exchange, the provisions of Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998 or their respective statutory modification or re-enactment or successor for the time being in force shall</p>	<p>There are presently no Bermuda laws or regulations of general application which will require persons who acquire significant holdings in the Company's shares to make take-over offers for the Company's shares. In this regard, Bye-law 168 provides for the application, mutatis mutandis, of the Malaysian take-</p>
<p>Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998</p>		

15. COMPARISON OF BERMUDA COMPANY LAW AND MALAYSIAN COMPANY LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>	<u>Comments on differences</u>
	<p>apply, mutatis mutandis, to all take-over offers for the Company. The provisions of Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998 or their respective statutory modification or re-enactment or successor for the time being in force shall not apply to the Depository.</p>	<p>over laws, to all take-over offers for the Company.</p>

16. **OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA**

(Prepared for inclusion in this Prospectus)

Conyers Dill & Pearman
BARRISTERS & ATTORNEYS

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KWP/#897162/Sindocs 42315 (Expert op)

8 July 2009

1. **The Board Of Directors**
Multi Sports Holdings Ltd
Jinjiang Baixing Shoes Materials Co. Ltd
Chendai Yanshang Industry Zone, Jinjiang City
Fujian Province, PRC
Attention: Mr Lin Huozhi/Ms Lin Liying/Mr Huang Wei Min

2. **AmInvestment Bank Berhad**
Level 21, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Malaysia
Attention: Mr Denis Lim/Mr Lee Choon Ping/Mr Tan Vee Han

3. **Wong Beh & Toh**
Peti #30, Level 12, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang, 50450 Kuala Lumpur
Malaysia
Attention: Mr Wong Tat Chung/Ms Yeap Lin Lin

Dear Sirs,

BERMUDA - POLICIES GOVERNING FOREIGN INVESTMENTS, TAXATION AND EXCHANGE CONTROL IN BERMUDA AS WELL AS REPATRIATION OF PROFITS FROM BERMUDA

We have acted as special Bermuda legal counsel to Multi Sports Holdings Ltd (the "Company") in connection with the initial public offering of the Company in conjunction with their listing on the Main Board of Bursa Malaysia Securities Berhad ("Listing").

We understand that this opinion may be used for inclusion in the prospectus dated 30 July 2009 to be published by the Company in connection with the Listing.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the

16. OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)

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current law and practice in Bermuda. This opinion is issued solely for your benefit and is not to be relied upon by any other person, firm or entity or in respect of any other matter except that it may be provided to any Malaysia governmental authority or the Bursa Malaysia Securities Berhad, if so required in connection with the Listing only.

Introduction

The principal statute governing the formation and operation of a Bermuda exempted company is The Companies Act 1981 of Bermuda (the "Bermuda Companies Act").

Policies and law on foreign investment

The Bermuda Companies Act provides that no Bermuda company shall carry on any prohibited business activity set out in the Tenth Schedule of the Bermuda Companies Act which are as follows:-

- (a) trafficking in armaments as defined in the Armaments (Control) Act 1964 of Bermuda;
- (b) except as authorised by law, operating lotteries as defined in the Lotteries Act 1944 of Bermuda or gambling facilities, including the operation thereof through the Internet;
- (c) except as authorised by law, importation, exportation trading in, manufacture, production or supply of controlled drugs as defined by the Misuse of Drugs Act 1972 of Bermuda.

The Bermuda Companies Act also provides that no Bermuda company shall carry on any restricted business activity set out in the Ninth Schedule of the Bermuda Companies Act without the consent of the Bermuda Minister of Finance. Such restricted business activities are:-

- (a) operating a financial institution within the meaning of section 1(1) of the Bermuda Monetary Act 1969 other than institutions that are investment funds or person registered under section 4 or 10 of the Insurance Act 1978 of Bermuda; or
- (b) providing by way of business any of the following services to the general public:-

offering of professional services as a barrister and attorney, medical practitioner, architect, dental practitioner, public accountant, optometrist,



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optician, professional surveyor, nurse, health service provider or any profession or occupation specified under the First Schedule to the Professions Supplementary to Medicine Act 1973 of Bermuda.

An exempted company shall not acquire or hold land in Bermuda except (i) land required for its business held by way of lease or tenancy agreement for a term not exceeding fifty years; or (ii) with the consent of the Minister of Finance granted in his discretion, land by way of lease or tenancy agreement for a term not exceeding twenty-one years in order to provide accommodation or recreational facilities for its officers and employees.

An exempted company shall not carry on business of any kind or type whatsoever in Bermuda either alone or in partnership or otherwise except:-

- (i) carrying on business with persons outside Bermuda;
- (ii) doing business in Bermuda with an exempted undertaking in furtherance only of the business of the exempted company carried on exterior to Bermuda;
- (iii) buying or selling or otherwise dealing in shares, bonds, debenture stock obligations, mortgages or other securities or investments issued or created by an exempted undertaking, or a local company, or any partnership which is not an exempted undertaking (an exempted undertaking means an exempted company or permit company or an exempted partnership as defined in the Exempted Partnership Act 1992 of Bermuda);
- (iv) transacting banking business in Bermuda with and through an institution licensed as a bank under the Banks and Deposit Companies Act 1999 of Bermuda;
- (v) effecting or concluding contracts in Bermuda, and exercising in Bermuda all other powers, so far as may be necessary for the carrying on of its business with persons outside Bermuda;
- (vi) as manager or agent for, or consultant or adviser to any:-
 - (aa) exempted company or permit company which is affiliated whether or not incorporated in Bermuda with the exempted company; or



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- (bb) exempted partnership registered under the Exempted Partnership Act 1992 of Bermuda or overseas partnership registered under the Overseas Partnerships Act 1995 of Bermuda in which the exempted company is a partner;
- (vii) carrying on the business of reinsuring risks undertaken by any company incorporated in Bermuda and permitted to engage in insurance and reinsurance business; or
- (viii) in accordance with subsection (7) of Section 129 of the Bermuda Companies Act:-
 - (aa) marketing of shares or dealing with the holders of the shares of an exempted company where the exempted company is a mutual fund;
 - (bb) marketing interests in or dealing with holders of interests in a limited partnership in respect of which the exempted company is a general partner;
 - (cc) marketing units in or dealing with holders of units in a unit trust scheme in respect of which the exempted company is a manager.

There are no limitations under Bermuda law on the rights of owners of the shares of a Bermuda exempted company to hold or vote their shares solely by reason that they are non-Bermudians.

Issues and transfers of shares in a Bermuda exempted company involving non-Bermuda residents for exchange control purposes must receive prior approval from the Bermuda Monetary Authority. However, the Bermuda Monetary Authority has granted to all Bermuda companies with voting shares listed on an appointed stock exchange (which includes the Bursa Malaysia Securities Berhad) a general permission for the issue and subsequent transfer of any securities of such companies from and/or to a non-resident of Bermuda for so long as any voting shares of such companies remain so listed. Subject to the foregoing, there are no Bermuda regulatory restrictions on ownership or transfer of shares in a Bermuda exempted company by non-Bermuda residents.

Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, or any Bermuda tax computed on profits or income or on any capital asset,



16. **OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)**

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gain or appreciation will be payable by a Bermuda exempted company or its operations, and there is no Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda.

Further, a Bermuda exempted company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable to it or any of its operations until 28 March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

Exchange control

Exchange control is operated under the Exchange Control Act 1972 of Bermuda (and the regulations made thereunder) and is administered by the Bermuda Monetary Authority. Generally, any payment by a person resident in Bermuda to or for the credit of a person resident outside Bermuda will require prior approval from the Bermuda Monetary Authority.

Bermuda exempted companies are normally designated as non-Bermuda resident for exchange control purposes and are able to conduct their day-to-day operations free of exchange control formalities. Such companies are able to pay dividends, distribute capital, open and maintain bank accounts in any foreign currency and to acquire assets and meet all liabilities without reference to the Bermuda Monetary Authority.

Repatriation of profits

There are no exchange control restrictions or sanctions presently in effect in Bermuda that would, in the ordinary circumstances, prevent the repatriation of funds in a foreign currency from Bermuda to any country by a Bermuda exempted company designated as a non-Bermuda resident for exchange control purposes (the "Bermuda Company").

Under the Bermuda Companies Act, a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. For this purpose, contributed surplus is defined in the Bermuda Companies Act to include proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.



16. **OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)**

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There is neither any Bermuda regulatory or legal restrictions against repatriation of profits by way of dividends in a foreign currency by a Bermuda Company to Malaysia nor any legislation in Bermuda which would affect the timing of such repatriation.

Yours faithfully,



Conyers Dill & Pearman Pte. Ltd.

16. **OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)**

(Prepared for inclusion in this Prospectus)

Conyers Dill & Pearman

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KWP/#897162/Sindocs 42316 (Enforceability op)

8 July 2009

- 1. The Board Of Directors
Multi Sports Holdings Ltd**
Jinjiang Baixing Shoes Materials Co. Ltd
Chendai Yanshang Industry Zone, Jinjiang City
Fujian Province, PRC
Attention: Mr Lin Huozhi/Ms Lin Liying/Mr Huang Wei Min
- 2. AmInvestment Bank Berhad**
Level 21, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
Malaysia
Attention: Mr Denis Lim/Mr Lee Choon Ping/Mr Tan Vee Han
- 3. Wong Beh & Toh**
Peti #30, Level 12, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang, 50450 Kuala Lumpur
Malaysia
Attention: Mr Wong Tat Chung/Ms Yeap Lin Lin

Dear Sirs,

**MULTI SPORTS HOLDINGS LTD. (THE “COMPANY”)
LEGAL OPINION ON ENFORCEABILITY OF AGREEMENTS INCLUDING
REPRESENTATIONS AND UNDERTAKING AND OTHER RELEVANT LEGAL
MATTERS UNDER THE LAW OF BERMUDA**

We have acted as special Bermuda legal counsel to the Company in connection with the initial public offering of the Company in conjunction with their listing on the Main Board of Bursa Malaysia Securities Berhad (“Listing”).

We understand that this opinion may be used for inclusion in the prospectus dated 30 July 2009 to be published by the Company in connection with the Listing (the “Prospectus”).

16. OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)

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For the purposes of giving this opinion, we have examined the following documents:-

- (i) a copy of a Share Sale Agreement dated 6 April 2009 made between (1) the Company (as purchaser) and (2) Lin Huozhi and Leung Sing Kit (as vendors) (the "Share Sale Agreement");
- (ii) a copy of an Investment Agreement dated 12 May 2009 made between (1) the Company, (2) Guoline Capital Limited, (3) Pak Sing Shoe Material (HK) Limited, (4) Lin Huozhi and (5) Leung Sing Kit (the "Investment Agreement");
- (iii) a copy of a Novation Agreement dated 21 May 2009 (in respect of the Investment Agreement) made between (1) the Company, (2) Guoline Capital Limited, (3) Pak Sing Shoe Material (HK) Limited, (4) Lin Huozhi, (5) Leung Sing Kit and (6) Guoline Group Management Co. Limited;
- (iv) a copy of the Supplemental Agreement dated 29 May 2009 (in relation to the Share Sale Agreement) and made between (1) the Company and (2) Lin Huozhi and Leung Sing Kit; and
- (v) a copy of the Underwriting Agreement dated 3 July 2009 (the "Underwriting Agreement") made between (1) the Company and (2) AmInvestment Bank as the Sole Underwriter for the underwriting of 18,000,000 Public Issue Shares (the "Underwritten Shares") in connection with the Listing.

The documents listed in items (i) through (v) above are herein referred to as the "Documents" (which term does not include any other instrument or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto).

We have also reviewed copies of (1) the certificate of incorporation, the memorandum of association of the Company and the bye-laws of the Company adopted on 14 October 2008, (2) written resolutions of directors of the Company passed on 6 April 2009 in respect of the Company's acquisition (the "Pak Sing Acquisition") of shares in Pak Sing Shoe Material (H.K.) Limited, written resolutions of the directors of the Company passed on 12 May 2009 in respect of the Company's entry into an investment agreement, written resolutions of the sole member of the Company passed on 12 May 2009 in respect of the Company's entry into an investment agreement, written resolutions of the directors of the Company passed on 21 May 2009 in respect of the novation agreement, written resolutions of the directors of the Company passed on 29 May 2009 in respect of the supplemental agreement, written resolutions of the directors of the Company passed on 3 July 2009 in respect of the Underwriting Agreement (collectively, the "Resolutions"), (3)

16. **OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)**

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certificate of compliance dated 7 July 2009 issued by the Registrar of Companies in respect of the Company, (4) the Bermuda Monetary Authority's general permission of 18 September 2008 and 23 June 2009 (collectively, the "BMA Permission"), (5) register of members of the Company as of 7 July 2009 (the "Register of Members"), and (6) such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (a) the genuineness and authenticity of all signatures and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (b) that where a document has been examined by us in draft form, it will be or has been executed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention; (c) the capacity, power and authority of each of the parties to the Documents, other than the Company, to enter into and perform its respective obligations under the Documents to which it is a party; (d) the due execution and delivery of the Documents by each of the parties thereto, other than the Company, and the physical delivery thereof by the Company with an intention to be bound thereby; (e) the accuracy and completeness of all factual representations made in the Documents and other documents reviewed by us; (f) that the Resolutions were passed by unanimous written resolutions, remain in full force and effect and have not been rescinded or amended; (g) that the directors of the Company when passing the Resolutions acted in good faith and having regard to all relevant matters reasonably and honestly believed that the responsibility to be assumed by the Company pursuant to the execution of the Documents would be in the commercial interests of the Company; (h) that the Company is entering into the Documents to which it is a party pursuant to its business of a holding company; (i) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein; (j) the validity and binding effect under the laws of Hong Kong and Malaysia, as the case may be, (the "Foreign Laws") of the Documents which are expressed to be governed by such laws in accordance with its terms; (k) the validity and binding effect under the Foreign Laws of the submission by the Company pursuant to the Documents to the non-exclusive jurisdiction of the courts of Hong Kong and Malaysia, as the case may be (the "Foreign Courts"); (l) that none of the parties to the Documents carries on business from premises in Bermuda, at which it employs staff and pays salaries and other expenses; (m) that on the date of entering into the Documents to which the Company is a party the Company is and after entering into such Documents will be able to pay its liabilities as they become due.

The term "enforceable" as used in this opinion means that an obligation is of a type which the courts of Bermuda enforce. It does not mean that those obligations will be



16. OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)

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enforced in all circumstances in accordance with the terms of the Documents. In particular, the obligations of the Company under the Documents to which it is a party (a) will be subject to the laws from time to time in effect relating to bankruptcy, insolvency, liquidation, possessory liens, rights of set off, reorganisation, amalgamation, moratorium or any other laws or legal procedures, whether of a similar nature or otherwise, generally affecting the rights of creditors; (b) will be subject to statutory limitation of the time within which proceedings may be brought; (c) will be subject to general principles of equity and, as such, specific performance and injunctive relief, being equitable remedies, may not be available; (d) may not be given effect to by a Bermuda court, whether or not it was applying the Foreign Laws, if and to the extent they constitute the payment of an amount which is in the nature of a penalty and not in the nature of liquidated damages; (e) may not be given effect by a Bermuda court to the extent that they are to be performed in a jurisdiction outside Bermuda and such performance would be illegal under the laws of that jurisdiction. Notwithstanding any contractual submission to the jurisdiction of specific courts, a Bermuda court has inherent discretion to stay or allow proceedings in the Bermuda.

We express no opinion as to the enforceability of any provision of the Documents which provides for the payment of a specified rate of interest on the amount of a judgment after the date of judgment or which purports to fetter the statutory powers of the Company.

We have made no investigation of and express no opinion in relation to the laws of any jurisdiction other than Bermuda. This opinion is to be governed by and construed in accordance with the laws of Bermuda and is limited to and is given on the basis of the current law and practice in Bermuda. This opinion is issued solely for your benefit and is not to be relied upon by any other person, firm or entity or in respect of any other matter except that it may be provided to any Malaysia governmental authority or the Bursa Malaysia Securities Berhad, if so required in connection with the Listing only.

On the basis of and subject to the foregoing, we are of the opinion that:-

1. The Company is duly incorporated and existing under the laws of Bermuda in good standing (meaning solely that it has not failed to make any filing with any Bermuda governmental authority, or to pay any Bermuda government fee or tax, which would make it liable to be struck off the Register of Companies and thereby cease to exist under the laws of Bermuda).
2. The Company is a separate legal entity capable of suing or being sued in its own name.



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3. Based solely upon a review of the Register of Members, the following person is the registered holder of the number of shares in the Company set out opposite his name and the shares are validly issued, fully paid or credited as fully paid, and non-assessable (which term when used herein means that no further sums are required to be paid by the holder thereof in connection with the issue thereof):

<u>Member</u>	<u>No. of shares of par value US\$0.05 each</u>
Lin Huozhi	20

4. The Company has the necessary corporate power and authority to enter into and perform its obligations under the Documents. The execution and delivery of the Documents by the Company and the performance by the Company of its obligations thereunder will not violate the memorandum of association or bye-laws of the Company nor any applicable law, regulation, order or decree in Bermuda, save that (a) the repayment of application monies by the Company under the Underwriting Agreement in respect of issued Underwritten Shares (including without limitation under Clause 21 of the Underwriting Agreement) (the "Repayment") is subject to compliance with the Companies Act 1981 of Bermuda, as set out in the Prospectus and (b) the share repurchase by the Company in respect of the Investor Shares (as defined in clause 11.2 .3 of the Investment Agreement) (the "Share Repurchase") is subject to compliance with the Companies Act 1981 of Bermuda.
5. The Company has taken all corporate action required to authorise its execution, delivery and performance (save with respect to the Repayment and the Share Repurchase, the Share Swap (as defined in clause 1.1 of the Investment Agreement) and the Restructuring Exercise (as defined in clause 1.1 of the Investment Agreement)) of the Documents. The Documents have been duly executed and delivered by or on behalf of the Company, and constitute the valid and binding obligations of the Company enforceable in accordance with the terms thereof.
6. No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of Bermuda or any sub-division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the Documents, except such as have been duly obtained in accordance with Bermuda law.



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7. It is not necessary or desirable to ensure the enforceability in Bermuda of the Documents that they be registered in any register kept by, or filed with, any governmental authority or regulatory body in Bermuda. However, to the extent that any of the Documents creates a charge over assets of the Company, it may be desirable to ensure the priority in Bermuda of the charge that it be registered in the Register of Charges in accordance with Section 55 of the Companies Act 1981. On registration, to the extent that Bermuda law governs the priority of a charge, such charge will have priority in Bermuda over any unregistered charges created after 11 July 1984, and over any subsequently registered charges, in respect of the assets which are the subject of the charge. A registration fee of BD\$541 will be payable in respect of the registration.

While there is no exhaustive definition of a charge under Bermuda law, a charge includes any interest created in property by way of security (including any mortgage, assignment, pledge, lien or hypothecation). As the Documents are governed by the Foreign Laws, the question of whether they create such an interest in property would be determined under the Foreign Laws.

8. The Company is not entitled to any immunity under the laws of Bermuda, whether characterised as sovereign immunity or otherwise, from any legal proceedings to enforce the Documents in respect of itself or its property.
9. There is no income or other tax of Bermuda imposed by withholding or otherwise on any payment to be made to or by the Company pursuant to the Documents.
10. The Documents will not be subject to ad valorem stamp duty in Bermuda and no registration, documentary, recording, transfer or other similar tax, fee or charge is payable in Bermuda in connection with the execution, delivery, filing, registration or performance of the Documents, other than as stated in paragraph 7 hereof.
11. The courts of Bermuda would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the Foreign Courts, as the case may be, against the Company based upon the relevant Documents under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment; (b) such courts did not contravene the rules of natural justice of Bermuda; (c) such judgment was not obtained by fraud; (d) the enforcement of the judgment would not be contrary to the public policy of Bermuda; (e) no new admissible evidence relevant to the



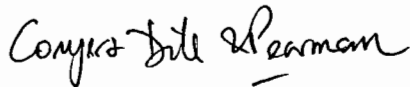
16. **OPINION FROM CONYERS DILL & PEARMAN PTE. LTD. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF BERMUDA, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN BERMUDA, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF BERMUDA (Cont'd)**

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action is submitted prior to the rendering of the judgment by the courts of Bermuda; and (f) there is due compliance with the correct procedures under the laws of Bermuda.

Yours faithfully,



Conyers Dill & Pearman Pte. Ltd.



17. OPINION FROM GALLANT Y. T. HO & CO. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF HONG KONG AND OWNERSHIP OF TITLE TO THE SECURITIES / ASSETS IN HONG KONG UNDER HONG KONG LAW, AND OPINION FROM GALLANT Y.T. HO & CO. ON ENFORCEABILITY OF THE AGREEMENTS UNDER HONG KONG LAW

(Prepared for inclusion in this Prospectus)

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- 方少偉律師
LOUIS S. W. FONG
- 何德欣律師
GRACE T. Y. HO
- 郭順堅律師
ARIEL S. K. KWOK
- 林均容律師
FARRAH K. Y. LAM
- 劉佩玲律師
PAULINE P. L. LAU
- 利庭軒律師
VICTOR T. H. LEE
- 伍錦珊律師
ADA K. S. NG
- 蕭詠儀律師
IRENE W. K. SIU
- 唐文姬律師
MAGGIE M. K. TONG
- 曾慧儀律師
WENDY W. Y. TSANG
- 黃德怡律師
GLORIA T. Y. WONG
- 黃慧賢律師
ANNA W. Y. WONG

何耀棣律師事務所
GALLANT Y. T. HO & CO.

SOLICITORS & NOTARIES
AGENTS FOR TRADEMARKS & PATENTS

香港總行：香港中環康樂廣場一號怡和大廈五樓
電話：二五二六 三三三六 傳真：二八四五 九二九四

DX會員編號：DX-009500 CENTRAL 1 電子郵件：gyth@gallantho.com 網址：http://www.gallantho.com
HONG KONG HEAD OFFICE: 5TH FLOOR, JARDINE HOUSE, 1 CONNAUGHT PLACE, CENTRAL, HONG KONG.
TEL: 2526 3336 FAX: 2845 9294
DX NUMBER: DX-009500 CENTRAL 1 E-MAIL: gyth@gallantho.com WEBSITE: http://www.gallantho.com

1. The Board Of Directors
Multi Sports Holding Ltd
Jinjiang Baixing Shoes Materials Co. Ltd
Chendai Yanshang Industry Zone, Jinjiang City
Fujian Province, PRC
Attention: Mr Lin Huozhi/Ms Lin Liying/Mr Huang Wei Min
2. AmInvestment Bank Berhad
Level 21, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
MALAYSIA
Attention: Mr Denis Lim/Mr Lee Choon Ping/Mr Tan Vee Han
3. Wong Beh & Toh
Peti #30, Level 12, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang, 50450 Kuala Lumpur
MALAYSIA
Attention: Mr Wong Tat Chung/Ms Yeap Lin Lin

Dear Sirs,

8 July 2009

LEGAL OPINION ON FOREIGN INVESTMENT POLICIES, TAXATION, EXCHANGE CONTROL, REPATRIATION OF PROFITS OUT OF HONG KONG SPECIAL ADMINISTRATION REGION, THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG") AND OWNERSHIP OF TITLE TO THE SECURITIES/ASSETS IN HONG KONG UNDER HONG KONG LAW

1. INTRODUCTION

We are Hong Kong legal counsel to Multi Sports Holdings Ltd (the "Listco") in connection with the conduct of legal due diligence against Pak Sing Shoe Material (H.K.) Limited (the "Company"). We are duly qualified to practice law within Hong Kong and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever.

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17. OPINION FROM GALLANT Y. T. HO & CO. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF HONG KONG AND OWNERSHIP OF TITLE TO THE SECURITIES / ASSETS IN HONG KONG UNDER HONG KONG LAW, AND OPINION FROM GALLANT Y.T. HO & CO. ON ENFORCEABILITY OF THE AGREEMENTS UNDER HONG KONG LAW (Cont'd)

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Pursuant to the listing scheme of the Listco, the Listco shall acquire the entire issued share capital of the Company, which is a private limited liability company incorporated in Hong Kong, company number being 849373 (the "Acquisition").

2. SCOPE OF OPINION

We are instructed that in order for the Listco to comply with certain disclosure requirements for acquisition of foreign equity interests, legal opinion on the following matters is required to be issued: -

- a) General policies of Hong Kong on foreign investments, taxation, exchange control, repatriation of profits out of Hong Kong and expected time frame for repatriation of profits; and
- b) Ownership of title to securities/assets in Hong Kong.

This opinion is rendered in light of the Acquisition of the Company by the Listco. It relates solely to the aforementioned areas under Hong Kong law in force as at the date hereof and as currently applied by the Hong Kong courts and relevant authorities and we express no opinion on any other assets of the Listco outside the jurisdiction of Hong Kong or as to other legal matters under Hong Kong law or as to other laws or policies of other jurisdictions.

This opinion is not to be read as conclusive of all legal matters in aforementioned areas nor does it extend by implication to any other matter in connection with the Listco or the Company or otherwise.

3. DOCUMENTS REVIEWED

In connection with this opinion, we have reviewed originals of (1) a director's certificate issued by Mr. Lin Huozhi on 3 July 2009; (2) register of members of the Company; and (3) instruments of transfer and contract notes duly signed by all registered shareholders of the Company, i.e. Lin Huozhi, Leung Sing Kit and GuoLine Group Management Co. Limited, regarding 12,175 shares of the Company to the Listco (collectively the "Documents"). We have also made such other investigations and inquiries as we have considered necessary or appropriate.

4. ASSUMPTIONS

For the purpose of giving this opinion, we have assumed that:-

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1. the Listco was duly incorporated in Bermuda and has complied with all the legal obligations under the laws of Bermuda since its incorporation;
2. genuineness of all signatures, stamps and seals, the complete conformity to the originals of all documents supplied to us as certified or photostatic or faxed copies and the authenticity of the originality of such documents and the completeness and accuracy of the information disclosed in all Documents examined; and
3. accuracy and completeness of all factual representations made in Documents reviewed by us.

5. OPINION

Based on our review of the Documents and subject to the foregoing assumptions and subsequent qualifications, we are of the opinion that:-

1. Policies on foreign investments

In general, there is no restriction on foreign investments in Hong Kong. Foreign investors are allowed to freely invest in Hong Kong and may own 100% equity in Hong Kong companies without any restrictions or approvals from any government authorities.

However, companies operating in certain specific sectors are required to obtain prior approval from the relevant regulators when foreign or local shareholders invest in the regulated sector directly or indirectly. Those specific sectors include but not limited to public broadcasting, banking, insurance and any of the business regulated under the Securities and Futures Ordinance (Cap.571), laws of Hong Kong. We understand that the Company is not engaged in any of the above excluded sectors.

2. Taxation

Profits tax

For the year of assessment 2008/2009, assessable profits of a Hong Kong company arising in or derived from Hong Kong from its business are subject to a profits tax rate of 16.5%. Profits tax is charged according to the nature of its origin and is on a territorial basis. Foreign source income is not taxable in Hong Kong and dividends from overseas investments are generally not subject to profits tax as they do not arise

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in or are not derived from Hong Kong. Dividends paid by Hong Kong companies are not subject to profits tax in Hong Kong nor is any tax required to be withheld from it.

Other major taxes

Other major taxes in Hong Kong affecting the Company are:

- a) Stamp duty is payable in respect of instruments of transfers at the rate of HK\$5 and contract notes from sale of shares of the rate of 0.2% of the consideration or net asset value, whichever is higher. Stamp duty is payable in respect of sale or transfer of immovable property or lease of immovable property in Hong Kong at varying rates.
- b) Capital duty of HK\$1 is chargeable per every HK\$1,000 or part thereof of the authorised share capital subject to a maximum of HK\$30,000 upon incorporation of a company with share capital in Hong Kong and any subsequent increase of it.
- c) Hong Kong does not impose capital gains tax.
- d) For the year of assessment 2008/2009, property tax is payable at the rate of 15% of the net assessable value of the property from which rental income is received.
- e) Duties are levied on liquor, tobacco, hydrocarbon oil and methyl alcohol.

3. Exchange control, repatriation of profits and expected time frame for repatriation of profits

There are currently no foreign exchange controls in Hong Kong. Hence, there is no restriction on the repatriation of profits, whether in the form of dividends or interest, by a Hong Kong incorporated company to its shareholder or holding company incorporated outside of Hong Kong. Repatriation of profits is entirely dependent on the ability of such companies to pay dividends to shareholders.

In 2002, the Legislative Council approved anti-money laundering and enacted a new anti-terrorism law allowing Secretary for Security to freeze funds and financial assets reasonably believed to belong to terrorists, as required by Security Council of United Nations in its Resolution 1373. Following passage of the new laws, on 10 September 2002 the Hong Kong Monetary Authority issued a circular to banks and ordered banks to submit reports outlining the approach they had adopted in the fight against terrorist financing.

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We are not able to specify a certain expected timeframe for repatriation of profits out of Hong Kong. The timeframe required would depend on a variety of factors, including but not limited to the operations of a particular bank.

4. Ownership of title to securities/assets in Hong Kong

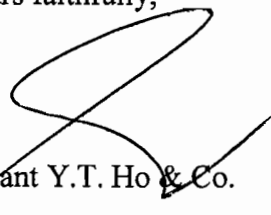
Subject to stamping of the instruments of transfer and contract notes duly stamped and duly signed by all registered shareholders of the Company regarding 12,175 shares of the Company by the Hong Kong Inland Revenue Department, the Acquisition is expected to be completed on 15 July 2009 and the Listco is expected to be the registered shareholder of the entire issued share capital of the Company.

This opinion is subject to the following qualifications:-

- (1) This opinion is confined to circumstances and facts existing and known to us as at the date hereof.

This opinion is provided solely to you for the purpose of complying with the requirements for the listing. Without our prior written consent, this opinion is not to be relied upon or quoted, in whole or in part, or referred to in any public document furnished to any person or entity whatsoever in connection with the listing. In regard to this, we understand that this opinion may be used for the inclusion into the prospectus in connection with the listing.

Yours faithfully,



Gallant Y.T. Ho & Co.

Encl.

17. OPINION FROM GALLANT Y. T. HO & CO. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF HONG KONG AND OWNERSHIP OF TITLE TO THE SECURITIES / ASSETS IN HONG KONG UNDER HONG KONG LAW, AND OPINION FROM GALLANT Y.T. HO & CO. ON ENFORCEABILITY OF THE AGREEMENTS UNDER HONG KONG LAW (Cont'd)

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- 周應秋律師
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MAGGIE M. K. TONG
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WENDY W. Y. TSANG
- 黃德怡律師
GLORIA T. Y. WONG
- 黃慧賢律師
ANNA W. Y. WONG

何耀棣律師事務所
GALLANT Y. T. HO & CO.

SOLICITORS & NOTARIES

AGENTS FOR TRADEMARKS & PATENTS

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1. The Board Of Directors
Multi Sports Holding Ltd
Jinjiang Baixing Shoes Materials Co. Ltd
Chendai Yanshang Industry Zone, Jinjiang City
Fujian Province, PRC
Attention: Mr Lin Huozhi/Ms Lin Liying/Mr Huang Wei Min
2. AmInvestment Bank Berhad
Level 21, Bangunan AmBank Group
55, Jalan Raja Chulan, 50200 Kuala Lumpur
MALAYSIA
Attention: Mr Denis Lim/Mr Lee Choon Ping/Mr Tan Vee Han
3. Wong Beh & Toh
Peti #30, Level 12, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang, 50450 Kuala Lumpur
MALAYSIA
Attention: Mr Wong Tat Chung/Ms Yeap Lin Lin

8 July 2009

Dear Sirs,

LEGAL OPINION ON ENFORCEABILITY OF THE AGREEMENTS (AS DEFINED HEREINAFTER) UNDER LAWS OF HONG KONG SPECIAL ADMINISTRATION REGION, THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG")

1. INTRODUCTION

We are Hong Kong legal counsel to Multi Sports Holdings Ltd (the "Listco") in connection with the conduct of legal due diligence against Pak Sing Shoe Material (H.K.) Limited (the "Company"). We are duly qualified to practice law within Hong Kong and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever.

Pursuant to the listing scheme of the Listco, on 12 May 2009, the Company entered into an investment agreement (the "Investment Agreement") with GuoLine Capital

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17. **OPINION FROM GALLANT Y. T. HO & CO. ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF HONG KONG AND OWNERSHIP OF TITLE TO THE SECURITIES / ASSETS IN HONG KONG UNDER HONG KONG LAW, AND OPINION FROM GALLANT Y.T. HO & CO. ON ENFORCEABILITY OF THE AGREEMENTS UNDER HONG KONG LAW (Cont'd)**

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Limited, the Listco, Lin Huozhi and Leung Sing Kit and executed a charge over cash deposits (the “**Deposit Charge**”) in favor of GuoLine Capital Limited. Subsequently on 21 May 2009, the Company entered into a novation agreement (the “**Novation Agreement**”) with GuoLine Group Management Co. Limited (the “**Investor**”), GuoLine Capital Limited, the Listco, Lin Huozhi and Leung Sing Kit whereby with the consent of the Company, the Listco, Lin Huozhi and Leung Sing Kit, GuoLine Capital Limited assigned all its rights, benefits, liabilities and obligations under the Investment Agreement to the Investor and under a separate novation agreement (the “**Novation of Charge**”) with the Investor and GuoLine Capital Limited whereby with the consent of the Company, GuoLine Capital Limited assigned all its rights, benefits, liabilities and obligations under the Deposit Charge to the Investor.

2. DOCUMENTS REVIEWED

In connection with this legal opinion, we have reviewed the Investment Agreement, Deposit Charge, Novation Agreement and Novation of Charge (collectively the “**Agreements**”) together with documents set out in **Schedule 1** to this legal opinion. Further we have made such other investigations and inquiries as we have considered necessary or appropriate.

3. SCOPE OF OPINION

We are instructed that in order for the Listco to comply with certain disclosure requirements, legal opinion on enforceability of the Agreements is required to be issued. Our opinion relates solely to the Agreements under Hong Kong law in force as at the date hereof and as currently applied by the Hong Kong courts and we express no opinion on other matters under laws, rules or regulations of other jurisdictions.

This opinion is strictly limited to the matters stated herein and does not extend to and is not to be read as extending by implication to any other matter in connection with the Agreements or otherwise.

4. ASSUMPTIONS

This opinion is based upon the following assumptions:-

1. each of the corporate entities entering into the Agreements (except the Company) was duly incorporated in their respective place of incorporation and has complied with all legal obligations under the laws of their respective place of incorporation since its incorporation;

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2. genuineness of all signatures, stamps and seals, the complete conformity to the originals of all documents supplied to us as certified or photostatic or faxed copies and the authenticity of the originality of such documents and the completeness and accuracy of the information disclosed in all documents examined;
3. where the documents have been reviewed by us in draft form, it will be executed in the same form of that draft, and where a number of drafts of documents have been examined by us all changes thereto have been marked and specifically drawn to our attention;
4. due authorization, execution and delivery of the Agreements was made by each of the parties thereto (except the Company) and the performance thereof by each of the parties thereto (except the Company) will be within the capacity and powers of each of them including but not limited to ownerships;
5. all authorizations, approvals, consents, licenses, exemptions required by and all other requirements in relation to each of the parties to the Agreements (except the Company) for the legality, validity and enforceability of transactions contemplated under the Agreements were duly obtained and fulfilled and will remain in full force and effect;
6. the absence of any other arrangements between the parties to the Agreements which modify or supersede any of the terms of the Agreements;
7. there is nothing in the applicable laws, rules or regulations of any jurisdiction (other than Hong Kong law) which would affect the opinion hereinafter appearing;
8. the Resolutions were duly passed and remain in full force and effect and have not been rescinded or varied;
9. that the information disclosed by the search has not since the date of the search been materially altered and that the search did not fail to disclose any material information which has been delivered for filing or registration or should otherwise have been disclosed, as the case may be, but did not appear on the public file of the Company at the time of the search;
10. relevant share transfer forms and contract notes will be duly executed by relevant parties to the Agreements and they will be timely stamped and all stamp duty required to be paid will be paid and will be registered by the Company;

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11. that if a party (“**non-Hong Kong party**”) to any of the Agreements is an entity incorporated under the law of a jurisdiction outside Hong Kong or is an individual domiciled in a jurisdiction outside Hong Kong, the obligations of that non-Hong Kong party as set out in the Agreements constitute legal, valid and binding obligations of that non-Hong Kong party, enforceable against that non-Hong Kong party in accordance with their respective terms under the laws of the place of incorporation or the laws of the place of domicile (as the case may be) of that non-Hong Kong party;
12. that no change has been made to the memorandum & articles of association of the Company as submitted to us;
13. there exists no circumstance which is not in our knowledge and which may render the Agreements invalid or unenforceable;
14. the Resolutions were duly signed by the directors and shareholders of the Company; and
15. accuracy and completeness of all factual information, representations and warranties given under all documents provided to us.

Also for the purpose of this opinion, we assume that the directors of the Company have acted reasonably and in the best commercial interest and for the corporate benefits of the Company in relation to the entering into of the Agreements and that they are not in breach of any fiduciary duty in entering into the Agreements.

4. OPINION

Based on our review of the Agreements and documents set out in **Schedule 1** to this legal opinion and subject to the foregoing assumptions and subsequent qualifications, we are of the opinion that as far as the laws of Hong Kong are concerned: -

1. The Company is duly incorporated and existing in Hong Kong under the laws of Hong Kong as a private company limited by shares.
2. The Company has taken all corporate action required to authorise its execution, delivery and performance of the Agreements. The terms and provisions of the Agreements do not violate any applicable law or regulation in Hong Kong.

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3. Upon execution and delivery of the Agreements, the Agreements shall constitute valid and enforceable obligations of the Company in accordance with the terms and provisions thereof.

This opinion is subject to the following qualifications:-

- (1) We have not conducted searches on the Company other than company search at the Hong Kong Companies Registry.
- (2) Under Hong Kong law, the availability of certain equitable remedies, such as injunction and specific performance, will be at the discretion of the court and subject to general legal and equitable principles and a court might make an award of damages where specific performance of an obligation or some other equitable remedy is sought.
- (3) The courts of Hong Kong will not enforce a judgment to an extent that the same may be illegal or contrary to public policy in Hong Kong.
- (4) Enforcement of the obligations of the parties to the Agreements in a Hong Kong court may be limited by prescription or lapse of time or by bankruptcy, insolvency, liquidation, winding-up, reorganization, moratorium, reconstruction or similar law affecting creditor's right generally.
- (5) Any provision in the Agreements providing that certain calculation and/or certificates will be conclusive and binding will not be effective if such calculation or certificates are erroneous on their face or fraudulent and will not necessarily prevent judicial enquiry into the merits of any claim by an aggrieved party.
- (6) Clauses under the Agreements relating to any payment (including default interest) may not be enforceable in Hong Kong if it is construed as being a penalty; furthermore, by virtue of section 49 of the High Court Ordinance (Cap.4), a judgment debt shall carry interest at such rate as may be determined by the Chief Justice by order on the aggregate amount thereof, or on such part thereof as for the time being remains unsatisfied, from the date of judgment until satisfaction. Accordingly a Hong Kong court may order payment of interest after judgment at a rate which differs from that provided for in the default interests provision of any of Agreements.
- (7) The severability of provisions of any of the Agreements which are illegal, invalid or unenforceable is, as a matter of Hong Kong law, at the discretion of

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the court, accordingly, we express no opinion as to the enforceability or validity of any such clause of the Agreements.

- (8) Proceedings in a Hong Kong court may be stayed if concurrent proceedings are being brought elsewhere.
- (9) The legal status of the Company has not been altered and that the Company is not insolvent or in liquidation and has not entered into any compromise, arrangement or is not affected by similar laws of general application affecting creditors' rights at time of execution of the Agreements.
- (10) The binding effect of the Agreements may be limited by insolvency, bankruptcy, liquidation, compromise, arrangement, reorganisation, reconstruction or similar laws of general application affecting creditors' rights and by limitation of action by lapse of time.
- (11) Where the obligations of the relevant parties under the Agreements are to be performed or observed in jurisdictions outside Hong Kong, the same may not be enforceable under the laws of Hong Kong to the extent that such performance would be illegal or contrary to public policy under the law of such jurisdiction.
- (12) The courts of Hong Kong may refuse to give effect to a purported contractual obligation imposed upon a party in the Agreements to pay the costs of any unsuccessful litigation brought against the other party.
- (13) Provisions in the Agreements prohibiting or restricting modifications, amendments or waivers may not be effective insofar as they suggest that oral or other modifications, amendments or waivers could not effectively be agreed upon or granted between or by the parties or their duly authorised representatives.
- (14) Under the laws of Hong Kong, the choice of the laws of Hong Kong to govern the Documents will be a valid choice of law and will be applied by the Hong Kong courts if the choice is *bona fide* and legal and there are no public policy grounds for avoiding the choice. Our examination of the Documents has revealed nothing to lead us to believe that the choice of the laws of Hong Kong made by the relevant parties would be avoided.
- (15) Under the laws of Hong Kong, the courts of Hong Kong have jurisdiction over those parties who voluntarily submit or have agreed to submit to the jurisdiction of the courts of Hong Kong. Although the courts have discretion

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to refuse to hear a case on the ground of *forum non conveniens*, a burden is imposed on the party seeking to stay the proceedings in the courts of Hong Kong, where it has agreed to submit to the jurisdiction of Hong Kong courts.

- (16) We express no view as to the commercial suitability of the Agreements or of the provisions therein or the general compliance with market practice or any commercial aspects of such Agreements.
- (19) This opinion is confined to circumstances and facts existing and known to us as at the date hereof.
- (20) Clause 4 of Schedule 2 to the Investment Agreement should be agreed to by new shareholders (if any) other than the existing shareholders of the Company in order to be binding on them.

This opinion is provided solely to you for the purpose of complying with the requirements for the listing. Without our prior written consent, this opinion is not to be relied upon or quoted, in whole or in part, or referred to in any public document furnished to any person or entity whatsoever in connection with the listing. In regard to this, we understand that this opinion may be used for the inclusion into the prospectus in connection with the listing.

Yours faithfully,


Gallant Y.T. Ho & Co.

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Schedule 1

1. Results of a search of records of the Company at the Hong Kong Companies Registry conducted on 3 July 2009;
2. Director's certificate of the Company dated 7 July 2009 issued by Lin Huozhi;
3. Copies of Board resolutions passed by all directors of the Company on 12 May 2009 and shareholders' resolutions passed by all shareholders of the Company on 12 May 2009 in relation to the entering of the Investment Agreement and Deposit Charge by the Company; and
4. Copies of Board resolutions passed by all directors of the Company on 21 May 2009 in relation to the entering of the Novation Agreement and Novation of Charge by the Company (collectively with resolutions mentioned in paragraph 4 of this schedule, the "**Resolutions**").

18. **OPINION FROM GRANDALL LEGAL GROUP (GUANGZHOU) ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF PRC, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN PRC, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF PRC**

(Prepared for inclusion in this Prospectus)

国浩律师集团(广州)事务所

Grandall Legal Group (Guangzhou)

中国·广州 体育西路 189 号城建大厦 9 楼

9/F, CHENG JIAN BUILDING, 189 TI YU XI ROAD, GUANGZHOU, PRC

电话/TEL: 86 20 3879 9345

传真/FAX: 86 20 3879 9335

Date: 7 July 2009

The Board Of Directors
Multi Sports Holding Ltd

Dear Sirs,

MULTI SPORTS HOLDING LTD (THE "COMPANY") - EXPERT'S REPORT ON THE POLICIES ON FOREIGN INVESTMENTS OF THE PEOPLE'S REPUBLIC OF CHINA ("PRC") IN CONNECTION WITH THE ADMISSION OF THE COMPANY ON THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") AND THE LISTING OF AND QUOTATION FOR ITS ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN BOARD OF BURSA SECURITIES ("LISTING")

We have acted as legal advisers for the Company in respect of the laws of the PRC for its Listing. We are duly qualified to practice law within the PRC and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever. Accordingly, we are duly qualified to issue this Expert's Report ("Report"). In regard to this, we understand that this Report may be used for the inclusion into the prospectus in connection with the Listing.

Based on the foregoing, the following is a brief summary of China's laws and policies regarding foreign investments as at the date hereof, including taxation, foreign exchange control and repatriation of profits.

I SUMMARY OF PRC FOREIGN INVESTMENT LAWS ON WHOLLY FOREIGN OWNED ENTERPRISE ("WFOE")

WFOEs are governed by the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments, which was promulgated on 12 April 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12 December 1990 which was amended on 12 April 2001 (collectively the "Foreign Enterprises Law").

Procedures for Establishment of a WFOE

The establishment of a WFOE will have to be approved by the Ministry of Commerce ("MOFCOM") (or its delegated authorities). If two or more foreign

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investors jointly apply for the establishment of a WFOE, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its record. A WFOE must also obtain a business licence from State Administration of Industry and Commerce (“SAIC”) (or its delegated authorities) before it can commence business.

Nature

A WFOE is a limited liability company under the Foreign Enterprise Law. It is a legal person which may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations.

Repatriation of Profits

The Foreign Enterprise Law provides that after payment of taxes, a WFOE must make contributions to a reserve fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. However, at least 10.0% of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50.0% of an enterprise’s registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up. A WFOE may make profit distribution after payment of taxes and allocation of statutory funds.

Repatriation of the dividends declared requires submission to, inspections and examinations of relevant documents by designated banks. The examination is merely administrative provided all the requisite documents are complete and in order (e.g. written board resolution authorizing such distribution/repatriation, audited annual report, tax returns, foreign exchange registration certificate, capital verification report and other documents required by the State Administration of Foreign Exchange). Dividends will be converted into foreign exchange for repatriation out of PRC by making withdrawals from their foreign exchange accounts or purchasing the necessary foreign exchange at designated foreign exchange banks.

Repatriation of profits can be effected by designated banks in due course after the above-mentioned inspections and examinations and the expected time frame for repatriation of profits out of PRC will be varied depending on the designated banks.

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II SUMMARY OF PRC TAXATION LAWS

The applicable income tax laws, regulations, notices and decisions (collectively referred to as “Applicable Foreign Enterprises Tax Law”) related to foreign investment enterprises and their investors include the follows:

- (a) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises adopted by the National People’s Congress of the PRC (“NPC”) on 9th April, 1991 and invalidated from 1 January 2008;
- (b) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises promulgated by the State Council, which came into effect on 1st July, 1991 and invalidated from 1 January 2008;
- (c) Notice Relating to Taxes Applicable to Foreign Investment Enterprises / Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains obtained from Holding and Transferring of Shares promulgated by State Tax Bureau on 21 July 1993;
- (d) Notice on Relevant Policies Concerning Individual Income Tax issued by Ministry of Finance and the State Tax Bureau on 13 May 1994;
- (e) Notice on Reduction of Income Tax in Relation to Interests and Gains Derived by Foreign Enterprises from the PRC, promulgated by the State Council on 18 November 2000;
- (f) The Income Tax Law Applicable to Individuals of the PRC (中华人民共和国个人所得税法) promulgated by the Standing Committee of NPC on 10 September 1980, which was amended by the Standing Committee of NPC on 31 October 1993, 30 August 1999, 27 October 2005, 29 June 2007 and 29 December 2007;
- (g) The PRC Enterprises Income Tax Law (中华人民共和国企业所得税法) promulgated by the NPC on 16 March 2007 and came into effect from 1 January 2008 (“New Income Tax Law”);
- (h) Implementing Regulations of the PRC Enterprises Income Tax Law promulgated by the State Council on 6 December 2007 and came into effect from 1 January 2008 (“Implementing Regulations of New Income Tax Law”); and
- (i) Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period effective on 1 January 2008.

Income Tax on Foreign Investment Enterprises

According to the Applicable Foreign Enterprises Tax Law, before 1 January 2008, foreign investment enterprises (including sino-foreign equity joint ventures, sino-

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foreign co-operative joint ventures and WFOEs established in the territory of the PRC) were required to pay a national income tax at a rate of 30% of their taxable income and a local income tax at a rate of three percent of their taxable income.

A foreign investment enterprise engaged in production having a period of operation of not less than ten years shall be exempted from national income tax for the first two profit-making years and a 50% reduction in the national income tax payable for the next three years ("Two-year Exemption and Three-year 50% Reduction"). The income tax concession for foreign investment enterprises engaged in the exploitation of resources such as petroleum, natural gas, rare metals and precious metals are regulated separately by the State Council.

Foreign investment enterprises established in special economic zones, foreign enterprises having an establishment in special economic zones engaged in production or business operations and foreign investment enterprises engaged in production in economic and technological zones may pay national income tax at a reduced rate of 15%. Foreign investment enterprises engaged in production established in coastal economic open zones or in the old urban districts of cities where the special economic zones or the economic and technological development zones are located may pay national income taxes at a reduced rate of 24%. A reduced national income tax rate of 15 percent, may apply to an enterprise located in such regions which is engaged in energy, communication, harbour, wharf or other projects encouraged by the State.

Losses incurred in a tax year may be carried forward for not more than five years.

The people's governments of provinces, autonomous regions and municipalities directly under the central government may grant exemptions from or reduce local income tax for a foreign investment enterprise engaged in an industry or a project encouraged by the State.

Pursuant to the PRC Enterprise Income Tax Law promulgated by the NPC on 16 March 2007, with effect from 1 January 2008, foreign investment enterprises are required to pay an income tax at a rate of 25% of their taxable income. Enterprises set up with approval prior to the promulgation of this Enterprise Income Tax Law that enjoy low preferential tax rate in accordance with the tax laws and administrative regulations at the current period may, pursuant to the provisions of the State Council, gradually transit to the tax rate provided herein within five years of the implementation of this Law. Where such enterprises enjoy regular tax exemption and reduction, the treatment continues to apply until expiry after the implementation of this law. However, those that fail to be entitled to this treatment by reason of not making any profits, the preferential period shall be calculated from the year this law is implemented.

On 26 December 2007, the State Council promulgated the Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period (国务院关于实施企业所得税过渡优惠政策的通知) (the "Circular"). Pursuant to the Circular, an enterprise which enjoyed preferential treatment shall gradually transit to the rate of 25%, i.e. an enterprise that used to enjoy the preferential enterprise income tax of 24% should be subject to the enterprise income tax of 25% from 1 January 2008 whilst an enterprise that used to enjoy the

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preferential enterprise income tax of 15% should be subject to the enterprise income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. For the enterprise enjoying preferential policy of Two-year Exemption and Three-year 50% Reduction will continue such enjoyment until its preferential period is completed according to the original PRC laws, administrative regulations and provisions. However, regarding those enterprises that have not enjoyed the aforesaid preferential policy due to them not being profit-making, the preferential period shall commence from 1 January 2008.

According to Notice of the Ministry of Finance and State Administration of Taxation on Several Preferential Policies in Respect of Enterprise Income Tax (财政部、国家税务总局关于企业所得税若干优惠政策的通知)(hereinafter referred to as the "FM&SAT Notice!") announced on 22 February 2008, other than the preferential policies provided by PRC Enterprise Income Tax Law, the Implementation Regulations on the PRC Enterprise Income Tax Law, the Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period, the Notice of State Council concerning the Transitional Preferential Tax on the High-tech Enterprises Newly Incorporated in Special Economic Zones and Shanghai Pudong New District (国务院关于经济特区和上海浦东新区新设立高新技术企业实行过渡性税收优惠的通知) and the FM&SAT Notice, all the preferential policies on enterprise income tax implemented before 1 January 2008 are annulled. None of the various regions or departments shall exceed the power to issue preferential policies on enterprise income tax.

Value Added Tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例) adopted by the State Council on December 13, 1993 and revised on November 10, 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例实施细则), value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

The value-added tax rates shall be as follows:

1. The tax rate for goods sold or imported by taxpayers other than the goods set forth in Items 2 and 3 below shall be 17.0%.
2. The tax rate for sale or import of the following goods by taxpayers shall be 13.0%:
 - (a) grain, edible vegetable oil;
 - (b) tap water, central heating, air-conditioning, hot water, coal gas, liquid petroleum gas, natural gas, methane, and coal products for use by residents;

18. OPINION FROM GRANDALL LEGAL GROUP (GUANGZHOU) ON FOREIGN INVESTMENT POLICY, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF PRC, OWNERSHIP OF TITLE TO EQUITY INTEREST / ASSETS IN PRC, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE LAW OF PRC (Cont'd)

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- (c) books, newspapers, magazines;
 - (d) feed, chemical fertiliser, agrochemicals, agricultural machinery, agricultural film; and
 - (e) other goods specified by the State Council.
3. The tax rate for goods exported by taxpayers shall be zero, except where otherwise determined by the State Council.
 4. The tax rate for processing and repair and replacement services provided by taxpayers shall be 17.0%.
 5. The tax rate for the small-scale taxpayers shall be 3.0%.

Business Tax

The Provisional Regulations of the People's Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例) adopted by the State Council on December 13, 1993 and revised on November 5, 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例实施细则), businesses that provide services (including entertainment business), assign intangible assets or sell immovable property are liable to business tax at a rate ranging from 3.0% to 20.0%, of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be. The formula for calculation of the amount of tax payable is set forth below:

Amount of tax payable = amount of business × tax rate

The amount of tax payable shall be calculated in RMB. Taxpayers that settle their amounts of business income in foreign exchange shall convert the amounts into RMB at the foreign exchange market rate.

Tax on Dividends from PRC Enterprise With Foreign Investment

Before the enforcement of the New Income Tax Law, the dividends paid by foreign investment enterprises to their foreign investors are exempt from withholding tax. However, following the enforcement of the New Income Tax Law from 1 January 2008, dividends of the year 2008 and the years afterwards distributed from foreign investment enterprises to foreign investors shall be subject to the Enterprise Income Tax. The New Income Tax Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the Implementing Regulations of New Income Tax Law reduced the rate from 20% to 10%, effective from 1 January 2008.

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The PRC and the government of Hong Kong signed Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (内地和香港特别行政区政府关于对所得税避免双重征税和防止偷漏税的安排) on 21 August 2006 (the "Arrangement"). According to the Arrangement, no more than the 5% withholding tax rate applied to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

III FOREIGN EXCHANGE CONTROL

Major reforms have been introduced on the foreign exchange control system of the PRC since 1993.

The People's Bank of China ("PBOC"), with the authorities of the State Council, issued on 28 December 1993, the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的通知) and on 26 March 1994 the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理暂行规定) which came into effect on 1 April 1994 respectively. On 29 January 1996, the State Council promulgated the PRC Foreign Exchange Administration Regulations (中华人民共和国外汇管理条例) which took effect on 1 April 1996 and was revised respectively on 14 January 1997 and 1 August 2008. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定) to replace the above Provisional Regulations, which took effect on 1 July 1996. On 25 October 1998, the People's Bank of China and the State Administration for Foreign Exchange ("SAFE") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

These regulations contain detailed provision regulating the holding, sale and purchase of foreign exchange by individuals, enterprises, economic bodies and social organisations in the PRC.

On 21 July, 2005, the Public Announcement of the People's bank of China on Reforming the RMB Exchange Rate Regime ("the Announcement") (完善人民币汇率形成机制改革有关事宜公告) was promulgated by PBOC. In accordance with the Announcement, the PRC government has reformed the RMB exchange rate regime into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, giving more flexibility as compared with the former system in which the RMB was pegged to the US dollar. Under such reformed system, the PBOC announces the closing price of a foreign currency traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for trading against the RMB on the following working day. PRC banks licensed to

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engage in foreign exchange transactions use the closing price announced by the PBOC as a basis and decide a rate of their own to enter into foreign exchange sale and purchase transactions with customers, such rate shall be within a specified floating band around the central parity which may be adjusted by the PBOC from time to time according to the economic and financial condition in the PRC.

In accordance with the new Foreign Exchange Administration Regulations of PRC promulgated on August 5, 2008, the RMB exchange rate regime is a managed floating exchange rate regime based on market supply and demand. All domestic entities and individuals, including FIEs, may remit their foreign exchange income to the PRC or retain their foreign exchange income outside the PRC. Foreign exchange earnings under current account may be retained or be sold to designated financial institutions. Before retaining the foreign exchange income under capital account or selling it to any designated financial institution, the approval of the competent SAFE branch shall be obtained, unless it is otherwise provided by the state.

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents without the need for any prior approvals of the State Administration of Foreign Exchange.

In addition, where an enterprise requires any foreign exchanges for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a FIE to its foreign investment party, then subject to the due payment of tax on such dividends the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of the enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval or registration procedure at SAFE (or its designated authorities) is still required for a PRC enterprise before it borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or to enter into any other capital account transaction involving the purchase of foreign exchange.

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre (中国外汇交易中心) (“CFETC”) was formally established and came into operation in April 1994. CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, enterprises with foreign investment may at their own choice enter into exchange transactions

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through Swap Centre or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap Centres became restricted to conducting foreign exchange transaction between authorised banks and inter-bank lending between PRC banks.

This opinion is not to be read as conclusive of all legal matters in aforementioned areas nor does it extend by any implication to any other matter in connection with the Company or otherwise.

Yours faithfully,

国浩律师集团(广州)事务所

Grandall Legal Group (Guangzhou)
国浩律师集团(广州)事务所

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(Prepared for inclusion in this Prospectus)

国浩律师集团(广州)事务所

Grandall Legal Group (Guangzhou)

中国·广州 体育西路189号城建大厦9楼

9/F, CHENG JIAN BUILDING, 189 TI YU XI ROAD, GUANGZHOU, PRC

电话/TEL: 86 20 3879 9345

传真/FAX: 86 20 3879 9335

Date: 7 July 2009

The Board Of Directors
Multi Sports Holding Ltd

Dear Sirs,

MULTI SPORTS HOLDING LTD (THE "COMPANY") - LEGAL OPINION ON OWNERSHIP OF TITLE TO SECURITIES/ASSETS IN THE PEOPLES' REPUBLIC OF CHINA ("PRC"), ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS AND OTHER RELEVANT LEGAL MATTERS UNDER THE LAWS OF PRC

1. Introduction

We have acted as PRC legal counsel to the Company in connection with the initial public offering of the Company in conjunction with their listing on the Main Board of Bursa Malaysia Securities Berhad ("Listing"). We have been asked to issue this legal opinion in relation to securities/assets held by the Jinjiang Baixing Shoe Material Co., Ltd. ("Baixing"), a PRC subsidiary of the Company and the enforceability of agreements entered into by Baixing, under the laws of PRC.

We are duly qualified to practise law within the PRC and issue legal opinion in relations to the PRC laws, and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever.

We understand that this Opinion may be used for the inclusion into the prospectus in connection with the Listing (the "Prospectus").

2. Documents examined and searches

For the purpose of giving this opinion, we have examined the original or certified true copies of the documents set out in Schedule 1 to this legal opinion ("Documents"). We have also examined the original or copies of such corporate records of Baixing, governmental authorizations or orders, laws, treaties, certificates of public officials and/or officers of Baixing and such other documents and material documents as we have considered necessary or appropriate including but not limited to those set out in Schedule 1 to this letter. Further we have made such other investigations and inquiries

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as we have considered necessary or appropriate. Details are provided in our Due Diligence Report.

3. Assumption and qualifications

In giving this Opinion, we have assumed and this Opinion is given on the basis that:

- (a) the genuineness, completeness and correctness of all information stated in the Documents and search result documents, the certificates provided by the relevant governmental authorities;
- (b) the genuineness of all signatures, chops and seals on all documents and the completeness, and the conformity to original documents, of all copies submitted to us;
- (c) all the documents have been duly authorized, executed and delivered by and on behalf of each of the parties thereto;
- (d) all the information that may influence this Opinion has been provided and/or disclosed to us without any concealment, omission or misleading statement;
- (e) the search result documents, the certificates and other professional's reports dated earlier than the date hereof and on which we have expressed reliance remain accurate and valid; and
- (f) up to the date of this Opinion, there have been no amendments to the Documents since they were provided to us.

4. Confidentiality and reliance

This legal opinion is strictly limited to matters regarding the PRC laws effective as at the date hereof. We have not investigated and we do not express or imply any opinion whatsoever with respect to the laws of any other jurisdiction, and we have assumed that no such other laws would affect the opinion stated herein.

5. Opinion

Based on and subject to the foregoing, we are of the opinion that:

5.1 Ownership of Securities/Assets

(1) Summary of Ownership of Securities/Assets in the PRC

Basically, foreign investors can legally own title to securities in Foreign Investment Enterprises ("FIE") and assets in PRC. Over the last decade, the

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Chinese government has reiterated this ground and formulated regulations and rules to protect foreign investors' ownerships and interests.

In light of Article 18 of the PRC Constitution, China "permits foreign enterprises, other foreign economic organizations and individual foreigners to invest in China and to enter into various forms of economic cooperation with Chinese enterprises and other Chinese economic organizations in accordance with the laws of the PRC. Their lawful rights and interests are protected by the laws of the PRC". Similar wordings also could be found in the Law of the PRC on Sino-foreign Equity Joint Venture Enterprises, the Law of the PRC on Sino-foreign Co-operative Enterprises and the Law of the PRC on Wholly Foreign-owned Enterprises.

Apart from these domestic statutes, Chinese government also have made oral and written commitments, including a series of international investment treaties to ensure that the state will not nationalize or requisition any FIEs, save and except for special circumstances where public interest is required to be safeguarded. In such an event, the FIEs shall be requisitioned by legal procedures and appropriate compensation shall be made.

(2) Ownership of Securities/Real Properties of Baixing

Baixing has good and marketable title to all the landed property, personal property and all such other assets owned by Baixing as set out in Section 1 of Schedule 1, in each case free and clear of all liens, encumbrances and defects which would have a material adverse effect on Baixing, except for mortgages as described in the respective items in Section 1 of Schedule 1; and any real property and buildings held under lease by Baixing are held by them under valid, existing and enforceable lease contracts.

Pak Sing Shoe Material (HK) Ltd, a Hong Kong subsidiary of the Company, is the 100% legal and beneficial owner of the registered capital of Baixing.

5.2 Enforceability of Agreements, Representations and Undertakings

(1) Summary of Enforceability of Agreements, Representations and Undertakings under the Law of PRC

The principal laws and regulations of the PRC addressing contractual and non-contractual civil activities, such as agreements, representations and undertakings are the Contract Law of the PRC, the General Principles of the Civil Law of the PRC and their interpretations issued by the Supreme People's Court. Autonomy, fairness, honesty and good faith are the footstones of these statutes, as well as the benchmark to decide whether an agreement, representation or undertaking is enforceable in China.

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Accordingly, the above laws provide detailed articles to articulate the situations causing an agreement, representation and undertaking null and void. Article 52 and 54 of Contract Law read:

“A contract shall be null and void under any of the following circumstances: (a) either party enters into the contract by means of fraud or coercion and impairs the State’s interests; (b) there is malicious conspiracy causing damage to the interests of the State, of the collective or of a third party; (c) there is an attempt to conceal illegal goals under the disguise of legitimate forms; (d) harm is done to social and public interests; or (e) mandatory provisions of laws and administrative regulations are violated. Either party has the right to request a people’s court or an arbitration institution to alter or rescind any of the following contracts: (a) any contract which is made under substantial misunderstanding; or (b) any contract the making of which lacks fairness.”

Therefore, any agreements, representations and undertakings that are unlikely to encompass any of the above situations are considered as valid and enforceable and binding on contracting parties.

(2) Validity and Enforceability of Material Agreements and Contracts entered into by Baixing

The material agreements and contracts entered into by Baixing, including the Granted Land-Use-Right Agreement, Maximum Guarantee Agreement and Supplemental Lease Agreements, which have been set out in Section 2.1 of Schedule 1, are governed by and interpreted in accordance with the PRC laws. The above-mentioned contracts and/or undertaking are valid, binding and enforceable according to the PRC laws.

As far as the Agreements on Equity Transfer (i.e. Pre-IPO Investment Agreements) as set out in Section 2.2 of Schedule 1 are concerned, based on and subject to the above assumptions and qualifications and subject to the following assumptions: (a) that the PRC law is chosen as the governing law of the Agreement on Equity Transfer if agreed by the parties or ruled by a court with jurisdiction although it is not provided in the Agreement on Equity Transfer; and (b) that the Agreement on Equity Transfer can be duly performed in other jurisdictions as contemplated by the parties thereto, the Agreement on Equity Transfer shall be valid, binding and enforceable under the PRC laws and no PRC governmental approvals are required for the Agreement on Equity Transfer save that necessary filings shall be duly made to State Administration of Foreign Exchange or its authorized local agency for registrations of overseas investment and return investment by PRC individual through a special purpose vehicle (which has been duly filed by Mr. Lin Huo Zhi, the ultimate controlling shareholder of the Company and Baixing) and the Listing (which shall be filed by Mr. Lin Huo Zhi within 30 days after completion of the capital change of special purpose vehicle for the Listing).

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5.3 Permits for Operation

Baixing has obtained the government permits, approvals, consents, authorizations and licenses required for the operation of Baixing as set out in Section 3 of Schedule 1, all of which are valid, effective and in subsistence as at the date of this opinion.

Yours faithfully,

国浩律师集团(广州)事务所

Grandall Legal Group (Guangzhou)
国浩律师集团(广州)事务所

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Schedule 1 List of Relevant Documents

1. Documents in relation to the properties owned by Baixing

1.1 A summary of the land and buildings owned by Baixing is as follows

Certificate No	Tenure	Land Area (sq m)	Description /Location	Net Book Value	Mortgage	Use of Property
惠国用(2008)出字第090017号	19/09/2008 - 18/09/2058	30,704	Longgang Salt Yard, Shanxia Town, Hui-an County, Quanzhou City, Fujian Province, PRC.	RMB 4,610,000	Mortgage in favor of Industrial and Commercial Bank of China, Jinjiang Branch	Factory

1.1 A summary of the land and buildings leased by Baixing is as follows:

Description /Location	Lessor	Tenure	Built-Up (sq m)	Monthly Rent	Use of Property	Option
Yanshang Village, Chendai Town, Jinjiang City, Fujian Province, PRC.*	Jinjiang Huoxing Investment Co., Ltd. ("Huoxing")	01/07/2005 - 31/12/2005	11,000	RMB77,000	Factory & Office	The Company has an option to lease the property for 2 years commencing from June 30, 2013 and to purchase the property within the tenure.
		01/01/2006 - 30/06/2013	13,000	RMB91,000		
Yanshang Village, Chendai Town, Jinjiang City, Fujian Province, PRC.	Villagers' Committee of Yanshang Village, Chendai Town	01/07/2005 - 30/06/2013	8,700	RMB64,800	Factory, Office & Dormitory	The Company has an option to lease the property for 2 years commencing from June 30, 2013

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2. Agreements entered into by or related to Baixing

2.1 Material agreements entered into by Baixing

- (i) A Granted Land-Use-Right Agreement dated 18 September 2008 between Baixing and Hui-an State-owned Land Resource Bureau for the purchase of land known as Longgang Salt Yard, Shanxia Town, Hui-an County, Quanzhou City, Fujian Province, PRC for a land price of RMB4,610,000. The purchase consideration was satisfied in cash.
- (ii) A Maximum Guarantee Agreement dated 3 August 2007 between Baixing and Quanzhou Business Bank Jinjiang Branch for a guarantee of a loan up to RMB13,000,000 borrowed by Huoxing. Quanzhou Business Bank Jinjiang Branch had issued a letter dated 15 October 2008 proving that the guarantee has been discharged.
- (iii) Supplemental Lease Agreement dated 24 February 2009 between Huoxing and Baixing for granting Baixing an option to lease for further 2 years commencing 30 June 2013 and to purchase the property within the lease tenure.
- (iv) Supplemental Lease Agreement dated 24 February 2009 between Villagers' Committee of Yanshang Village, Chendai Town and Baixing for granting Baixing an option to lease for further 2 years commencing 30 June 2013.
- (v) On March 10, 2009 Huoxing and Mr. Lin HuoZhi signed a deed of non-competition, under which Huoxing and Mr. Lin HuoZhi undertake not to engage in any business that is in competition with Baixing.

2.2 Pre-IPO investment agreement entered into by Baixing

- (i) Agreement on Equity Transfer dated 8 April 2008 between Lin Huozhi, Fortune United Investment Limited and Baixing for issuing 3.75% of the total initial public offering shares in a public listed company, ie Multi Sports to Fortune United Investment Limited in cash consideration of S\$1,500,000.00 paid to Lin Huozhi.
- (ii) Agreement on Equity Transfer dated 21 April 2008 between Lin Huozhi, Lim Geok Tin and Baixing for issuing 4.75% of the total initial public offering shares in a public listed company, ie Multi Sports to Lim Geok Tin in cash consideration of S\$1,900,000.00 paid to Lin Huozhi.
- (iii) Agreement on Equity Transfer dated 21 April 2008 between Lin Huozhi, Houton Limited and Baixing for issuing 1.5% of the total initial public offering shares in a public listed company, ie Multi Sports to Houton Limited in cash consideration of S\$600,000.00 paid to Lin Huozhi.

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- (iv) Agreement on Equity Transfer dated 21 April 2008 between Lin Huozhi, Supreme Business Investment Limited and Baixing for issuing 3% of the total initial public offering shares in a public listed company, ie Multi Sports to Supreme Business Investment Limited in cash consideration of S\$1,200,000.00 paid to Lin Huozhi.

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3. Corporate Documents of Baixing

Licenses	Issuing Authority	Certificate No.	Issuing Date	Validity Period	Conditions Imposed	Status of Compliance
Business License	Quanzhou AIC	350500400027080	May 28, 2004	30 years	Subject to annual review	Yes
Foreign Investment Certificate	Fujian Province People's Government	商外资闽泉外资字[2004]0288号	April 20, 2004	30 years	None	Yes
Enterprise Technical Code Certificate	Quanzhou Quality and Technology Supervision Bureau	组代管 350500-055952	May 13, 2008	4 years	Subject to annual review	Yes
Tax Registration Certificate	Jinjiang National Tax Bureau, Jinjiang Local Tax Bureau	闽国税登字 350582761753699	November 30, 2006	None	None	Yes
Foreign Exchange Registration Certificate	SAFE, Jinjiang Branch	350582040292	December 14, 2004	1 year upon annual review	Subject to annual review	Yes
Approval of Bank Account Opening	People's Bank of China, Jinjiang Branch	3910-00354852	November 11, 2005	None	None	Yes
Loan Certificate	People's Bank of China	350520000073684801	N.A.	None	Subject to annual review	Yes
Pollution Discharge License	Jinjiang Municipal Environment Protection Bureau	晋环[2008]证字第 323 号	November 12, 2008	3 years	Subject to annual review	Yes

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE

19.1 OPENING AND CLOSING OF APPLICATION LISTS

Applications will be accepted from 10.00 a.m. on 30 July 2009 and will remain open until 5.00 p.m. on 7 August 2009 or for such other later date or dates as our Directors, Offerors and Promoters together with the Sole Underwriter in their absolute discretion may mutually decide.

In the event the closing date for the Applications is extended, you will be notified of the change in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia. **Late Applications will not be accepted.**

19.2 METHODS OF APPLICATIONS

Applications for the subscription of the Public Issue Shares may be made using any of the following ways: -

- (a) Application Forms; or
- (b) Electronic Share Applications; or
- (c) Internet Share Applications.

19.3 PROCEDURES FOR APPLICATIONS

The Applications shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Bye-laws.

The following relevant Application Forms issued with the notes and instructions printed therein are enclosed and issued together with this Prospectus and form an integral part of this Prospectus: -

19.3.1 Applications by the Malaysian Public

Applications for the subscription of the 18,000,000 Public Issue Shares made available to the Malaysian Public must be made on the **White Application Forms** provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for subscription of the Shares by way of Electronic Share Application or Internet Share Application.

19.3.2 Applications by selected investors for private placement

Selected investors being allocated the 39,600,000 Public Issue Shares by way of private placement will be contacted directly by the Sole Placement Agent and are to follow the instructions as communicated by the Sole Placement Agent.

19.4 APPLICATIONS USING APPLICATION FORMS

The following relevant Application Forms issued with their notes and instructions are enclosed with this Prospectus: -

- (a) **White Application Forms** for application by Malaysian citizens, companies, societies, co-operatives and institutions.

White Application Forms together with copies of this Prospectus may be obtained, subject to availability, from AmInvestment Bank, member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

The submission of an Application Form does not necessarily mean that the application will be successful.

Directors and employees of MIH and their immediate families are strictly prohibited from applying to subscribe for and/or purchase of the IPO Shares.

Only one (1) Application Form from each applicant will be considered and applications must be for 100 Shares or multiples thereof. Multiple applications will not be accepted. A person who submit multiple applications in his own name or by using the name of others, with or without their consent, commits an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.

Persons submitting applications by way of Application Forms or Electronic Share Applications or Internet Share Applications must have a CDS account.

The amount payable in full on application is RM0.85 per Share. Persons submitting applications by way of Applications Forms may not submit applications by way of Electronic Share Applications or Internet Share Applications and vice versa. A corporation or institution cannot apply for subscription and/or purchase of the Shares by way of Electronic Share Application or Internet Share Application.

IN THE CASE OF AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND NATIONAL REGISTRATION IDENTITY CARD (NRIC) NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS STATED IN:

- (a) (i) THE APPLICANT'S NRIC;
 - (ii) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; OR
 - (iii) THE APPLICANT'S RESIT PENGENALAN SEMENTARA ("JPN KP 09") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; AND
- (b) THE RECORDS OF BURSA DEPOSITORY.

WHERE THE APPLICANT IS A MEMBER OF THE ARMED FORCES OR POLICE, THE NAME AND THE ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE, OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN HIS / HER AUTHORITY CARD.

IN THE CASE OF A CORPORATE / INSTITUTIONAL APPLICANT, THE NAME AND THE CERTIFICATE OF INCORPORATION NUMBER OF THE APPLICANT MUST BE EXACTLY THE SAME AS THAT STATED IN THE APPLICANT'S CERTIFICATE OF INCORPORATION.

No acknowledgement of the receipt of the Application Form or Application monies will be made by us and / or MIH.

19.4.1 Terms and Conditions

Applications by way of White Application Forms shall be made on, and subject to, the terms and conditions set out below: -

- (a) Applicant who is an individual must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.
- (b) Applicant that is a corporation / institution incorporated in Malaysia must have a CDS account and be subject to the following: -

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- if the corporation / institution has a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - there is a majority of Malaysian citizens on the board of Directors / trustee.
- (c) Applicant that is a superannuation, provident or pension fund must be established or operating in Malaysia and have a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations / institutions referred to in Sections 19.4.1(b) and (c) above or the trustees thereof.
- (e) Application for the Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein is accompanied by this Prospectus. Applications, which **do not STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible will not be accepted.
- (f) **EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCE IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE BY EITHER: -**
- **BANKER'S DRAFT OR CASHIER'S ORDER PURCHASED WITHIN MALAYSIA ONLY AND DRAWN ON A BANK IN KUALA LUMPUR; OR**
 - **CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES IN MALAYSIA AND DRAWN ON A BANK IN KUALA LUMPUR; OR**
 - **MONEY ORDER OR POSTAL ORDER (FOR APPLICANTS FROM SABAH AND SARAWAK ONLY); OR**
 - **GUARANTEED GIRO ORDER (GGO) FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD; OR**
 - **ATM STATEMENT OBTAINED ONLY FROM: -**
 - **AFFIN BANK BERHAD;**
 - **ALLIANCE BANK MALAYSIA BERHAD;**
 - **AMBANK (M) BERHAD;**
 - **CIMB BANK BERHAD;**
 - **EON BANK BERHAD;**
 - **HONG LEONG BANK BERHAD;**
 - **MALAYAN BANKING BERHAD;**
 - **PUBLIC BANK BERHAD; OR**
 - **RHB BANK BERHAD;**

AND MUST BE MADE OUT IN FAVOUR OF "MIH SHARE ISSUE ACCOUNT NO. 470" AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH THE NAME AND ADDRESS OF THE APPLICANT.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

APPLICATIONS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES OR INAPPROPRIATE BANKER'S DRAFTS / CASHIER'S ORDERS / CHEQUE ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES / MONEY ORDERS OR POSTAL ORDER / ATM STATEMENT / GGO WILL NOT BE ACCEPTED. DETAILS OF REMITTANCES MUST BE COMPLETED IN THE APPROPRIATE BOXES PROVIDED ON THE APPLICATION FORMS.

- (g) AN APPLICANT MUST STATE HIS CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM AND HE SHALL BE DEEMED TO HAVE AUTHORISED BURSA DEPOSITORY TO DISCLOSE INFORMATION PERTAINING TO THE CDS ACCOUNT TO THE ISSUING HOUSE / COMPANY.
- (h) THE NAME AND ADDRESS OF THE APPLICANT MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER OR POSTAL ORDER, CHEQUES ISSUED BY PARTICIPATING LICENSED FINANCE COMPANIES OR GGO FROM BANK SIMPANAN NASIONAL MALAYSIA BERHAD.
- (i) Our Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (j) MIH on the authority of our Board reserves the right to reject Applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH on the authority of our Board reserves the right not to accept any Application or accept any Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
- (l) Where an Application is not accepted or accepted in part only, the full amount or the balance of the Application monies, as the case may be, without interest, will be returned and despatched to the applicant within ten (10) Market Days from the date of the final ballot of the Applications lists by registered post or ordinary post at the applicant's address last maintained with Bursa Depository or where the application is not accepted due to the applicant not having provided a CDS account, to the address per the National Registration Identity Card or "Resit Pengenalan Sementara (JPN KP 09)" or any valid temporary identity document as issued by the National Registration Department from time to time.
- (m) The applicant shall ensure that his / her personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment will be sent to his / her registered or correspondence address last maintained with Bursa Depository.
- (n) MIH on the authority of our Board reserves the right to bank in all Application monies from unsuccessful applicants and partially successful applicants, which would subsequently be refunded without interest by registered post or ordinary post.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address: -

Malaysian Issuing House Sdn Bhd
27th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
P.O. Box 13269
50804 Kuala Lumpur

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the back portion of Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, so as to arrive not later than 5.00 p.m. on 7 August 2009 or such other later date or dates as our Board, Offerors, Promoters and the Sole Underwriter in their absolute discretion may decide.

- (p) Directors and employees of MIH and their immediate families are strictly prohibited from applying for the Shares.
- (q) **PLEASE DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

19.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

19.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (a) Applicant must have an account with a Participating Financial Institution (as detailed in Section 19.5.2(o) of this Prospectus) and an ATM card issued by that Participating Financial Institution to access the account.
- (b) Applicant must have a CDS account.
- (c) Applicant is to apply for the Shares, via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 19.5.2 of this Prospectus under the Terms and Conditions for Electronic Share Application. Applicant is to enter at least the following information through the ATM where the instructions on the ATM screen at which he enters his Electronic Share Application requires him to do so: -
- Personal Identification Number (PIN);
 - MIH Share Issue Account Number 470;
 - CDS Account Number;
 - number of Shares applied for and / or the Ringgit Malaysia amount to be debited from the account; and
 - confirmation of several mandatory statements.

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19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

19.5.2 Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions (the "Steps"). For illustration purposes, the procedures for Electronic Share Application at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 19.5.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Application set out below before making an Electronic Share Application.

Only an applicant who is an individual with a CDS Account is eligible to utilise the facility.

The applicant must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before he can make an Electronic Share Application at an ATM of that Participating Financial Institutions. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon completion of his Electronic Share Application transaction, the applicant will receive a computer-generated transaction slip (Transaction Record), confirming the details of his Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for retention by the applicant and should not be submitted with any Application Form.

Upon the closing of the offer for the Application for the Public Issue Shares, on 7 August 2009, at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the Public Issue Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

An applicant will be allowed to make an Electronic Share Application for shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which he has an account and its branches, subject to the applicant making only one (1) Application. An applicant who has a bank account with a Participating Financial Institution and has been issued an ATM card will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to the applicant making only one (1) Application.

AN APPLICANT MUST ENSURE THAT HE USES HIS OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. AN APPLICANT OPERATING A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION MUST ENSURE THAT HE ENTERS HIS OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO HIM IN HIS OWN NAME. HIS APPLICATION WILL BE REJECTED IF HE FAILS TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions set out below: -

- (a) The Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Bye-laws.
- (b) The Applicant is required to confirm the following statement (by depressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given is true and correct:

- I have attained 18 years of age as at the Closing Date of the Share Application;

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- I am a Malaysian citizen residing in Malaysia;
- I have read the relevant Prospectus and understood and agreed with the terms and conditions of this Application;
- this is the only Application that I am submitting; and
- I hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to myself and my account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The Application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless the applicant completes all the steps required by the Participating Financial Institution. By doing so, the applicant shall be treated as signifying his confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of the Applicant's particulars to MIH, or any relevant regulatory bodies.

- (c) THE APPLICANT CONFIRMS THAT HE IS NOT APPLYING FOR OUR SHARES AS NOMINEE OF ANY OTHER PERSONS AND THAT ANY ELECTRONIC SHARE APPLICATION THAT HE MAKES IS MADE BY HIM AS BENEFICIAL OWNER. THE APPLICANT SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR OUR SHARES WHETHER AT THE ATMS OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.
- (d) The applicant must have sufficient funds in his account with the relevant Participating Financial Institution at the time he makes his Electronic Share Application, failing which his Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) The applicant agrees and undertakes to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Transaction Record or any lesser number of Public Issue Shares that may be allotted to him in respect of his Electronic Share Application. In the event that our Company decides to allot any lesser number of Public Issue Shares or not to allot any Public Issue Shares to the applicant, the applicant agrees to accept any such decision as final. If the applicant's Electronic Share Application is successful, his confirmation (by his action of pressing the designated key or button on the ATM) of the number of Public Issue Shares applied for shall signify, and shall be treated as, his acceptance of the number of Public Issue Shares that may be allotted to him and to be bound by the Memorandum and Bye-laws of our Company.
- (f) MIH on the authority of the Directors of our Company reserves the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful Applications. Where the Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the Application monies without interest into the applicant's account with that Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful Applications within two (2) market days after the balloting date. The applicants may check their accounts on the fifth (5th) market day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into the applicant's account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of Applications will, however, be held in reserve to replace any successfully balloted Applications which are subsequently rejected. For such Applications which are subsequently rejected, the Application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to the applicants not later than ten (10) Market Days from the day of the final ballot of the Application list. Should applicants encounter any problems in their Applications, they may refer to the Participating Financial Institutions.

- (h) The applicant requests and authorises our Company: -
- to credit the Public Issue Shares allotted to the applicant into the CDS account of the applicant; and
 - to issue share certificate(s) representing such Public Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (i) The applicant, acknowledging that his Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond the control of our Company, MIH or the Participating Financial Institution, irrevocably agrees that if: -
- our Company or MIH does not receive the applicant's Electronic Share Application; or
 - data relating to the applicant's Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to our Company or MIH,

the applicant shall be deemed not to have made an Electronic Share Application and the applicant shall not claim whatsoever against our Company, MIH or the Participating Financial Institutions for the shares applied for or for any compensation, loss or damage.

- (j) All particulars of the applicant in the records of the relevant Participating Financial Institution at the time he makes his Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

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19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (k) The applicant shall ensure that his personal particulars as recorded by both Bursa Depository and relevant Participating Financial Institution are correct and identical. Otherwise, his Electronic Share Application is liable to be rejected. The applicant must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to his registered or correspondence address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, the applicant agrees that: -
- in consideration of our Company agreeing to allow and accept the making of any Application for Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, his Electronic Share Application is irrevocable;
 - our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to his Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - notwithstanding the receipt of any payment by or on behalf of our Company, the acceptance of the offer made by the applicant to subscribe for Public Issue Shares for which the applicant's Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the said Shares;
 - the applicant irrevocably authorises Bursa Depository to complete and sign on his behalf as transferee or renounee any instrument of transfer and / or other documents required for the issue of the Public Issue Shares allotted to the Applicant; and
 - our Company agrees that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and / or the Electronic Share Application and / or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that our Company irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) Our Board reserves the right to require any successful applicant to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to him to ascertain the regularity or propriety of the Application. Our Board shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by the successful applicant for the purpose of complying with this provision.
- (n) MIH on the authority of our Board reserves the right to reject Applications that do not conform to these instructions.
- (o) Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches: -
- AFFIN BANK BERHAD; OR
 - AMBANK (M) BERHAD; OR
 - BANK MUAMALAT MALAYSIA BERHAD; OR

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- CIMB BANK BERHAD; OR
- EON BANK BERHAD; OR
- HSBC BANK MALAYSIA BERHAD; OR
- MALAYAN BANKING BERHAD; OR
- OCBC BANK (MALAYSIA) BERHAD; OR
- RHB BANK BERHAD; OR
- STANDARD CHARTERED BANK MALAYSIA BERHAD (at selected branches only).

- (p) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institution.

19.6 APPLICATIONS USING INTERNET SHARE APPLICATION

19.6.1 Steps for Internet Share Application

The exact steps for Internet Share Application in respect of the IPO Shares are as set out on the Internet financial services website of the Internet Participating Financial Institutions.

For illustration purposes only, the steps for an application for the IPO Shares via Internet Share Application may be as set out below. The steps set out the actions that the applicant must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institution with which the applicant has an account.
- (b) Login to the Internet financial services facility by entering the applicant's user identification and PIN / password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the IPO Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.
- (g) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of IPO Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) By confirming such information, the applicant also undertakes that the following information given are true and correct: -
 - the applicant has attained eighteen (18) years of age as at the date of the application for the IPO Shares;
 - the applicant is a Malaysian citizen residing in Malaysia;

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of the Prospectus, the contents of which the applicant has read and understood;
 - the applicant agrees to all the terms and conditions of the Internet Share Application as set out in the Prospectus and has carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Share Application for the IPO;
 - the Internet Share Application is the only application that the applicant is submitting for the IPO Shares;
 - the applicant authorises the Authorised Financial Institution to deduct the full amount payable for the IPO Shares from the applicant's account with the Authorised Financial Institution;
 - the applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Application made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - the applicant is not applying for the Public Issue Shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - the applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.
- (i) Upon submission of the online application form, the applicant will be linked to the website of the Authorised Financial Institution to effect the online payment of the application money for the IPO.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application money is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (l) The applicant is advised to print out the Confirmation Screen for reference and retention.

19.6.2 Terms and Conditions for Internet Share Application

Applications for the IPO Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

APPLICANTS ARE ADVISED NOT TO APPLY FOR THE IPO SHARES THROUGH ANY WEBSITE OTHER THAN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

Internet Participating Financial Institution

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions: -

- RHB Bank Berhad at www.rhbbank.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my.

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN AND THE STEPS FOR INTERNET SHARE APPLICATIONS SET OUT HEREIN CAREFULLY PRIOR TO MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR INTERNET SHARE APPLICATIONS IN RESPECT OF THE PUBLIC ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out herein: -

- (a) An applicant making an Internet Share Application shall: -
- be an individual with a CDS Account;
 - have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. Applicant must have ready their user identification (User ID) and Personal Identification Numbers (PIN) / password for the relevant Internet financial services facilities; and
 - be a Malaysian citizen and have a mailing address in Malaysia.

Applicants are advised to note that a User ID and PIN / password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the IPO Shares at Internet financial service websites of other Internet Participating Financial Institutions.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Company's Memorandum and Bye-laws.
- (c) The applicant is required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct: -
- the applicant has attained eighteen (18) years of age as at the date of the application for the Public Issue Shares;
 - the applicant is a Malaysian citizen residing in Malaysia;
 - the applicant has, prior to making the Internet Share Application, received and / or has had access to a printed / electronic copy of the Prospectus, the contents of which the applicant has read and understood;
 - the applicant agrees to all the terms and conditions of the Internet Share Application as set out in the Prospectus and has carefully considered the risk factors set out in the Prospectus, in addition to all other information contained in the Prospectus before making the Internet Share Application for the IPO;
 - the Internet Share Application is the only application that the applicant is submitting for the Public Issue Shares;
 - the applicant authorises the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - the applicant gives express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and / or Bursa Depository, as the case may be, of information pertaining to the applicant, the Internet Share Applicant made by the applicant or the applicant's account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - the applicant is not applying for the Public Issue shares as a nominee of any other person and the application is made in the applicant's own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - the applicant authorises the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, our Company or other relevant parties in connection with the IPO, all information relating to the applicant if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to the applicant

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

furnished by the applicant to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

- (d) The application will not be successfully completed and cannot be recorded as a completed application unless the applicant has completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of the applicant's Internet Share Application, including the number of Public Issue Shares applied for which can be printed out by the applicant for his records.

Upon the display of the Confirmation Screen, the applicant shall be deemed to have confirmed the truth of the statements set out in Section 19.6.2(c) of this Prospectus.

- (e) The applicant must have sufficient funds in the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Public Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.
- (f) The applicant irrevocably agrees and undertakes to subscribe for and/or to purchase and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser number of Public Issue Shares that may be allotted to the applicant in respect of the Internet Share Application. In the event that our Company decides to allot any lesser number of such Public Issue Shares or not to allot any Public Issue Shares to the applicant, the applicant agrees to accept any such decision of our Company as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, the confirmation by the applicant of the number of Public Issue Shares applied for (by way of the applicant's action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as: -

- acceptance by the applicant of the number of Public Issue Shares that may be allotted to the applicant in the event that the applicant's Internet Share Application is successful or successful in part, as the case may be; and
- the applicant's agreement to be bound by the Memorandum and Bye-laws of our Company.

- (g) The applicant is fully aware that multiple or suspected multiple Internet Share Applications for the Public Issue Shares of our Company will be rejected. The Company reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (h) Where an Internet Share Application is unsuccessful or successful in part only, the Internet Participating Financial Institution will be informed of the unsuccessful or partially successful Internet Share Application. Where an Internet Share Application is unsuccessful, the Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House.

The Issuing House shall inform the Internet Participating Financial Institution of unsuccessful or partially successful applications within two (2) Market Days from the balloting date.

Where the Internet Share Application is accepted in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in Ringgit Malaysia (without interest or any share of revenue or other benefit arising therefrom) into the applicant's account with the Internet Participating Financial Institution within two (2) Market Days after receipt of written confirmation from the Issuing House. A number of applications will however be held in reserve to replace any successfully balloted applications that are subsequently rejected. In respect of such applications that are subsequently rejected, the application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to applicants by the Issuing House by way of cheques issued by the Issuing House. The cheques will be issued to the applicants within ten (10) Market Days from the day of the final ballot of the Applications list.

For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will arrange for a refund of the application money (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot of the Applications list.

Except where the Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institution to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, applicants are strongly advised to consult the Internet Participating Financial Institution through which the application was made in respect of the mode or procedure of enquiring on the status of an applicant's Internet Share Application in order to determine the status or exact number of Public Issue Shares allotted, if any, before trading the Public Issue Shares on Bursa Securities.

- (i) Internet Share Applications will be closed at 5.00 p.m. on 7 August 2009 or such other date(s) as our Directors, Offerors, Promoters and the Sole Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, which is when the Confirmation Screen is displayed on the Internet financial services website. Applications are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.
- (j) The applicant irrevocably agrees and acknowledges that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond the control of the Internet Participating Financial Institution, the Authorised Financial Institution and our Company. If, in any such event, our Company, the Issuing House and / or the Internet Participating Financial Institution and /

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

or the Authorised Financial Institution do not receive the applicant's Internet Share Application and / or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, the applicant shall be deemed not to have made an Internet Share Application and the applicant shall have no claim whatsoever against our Company, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the IPO Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

- (k) All particulars of the applicant in the records of the relevant Internet Participating Financial Institution at the time of the Internet Share Application shall be deemed to be true and correct, and our Company, the Internet Participating Financial Institutions, the Issuing House and all other persons who, are entitled or allowed under the law to such information or where the applicant expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

The applicant shall ensure that the personal particulars of the applicant as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical, otherwise the applicant's Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to the applicant's address last registered with Bursa Depository. It is the responsibility of the applicant to notify the Internet Participating Financial Institution and Bursa Depository of any changes in the applicant's personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, the applicant is deemed to have agreed that: -
- in consideration of our Company making available the Internet Share Application facility to the applicant, through the Internet Participating Financial Institution acting as agents of our Company, the Internet Share Application is irrevocable;
 - the applicant has irrevocably requested and authorised our Company to register the Public Issue Shares allotted to the applicant for deposit into the applicant's CDS Account;
 - neither our Company nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to the Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in **Section 3** of this Prospectus or to any cause beyond their control;
 - the applicant shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of the applicant's Internet Share Application by the Issuing House, our Company and / or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and / or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution;
 - the acceptance of the offer made by the applicant to subscribe for and/or purchase the Public Issue Shares for which the applicant's Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- of allotment by or on behalf of our Company and not otherwise, notwithstanding the receipt of any payment by or behalf of our Company;
- the applicant is not entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of the applicant's Internet Share Application by our Company;
 - in making the Internet Share Application, the applicant has relied solely on the information contained in this Prospectus. Our Company, the Sole Underwriter, the Adviser and any other person involved in the IPO shall not be liable for any information not contained in this Prospectus which may have been relied on by the applicant in making the Internet Share Application; and
 - the acceptance of an applicant's Internet Share Application by our Company and the contract resulting therefrom under the IPO shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution: -
- (i) CIMB (www.eipocimb.com) - RM2.00 for payment via CIMB Bank or RM5.00 for payment via Malayan Banking Berhad;
 - (ii) CIMB Bank (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
 - (iii) Malayan Banking Berhad (www.maybank2u.com.my) - RM1.00; and
 - (iv) RHB Bank Berhad (www.rhbbank.com.my) - RM2.50.

19.7 APPLICATIONS AND ACCEPTANCES

MIH on the authority of our Board reserves the right not to accept any Application which does not strictly comply with the instructions or to accept any Application in part only without assigning any reason therefor.

The submission of an Application Form does not necessarily mean that the Application will be successful.

ALL APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of Applications shall be subject to ballot to be conducted in the manner approved by our Directors and on a fair and equitable basis. Due consideration will be given to the desirability of distributing the Public Issue Shares, to a reasonable number of Applicants with a view to broadening the shareholding base and establishing an adequate market in our Shares. Pursuant to the Listing Requirements, at least 25% of the enlarged issued and paid-up share capital of our Company must be held by a minimum number of 1,000 public Shareholders holding not less than 100 Shares each upon completion of the IPO and at the point of Listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with the Listing. In the event thereof, subject to compliance with the Bermuda Companies Act, monies paid in respect of all Applications will be returned without interest if the said permission for listing and quotation is not granted. Applicants will be selected in a manner to be determined by our Directors.

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Kindly refer to Section 2.3 of this Prospectus for further details in the event of an under-subscription.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for our Shares.

WHERE AN 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 BY ORDINARY POST OR REGISTERED POST RESPECTIVELY TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION LISTS AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST AT THE ADDRESS REGISTERED WITH BURSA DEPOSITORY AT THE APPLICANT'S OWN RISK.

19.8 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the Shares as Prescribed Securities. In consequence thereof, the Shares issued / offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depository) Act, 1991, and the Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our Shares will be by book entries through CDS accounts. No share certificates will be issued to successful applicants.

Only an applicant who has a CDS account can make an Application by way of an Application Form. An applicant should state his CDS account number in the space provided on the Application Form and he / she shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH / us. Where an applicant does not presently have a CDS account, he / she should open a CDS account at an ADA prior to making an Application for our Shares.

In the case of an Application by way of Electronic Share Application, only an applicant who has a CDS Account can make an Electronic Share Application. The applicant shall furnish his CDS account number to the Participating Financial Institution by way of keying in his CDS account number if the instructions on the ATM screen at which he enters his Electronic Share Application require him to do so.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS Account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

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19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Failure to comply with these specific instructions or inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, may result in the Application being rejected. If a successful applicant fails to state his / her CDS account number, MIH, on our authority, will reject the Application. MIH on the authority of our Directors also reserves the right to reject any incomplete and inaccurate Application. Applications may also be rejected if the applicants' particulars provided in the Application Forms, or in the case of Electronic Share Application or Internet Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application or Internet Share Application differ from those in Bursa Depository's records, such as the identity card number, name and nationality.

19.9 NOTICE OF ALLOTMENT

Our Shares allotted to all successful or partially successful applicants will be credited to their respective CDS accounts. A notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to our Listing. For Electronic Share Application or Internet Share Application, the notice of allotment will be despatched to the successful or partially successful applicant at his address last maintained with Bursa Depository at the applicant's own risk prior to our Listing. This is the only acknowledgement of acceptance of the Application.

All applicants must inform Bursa Depository of his / her updated address promptly by adhering to certain rules and regulation of Bursa Depository, failing which, the notification letter on successful allotment shall be sent to the applicant's address last maintained with Bursa Depository.

Applicants may also check the status of their application by logging on to the MIH website at www.mih.com.my or by calling their respective ADAs at the telephone number as stated in Section 19.10 or MIH Enquiry Services Telephone at (03) 2693 2075 (10 lines), between five (5) to ten (10) Market Days (during office hours only) after the balloting date.

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19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

19.10 LIST OF ADAS

The list of the ADAs and their respective Broker codes are as follows: -

Name	Address and Telephone Number	ADA Code
KUALA LUMPUR		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No: 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No: 03-21438668	028-001
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Bangunan Avenue Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No: 03-20891800	052-009
AmINVESTMENT BANK BERHAD	15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20782788	086-001
ECM LIBRA INVESTMENT BANK BERHAD	3 rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-21781888	052-001
BIMB SECURITIES SDN BHD	1 st & 2 nd Floor, Podium Block Bangunan AMDB No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No: 03-40433533	024-001
CIMB INVESTMENT BANK BERHAD	9 th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No: 03-20849999	065-001
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No: 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	No. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 th Floor, Cheras Commercial Centre Jalan 5/101C Off Jalan Kaskas, 5 th Mile Cheras 56100 Kuala Lumpur Tel No: 03-91303399	068-012

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
HWANGDBS INVESTMENT BANK BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No: 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	7 th , 22 nd , 23 rd , & 23A Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No: 03-27116888	068-014
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No: 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No: 03-798188811	054-005
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No.1, Jalan Imbi 55100 Kuala Lumpur Tel No: 03-21171888	054-001
JUPITER SECURITIES SDN BHD	7 th - 9 th Floor Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-20341888	055-001
KENANGA INVESTMENT BANK BERHAD	8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No: 03-21649080	073-001
KENANGA INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur Tel No: 03-22871799	073-015
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th – 14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No: 03-21688800	053-001
ALLIANCE INVESTMENT BANK BERHAD	No. 8, Jalan Binjai Off Jalan Ampang 50450 Kuala Lumpur Tel No: 03-21667922	076-001

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No: 03-26928899	061-001
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid-Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No: 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad)	Level 8, Tower C Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No: 03-22978888	098-001
MERCURY SECURITIES SDN BHD	Lot 6-05, Level 6 Tower Block, Menara Milenium 8, Jalan Damanlela, Bukit Damansara 50490 Kuala Lumpur Tel No: 03-20942828	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	11 th & 12 th Floor, Menara MIDF 82 Jalan Raja Chulan 50200 Kuala Lumpur Tel No: 03-21788888	026-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No: 03-62575869	056-028
OSK INVESTMENT BANK BERHAD	20th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No: 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No: 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No: 03-90587222	056-058
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No: 03-20313011	051-001

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD	Ground Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No: 03-21463000	064-001
RHB INVESTMENT BANK BERHAD	Level 4, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No: 03-92802282	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13, 15-18, 20, 23, 28-30, 34 & 35 TA One Tower No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No: 03-20721277	058-003
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2nd Floor, The Curve No. 6, Jalan PJU7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77298016	028-003
AFFIN INVESTMENT BANK BERHAD	No. 1, Jalan 52/16 46200 Petaling Jaya Selangor Darul Ehsan Tel No: 03-79553281	028-004
ALLIANCE INVESTMENT BANK BERHAD	Ground Floor No. 1503B, Jalan Besar 43300 Seri Kembangan Selangor Darul Ehsan Tel No: 03-89457922	076-013
AmINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77106613	086-003
HWANGDBS INVESTMENT BANK BERHAD	16 th , 18 th - 20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E, Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No: 03-55133288	068-002

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No.2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77297345	066-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No: 03-56356688	068-010
INTER-PACIFIC SECURITIES SDN BHD	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No: 03-61371888	054-006
JF APEX SECURITIES BERHAD	6 th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No: 03-87361118	079-001
JF APEX SECURITIES BERHAD	15 th & 16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No: 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	13 th Floor, Menara Yayasan Selangor No. 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No: 03-79562169	073-005
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No: 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No: 03-30057550	073-007

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77259095	073-016
SBB SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No. 2, Jalan SS 21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No: 03-77297345	090-002
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No: 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No: 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No: 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No: 03-33439180	056-048
PM SECURITIES SDN BHD	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No: 03-80700773	064-003
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No: 03-33415300	064-007
SJ SECURITIES SDN BHD	Level 3, Holiday Villa 9, Jalan SS 12/1 Subang Jaya 47500 Petaling Jaya Selangor Darul Ehsan Tel No: 03-56340202	096-001

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No: 03-80251880	058-005
MELAKA		
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No: 06-2881720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P. O. Box 248 75250 Melaka Tel No: 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No: 06-2921898	093-003
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No: 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No: 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	Lot 9 & 10, 1 st Floor Bangunan Tabung Haji Jalan Bandar Kaba 75000 Melaka Tel No: 06-2833622	087-002
PERAK DARUL RIDZUAN		
ECM LIBRA INVESTMENT BANK BERHAD	No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-6222828	052-006

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor, Plaza Teh Teng Seng, 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No: 05-2531313	058-001
HWANGDBS INVESTMENT BANK BERHAD	No. 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No: 05-8060888	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2559988	068-015
ALLIANCE INVESTMENT BANK BERHAD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-6910910	076-008
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad)	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2453400	098-002
M&A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No: 05-2419800	057-001
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	1 st Floor, No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No: 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No: 05-8088229	056-034

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No: 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No: 05-4651261	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No: 05-7170888	056-052
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No: 05-2530888	066-003
PULAU PINANG		
A. A. ANTHONY SECURITIES SDN BHD	1 st Floor, Bangunan Heng Guan 171, Jalan Burmah 10050 Pulau Pinang Tel No: 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No: 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya Light 10200 Penang Tel No: 04-2611688	076-015
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No: 04-2281868	052-003
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	7 th Floor, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2283355	052-010

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No: 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No. 2 & 4, Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No: 04-5372882	068-006
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1, Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel No: 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No: 04-2639118	093-004
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No: 04-6404888	056-042
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No: 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No: 04-3900022	056-005
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No: 04-2634222	056-004

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD	No. 834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No: 04-5831888	056-032
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No: 04-2273000	064-004
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Bangunan Mayban Trust 3, Penang Street 10200 Pulau Pinang Tel No: 04-2690888	054-002
PERLIS INDERA KAYANGAN		
ALLIANCE INVESTMENT BANK BERHAD	2 nd Floor, Podium Block Bangunan KWSP 01000 Kangar Perlis Indera Kayangan Tel No: 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No: 04-9793388	056-061
KEDAH DARUL AMAN		
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No: 04-4256666	068-011
ALLIANCE INVESTMENT BANK BERHAD	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No: 04-7317088	076-004
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No: 04-7209888	056-021

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No: 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru Kedah Darul Aman Tel No: 04-4204888	056-017
NEGERI SEMBILAN DARUL KHUSUS		
ECM LIBRA INVESTMENT BANK BERHAD	1 C-1 & 1 D-1, First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No: 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No: 06-4553188	068-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7612288	068-007
OSK INVESTMENT BANK BERHAD	1 st & 2 nd Floor, No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No: 06-4553011	056-040
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No: 06-4421000	056-037
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No: 06-6461234	056-046

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No: 06-7623131	064-002
JOHOR DARUL TAKZIM		
A.A. ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No: 07-3332000	078-001
A.A. ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No: 07-6636658	078-005
A.A. ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Daruk Takzim Tel No: 07-3513218	078-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No: 07-4678885	052-005
AmINVESTMENT BANK BERHAD	2 nd & 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4342282	086-002
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2231211	054-004
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower), 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2222692	068-004

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
ALLIANCE INVESTMENT BANK BERHAD	No. 46 & 48, Jalan Dato' Kapten Ahmad 86000 Kluang Johor Darul Takzim Tel No: 07-7717922	076-006
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (Ground & 1 st Floor A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No: 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahamd Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No: 06-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No: 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No: 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No: 07-2227388	061-002
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4380288	056-009

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johore Darul Takzimn Tel No: 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No: 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	1 st Floor, No. 2 Jalan Makmur, Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No: 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	No. 33 – 1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No: 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor 10, Jalan Bendahara 12 Taman Ungku Tun Aminah 81300 Skudai Johor Darul Takzim Tel No: 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No: 06-9787180	056-038
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No: 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1 st and 2 nd Floor No. 17 Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No: 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No.1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No: 07-3522293	056-043

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
PM SECURITIES SDN BHD	Suite 5.1, Level 5 Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No: 07-2781813	064-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No.43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No: 07-4333608	064-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No: 09-5660800	076-002
ECM LIBRA INVESTMENT BANK BERHAD	B62, Ground Floor Lorong Tun Ismail 8, Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No: 09-5133289	052-007
OSK INVESTMENT BANK BERHAD	Ground Floor, 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No: 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No: 05-4914913	056-041
OSK INVESTMENT BANK BERHAD	B2 & B34, Lorong Tun Ismail 8 Seri Dagangan 11 25000 Kuantan Pahang Darul Makmur Tel No: 09-5173811	056-007
KELANTAN DARUL NAIM		
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: 09-7432288	058-004

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No: 09-7430077	056-020
TERENGGANU DARUL IMAN		
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6238128	021-001
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine 1 st & 2 nd Floor Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6317922	076-009
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor, 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No: 09-8502730	056-027
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No: 09-6261816	056-055
SABAH		
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No: 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No: 088-234090	020-001

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
OSK INVESTMENT BANK BERHAD	5 th Floor, Wisma BSN Sabah Jalan Kemajuan Karamuning 88000 Kota Kinabalu Sabah Tel No: 088-269788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No: 089-222275	056-057
SARAWAK		
AmINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st, 2nd & 3rd Floor Jalan Abell 93100 Kuching Sarawak Tel No: 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No: 082-358606	065-004
TA SECURITIES HOLDINGS BERHAD	12 G, H & I, Jalan Kampong Datu 96000 Sibul Sarawak Tel No: 084-319998	058-002
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No: 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No: 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No: 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No: 085-435577	073-002

19. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and Telephone Number	ADA Code
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No: 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 6 th Floor Wisma Chinese Chambers Lot 357, Section 47, K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No: 082-422252	056-008
OSK INVESTMENT BANK BERHAD	Lot 1268, 1 st and 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98008 Miri Sarawak Tel No: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No: 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No: 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No: 086-311770	056-053
OSK SECURITIES BERHAD	Ground & 1 st Floor Lot 1085, Jalan Buangsiol 98700 Limbang Sarawak Tel No: 085-213188	056-060
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampung Datu 96000 Sibul Sarawak Tel No: 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No: 082-236333	058-006

**APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009**

**AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER
2006, 2007 AND 2008**

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APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

REPORT FROM THE INDEPENDENT AUDITORS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

The Board of Directors
Multi Sports Holdings Ltd.
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Dear Sirs

We have audited the accompanying combined financial statements of the Company and its subsidiaries (collectively the "Group"), as set out in on pages 3 to 34, which comprises the Combined Balance Sheets of the Group as at 31 December 2006, 2007 and 2008, the Combined Income Statements, Combined Statements of Changes in Equity and Combined Cash Flow Statements of the Group for each of the years ended 31 December 2006, 2007 and 2008 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory notes (the "Combined Financial Statements"). The Combined Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), are the responsibility of the management of the Company. Our responsibility is to express an opinion on the Combined Financial Statements based on our audit.

Management's responsibility for the Combined Financial statements

Management is responsible for the preparation and fair presentation of this Combined Financial Statements in accordance with IFRS. This responsibility include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Combined Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Combined 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 Combined Financial Statements.

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

REPORT FROM THE INDEPENDENT AUDITORS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008 (Continued)

Opinion

In our opinion, the Combined Financial Statements, for the purpose of this report and prepared on the basis set out in Note 2 of this report, presents fairly, in all material respects, the Group's combined results, combined statements of changes in equity and combined cash flow statements for the Relevant Periods, and of the Group's financial positions as at 31 December 2006, 2007 and 2008 and have been properly prepared in accordance with IFRS.

Without qualifying our opinion, we draw attention that at the date of this report, the Combined Financial Statements did not incorporate the financial statements of Multi Sports Holdings Ltd, the proposed listed company. Multi Sports Holdings Ltd was not included in the Combined Financial Statements as the reorganisation exercise (Note 2) has not been completed at the date of this report.

Yours faithfully



Foo Kon Tan Grant Thornton
Public Accountants and Certified Public Accountants
Singapore **13 APR 2009**

Partner: Wong Kian Kok

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

COMBINED INCOME STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

	Notes	Year ended 31 December		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
Revenue	4	214,771	306,630	385,310
Cost of sales		(157,370)	(221,332)	(269,661)
Gross profit		57,401	85,298	115,649
Other income	4	1,009	2,028	1,773
Selling and distribution expenses		(4,867)	(5,172)	(5,982)
Administrative expenses		(5,027)	(5,990)	(6,242)
Profit before taxation	5	48,516	76,164	105,198
Income tax expense	6	-	-	(13,018)
Profit attributable to shareholders		48,516	76,164	92,180
Earnings per share - Basic (RMB cents) #		16.85	26.45	32.01

These combined earnings per share were computed based on the profit attributable to shareholders and the pre-Invitation number of shares of 288,000,000 shares (Note 2b).

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

COMBINED BALANCE SHEETS

AS AT 31 DECEMBER 2006, 2007 AND 2008

	Notes	As at 31 December		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	7	40,268	42,107	39,360
Land use rights	8	-	-	4,719
		40,268	42,107	44,079
Current assets				
Inventories	9	8,205	9,477	10,988
Trade receivables	10	25,302	33,608	37,736
Prepayments and other receivables	11	244	1,024	2,626
Cash and bank balances	12	16,926	23,930	29,943
		50,677	68,039	81,293
Current liabilities				
Trade payables	13	17,705	24,590	24,336
Accrued liabilities and other payables	14	24,043	13,443	23,913
Income tax payable		-	-	3,888
		41,748	38,033	52,137
Net current assets		8,929	30,006	29,156
Non-current liability				
Amount due to a shareholder	15	7,044	18,795	17,735
Net assets		42,153	53,318	55,500
EQUITY				
Share capital	16	11	11	11
Reserves	17	42,142	53,307	55,489
Total equity		42,153	53,318	55,500

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
 Financial statements for the year ended 31 December 2006, 2007 and 2008**

**COMBINED STATEMENTS OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008**

	Share Capital RMB'000 (Note 16)	Statutory Reserve RMB'000 (Note 17)	Currency Translation Reserve RMB'000 (Note 17)	Retained Earnings RMB'000	Total Equity RMB'000
Balance at 1 January 2006	11	848	-	7,778	8,637
Net profit for the year	-	-	-	48,516	48,516
Total recognized income for the year	-	-	-	48,516	48,516
Transfer to statutory reserves	-	4,827	-	(4,827)	-
Dividend paid (Note 18)	-	-	-	(15,000)	(15,000)
Balance as at 31 December 2006	11	5,675	-	36,467	42,153
Balance at 1 January 2007	11	5,675	-	36,467	42,153
Currency translation reserve	-	-	1	-	1
Net gain recognised directly in equity	-	-	1	-	1
Net profit for the year	-	-	-	76,164	76,164
Total recognized income for the year	-	-	1	76,164	76,165
Transfer to statutory reserves	-	7,509	-	(7,509)	-
Dividend paid (Note 18)	-	-	-	(65,000)	(65,000)
Balance as at 31 December 2007	11	13,184	1	40,122	53,318
Balance at 1 January 2008	11	13,184	1	40,122	53,318
Currency translation reserve	-	-	2	-	2
Net gain recognised directly in equity	-	-	2	-	2
Net profit for the year	-	-	-	92,180	92,180
Total recognized income for the year	-	-	2	92,180	92,182
Dividend paid (Note 18)	-	-	-	(90,000)	(90,000)
Balance as at 31 December 2008	11	13,184	3	42,302	55,500

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

**APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)**

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

COMBINED CASH FLOW STATEMENTS

FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2006, 2007 AND 2008

	Notes	Year ended 31 December		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
Cash flows from operating activities				
Profit before taxation		48,516	76,164	105,198
Adjustments for :				
Depreciation of property, plant and equipment	7	6,883	8,961	9,383
Amortisation of land use rights	8	-	-	24
Currency translation difference		-	1	2
Interest income	4	(112)	(134)	(239)
Operating profit before working capital changes		55,287	84,992	114,368
Increase in inventories		(3,703)	(1,272)	(1,511)
Increase in trade receivables		(5,648)	(8,306)	(4,128)
Increase in prepayments and other receivables		-	(780)	(1,602)
Increase/(Decrease) in trade payables		4,276	6,885	(254)
Increase in accrued liabilities and other payables		5,051	2,900	1,866
Cash generated from operations		55,263	84,419	108,739
Interest received		112	134	239
Income tax paid		(2,677)	-	(9,131)
<i>Net cash generated from operating activities</i>		52,698	84,553	99,847
Cash flows from investing activities				
Acquisition of property, plant and equipment	7	(14,129)	(10,800)	(6,636)
Acquisition of land use rights	8	-	-	(4,743)
<i>Net cash used in investing activities</i>		(14,129)	(10,800)	(11,379)
Cash flows from financing activities				
Advances from a shareholder		3	12,862	-
Advances to related parties		(15,000)	(13,500)	-
Amount owing to a director	14	-	-	9,433
Repayment of advances from related parties		-	-	(828)
Exchange difference arising from shareholder's loan		(252)	(1,111)	(1,060)
Payment of dividends		(15,000)	(65,000)	(90,000)
<i>Net cash used in financing activities</i>		(30,249)	(66,749)	(82,455)
Net increase in cash and cash equivalents		8,320	7,004	6,013
Cash and cash equivalents at 1 January		8,606	16,926	23,930
Cash and cash equivalents at 31 December	12	16,926	23,930	29,943

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements

1 THE COMPANY

The Company (Registration No. 42425) 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. At the date of incorporation, the authorised share capital of the Company was US\$10,000 divided into 1,000,000 shares of US\$ 0.01 each.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. 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 the company's subsidiaries are set out in Note 2 to the Combined Financial Statements.

As at the latest Practicable Date, there is only one class of shares in the Company, being ordinary shares. The rights and privileges of the Shares are stated in the Bye-laws. There is no founder, management or deferred or unissued shares reserved for issuance for any purpose.

2. THE REORGANISATION AND BASIS OF PRESENTATION

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

(a) Consolidation and increase in authorised share capital

A consolidation of every five (5) existing ordinary shares of US\$0.01 each in the authorised and issued share capital of the Company 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.

Following the Consolidation, the authorised share capital will be 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) Acquisitions of Pak Sing Shoe Material (H.K.) Limited ("Pak Sing")

Pursuant to a conditional share purchase agreement entered into between our Company as the purchaser, and Lin Huozhi and Leung Sing Kit as the vendors, the Company acquired the entire issued and fully paid-up share capital of Pak Sing, comprising 10,000 ordinary shares of HK\$1.00 each in Pak Sing, for an aggregate purchase consideration of US\$14,399,999, which was wholly satisfied by the issuance of an aggregate of 287,999,980 new Multi Sports Shares each credited as fully paid-up, at par value of US\$0.05 per Share.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(b) Acquisitions of Pak Sing (Continued)

The respective vendors of Pak Sing, namely Lin Huozhi (80% shareholding) and Leung Sing Kit (20% shareholding of which is being held by Leung Sing Kit in trust for Lin Huozhi under a share trust agreement dated 5 June 2003) agreed and directed that all 287,999,980 new Multi Sports Shares to which they were entitled be issued and allotted by Multi Sports to certain investors ("the Investors").

The purchase consideration of US\$14,399,999 for the Acquisition of Pak Sing was agreed upon based on a willing-buyer willing-seller basis after taking into consideration the combined financial position of Pak Sing and Jinjiang Baixing Shoe Materials Co., Ltd ("Jinjiang Baixing") as at 31 December 2008.

The 287,999,980 new Shares issued pursuant to the Acquisition of Pak Sing ranks pari passu in all respects with all then existing ordinary shares of the Company and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

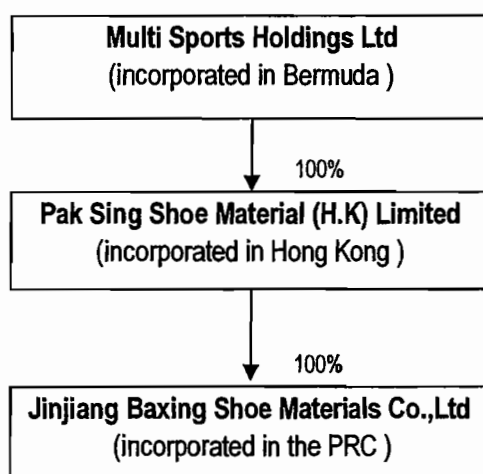
The completion of the Acquisition of Pak Sing will result in the issued share capital of the Company increasing from US\$1 comprising 20 Shares to US\$14,400,000 comprising 288,000,000 Shares.

(c) Acquisition of the company's shares by the Investors

Subsequent to the completion of the Acquisition Of Pak Sing, an Investor 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.

Pursuant to the Reorganisation as set out above, the Company will become the holding company of the Group.

The Group structure is shown as follows:



APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

As at the date of this report, the Company has direct interests in the following wholly-owned subsidiaries and there are no other subsidiaries or associated companies of the Group.

Name of Company	Jurisdiction of Incorporation or Establishment	Principal Activities	Registered Capital	Equity held by the Company
Pak Sing Shoe Material (H.K.) Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$10,000	100%
Jinjiang Baixing Shoe Material Co.,Ltd ⁽²⁾	PRC	Design, development and manufacturing of sport-shoe soles	HK\$ 20.0 million	100%

(1) The statutory financial statements of Pak Sing were audited by Poon & Tan Certified Public Accountants Limited for the year ended 31 December 2006 and 2007 and Vision A.S. Limited for the year ended 31 December 2008 and were qualified arising from the disagreement about the non preparation of consolidated financial statements. We have considered the qualification of the financial statements and are of the opinion that there will not be any material impact on our opinion on the Combined Financial Statements.

(2) The statutory financial statements of Jinjiang Baixing for the years ended 31 December 2006, 2007 and 2008 were audited by Quanzhou Ming Cheng You Xian Ze Ren Kuai Ji Shi Shi Wu Suo, Certified Public Accountants, and were unqualified.

For the purpose of this report, the reporting auditors have examined the aforementioned management accounts for the years ended 31 December 2006, 2007 and 2008 and have carried out independent audit procedures as are necessary for the reporting auditors to give an opinion on the Combined Financial Statements of the Group.

The Group is regarded as a continuing entity resulting from the Reorganisation Exercise since the management of all the entities which took part in the Reorganisation Exercise was controlled by the same directors and under common shareholders before and immediately after the Reorganisation Exercise. Consequently, immediately after Reorganisation Exercise, there was a continuation of the control over the entities financial and operating policy decisions and risk and benefits to the ultimate shareholders that existed prior to the Reorganization Exercise. The Reorganization Exercise has been accounted for as a restructuring under common control in a manner similar to pooling of interest. Accordingly, the Combined Financial Statements for the years ended 31 December 2006, 2007 and 2008 have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries which were under common control of the ultimate shareholders and directors that existed prior to the Reorganization Exercise during the Relevant Periods or since their respective dates of incorporation.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Combined Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including related Interpretations and have been consistently applied throughout the years ended 31 December 2006, 2007 and 2008.

Basis of preparation of Combined Financial Statements

The Group has early adopted IFRSs and interpretations which are effective for accounting periods beginning on or after 1 January 2007 for the preparation, of these Combined Financial Statements of the Group since 1 January 2006. IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Combined Financial Statements. These Combined Financial Statements are the first set of financial statements prepared in accordance with IFRS by the Group.

The accounting policies set out below have been applied consistently to all periods presented in these Combined Financial Statements and in preparing an opening IFRS balance sheet as at 1 January 2006 for the purpose of the first set of IFRS financial statements. The accounting policies have been applied consistently by the Group.

On 1 January 2007, the Group adopted the new or revised IFRS and interpretations that are mandatory for application on that date. This includes the following which are relevant to the Group:

IAS 1 (Amendment)	Presentation of Finance Statements – Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 8	Scope of IFRS 2
IFRIC 10	Interim Financial Reporting and Impairment

The adoption of the above IFRS and interpretations did not result in substantial changes to the Group's accounting policies nor any significant impact on these Combined Financial Statements. IFRS 7 and the complimentary amended IAS 1 introduce new disclosures relating to financial instruments and capital respectively.

At the date of this report, the following new and amended IFRSs and interpretations were issued but not yet effective:

IAS 1 (Revised)	Presentation of Financial Statements
IAS 1	Presentation of Financial Statements – Amendments Relating to Disclosure of Puttable Financial Instruments and Obligations Arising on Liquidation
IAS 23 (Revised)	Borrowing Costs – Comprehensive Revision to Prohibit Immediate Expensing
IAS 27	Consolidated and Separate Financial Statements – Consequential Amendments Arising from Amendments to IFRS 3
IAS 27 (Amendment)	Cost of An Investment on First-Time Adoption
IAS 28	Investments in Associates – Consequential Amendments Arising from Amendments to IFRS 3
IAS 31	Interests in Joint Ventures – Consequential Amendments Arising from Amendments to IFRS 3

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of Combined Financial Statements (Continued)

IAS 32	Financial Instruments: Presentation – Amendments Relating to Puttable Financial Instruments and Obligation Arising on Liquidation
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for Eligible Hedged Items
IFRS 1	First-time Adoption of IFRS – Amendment Relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2	Share-based Payment – Amendment Relating to Vesting Conditions and Cancellations
IFRS 3	Business Combinations – Comprehensive Revision on Applying the Acquisition Method
IFRS 7	Financial Instruments: Disclosures – Amendments Relating to Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 8	Operating Segments
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	Defined Benefit Assets and Minimum Funding Requirements
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 17	Distributions of Non-Cash Assets to Owners
Annual Improvement Process	Improvements to IFRSs 2008

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, except for IAS 1 (Revised) and IFRS 8 as indicated below.

IAS 1 (Revised)

The revised Standard requires:

- changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income;
- components of comprehensive income to be excluded from statement of changes in equity;
- items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income);
- presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation of Combined Financial Statements (continued)

IAS 1 (Revised)

The revised Standard requires includes:

- Components of comprehensive income to be excluded from statement of changes in equity;
- Items of income and expenses and components of other comprehensive income to be presented either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate statement of profit and loss followed by a statement of comprehensive income)
- Presentation of restated balance sheet as at the beginning of the comparative period when entities make restatements or reclassifications of comparative information.

The revision also includes changes in the titles of some of the financial statements primary statements. The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

IFRS 8

IFRS 8 replaces IAS 14 Segment Reporting. In doing so it extends the scope of segment reporting. It requires the identification of operating segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. It requires amongst others, reconciliations of total reportable segment revenues, total profit or loss, total assets and other amounts disclosed for reportable segments to the corresponding amounts in the entity's Combined Financial Statements and an explanation of how segment profit or loss and segment assets are measured for each reportable segment. The Group will apply IFRS 8 from 1 January 2009 and provide comparative information that conforms to the requirements of IFRS 8. The Group expects to have operating segments to be disclosed.

Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgement (Continued)

Key sources of estimation uncertainty

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 2006, 2007 and 2008 was approximately RMB40,268,000, RMB42,107,000 and RMB39,360,000 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.

Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies as described below, the management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements.

Impairment of trade receivables

The Group's management assesses the collectability of trade receivables. This estimate is based on the credit history of the Group's customers and the current market condition. Management reassesses the impairment loss at the balance sheet date and makes the provision, if any.

Net realizable value of inventories

Net realizable value of inventories is the management's estimation of future selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of "similar nature". It could change significantly as a result of competitors in response to the severe industry's cycles.

(a) **Basis of preparation under common control business combination and subsidiaries**

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The reorganisation exercise described in Note 2 to the Combined Financial Statements resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of IFRS 3 Business Combination. For such common control business combinations, the merger accounting principles are applied to include the assets, liabilities, results, changes in equity and cash flows of the combining entities in the Combined Financial Statements.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation under common control business combination and subsidiaries (continued)

In applying merger accounting, components of financial statements of the combining entities or businesses for the reporting periods in which the common control combination occurs are included in the Combined Financial Statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts recognised previously in the Combined Financial Statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such Combined Financial Statements had been prepared by the controlling party or parties, including adjustments required to conform to the combined entity's accounting policies and applying those policies to all periods presented.

There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the Combined Financial Statements of the combined entity.

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.

Shares in subsidiaries are stated at cost less accumulated impairment losses on an individual subsidiary basis.

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.

In preparing the Combined Financial Statements, transactions, balances and unrealised gains on transactions between the combining entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment has been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

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

If there is a change in the level of usage and technological developments affecting the useful lives and the residual values of these assets, the residual values, useful lives and depreciation method will be reviewed and adjusted as appropriate at each balance sheet date.

For acquisition and disposal during the 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.

The gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the combined income statement is the difference between the net sales proceeds and the carrying amount of the asset.

(c) Impairment of non-financial assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of the Group's property, plant and equipment and land use rights, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the combined income statement in the period in which it arises.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Impairment of non-financial assets (Continued)

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, and to the extent that the carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the combined income statement in the period in which it arises.

(d) Financial assets

Financial assets which are within the scope of IAS 39, other than hedging instruments, are classified as either financial assets at fair value through income statement, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets which are initially recognised at fair value, are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets 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 income statement is not revocable.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each of the balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised.

Loans and receivables

Loans and receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the combined income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial liabilities

The Group's financial liabilities include trade payables, accrued liabilities, and other payables, and amount due to shareholders. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Trade payables, accrued liabilities and other payables

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

(f) 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.

(g) Provisions

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group which can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow of economic resources will be required in settlement of the obligations is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where the effect of the time value of money is material.

All provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimates.

In cases where the possible outflow of economic resources as a result of present obligations is considered impossible or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the balance sheet, unless assumed in the course of a business combination.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Recognition of revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, sales rebates and sales related taxes on the following bases:

- (i) Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (ii) Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(i) Income tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. 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 tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Combined Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income tax (Continued)

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 balance sheet 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.

(j) Retirement benefits scheme

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 its 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 charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

(k) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Functional Currency of the Company and its subsidiaries is Renminbi. The financial statements are presented in Renminbi.

(ii) Transactions and balances

Foreign currency transactions are translated to the functional currencies of the entities using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rates ruling at the respective balance sheet dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Foreign currencies (Continued)

(iii) Group companies

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

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

(l) Related parties

A party is considered to be related to the Group if:

- (i) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled, or is under common control with, the Company/Group; (2) has an interest in the Company that gives it significant influence over the Company/Group; or (3) has joint control over the Company/Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company/Group, or of any entity that is a related party of the Company/Group.

(m) Key management personnel

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the combined income statements on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the combined income statements as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the combined income statements in the accounting period in which they are incurred.

(o) 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 21.

(p) Segment reporting

No separate analysis of segment information by business or geographical segment is presented as the Group's major business comprises the design, development and manufacture of sport-shoe soles. The Group's revenue, expenses, results, assets and liabilities and capital expenditure are principally attributable to a single geographical region, which is the PRC.

(q) Equity

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from the proceeds (net of any related income tax benefits) to the extent that they are incidental costs directly attributable to the equity transaction.

Retained earnings include all current and prior period results as determined in the combined income statements.

(r) Cash and cash equivalents

For the purpose of the combined cash flow statements and balance sheet classification, cash and cash equivalents comprise cash on hand and in banks.

(s) Land use rights

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of services provided, after allowances for trade discounts and sales rebates. An analysis of the Group's revenue and other income is as follows:

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
<u>Revenue</u>			
Sale of goods	214,771	306,630	385,310
<u>Other income</u>			
Interest income	112	134	239
Exchange gain arising from translation of shareholder's loan	252	1,111	1,060
Sale of scrap material	645	783	474
	1,009	2,028	1,773

5. PROFIT BEFORE TAXATION

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

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Cost of inventories recognised as expenses	106,557	150,018	182,456
Depreciation of property, plant and equipment	6,883	8,961	9,383
Directors' remuneration			
- salaries and related cost	-	-	420
- retirement scheme contribution	-	-	8
Key management personnel (other than directors)			
- salaries and related cost	612	671	242
- retirement scheme contribution	17	17	8
Other than directors and key management personnel			
- salaries and related cost	27,970	41,455	51,404
- retirement scheme contribution	1,862	2,355	2,988
Operating lease expense	1,870	1,870	1,870
Research and development expense	914	1,172	843

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

5. PROFIT BEFORE TAXATION (Continued)

Depreciation expenses of approximately RMB6,841,000, RMB8,906,000 and RMB9,295,000 have been charged in cost of sales on the face of the combined income statements for the years ended 31 December 2006, 2007 and 2008 respectively.

Depreciation expenses of approximately RMB42,000, RMB55,000 and RMB88,000 have been charged in administrative expenses on the face of the combined income statements for the years ended 31 December 2006, 2007 and 2008 respectively.

6. INCOME TAX EXPENSE

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Current year provision:			
PRC income tax	-	-	13,018

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 2006, 2007 and 2008.

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

	Year ended 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Profit before taxation	48,516	76,164	105,198
Tax at the applicable tax rate of 27%/27%/ 25%	13,099	20,564	26,299
Tax effect on non-taxable income	(44)	(194)	(175)
Tax effect on non-deductible expenses	1	7	1
Income exempt from tax	(13,032)	(20,275)	(13,018)
Difference in foreign tax rate	(24)	(102)	(89)
	-	-	13,018

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

6. INCOME TAX EXPENSE (Continued)

Hong Kong tax

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

PRC tax

The provision for PRC income tax is calculated for Jinjiang Baixing based on statutory income tax at a rate of 27% in accordance with the relevant PRC income tax rules and regulations for the relevant period, which included a 24% state income tax and a 3% local income tax.

On 16 March 2007, the National People's Congress of the PRC passed the Enterprise Income Tax Law of the People's Republic of China, which took effect on 1 January 2008 (the "New EIT Law"). In accordance with the New EIT Law, a unified Enterprise Income Tax rate of 25.0% and unified tax deduction standards will be applied equally to both domestic-invested enterprises and wholly foreign-owned enterprise ("WFOE"). In accordance with the Notice concerning Implementation of Preference Policy of Enterprise Income Tax in Transition Period issued by the State Council of the PRC on 26 December 2007, the Enterprise Income Tax rate applicable to WFOE which are currently subject to a deducted rate will be gradually increased up to 25.0% within 5 years commencing from 1 January 2008. Hence, from FY2011, the applicable Enterprise Income Tax rate for Jinjiang Baixing will be 25.0%.

Pursuant to relevant PRC laws and regulations, Jinjiang Baixing, being a WFOE, is exempted from the state enterprise income tax, namely, the Enterprise Income Tax, for a period of 2 years from its first profit making year, and is entitled to a 50.0% reduction in the Enterprise Income Tax (subject to the approval from the relevant PRC tax authorities) for the next 3 years subsequently. FY2006 was chosen to be the first profit-making year for Jinjiang Baixing which had been agreed by the authority. Therefore Jinjiang Baixing will be exempted from the Enterprise Income Tax in FY2006 and FY2007, and will be subject to the Enterprise Income Tax at a preferential rate of 12.5% in FY2008, FY2009 and FY2010.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Office equipment RMB'000	Moulding equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
At 1 January 2006					
Opening net book amount	22,727	210	10,085	-	33,022
Additions	2,909	61	11,159	-	14,129
Depreciation	(2,902)	(42)	(3,939)	-	(6,883)
Closing net book amount	22,734	229	17,305	-	40,268
At 31 December 2006					
Cost	26,745	288	22,535	-	49,568
Accumulated depreciation	(4,011)	(59)	(5,230)	-	(9,300)
Net book amount	22,734	229	17,305	-	40,268
At 1 January 2007					
Opening net book amount	22,734	229	17,305	-	40,268
Additions	905	35	9,860	-	10,800
Depreciation	(2,989)	(55)	(5,917)	-	(8,961)
Closing net book amount	20,650	209	21,248	-	42,107
At 31 December 2007					
Cost	27,650	323	32,395	-	60,368
Accumulated depreciation	(7,000)	(114)	(11,147)	-	(18,261)
Net book amount	20,650	209	21,248	-	42,107
At 1 January 2008					
Opening net book amount	20,650	209	21,248	-	42,107
Additions	1,982	31	4,371	252	6,636
Depreciation	(3,144)	(60)	(6,151)	(28)	(9,383)
Closing net book amount	19,488	180	19,468	224	39,360
At 31 December 2008					
Cost	29,632	354	36,766	252	67,004
Accumulated depreciation	(10,144)	(174)	(17,298)	(28)	(27,644)
Net book amount	19,488	180	19,468	224	39,360

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

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Notes to the combined financial statements (Continued)

8. LAND USE RIGHTS

	Land Use Rights 2008 RMB'000
Cost	
At 31 December 2006, 31 December 2007 and 1 January 2008	-
Additions	4,743
At 31 December 2008	<u>4,743</u>
Accumulated amortization	
At 31 December 2006, 31 December 2007 and 1 January 2008	-
Amortization	24
At 31 December 2008	<u>24</u>
Net Book Value	
At 31 December 2006 and 31 December 2007	-
At 31 December 2008	<u>4,719</u>

The land use rights of the Group refers to land located in the PRC and are pledged to a bank as securities for a banking facility granted to the Group subsequent to year end as set out in Note 23.

9. INVENTORIES

	As at 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Raw materials	4,805	5,430	5,924
Work in progress	1,370	1,557	1,877
Finished goods	2,016	2,473	3,182
Consumables	14	17	5
	<u>8,205</u>	<u>9,477</u>	<u>10,988</u>

During the financial years ended 31 December 2006, 2007 and 2008, there has been no inventory written off or allowance of inventory obsolescence made.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

10. TRADE RECEIVABLES

Trade receivables are non-interest bearing, have credit terms ranging from 30 to 40 days and are denominated in the Renminbi.

(i) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Trade receivables that are past due and/or impaired

There is no trade receivable that is past due and/or impaired.

(iii) Trade receivables that are past due but not impaired

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

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Not past due	23,206	29,180	37,321
Past due 0 to 1 month	1,265	3,862	415
Past due 1 to 2 months	682	331	-
Past due over 2 months	149	235	-
	<u>25,302</u>	<u>33,608</u>	<u>37,736</u>

There is no impairment loss recognised in the Combined Financial Statements as all the receivables were subsequently received.

11. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Amount owing by a director	-	780	-
Amount owing by a related party	-	-	273
Prepaid listing expenses	-	-	2,109
Prepayment	244	244	244
	<u>244</u>	<u>1,024</u>	<u>2,626</u>

The amount owing by a director is interest free, unsecured and repayable on demand. The amount owing by a related party relates to rental paid in advance and has been used to offset rental for FY2009. Prepayment relates to advance payment of rental to a third party and staff benefit which are recurring in nature.

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Notes to the combined financial statements (Continued)

12. CASH AND BANK BALANCES

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Cash on hand	63	69	97
Cash at bank	16,863	23,861	29,846
	16,926	23,930	29,943

Cash and bank balances are denominated in the following currencies:

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Renminbi	16,916	23,920	29,941
Hong Kong dollar	10	10	2
	16,926	23,930	29,943

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 0.60%, 0.64% and 0.60% per annum during the years ended 31 December 2006, 2007 and 2008 respectively.

13. TRADE PAYABLES

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Renminbi	17,705	24,590	24,336
	17,705	24,590	24,336

Trade payables generally have credit terms of 30 to 40 days.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

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Notes to the combined financial statements (Continued)

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Amounts owing to a related party	14,329	829	-
Amount owing to a director	-	-	9,433
Accrued liabilities	7,055	9,338	11,466
VAT payable	1,909	2,173	3,004
Advances to suppliers	742	1,094	-
Others	8	9	10
	24,043	13,443	23,913

Accrued liabilities and other payables are denominated in the following currencies:

	As at 31 December		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Renminbi	24,043	13,443	14,480
Singapore dollar	-	-	9,433
	24,043	13,443	23,913

Amounts owing to a related party relate to purchase of property, plant and equipment as at 31 December 2006 and loans to the Group for working capital purposes as at 31 December 2007. These amounts were partially used to offset rental expenses for the year ended 31 December 2006 and 2007 respectively. Amounts owing to a related party are interest free, unsecured and repayable on demand. The carrying amount approximates its fair value in the Relevant Periods.

Amount owing to a director relate to advances to the Group for working capital purposes and is denominated in Singapore Dollar amounting to approximately S\$1,860,000. The amount is interest free, unsecured and repayable on demand. The amount is fully paid up after 31 December 2008.

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

15. AMOUNT DUE TO A SHAREHOLDER

Amount due to a shareholder is unsecured, interest free and without fixed term of repayment. 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 balance sheet 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.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

16. SHARE CAPITAL

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 10,000,000 ordinary shares of US\$0.01 each. At the date of this report, the issued share capital for the Company was US\$10,000 comprising 10,000,000 fully paid shares of US\$0.01 each.

The share capital balances as at 31 December 2006, 2007 and 2008 represent the issued share capital of Pak Sing Shoe Material (H.K.) Limited as the reorganisation exercise as mentioned in Note 2 has not been completed as at 31 December 2008.

17. RESERVES

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.

Currency translation reserve

The reserve comprises all foreign exchange differences arising from the translation of the financial statements of Pak Sing whose financial statements for 31 December 2006 and 2007 were presented in Hong Kong Dollar.

18. Dividend

Dividend disclosed during the Relevant Periods represent dividend declared and paid by Jinjiang Baixing to their equity owners. The rates of dividend and number of shares ranking for dividends are not presented as such information are not meaningful.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the Combined Financial Statements, the following are significant related party transactions entered into between the Group and related parties at agreed rates:

	31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Dividend paid by a related party on behalf of Jinjiang Baixing	15,000	65,000	90,000
Repayment for property, plant and equipment acquired from a related party in the year ended 31 December 2005	10,000	14,602	-
Rental paid to a related party	1,092	1,092	1,092
Advances from a director	-	-	9,433

During the Relevant Periods, Jinjiang Baixing had made various interest free and unsecured advances to its related party, Jinjiang Huoxing Investment Co., Ltd ("Huoxing"). Pursuant to the dividend payment agreements entered between the respective parties, the amount owing by Huoxing has been used to offset dividend payable to Pak Sing Shoes Material (HK) Limited. Advances amounting to approximately RMB 58,898,000 and RMB 45,000,000 were used to offset dividend payable amounting to approximately RMB 65,000,000 and RMB 90,000,000 for the year ended 31 December 2007 and 2008 respectively.

20. COMMITMENTS

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:

	As at 31 December		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Not later than one year	1,870	1,870	1,870
Later than one year and not later than five years	4,674	2,804	934
	6,544	4,674	2,804

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

21. 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 2006, 2007 and 2008, the Group's financial instruments mainly comprise cash and bank balances, trade receivables, other receivables, trade payables, accrued liabilities and other payables, and amount due to a shareholder.

(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 only arises from bank deposits placed with the financial institutions as set out in Note 12. Accordingly, the Group's exposure to risk resulting from changes in interest rate is minimal.

(ii) Foreign currency risk

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 is denominated in Hong Kong Dollar. Accordingly, the Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

(iii) Liquidity risk

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, the Group's financial liabilities are short-term maturity.

(iv) Credit risk

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 the top five customers in aggregate form approximately 17.40%, 19.46% and 19.45% of trade receivables balance as at 31 December 2006, 2007 and 2008 respectively.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(iv) Credit risk (Continued)

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 recognised in the relevant periods since all 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 10 and 11.

(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 as set out in Note 15.

(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.

22. 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.

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

Notes to the combined financial statements (Continued)

23. SUBSEQUENT EVENTS

Except for the events disclosed in Notes 2 and below, no other item, transaction or event of a material or unusual nature has arisen in the interval between 31 December 2008 and the date of the report from the independent auditors.

- (a) On 4th January 2009, Jinjiang Baixing enter into a loan agreement with 中国工商银行股份有限公司晋江支行 to obtain a bank loan amounting to RMB 5,700,000. The bank loan are pledged by the Company's land use rights as set out in Note 8.
- (b) On 4th January 2009, Jinjiang Baixing enter into a loan agreement with 中国工商银行股份有限公司晋江支行 to obtain a bank loan amounting to RMB 10,000,000. The bank loan is guaranteed by a third party.
- (c) On 24th February 2009, Jinjiang Baixing enter into a supplemental agreement with 晋江火星投资有限公司 to extend the original lease agreement dated 28th June 2005 to 30th June 2013.
- (d) On 24th February 2009, Jinjiang Baixing enter into a supplemental agreement with 晋江市陈埭镇庵上村民委员会 to extend the original lease agreement dated 28th June 2005 to 30th June 2013.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the year ended 31 December 2006, 2007 and 2008**

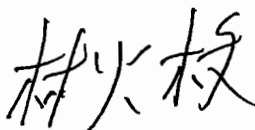
Statement by directors

The Board of Directors is responsible for the preparation and fair presentation of these combined financial statements in accordance with the provisions of 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

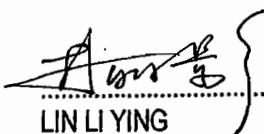
In the opinion of the directors,

- (a) the accompanying combined balance sheets, combined income statement, combined statement of changes in equity and the combined cash flow statement, together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2006, 2007 and 2008 and of the results of the business, changes in equity and cash flows of the Group for the financial years then ended, and
- (b) 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 HUO ZHI



.....
LIN LI YING

Dated: 13 APR 2009

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

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APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

REPORT FROM THE INDEPENDENT AUDITORS FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2009

The Board of Directors
Multi Sports Holdings Ltd.
Clarendon House,
2 Church Street,
Hamilton HM 11,
Bermuda

Dear Sirs

We have audited the accompanying combined financial statements of the Company and its subsidiaries (collectively the "Group"), as set out in on pages 3 to 41, which comprises the Combined Statement of Financial Position of the Group as at 31 March 2009, the Combined Statement of Comprehensive Income, Combined Statement of Changes in Equity and Combined Statement of Cash Flows of the Group for the period ended 31 March 2009 and a summary of significant accounting policies and other explanatory notes (the "Combined Financial Statements"). The Combined Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), are the responsibility of the management of the Company. Our responsibility is to express an opinion on the Combined Financial Statements based on our audit.

Management's responsibility for the Combined Financial statements

Management is responsible for the preparation and fair presentation of these Combined Financial Statements in accordance with IFRS. This responsibility include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Combined Financial Statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the Combined 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 as to whether the Combined Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Combined 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 Combined Financial Statements.

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

**APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)**

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

REPORT FROM THE INDEPENDENT AUDITORS FOR THE THREE MONTHS PERIOD ENDED 31
MARCH 2009 (Continued)

Opinion

In our opinion, the Combined Financial Statements, for the purpose of this report are prepared on the basis set out in Note 2 of this report, presents fairly, in all material respects, the Group's combined results, combined statement of changes in equity and combined statement of cash flows for the period ended 31 March 2009, and of the Group's financial position as at 31 March 2009 have been properly prepared in accordance with IFRS.

Without qualifying our opinion, we draw attention that at the date of this report, the Combined Financial Statements did not incorporate the financial statements of Multi Sports Holdings Ltd, the proposed listed company and the event as stated in Note 2(e) as the said reorganisation exercise has not been completed as at 31 March 2009.



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

Partner: Wong Kian Kok

09 JUL 2009

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

**COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

	Notes	Period ended 31 March	
		2009 (Audited) RMB'000	2008 (Unaudited) RMB'000
Revenue	4	81,577	83,812
Cost of sales		(54,420)	(60,446)
Gross profit		27,157	23,366
Other income	4	50	921
Selling and distribution expenses		(1,379)	(1,337)
Administrative expenses		(1,321)	(1,350)
Finance cost – bank borrowings		(229)	-
Profit before taxation	5	24,278	21,600
Income tax expense	6	(3,036)	(2,613)
Total profit and comprehensive income for the year attributable to owners of the company		21,242	18,987
Earnings per share - Basic (RMB cents) #		7.38	6.59

These combined earnings per share were computed based on the profit attributable to shareholders and the pre-Invitation number of shares of 288,000,000 shares (Note 2b).

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

COMBINED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2009

	Notes	As at 31 March 2009 (Audited) RMB'000	As at 31 December 2008 (Audited) RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	37,881	39,360
Land use rights	8	4,695	4,719
		42,576	44,079
Current assets			
Inventories	9	10,494	10,988
Trade receivables	10	36,938	37,736
Prepayments and other receivables	11	4,638	2,626
Cash and bank balances	12	52,409	29,943
		104,479	81,293
Current liabilities			
Trade payables	13	18,360	24,336
Accrued liabilities and other payables	14	15,494	23,913
Interest-bearing bank borrowings	15	15,700	-
Income tax payable		3,036	3,888
		52,590	52,137
Net current assets		51,889	29,156
Non-current liability			
Amount due to a shareholder	16	17,723	17,735
Net assets		76,742	55,500
EQUITY			
Share capital	17	11	11
Reserves		76,731	55,489
Total equity		76,742	55,500

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
 Financial statements for the period ended 31 March 2009**

**COMBINED STATEMENT OF CHANGES IN EQUITY
 FOR THE FINANCIAL PERIODS ENDED 31 MARCH 2009**

	Share Capital RMB'000 (Note 17)	Statutory Reserve RMB'000 (Note 18)	Currency Translation Reserve RMB'000 (Note 18)	Retained Earnings RMB'000	Total Equity RMB'000
Balance at 1 January 2009	11	13,184	3	42,302	55,500
Transfer to retained earnings	-	-	(3)	3	-
Net (loss)/gain recognised directly in equity	-	-	(3)	3	-
Net profit for the period	-	-	-	21,242	21,242
Total recognised income for the period	-	-	(3)	21,245	21,242
Balance as at 31 March 2009	11	13,184	-	63,547	76,742
Balance at 1 January 2008	11	13,184	1	40,122	53,318
Net profit for the period	-	-	-	18,987	18,987
Total recognised income for the period	-	-	-	18,987	18,987
Balance as at 31 March 2008	11	13,184	1	59,109	72,305

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

**APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)**

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

**COMBINED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIODS ENDED 31 MARCH 2009**

	Notes	Period ended 31 March	
		2009 (Audited) RMB'000	2008 (Unaudited) RMB'000
Cash flows from operating activities			
Profit before taxation		24,278	21,600
Adjustments for :			
Depreciation of property, plant and equipment	7	2,067	2,549
Amortisation of land use rights	8	24	-
Interest income	4	(38)	(43)
Interest expense		229	-
Operating profit before working capital changes		26,560	24,106
Decrease/(increase) in inventories		494	(499)
Decrease/(increase) in trade receivables		798	(2,513)
(Increase)/decrease in prepayments and other receivables		(2,012)	780
(Decrease)/increase in trade payables		(5,976)	2,566
Increase/(decrease) in accrued liabilities and other payables		1,014	(2,268)
Cash generated from operations		20,878	22,172
Interest received		38	43
Interest paid		(229)	-
Income tax paid		(3,888)	-
<i>Net cash generated from operating activities</i>		16,799	22,215
Cash flows from investing activity			
Acquisition of property, plant and equipment	7	(588)	(1,593)
<i>Cash used in investing activity</i>		(588)	(1,593)
Cash flows from financing activities			
Amount owing to a director	14	(9,433)	-
Repayment of advances to a related party		-	(828)
Advances to a related party		-	(12,678)
Bank loan obtained	15	15,700	-
Deposit pledged with bank	12	(1,200)	-
Exchange difference arising from shareholder's loan	4	(12)	(700)
<i>Net cash generated from/(used in) financing activities</i>		5,055	(14,206)
Net increase in cash and cash equivalents		21,266	6,416
Cash and cash equivalents at 1 January		29,943	23,930
Cash and cash equivalents at 31 March	12	51,209	30,346

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements

1 THE COMPANY

The Company (Registration No. 42425) 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. At the date of incorporation, the authorised share capital of the Company was US\$10,000 divided into 1,000,000 shares of US\$ 0.01 each.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. 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 the Company's subsidiaries are set out in Note 2 to the Combined Financial Statements.

As at the date of this report, there is only one class of shares in the Company, being ordinary shares. The rights and privileges of the Shares are stated in the Bye-laws. There is no founder, management or deferred or unissued shares reserved for issuance for any purpose.

2. THE REORGANISATION AND BASIS OF PRESENTATION

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

(a) Consolidation and Increase In Authorised Share Capital

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 will be 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) Proposed acquisitions of Pak Sing Shoe Material (H.K.) Limited ("Pak Sing")

Pursuant to a conditional share sale agreement ("SSA") entered into between the Company as the purchaser, and Lin Huozhi and Leung Sing Kit as the vendors, the Company acquired the entire issued and fully paid-up share capital of Pak Sing, comprising 10,000 ordinary shares of HK\$1.00 each in Pak Sing, for an aggregate purchase consideration of US\$14,399,999, which will be wholly satisfied by the issuance of an aggregate of 287,999,980 new Multi Sports Shares each credited as fully paid-up, at par value of US\$0.05 per Share.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009

Notes to the combined financial statements

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(b) Proposed acquisitions of Pak Sing (Continued)

The respective vendors of Pak Sing, namely Lin Huozhi (80% shareholding) and Leung Sing Kit (20% shareholding of which is being held by Leung Sing Kit in trust for Lin Huozhi under a share trust agreement dated 5 June 2003) agreed and directed that all 287,999,980 new Multi Sports Shares to which they were entitled be issued and allotted by Multi Sports to certain investors ("the Investors").

The purchase consideration of US\$14,399,999 for the Acquisition of Pak Sing was agreed upon based on a willing-buyer willing-seller basis after taking into consideration the combined financial position of Pak Sing and Jinjiang Baixing Shoe Materials Co., Ltd ("Jinjiang Baixing") as at 31 December 2008.

The 287,999,980 new Shares issued pursuant to the Acquisition of Pak Sing ranks pari passu in all respects with all then existing ordinary shares of the Company 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 Pak Sing will result in the issued share capital of the Company increasing from US\$1 comprising 20 Shares to US\$14,400,000 comprising 288,000,000 Shares.

(c) Revised proposed acquisition of Pak Sing

On 12 May 2009, Guoline Capital Limited entered into a Redeemable Convertible Loan Stocks ("RCLS") Agreement with the parties to the SSA to subscribe for redeemable convertible loan stocks in Pak Sing for a consideration of US\$7,094,010, and on 21 May 2009, Guoline Capital Limited and the parties to the SSA entered into a novation agreement ("Novation Agreement") with Guoline Group Management Co, Limited ("Guoline") to novate all rights, benefits, liabilities and obligations under the RCLS Agreement to Guoline.

Pursuant to the SSA and the RCLS Agreement, on 29 May 2009, a supplemental agreement to the SSA was entered into by the parties to the SSA (collectively, the "SSA Agreements"), whereby Multi Sports shall acquire the revised eventual enlarged issued and paid up share capital of Pak Sing comprising 12,175 ordinary shares of HK\$1.00 each in Pak Sing for a revised aggregate purchase consideration of US\$15,119,999, which is to be wholly satisfied by the issuance of a revised aggregate of 302,399,980 new Multi Sports Shares each credited as fully paid-up at par value of US\$0.05 per share. Accordingly, on 6 July 2009, the issued and paid up share capital of Pak Sing was increased to HK\$12,175 by the allotment for cash of 2,175 ordinary shares of HK\$1 each in Pak Sing.

Pursuant to the SSA Agreements, the specific vendors of Pak Sing, namely Lin Huozhi (revised shareholdings of 65.71%) and Leung Sing Kit (revised shareholdings of 16.43% which is being held in trust for Lin Huozhi under a trust agreement dated 5 June 2003) agree and direct that all the revised aggregate of 248,401,273 new Multi Sports shares to which they are entitled be issued and allotted by Multi Sports to the Investors.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements

(c) Revised proposed acquisition of Pak Sing (Continued)

On 9th June 2009, Pak Sing increased its authorised share capital from HK\$10,000 to HK\$15,000 by the creation of 5,000 shares of HKD 1 each.

Pursuant to the RCLS Agreement and Novation Agreement, and subsequent to the revised proposed acquisition of Pak Sing, Guoline, as one of the vendors of Pak Sing shall be issued 53,998,707 new Multi Sports shares.

The revised purchase consideration of US\$15,119,999 for the proposed acquisition of Pak Sing was agreed based on a willing-buyer willing-seller basis, after taking into consideration the combined financial position of Pak Sing and Jinjiang Baixing as at 31 December 2008.

The revised aggregate of 302,399,980 new Multi Sports shares to be issued pursuant to the revised proposed acquisition of Pak Sing shall, when issued as fully-paid shares, rank pari passu in all respects with all the 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 revised proposed acquisition of Pak Sing will result in the revised issued share capital of Multi Sports increasing from US\$1 comprising 20 shares to US\$15,120,000 comprising 302,400,000 shares.

(d) Acquisition of the company's shares by Power Wide Holdings Limited ("Power Wide")

Subsequent to the completion of the revised proposed acquisition of Pak Sing, one of the Investors (Power Wide) shall then acquire the 20 Shares that was held directly by Lin Huozhi, for a nominal amount of US\$1.00, which was wholly satisfied by cash.

(e) Upon completion of the revised proposed acquisition of Pak Sing

Arising from the revised proposed acquisition of Pak Sing (Note 2c), the combined statement of changes in equity for the three months financial period ended 31 March 2009 assuming the revised proposed acquisition had occurred on 31 March 2009 would be as follows:

	Share Capital RMB'000	Merger Deficit RMB'000	Statutory Reserve RMB'000	Retained Earnings RMB'000	Total Equity RMB'000
Balance at 31 March 2009 (Audited)	11	-	13,184	63,547	76,742
Arising from the revised proposed acquisition of Pak Sing	103,304	(56,444)	-	-	46,860
	103,315	(56,444)	13,184	63,547	123,602

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
 Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

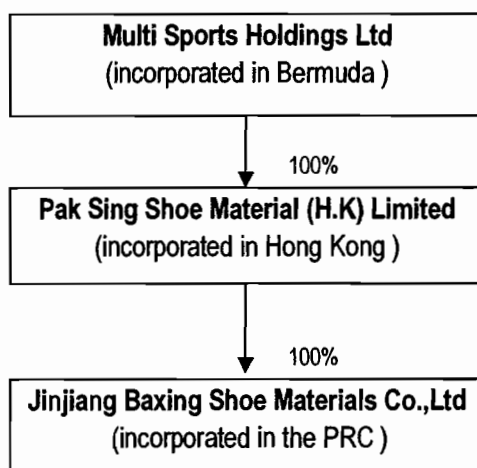
(e) Upon completion of the revised proposed acquisition of Pak Sing (Continued)

Arising from the revised proposed acquisition of Pak Sing (Note2c), the earnings per share computed based on the profit attributable to shareholders and the revised pre-Invitation number of shares of 302,400,000 shares, assuming the revised proposed acquisition had occurred on the date of this report would be as follows:

	Period ended 31 March	
	2009 (Audited)	2008 (Unaudited)
Earning per share – Basic (RMB cents)	7.02	6.28

Pursuant to the Reorganisation as set out above, the Company will become the holding company of the Group.

The Group structure is shown as follows:



APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

As at the date of this report, the Company has direct interests in the following wholly-owned subsidiaries and there are no other subsidiaries or associated companies of the Group.

Name of Company	Jurisdiction of Incorporation or Establishment	Principal Activities	Registered Capital	Equity held by the Company
Pak Sing Shoe Material (H.K.) Limited ⁽¹⁾	Hong Kong	Investment holding	HK\$15,000	100%
Jinjiang Baixing Shoe Material Co.,Ltd ⁽²⁾	PRC	Design, development and manufacturing of sport-shoe soles	HK\$ 20.0 million	100%

- (1) The statutory financial statements of Pak Sing were audited by Poon & Tan Certified Public Accountants Limited for the years ended 31 December 2006 and 2007 and Vision A.S. Limited for the year ended 31 December 2008 and were qualified arising from the disagreement about the non preparation of consolidated financial statements. We have considered the qualification of the financial statements and are of the opinion that there will not be any material impact on our opinion on the Combined Financial Statements.
- (2) The statutory financial statements of Jinjiang Baixing for the years ended 31 December 2006, 2007 and 2008 were audited by Quanzhou Ming Cheng You Xian Ze Ren Kuai Ji Shi Shi Wu Suo, Certified Public Accountants, and were unqualified.

For the purpose of this report, the reporting auditors have examined the aforementioned management accounts for the period ended 31 March 2009 and have carried out independent audit procedures as are necessary for the reporting auditors to give an opinion on the Combined Financial Statements of the Group.

The Group is regarded as a continuing entity resulting from the Reorganisation Exercise since the management of all the entities which took part in the Reorganisation Exercise was controlled by the same directors and under common shareholders before and immediately after the Reorganisation Exercise. Consequently, immediately after Reorganisation Exercise, there was a continuation of the control over the entities financial and operating policy decisions and risk and benefits to the ultimate shareholders that existed prior to the Reorganization Exercise. The Reorganization Exercise has been accounted for as a restructuring under common control in a manner similar to pooling of interest. Accordingly, the Combined Financial Statements for the period ended 31 March 2009 have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries which were under common control of the ultimate shareholders and directors that existed prior to the Reorganization Exercise during the Relevant Periods or since their respective dates of incorporation.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Combined Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") including related Interpretations and are consistent with those applied in the audited Combined Financial Statements for the financial year ended 31 December 2008.

Basis of preparation of Combined Financial Statements

On 1 January 2009, the Group adopted the new or revised IFRS and interpretations that are mandatory for application on that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRS.

The following are the new or amended IFRS adopted by 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 23 (Revised)	Borrowing costs
Amendments to IAS 32	Amendments relating to puttable financial instruments and obligations arising on liquidation
IFRS 8	Operating Segments

The adoption of the above IFRS and interpretations did not result in substantial changes to the Group's accounting policies nor any significant impact on these interim Combined 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.

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 2009 or later periods and which the Group has not early adopted.

The following are the IFRS that have been published but not yet effective :

Amendments to IFRS 1 and IAS 27	to	Amendments relating to cost of an investment in a subsidiary, jointly controlled entity or associate.
Amendments to IFRS 2	to	Amendments relating to vesting conditions and cancellation

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.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgement

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Key sources of estimation uncertainty

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 March 2009 and 31 December 2008 was approximately RMB 37,881,000 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.

Critical judgement made in applying accounting policies

In the process of applying the Group's accounting policies as described below, the management is of the opinion that there are no instances of application of judgements which are expected to have a significant effect on the amounts recognised in the financial statements.

Impairment of trade receivables

The Group's management assesses the collectability of trade receivables. This estimate is based on the credit history of the Group's customers and the current market condition. Management reassesses the impairment loss at the statement of financial position date and makes the provision, if any.

Net realizable value of inventories

Net realizable value of inventories is the management's estimation of future selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of "similar nature". It could change significantly as a result of competitors in response to the severe industry's cycles.

(a) Basis of preparation under common control business combination and subsidiaries

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation under common control business combination and subsidiaries
(continued)

The reorganisation exercise described in Note 2 to the Combined Financial Statements resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of IFRS 3 Business Combination. For such common control business combinations, the merger accounting principles are applied to include the assets, liabilities, results, changes in equity and cash flows of the combining entities in the Combined Financial Statements.

In applying merger accounting, components of financial statements of the combining entities or businesses for the reporting period in which the common control combination occurs are included in the Combined Financial Statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts recognised previously in the Combined Financial Statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such Combined Financial Statements had been prepared by the controlling party or parties, including adjustments required to conform to the combined entity's accounting policies and applying those policies to all periods presented.

There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the Combined Financial Statements of the combined entity.

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.

Shares in subsidiaries are stated at cost less accumulated impairment losses, if any, on an individual subsidiary basis.

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.

In preparing the Combined Financial Statements, transactions, balances and unrealised gains on transactions between the combining entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the assets transferred.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment has been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

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

If there is a change in the level of usage and technological developments affecting the useful lives and the residual values of these assets, the residual values, useful lives and depreciation method will be reviewed and adjusted as appropriate at each statement of financial position date.

For acquisition and disposal during the financial period, 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.

The gain or loss on disposal or retirement of an item of property, plant and equipment recognised in the combined statement of comprehensive income is the difference between the net sales proceeds and the carrying amount of the asset.

(c) Impairment of non-financial assets

An assessment is made at each statement of financial position date of whether there is any indication of impairment of the Group's property, plant and equipment and land use rights, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the combined statement of comprehensive income in the period in which it arises.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Impairment of non-financial assets (Continued)

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, and to the extent that the carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the combined statement of comprehensive income in the period in which it arises.

(d) Financial assets

Financial assets which are within the scope of IAS 39, other than hedging instruments, are classified as either financial assets at fair value through statement of comprehensive income, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. Financial assets which are initially recognised at fair value, are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets 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 statement of comprehensive income is not revocable.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

De-recognition of financial assets occurs when the rights to receive cash flows from the assets expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. At each of the statement of financial position date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised. At the statement of financial position date, the Group carries only loan and receivables on its statement of financial position.

Loans and receivables

Loans and receivables are measured initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the combined statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial liabilities

The Group's financial liabilities include trade payables, accrued liabilities, bills payable and other payables, amount due to shareholders and borrowings. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Trade payables, accrued liabilities, bills payable and other payables

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

Borrowings

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method

(f) 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.

(g) Provisions

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group which can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the statement of financial position date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow of economic resources will be required in settlement of the obligations is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to their present values, where the effect of the time value of money is material.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Provisions (Continued)

All provisions are reviewed at the statement of financial position date and adjusted to reflect the current best estimates.

In cases where the possible outflow of economic resources as a result of present obligations is considered impossible or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position, unless assumed in the course of a business combination.

(h) Recognition of revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, sales rebates and sales related taxes on the following bases:

- (i) Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (ii) Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and the effective interest rate applicable.

(i) Income taxes

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. 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 tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Combined Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that is not a business combination and that affects neither the tax profit nor the accounting profit.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
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Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Income taxes (Continued)

The carrying amount of deferred tax assets is reviewed at the statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are not discounted. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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.

(j) Retirement benefits scheme

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 its 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 charged to the statement of comprehensive income as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE
2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

(l) **Related parties**

A party is considered to be related to the Group if:

- (i) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled, or is under common control with, the Company/Group; (2) has an interest in the Company that gives it significant influence over the Company/Group; or (3) has joint control over the Company/Group;

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Related parties (Continued)

- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company/Group, or of any entity that is a related party of the Company/Group.

(m) Key management personnel

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

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Annual rentals applicable to such operating leases are charged to the combined statement of comprehensive income on a straight-line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the combined statement of comprehensive income as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the combined statement of comprehensive income in the accounting period in which they are incurred.

(o) 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 22.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Segment reporting

A operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(q) Equity

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from the proceeds (net of any related income tax benefits) to the extent that they are incidental costs directly attributable to the equity transaction.

Retained earnings include all current and prior period results as determined in the combined statement of comprehensive income.

(r) Cash and cash equivalents

For the purpose of the combined statement of cash flow and combined statement of financial position classification, cash and cash equivalents comprise cash on hand and in banks and deposit pledged.

(s) Land use rights

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

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

4. REVENUE AND OTHER INCOME

Revenue represents the net invoiced value of services provided, after allowances for trade discounts and sales rebates. An analysis of the Group's revenue and other income is as follows:

	Period ended 31 March	
	2009	2008
	RMB'000	RMB'000
	(Audited)	(Unaudited)
<u>Revenue</u>		
Sale of goods	81,577	83,812
<u>Other income</u>		
Interest income	38	43
Exchange gain arising from translation of shareholder's loan	12	700
Sale of scrap material	-	178
	50	921

5. PROFIT BEFORE TAXATION

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

	Period ended 31 March	
	2009	2008
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Cost of inventories recognised as expenses	34,594	40,745
Depreciation of property, plant and equipment	2,067	2,549
Amortisation of land use rights	24	-
Directors' remuneration		
- salaries and related cost	112	-
- retirement scheme contribution	2	-
Key management personnel (other than directors)		
- salaries and related cost	61	163
- retirement scheme contribution	2	5
Other than directors and key management personnel		
- salaries and related cost	12,017	11,440
- retirement scheme contribution	1,056	894
Operating lease expense	467	467
Research and development expense	133	182

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

Notes to the combined financial statements (Continued)

5. PROFIT BEFORE TAXATION (Continued)

Depreciation expenses of approximately RMB 2,534,000 and RMB 2,031,000 have been charged in cost of sales on the face of the combined statement of comprehensive income for the periods ended 31 March 2008 and 2009 respectively.

Depreciation expenses of approximately RMB 15,000 and RMB 36,000 have been charged in administrative expenses on the face of the combined statement of comprehensive income for the periods ended 31 March 2008 and 2009 respectively.

6. INCOME TAX EXPENSE

	Period ended 31 March	
	2009	2008
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Current year provision:		
PRC income tax	3,036	2,613

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 March 2008 and 2009.

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

	Period ended 31 March	
	2009	2008
	RMB'000	RMB'000
	(Audited)	(Unaudited)
Profit before taxation	24,278	21,600
Tax at the applicable tax rate of 25%	6,070	5,400
Tax effect on non-taxable income	(2)	(116)
Tax effect on non-deductible expenses	3	1
Income exempt from tax	(3,036)	(2,613)
Difference in foreign tax rate	1	(59)
	3,036	2,613

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

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Notes to the combined financial statements (Continued)

6. INCOME TAX EXPENSE (Continued)

Hong Kong tax

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

PRC tax

The provision for PRC income tax is calculated for Jinjiang Baixing based on statutory income tax at a rate of 27% in accordance with the relevant PRC income tax rules and regulations for the relevant period, which included a 24% state income tax and a 3% local income tax.

On 16 March 2007, the National People's Congress of the PRC passed the Enterprise Income Tax Law of the People's Republic of China, which took effect on 1 January 2008 (the "New EIT Law"). In accordance with the New EIT Law, a unified Enterprise Income Tax rate of 25.0% and unified tax deduction standards will be applied equally to both domestic-invested enterprises and wholly foreign-owned enterprise ("WFOE"). In accordance with the Notice concerning Implementation of Preference Policy of Enterprise Income Tax in Transition Period issued by the State Council of the PRC on 26 December 2007, the Enterprise Income Tax rate applicable to WFOE which are currently subject to a deducted rate will be gradually increased up to 25.0% within 5 years commencing from 1 January 2008. Hence, from FY2011, the applicable Enterprise Income Tax rate for Jinjiang Baixing will be 25.0%.

Pursuant to relevant PRC laws and regulations, Jinjiang Baixing, being a WFOE, is exempted from the state enterprise income tax, namely, the Enterprise Income Tax, for a period of 2 years from its first profit making year, and is entitled to a 50.0% reduction in the Enterprise Income Tax (subject to the approval from the relevant PRC tax authorities) for the next 3 years subsequently. FY2006 was chosen to be the first profit-making year for Jinjiang Baixing which had been agreed by the authority. Therefore Jinjiang Baixing will be exempted from the Enterprise Income Tax in FY2006 and FY2007, and will be subject to the Enterprise Income Tax at a preferential rate of 12.5% in FY2008, FY2009 and FY2010.

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7. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RMB'000	Office equipment RMB'000	Moulding equipment RMB'000	Motor vehicle RMB'000	Total RMB'000
At 1 January 2008					
Opening net book amount	20,650	209	21,248	-	42,107
Additions	1,982	31	4,371	252	6,636
Depreciation	(3,144)	(60)	(6,151)	(28)	(9,383)
Closing net book amount	19,488	180	19,468	224	39,360
At 31 December 2008					
Cost	29,632	354	36,766	252	67,004
Accumulated depreciation	(10,144)	(174)	(17,298)	(28)	(27,644)
Net book amount	19,488	180	19,468	224	39,360
At 1 January 2009					
Opening net book amount	19,488	180	19,468	224	39,360
Additions	-	4	460	124	588
Depreciation	(806)	(16)	(1,224)	(21)	(2,067)
Closing net book amount	18,682	168	18,704	327	37,881
At 31 March 2009					
Cost	29,632	358	37,226	376	67,592
Accumulated depreciation	(10,950)	(190)	(18,522)	(49)	(29,711)
Net book amount	18,682	168	18,704	327	37,881

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8. LAND USE RIGHTS

	Land Use Rights RMB'000
At 1 January 2008	
Opening net book amount	-
Additions	4,743
Amortization	(24)
Closing net book amount	<u>4,719</u>
At 31 December 2008	
Cost	4,743
Accumulated amortization	(24)
Net book amount	<u>4,719</u>
At 1 January 2009	
Opening net book amount	4,719
Additions	-
Amortization	(24)
Closing net book amount	<u>4,695</u>
At 31 March 2009	
Cost	4,743
Accumulated amortization	(48)
Net book amount	<u>4,695</u>

The land use rights of the Group refers to land located in the PRC and are pledged to a bank as securities for a banking facility granted to the Group (Note 15).

9. INVENTORIES

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Raw materials	6,642	5,924
Work in progress	1,319	1,877
Finished goods	2,527	3,182
Consumables	6	5
	<u>10,494</u>	<u>10,988</u>

During the financial period ended 31 March 2009, there has been no inventory written off or allowance of inventory obsolescence made.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

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10. TRADE RECEIVABLES

Trade receivables are non-interest bearing, have credit terms ranging from 30 to 40 days and are denominated in the Renminbi.

(i) Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Trade receivables that are past due and/or impaired

There is no trade receivable that is past due and/or impaired.

(iii) Trade receivables that are past due but not impaired

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

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Not past due	35,905	37,321
Past due 0 to 1 month	1,033	415
	36,938	37,736

There is no impairment loss recognised in the Combined Financial Statements as all the receivables were subsequently received.

11. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Prepaid listing expenses	2,928	2,109
Advances to a supplier	1,193	-
Amount owing by a related party	273	273
Prepayment	244	244
	4,638	2,626

The amount owing by a related party relates to rental paid in advance and has been used to offset rental subsequent to the three months period ended 31 March 2009. Prepayment relates to advance payment of rental to a third party and staff benefit which are recurring in nature.

The prepayment and other receivables are denominated in Renminbi.

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12. CASH AND BANK BALANCES

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Cash on hand	67	97
Cash at bank	51,142	29,846
Fixed deposit - pledged	1,200	-
	52,409	29,943

Cash and bank balances are denominated in the following currencies:

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Renminbi	52,408	29,941
Hong Kong dollar	1	2
	52,409	29,943

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 for the period ended 31 March 2009 and year ended 31 December 2008 respectively.

Fixed deposit is pledged with a financial institution to secure bills payable as set out in Note 14. It bears interest rates of 0.36% per annum.

For the purpose of the combined statement of cash flow, the cash and cash equivalents comprise the following:

	As at 31 March 2009 RMB'000 (Audited)	As at 31 March 2008 RMB'000 (Unaudited)
Cash and bank balances	52,409	30,346
Less: Fixed deposits – pledged	(1,200)	-
Cash and cash equivalents per combined statement of cash flow	51,209	30,346

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13. TRADE PAYABLES

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

14. ACCRUED LIABILITIES AND OTHER PAYABLES

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Amount owing to a director	-	9,433
Accrued liabilities	8,573	11,466
VAT payable	2,911	3,004
Bills payable	4,000	-
Others	10	10
	15,494	23,913

Accrued liabilities and other payables are denominated in the following currencies:

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Renminbi	15,494	14,480
Singapore dollar	-	9,433
	15,494	23,913

Amount owing to a director as at 31 December 2008 relates to advances to the Group for working capital purposes and is denominated in Singapore Dollar amounting to approximately S\$1,860,000. The amount is interest free, unsecured and repayable on demand. The amount is fully paid up after 31 December 2008.

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

Bills payable are interest free and secured by fixed deposits pledged with a financial institution (Note 12).

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Notes to the combined financial statements (Continued)

15. INTEREST-BEARING BANK BORROWINGS

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Short term bank loans – secured	15,700	-
	15,700	-

The Group's interest-bearing bank borrowings are guaranteed by external parties and secured on the Group's land use rights (Note 8). Bank borrowings bear effective interest rates of 6.90% per annum (2008 : Nil) and is repayable within the next 12 months of the statement of financial position date.

The carrying amounts of interest-bearing bank borrowings are denominated in Renminbi.

16. AMOUNT DUE TO A SHAREHOLDER

Amount due to a shareholder is unsecured, interest free and without fixed term of repayment. 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.

17. SHARE CAPITAL

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.

The share capital balances as at 31 March 2009 and 31 December 2008 represent the issued share capital of Pak Sing as the reorganisation exercise as mentioned in Note 2 has not been completed as at 31 March 2009.

On 9 June 2009, the authorised share capital of Pak Sing was increased to HK\$15,000 (Note 24).

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18. RESERVES

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.

Currency translation reserve

The reserve comprises of foreign exchange differences arising from the translation of the financial statements of Pak Sing whose financial statements for the year ended 31 December 2005 to 31 December 2008 were presented in Hong Kong Dollar. As the financial statements of Pak Sing for the period ended 31 March 2009 were presented in Renminbi, there was no translation reserve since 1 January 2009.

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the Combined Financial Statements, the following are significant related party transactions entered into between the Group and related parties at agreed rates:

	Period ended 31 March	
	2009	2008
	RMB'000 (Audited)	RMB'000 (Unaudited)
Rental paid to a related party	273	273
Repayment of advances to a director	9,433	-

Repayment of advances to a director relates to amount owing to a director (Note 14).

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20. COMMITMENTS

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:

	As at 31 March 2009 RMB'000 (Audited)	As at 31 December 2008 RMB'000 (Audited)
Not later than one year	1,870	1,870
Later than one year and not later than five years	6,076	934
	7,946	2,804

21. SEGMENT INFORMATION

For management purposes, the Group is organised 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.

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.

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Notes to the combined financial statements (Continued)

21. SEGMENT INFORMATION (Continued)

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.

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Notes to the combined financial statements (Continued)

21. SEGMENT INFORMATION (Continued)

The segment information provided to the management for the reportable segments for the financial period from 1 January 2009 to 31 March 2009 is as follows:

(A) Financial period from 1 January 2009 to 31 March 2009 (audited)

	TPR shoe soles RMB'000	RB shoe soles RMB'000	MD1 shoe soles RMB'000	MD2 shoe soles RMB'000	Total RMB'000
Revenue:					
- external sales ⁽¹⁾	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/(loss)	2,671	486	10,928	10,200	24,285
Assets:					
Addition to non-current assets ⁽²⁾	64	12	265	247	588
Reportable segment assets	16,176	2,941	66,175	61,763	147,055
Reportable segment liabilities	5,783	1,051	23,659	22,081	52,574

(1) There is no revenue from transactions with a single external customer amounting to 10 per cent or more of the Group's revenues.

(2) Additions to non-current assets relate to additions to property, plant and equipment.

(B) Reconciliation of reportable segment revenue, profit and loss, assets and liabilities

	As at 31 March 2009 RMB'000 (Audited)
Profit or loss	
Total profit for reportable segments	24,285
Unallocated other income and expenses	(7)
Profit from operations	<u>24,278</u>

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21. SEGMENT INFORMATION (Continued)

(B) Reconciliation of reportable segment revenue, profit and loss, assets and liabilities (Continued)

	As at 31 March 2009 RMB'000 (Audited)
Assets	
Total assets for reportable segments	147,055
Unallocated assets	2
Elimination of receivable – subsidiary	(2)
Group assets	<u>147,055</u>
Liabilities	
Total liabilities for reportable segments	52,574
Unallocated liabilities	17,741
Elimination of payables – subsidiary	(2)
Group liabilities	<u>70,313</u>

The segment information provided to the management for the reportable segments for the financial period from 1 January 2008 to 31 March 2008 is as follows:

(A) Financial period from 1 January 2008 to 31 March 2008 (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 ⁽¹⁾	9,698	1,705	44,350	28,059	83,812
Results:					
Interest income	5	1	23	14	43
Depreciation and amortisation	306	51	1,351	841	2,549
Other non-cash income	84	14	371	231	700
Segment profit/(loss)	2,509	418	11,080	6,899	20,906

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21. SEGMENT INFORMATION (Continued)

Segment information provided to the management for the reportable segments for the financial period from 1 January 2008 to 31 March 2008 (Continued).

(A) Financial year ended 31 December 2008 (Audited)

	TPR shoe soles RMB'000	RB shoe soles RMB'000	MD1 shoe soles RMB'000	MD2 shoe soles RMB'000	Total RMB'000
Assets					
Additions to non-current assets ⁽²⁾	1,365	228	6,031	3,755	11,379
Reportable segment assets	15,044	2,508	66,446	41,372	125,370
Reportable segment liabilities	6,257	1,043	27,633	17,206	52,139

(1) There is no revenue from transactions with a single external customer amounting to 10 per cent or more of the Group's revenues.

(2) Additions to non-current assets consist of additions to property, plant and equipment and land used rights.

(B) Reconciliation of reportable segment revenue, profit and loss, assets and liabilities

	As at 31 March 2008 RMB'000 (Unaudited)
<u>Profit or loss</u>	
Total profit for reportable segments	20,906
Unallocated other income and expenses	694
Profit from operations	<u>21,600</u>
	As at 31 December 2008 RMB'000 (Audited)
<u>Assets</u>	
Total assets for reportable segments	125,370
Unallocated assets	4
Elimination of receivable – subsidiary	(2)
Group assets	<u>125,372</u>
<u>Liabilities</u>	
Total liabilities for reportable segments	52,139
Unallocated liabilities	17,735
Elimination of payables – subsidiary	(2)
Group liabilities	<u>69,872</u>

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22. 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 March 2009 the Group's financial instruments mainly comprise cash and bank balances, trade receivables, prepayment and other receivables, trade payables, accrued liabilities, bills payable, other payables, borrowings and amount due to a shareholder.

(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 (Note 12) and interest-bearing bank borrowings (Note 15).

The Group's exposure 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.

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

	Within 1 year RMB'000	Total RMB'000	Effective interest rate
As at 31 March 2009			
Interest bearing bank borrowings	15,700	15,700	6.90%
As at 31 December 2008			
Interest bearing bank borrowings	-	-	-

Bank borrowings subject to fixed interest rates are contractually repriced at intervals of 12 months. The other financial instruments of the Group are not subject to significant interest rate risk.

Fluctuations in the interest rate of bank borrowings will not have an impact on the Group's net profit for the period ended 31 March 2009.

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Notes to the combined financial statements (Continued)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(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 is denominated in Hong Kong Dollar. Accordingly, the Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

(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, 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 the top five customers in aggregate form approximately 14.09% and 19.45% of trade receivables balance as at 31 March 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 recognised in the relevant periods since all 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 10 and 11.

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Notes to the combined financial statements (Continued)

22. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(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 as set out in Note 16.

(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.

23. 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.

Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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24. SUBSEQUENT EVENTS

Except for the events disclosed in Notes 2 and below, no other item, transaction or event of a material or unusual nature has arisen in the interval between 31 March 2009 and the date of the report from the independent auditors.

- (a) On 30th April 2009, Jinjiang Baixing enter into a loan agreement with 中国工商银行股份有限公司晋江支行 to obtain a bank loan amounting to RMB 4,300,000. The bank loan is pledged by a related party's land use right and property.

APPENDIX I AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1Q 2009 (Cont'd)

**Multi Sports Holdings Ltd and its subsidiary
Financial statements for the period ended 31 March 2009**

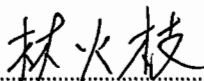
Statement by directors

The Board of Directors is responsible for the preparation and fair presentation of these combined financial statements in accordance with the provisions of 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

In the opinion of the directors,

- (a) the accompanying combined statement of financial position, combined statement of comprehensive income, combined statement of changes in equity and the combined statement of cash flow, together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 March 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial periods then ended, and
- (b) 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



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LIN HUO ZHI



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LIN LI YING

Dated: **09 JUL 2009**