

Company name : Multi Sports Holdings Ltd  
 Stock name : MSPORTS  
 3 months ended : 31-Mar-17  
 Quarter : 1

**Condensed Consolidated Statement of Financial Position as at 31 March 2017**

Particulars	Note	Unaudited	Audited	Unaudited	Audited
		As at 31-Mar-17 RMB'000	As at 31-Dec-16 RMB'000	As at 31-Mar-17 MYR'000 (1)	As at 31-Dec-16 MYR'000 (1)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		-	-	-	-
Intangible assets		-	-	-	-
<b>Current assets</b>					
Inventories		-	-	-	-
Trade receivables and other receivables		-	-	-	-
Cash and bank balances		26	26	16	17
Total assets		26	26	16	17
<b>EQUITY AND LIABILITY</b>					
<b>Capital and Reserves</b>					
Share capital		102,374	102,374	65,786	66,130
Reserves		(105,524)	(105,446)	(67,809)	(68,114)
Total equity		(3,150)	(3,072)	(2,023)	(1,984)

Condensed Consolidated Statement of Financial Position as at 31 March 2017

Particulars	Note	Unaudited	Unaudited	Unaudited	Unaudited
		As at 31-Mar-17 RMB'000	As at 31-Dec-16 RMB'000	As at 31-Mar-17 MYR'000 (1)	As at 31-Dec-16 MYR'000 (1)
<b>Current liabilities</b>					
Trade payables		-	-	-	-
Accrued liabilities and other payables		3,175	3,098	2,041	2,001
Income tax payable		-	-	-	-
Interest bearing bank borrowings		-	-	-	-
		<u>3,175</u>	<u>3,098</u>	<u>2,041</u>	<u>2,001</u>
Total equity and liabilities		<u>26</u>	<u>26</u>	<u>18</u>	<u>17</u>
Net Assets per share attributable to equity holders of the Group (Cents in RMB / RM)	B13	(0.52)	(0.51)	(0.34)	(0.33)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

**Note (1):**

The functional currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM 0.64260 as at 31 March 2017 and RMB1 to RM0.64596 as at 31 Dec 2016.

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Company name : Multi Sports Holdings Ltd  
 Stock name : MSPORTS  
 3 months ended : 31-Mar-17  
 Quarter : 1

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE FIRST QUARTER ENDED 31 MARCH 2016

Particulars	Note	Individual quarter		Individual quarter	
		Unaudited Current Quarter	Unaudited Preceding Corresponding Quarter	Unaudited Current Quarter	Unaudited Preceding Corresponding Quarter
		RMB'000	RMB'000	MYR'000 (1)	MYR'000 (1)
Revenue		-	80,215	-	51,816
Cost of sales		-	(79,310)	-	(51,231)
Gross Profit		-	905	-	585
Other income		-	424	-	274
Selling and distribution expenses		-	(2,452)	-	(1,584)
Administrative expenses		(26)	(12,054)	(17)	(7,786)
Other operating expenses		(52)	(124)	(33)	(80)
Finance costs		-	(183)	-	(118)
Loss before taxation		(78)	(13,484)	(50)	(8,709)
Taxation		-	-	-	-
Loss after taxation		(78)	(13,484)	(50)	(8,709)
Total comprehensive loss for the period		(78)	(13,484)	(50)	(8,709)
Loss attributable to					
- Equity Holders of the Group		(78)	(13,484)	(50)	(8,709)
Total comprehensive loss attributable to:					
- Equity Holders of the Group		(78)	(13,484)	(50)	(8,709)

Particulars	Note	Individual quarter		Individual quarter	
		Unaudited Current Quarter	Unaudited Preceding Corresponding Quarter	Unaudited Current Quarter	Unaudited Preceding Corresponding Quarter
		RMB'000	RMB'000	MYR'000 (1)	MYR'000 (1)
Earnings (loss) per share attributable to equity holders of the Group :					
Basic (cents in RMB / RM)		(0.01)	(2.26)	(0.01)	(1.49)
Diluted (cents in RMB / RM)		NA	NA	NA	NA

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

**Note (1):**

The functional currency of this unaudited and audited interim financial statement is Renminbi (“RMB”). Supplementary information in Ringgit Malaysia (“RM”) shown is for reference only and is based on the average exchange rate of RMB1 to RM 0.64260 for 3 months ended 31 March 2017 and RMB1 to RM0.64596 for 3 months ended 31 March 2016.

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Company name : Multi Sports Holdings Ltd  
 Stock name : MSPORTS  
 3 months ended : 31-Mar-17  
 Quarter : 1

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE THIRD QUARTER ENDED 31 MARCH 2017

Particulars	Note	Cumulative quarter		Cumulative quarter	
		Unaudited Current Quarter RMB'000	Unaudited Preceding Year Corresponding Quarter RMB'000	Unaudited Current Quarter MYR'000 (1)	Unaudited Preceding Year Corresponding Quarter MYR'000 (1)
Revenue		-	80,215	-	51,816
Cost of sales		-	(79,310)	-	(51,231)
Gross Profit		-	905	-	585
Other income		-	424	-	274
Selling and distribution expenses		-	(2,452)	-	(1,584)
Administrative expenses		(26)	(12,054)	(17)	(7,786)
Other operating expenses		(52)	(124)	(33)	(80)
Finance costs		-	(183)	-	(118)
Loss before taxation		(78)	(13,484)	(50)	(8,709)
Taxation		-	-	-	-
Loss after taxation		(78)	(13,484)	(50)	(8,709)
Total comprehensive loss for the period		(78)	(13,484)	(50)	(8,709)
Loss attributable to - Equity Holders of the Group		(78)	(13,484)	(50)	(8,709)
Total comprehensive loss attributable to: - Equity Holders of the Group		(78)	(13,484)	(50)	(8,709)

Particulars	Note	Cumulative quarter		Cumulative quarter	
		Unaudited Current Quarter	Unaudited Preceding Corresponding Quarter	Unaudited Current Quarter	Unaudited Preceding Corresponding Quarter
		RMB'000	RMB'000	MYR'000 (1)	MYR'000 (1)
Earnings (loss) per share attributable to equity holders of the Group :					
Basic (cents in RMB / RM)		(0.01)	(2.26)	(0.01)	(1.46)
Diluted (cents in RMB / RM)		NA	NA	NA	NA

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

**Note (1):**

The functional currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the average exchange rate of RMB1 to RM 0.64260 for 3 months ended 31 March 2017 and RMB1 to RM0.64596 for 3 months ended 31 March 2016.

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Company name : Multi Sports Holdings Ltd  
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 3 months ended : 31-Mar-17  
 Quarter : 1

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	← Attributable to equity holders of The Group →						
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Contributed surplus RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2017	102,374	137,003	-	-	87,680	(330,129)	(3,072)
Net profit for the period	-	-	-	-	-	(78)	(78)
Balance at 31 March 2017	102,374	137,003	-	-	87,680	(330,207)	(3,150)

	← Attributable to equity holders of The Group →						
	Share capital MYR'000 (1)	Share premium MYR'000 (1)	Statutory reserve MYR'000 (1)	Merger deficit MYR'000 (1)	Contributed surplus MYR'000 (1)	Retained earnings MYR'000 (1)	Total equity MYR'000 (1)
Balance at 1 January 2017	65,786	88,038	-	-	56,343	(212,141)	(1,974)
Net profit for the period	-	-	-	-	-	(50)	(50)
Balance at 31 March 2017	65,786	88,038	-	-	56,343	(212,191)	(2,024)

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the financial statements.

**Note (1):**

The functional currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM 0.64260 as at 31 March 2017 and RMB1 to RM 0.64596 as at 31 March 2016.

Company name : Multi Sports Holdings Ltd  
 Stock name : MSPORTS  
 3 months ended : 31-Mar-17  
 Quarter : 1

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

	← Attributable to equity holders of The Group →						
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Merger deficit RMB'000	Contributed Surplus RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2016	100,363	137,003	38,676	(54,916)	87,680	576,604	885,410
Issuance of shares	2,011	-	-	-	-	-	2,011
Net profit for the period	-	-	-	-	-	(13,484)	(13,484)
Balance at 31 March 2016	<u>102,374</u>	<u>137,003</u>	<u>38,676</u>	<u>(54,916)</u>	<u>87,680</u>	<u>563,120</u>	<u>873,937</u>

	← Attributable to equity holders of The Group →						
	Share capital MYR'000 (1)	Share premium MYR'000 (1)	Statutory reserve MYR'000 (1)	Merger deficit MYR'000 (1)	Contributed surplus MYR'000 (1)	Retained earnings MYR'000 (1)	Total equity MYR'000 (1)
Balance at 1 January 2016	64,830	88,498	24,983	(35,474)	56,638	372,463	571,939
Issuance of shares	1,299	-	-	-	-	-	1,299
Net profit for the period	-	-	-	-	-	(8,709)	(8,709)
Balance at 31 March 2016	<u>66,130</u>	<u>88,498</u>	<u>24,983</u>	<u>(35,474)</u>	<u>56,638</u>	<u>363,754</u>	<u>564,529</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

**Note (1):**

The functional currency of this unaudited and audited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM 0.64260 as at 31 March 2017 and RMB1 to RM 0.64596 as at 31 March 2016.



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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Unaudited Period 31-Mar-17 RMB'000	Unaudited Period 31-Mar-16 RMB'000	Unaudited Period 31-Mar-17 MYR'000(1)	Unaudited Period 31-Mar-16 MYR'000(1)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(78)	(13,484)	(50)	(8,710)
Adjustments for :-				
Depreciation of property, plant and equipment	-	8,068	-	5,212
Loss on disposal of property, plant and equipment	-	124	-	-
Amortisation of intangible assets	-	862	-	557
Interest income	-	(375)	-	(242)
Interest expense	-	181	-	117
Operating profit before working capital changes	(78)	(4,624)	(50)	(3,066)
Increase in inventories	-	(982)	-	(634)
Decrease/ (increase) in trade receivables	-	61,771	-	39,902
Decrease/ (increase) in prepayment and other receivables	-	(753)	-	(486)
Increase / (decrease) in trade and other payables	-	(30,302)	-	(19,574)
Increase / (decrease) in trade and other payables	78	(6,948)	50	(4,488)
Net cash generated from operations	-	18,162	-	11,654
Income tax paid	-	(2,173)	-	(1,404)
Interest received	-	375	-	242
Interest paid	-	(181)	-	(117)
Net cash (used in) generated from operating activities	-	16,183	-	10,375
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	-	(514)	-	(332)
Proceed from disposal of property, plant and equipment	-	36	-	-
Net cash used in investing activities	-	(478)	-	(332)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of new shares	-	2,011	-	1,299
Net cash used in financing activities	-	2,011	-	1,299
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	-	<b>17,716</b>	-	<b>11,342</b>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	26	496,480	16	320,706
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>26</b>	<b>514,196</b>	<b>16</b>	<b>332,048</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2017**

	Unaudited Period 31-Mar-17 RMB'000	Unaudited Period 31-Mar-16 RMB'000	Unaudited Period 31-Mar-17 MYR'000(1)	Unaudited Period 31-Mar-16 MYR'000(1)
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	26	514,196	16	332,048
Less: Deposit pledged with bank	-	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26</b>	<b>514,196</b>	<b>16</b>	<b>332,048</b>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the financial statements.

**Note (1):**

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**A: SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2017**

**1. Basis of accounting and changes in accounting estimates**

a) Basis of accounting

The interim financial reports are unaudited and have been prepared in accordance with the requirements of International Accounting Standard (“IAS”) 34 : Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2016, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

The Group adopted the new or revised Financial Reporting Standard (“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.

(i) IFRS and IFRIC Interpretations that are issued, not yet effective and have not been adopted early

The Group has not adopted the following revised IFRS, amendments to IFRS, new IFRS and IFRIC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:-

**Effective for the Company’s and the Group’s annual accounting period beginning on 1 January 2018.**

- IFRS 9 Financial Instruments

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

## **2. Seasonality or cyclicity of operation**

The Group does not have any business operations for the quarter ended 31 March 2017 and is therefore not affected by seasonality or cyclicity of operation.

## **3. Unusual items**

Kindly refer to Note.8 on Subsequent events for unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the current quarter and financial year-to-date.

## **4. Changes in estimates**

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

## **5. Changes in share capital and debts**

There is no other changes in share capital and debts under review.

## **6. Dividends paid**

There were no dividends paid during the period under review.

## 7. Segment Information

### Business segments for first quarter ended 31 March 2017

The Group did not have any business segments for the first quarter ended 31 March 2017 and therefore no segment results are presented.

### Business segments for prior quarter ended 31 March 2016

	Financial period ended 31 March 2016						
	Unaudited						
	TPR Shoe soles RMB'000	RB Shoe soles RMB'000	MD1 Shoe soles RMB'000	MD2 Shoe soles RMB'000	Apparels RMB'000	Assessories RMB'000	Total RMB'000
Segment revenue							
- Segment sales	2,839	2,814	16,701	57,275	569	17	80,215
- Segment profit (loss)	(385)	(365)	(2,256)	(7,757)	(1,829)	(53)	(12,645)
Unallocated interest income							-
Unallocated other income							(1)
Unallocated other expenses							(838)
Profit from Operation							(13,484)
<b>Other information:</b>							
Interest income	13	13	78	269	2	-	375
Interest expenses	6	6	38	130	1	-	181
Additional to noncurrent assets*	18	17	108	371	-	-	514
Depreciation and amortisation	293	276	1,716	5,895	729	21	8,930

\* Additional to non-current assets consist of additional to property, plant and equipment and intangible assets.

Segment assets	33,601	31,633	196,727	676,450	304	9	938,724
Segment liabilities	2,072	1,951	12,133	41,719	697	20	58,592

As at  
31-Mar-16  
RMB'000  
Unaudited

Segment assets are reconciled to total assets as follows:

Segment assets	938,724
Unallocated prepayment and other receivables	23
Unallocated cash on hand and at bank	709
	<u>939,456</u>

## 7. Segment Information (cont'd)

Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	58,592
Unallocated income tax payable	2,897
Unallocated accrual and other payables	2,987
Total liabilities	<u>64,476</u>

	Financial period ended 31 March 2016						
	Unaudited						
	TPR Shoe soles MYR'000	RB Shoe soles MYR'000	MD1 Shoe soles MYR'000	MD2 Shoe soles MYR'000	Apparels MYR'000	Assessories MYR'000	Total MYR'000
Segment revenue							
- Segment sales	1,879	1,862	11,055	37,911	376	11	53,094
- Segment profit (loss)	(255)	(242)	(1,494)	(5,135)	(1,211)	(35)	(8,372)
Unallocated interest income							-
Unallocated other income							51
Unallocated other expenses							-
Profit from Operation							<u>(8,321)</u>

### Other information:

Interest income	9	8	52	177	2	-	248
Interest expenses	4	4	25	86	1	-	120
Additional to noncurrent assets*	12	11	71	246	-	-	340
Depreciation and amortisation	194	183	1,135	3,903	482	14	5,911

\* Additional to non-current assets consist of additional to property, plant and equipment and intangible assets.

Segment assets	22,240	20,938	130,214	447,742	201	5	621,340
Segment liabilities	1,372	1,291	8,031	27,614	461	14	38,783

**7. Segment Information (cont'd)**

As at  
31-Mar-16  
MYR'000  
Unaudited

Segment assets are reconciled to total assets as follows:

Segment assets	621,340
Unallocated prepayment and other receivables	(17,331)
Unallocated cash on hand and at bank	469
	<u>604,478</u>

Segment liabilities are reconciled to total liabilities as follows:-

Segment liabilities	38,783
Unallocated income tax payable	1,918
Unallocated accrual and other payables	26,228
Total liabilities	<u>66,929</u>

## 8. Subsequent events

Note: This chronology of events provides background information pre-dating the reporting period, which the directors have collated and reconstructed from available sources. This extended chronology of events is provided because the New Board of Directors believe that the information is material and relevant to understanding the Company's current inability to gain access to books and information from the PRC subsidiaries or to rely without qualification / disclaimer on earlier financial reports and information prepared under the previous board / management in PRC.

Date	Events
03/02/2016	The Company's auditors made enquires with the PRC management regarding advertising expenditure (relating to Evidoma) of RMB35million incurred mid-year 2015, when the Company had decided to cease the business of Evidoma at the end of the year. Bursa Malaysia's Corporate Surveillance Department had also made enquiries with the Company on the substantial increase / amount of administrative expenses incurred in or around the same period.
29/02/2016	PRC management's response to the auditors' enquiry on why there was significant advertising expenditure for Evidoma when the business was expected to cease in 2016 and for specific details of the location and content of the billboard advertising was that "The location of the billboard is at the six selling point. The cessation of business was decided when there was no effect after the
19/04/2016	Lin Liying informed the board of the Company that the Company may not be able to release its AR2015 by the deadline of 29.04.2016
20/04/2016	The Company announced the resignation of Ang Wei Chuan and Bernard Tan Chin Teik
25/04/2016	The Company announced that it was unable to release its AR2015 giving the reason that additional works had to be performed by the auditors to verify the expenditure incurred and bank balances within the PRC.
10/05/2016	The Company's shares were suspended from trading by Bursa Malaysia
31/05/2016	The Company announced that the auditors required time to verify expenditure incurred and bank balances and that this additional work would be completed by June 2016
31/05/2016	Company issues Q1 Quarterly Report
06/06/2017	The Company's auditors halted work on the additional audit work (regarding expenses and cash in bank confirmations) pending receipt of advance and outstanding payments
09/06/2016	The Company announced resignations of Secretarius Services Sdn Bhd, its company secretary in Malaysia w.e.f. 08.06.2016 and PFA Corporate Consultants Sdn Bhd, its agent in Malaysia w.e.f.
13/06/2016	Bursa Malaysia and the Securities Commission requested Lin Liying via tele-conference to provide them contact details of the advertisers with whom the billboard advertising fees had been incurred, and for a face-to-face meeting with the board. Following this, there was no further response from Lin Liying to the regulators' attempts to communicate.
21/06/2016	Wong Wang Lam tenders his resignation from the board (announced via Bursa Listing Circular dated 02.09.2016)
08/07/2016	The Company's CFO, Wong Kok Fong, tenders his resignation (announced via Bursa Listing Circular dated 02.09.2016).
02/09/2016	Bursa Malaysia Listing Circular announces notice to shareholders by P.S. Gill calling for a special general meeting following the Company's failure to call the meeting.
04/10/2016	Appointment of 6 new directors at the shareholder convened Special General Meeting
25/10/2016	The Company was informed (via the former CFO through whom Lin Liying had been communicating) that she did not see the point meeting or discussing the audit issues because the Company will be de-listed. There was no further response from Lin Liying.



## 8. Subsequent events (continued)

Date	Events
01/11/2016	Company's Taiwan Depository Receipts are delisted from the Taiwan Stock Exchange for failure to issue the AR2015 and other financial reports.
03/11/2016	The Company appoints Boardroom.com as agents in Malaysia
29/11/2016	The Company announces that it has failed to issue quarterly reports for Q2 and Q3 2016. Reasons given are that the newly appointed directors are in the midst of addressing outstanding regulatory requirements and issues and because additional time is required to gather and check the necessary financial information. An expected issued date of 14.02.2017 is given for the issuing of the outstanding reports.
13/02/2017	The Company announces that it is unable to issue the outstanding Annual Report 2015 and Quarterly Reports. It is also announced that discussions with the company's auditors, RT LLP, regarding the Outstanding Annual Report and audit fees are ongoing and that the new Board has received details of alleged unreported finance transactions and litigation involving the Company's operating subsidiary in China, Jinjiang Baixing Shoe Materials Ltd, and the Senior Management of the Company.
04/07/2017	The Company announces that it received a notice to show cause against de-listing from Bursa Malaysia (dated 03.07.2017). The Company subsequently responds to the notice showing cause as to why de-listing should not proceed.
31/07/2017	The Company announces that information from a Government of Peoples Republic of China's website indicates there are litigation cases involving the Company's operating subsidiary in China, namely Jinjiang Baixing Shoe Materials Co. Ltd but that the Company is unable to confirm the information.
01/08/2017	The Company announced details of 10 law suits / cases as per the Government of Peoples Republic of China website however the names of the parties to the suits are not available save that Jinjiang Baixing is involved.
30/08/2017	The Company announced that Bursa Malaysia had decided to defer listing subject to conditions including that the Company must sign an addendum to the existing audit engagement letter with the Company's auditors (to settle and allow the resumption of audit work) before 11.09.2017; the issuing of AR2015 by 09.10.2017 and all other outstanding financial statements by 28.02.2018
08/09/2017	The Company resolves the ongoing discussions with the auditors regarding the outstanding audit report and audit fees and an addendum to the existing audit engagement letter is signed.
09/10/2017	The Company announced that on 08.09.2017 it had applied for an extension of time from Bursa Securities till 09.11. 2017

## 8. Subsequent events (continued)

Date	Events
01/11/2017	<p>Bursa Malaysia, which had previously commenced enforcement proceedings against the Company, delivered its decision on the proceedings and publicly reprimanded the Company, Lin Liying, Lin Houzhi and 3 former directors for multiple breaches of the Bursa Malaysia Securities Main Market Listing Requirements. In addition, fines were imposed on the following directors including: Lin Liying – RM1,656,000 for causing MSPORTS to commit the Financial Reporting Breaches and permitting MSPORTS to commit the Corporate Governance Breaches, Foreign Listing Requirements Breaches, Disclosure Breaches and the Non-Compliance with Bursa Malaysia Securities’ Directives; Lin Houzhi RM1,656,000 for causing MSPORTS to commit the Financial Reporting Breaches and permitting MSPORTS to commit the Corporate Governance Breaches, Foreign Listing Requirements Breaches, Disclosure Breaches and the Non-Compliance with Bursa Malaysia Securities’ Directives; and</p> <p>Wong Wang Lam RM7,200 for causing and permitting MSPORTS to breach listing requirements on the failure to issue the AR 2015 on or before 30 April 2016.</p>
10/11/2017	<p>The Company releases the Annual Report 2015. The auditors issued a disclaimer of opinion in respect of the report. The new directors similarly qualify the Annual Report due to their inability to check and verify the information prepared by management under the previous board.</p>
13/11/2017	<p>The Company announces that it has entered Practice Note 17 status (“PN17”) of the Main Market Listing Requirements (“LR”) following its issuance of Audited Financial Statements for the financial year ended 31 December 2015 with a disclaimer of opinion by auditors, thus giving the Company 12 months in which to submit a regularisation plan</p>
21/02/2018	<p>The Company is still unable to finalise its Annual Report 2016 and its auditors have yet to complete audit work in China due to the extended Chinese New Year holidays therefore a further extension is sought from Bursa Securities. The Company seeks a further extension of time from Bursa Malaysia for the release of the outstanding financial reports. Bursa Malaysia subsequently allows an extension until 11.04.2018 for the Company to submit its outstanding financial reports, failing which de-listing will proceed.</p>
10.04.2018	<p>The Company informs Bursa that it is still unable to finalise its Annual Report 2016 and is awaiting reports on the litigation involving subsidiaries in China and checks on the status of Jinjiang Baixing’s factory facility at Xinbin Farm.</p>
11.04.2018	<p>The Company submits an application for an extension of time to Bursa Malaysia until 25.04.2018 to allow it to submit the outstanding financial reports.</p>

## 8. Subsequent events (Continued)

The Company has sought the assistance of lawyers in China to identify and confirm the existence of litigation involving the subsidiaries and primarily, Jinjiang Baixing with a view to providing us with the official cause papers, pleadings and evidence filed in the suits. Due to difficulties in accessing information, the lawyers have only been able to access publicly available information. In April, 2018, we received a report on the status of the various cases affecting the subsidiaries based on which an announcement was made via Bursa on 24 April 2018, the relevant portions of which are as follows:

1. Due to restrictions by the Chinese courts on the disclosure of and the means of gathering litigation information, and legal and bureaucratic barriers to the access of private information and company documents in China involving the PRC subsidiaries, the board in Malaysia has been forced to rely on available public information and whatever court information is available to non-parties to the litigation, which is by nature incomplete.
2. The following information is based on the best available information from searches carried out by lawyers in China that we have currently however it is presented with the caveat that we have been unable to access the actual pleadings and court documents to verify the secondary sources and there may be factual inaccuracies; further litigation; or subsequent developments in the litigation discussed below that we have yet to discover.
3. We refer to the table below setting out the key details of the litigation identified.
4. According to the available but incomplete data, Jinjiang Baixing Shoe Materials Co., Ltd. was involved in 24 lawsuits from 2014 till April 2018. The financial amounts involved in the lawsuits were approximately RMB 518.13 million yuan (excluding the objects/value of subject matter of litigation where not stated).
5. Litigation in 2014: There were 2 cases in 2014. The total amount that was the subject of the litigation was RMB 18.8 million yuan.
  - a. The value of litigation brought by plaintiff Quanzhou branch of China Minsheng Bank Holdings Limited, Quanzhou Branch, was 13.8 million yuan.
  - b. In the second case, the value of the Plaintiff's claim, Jinjiang Yuancheng Microfinance Co., Ltd. was 5 million yuan. Lin Houzhi is listed as a defendant. The 2 cases were settled through reconciliation and withdrawal of the lawsuits.
6. Litigation in 2015: There were 5 cases found to have been taken in 2015. The total amount in the objects of litigation was above RMB 30.002 million yuan (excluding the objects of litigation of unknown cases).

## 8. Subsequent events (Continued)

- a. The value of the claim filed by Wang Qingyun as plaintiff was 5.8 million yuan, and the case was settled through reconciliation and withdrawal of the lawsuit. Lin Houzhi is listed as a defendant;
- b. the value of the claim filed by Xiamen Port Trading Co., Ltd. Was 2.44 million yuan;
- c. the value of the claim filed by Fujian Straits Finance and Leasing LLC was 21.843 million yuan. Both Lin Houzhi and Lin Liying are listed as defendants;
- d. the value of the claim filed by Wanjiang Financial Leasing Co., Ltd. was unknown. Lin Houzhi is listed as a defendant;
- e. the value of the claim filed by Jingjiang Yigao Exhibition Equipment Co., Ltd. was 0.919 million yuan.

7. Litigation in 2016: There were 14 cases from 2016 and the total amount in the objects of litigation was above RMB 450.972 million yuan (excluding the objects of litigation of unknown cases).

- a. There were 2 claims by Shishi branch of the China Construction Bank Holdings Limited, the value of the claim was 296.54 million yuan. Both Lin Houzhi and Lin Liying are listed as defendants;
- b. the value of the claim by the Fengze sub-branch of Rural Commercial Bank of Quanzhou Limited was 29.86 million yuan. Both Lin Houzhi and Lin Liying are listed as defendants;
- c. the value of the claim by Bank of Quanzhou Holdings Limited was 18.335 million yuan. Both Lin Houzhi and Lin Liying are listed as
- d. the value of the claim by the Fuzhou branch of Ping An Bank Holdings Limited was 52.89 million yuan. Lin Houzhi is listed as a
- e. the value of the claim by the Quanzhou branch of China Everbright Bank Holdings Limited was unknown. Lin Houzhi is listed as a
- f. the value of 2 claims by the Jinjiang branch of Industrial and Commercial Bank of China Holdings Limited was 29.499 million yuan;
- g. the value of the claim by Fujian Straits Finance and Leasing LLC was 19.79 million yuan.  
Both Lin Houzhi and Lin Liying are listed as defendants;
- h. the value of the claim by Deng Yunhua was 0.265 million yuan;
- i. the value of the claim by Cai Mingyue was 1.169 million yuan. Both Lin Houzhi and Lin Liying are listed as defendants;
- j. the value of the claim by Xiamen Xi'ao Elevator Installation Service Co., Ltd. was 0.618 million yuan;
- k. the value of the claim by Deng A'yu was 2.361 million yuan. Lin Houzhi is listed as a defendant;
- l. the main subject of litigation People's Court of Jinjiang (2016) Fujian 0582 Minchu Case No. 11147 was unknown. The amount in object of litigation was 0.202 million yuan.

## 8. Subsequent events (Continued)

8. Litigation in 2017: There were 3 cases in 2017, and the total amount posted in the litigation was above RMB 17.357 million yuan.

a. The value of the claim by Peng Zhenfa was unknown;

b. the value of the claim for workers' wage and labour disputes was 0.357 million yuan;

c. the claim of Ding Heping was a request for confirmation that the "Agreement of Credit Assignment" for the 17 million yuan in creditor's right he asserts entitlement to against the People's Government of Pinghe that was transferred to him by the Quanzhou Baixing Group/Jinjiang Baixing Shoe Materials Co., Ltd./Fujian Qingte Investment Development Co., Ltd./Quanzhou Sente Trading Co., Ltd./Fujian Evidoma Clothing Development Co., Ltd. was legal and effective.

The case was overruled by the court and was sent for arbitration before the Quanzhou Arbitration Committee. It could not be determined if the case has indeed been arbitrated by the Quanzhou Arbitration Committee subsequently.

9. We are informed that the debts in the cases above that have not been settled have been handed over to the court of China for enforcement procedures but have been unable to get further information or confirmation of specific details except in relation to the China Construction Bank matter:

a. Jinjiang Baixing Shoe Materials Co., Ltd. Property at Block 1-9, No. 8, Xibin Farm, Xibin, Jingjiang (land use right certificate serial number is Jinjiang State Use (2009) No. 01012)(property ownership certificate serial number is Jinjiang property certificate Xibin No. 003397) was mortgaged to the Shishi branch of the China Construction Bank Holdings Limited to secure a maximum limit of RMB 142.23 million yuan.

b. It has been ruled by the Quanzhou Intermediate People's Court (2016) Fujian 05 Minchu No. 227 "Written Civil Judgment Verdict" that the Shishi branch of the China Construction Bank shall enjoy priority in compensation from the auctioning of the said land and property within the maximum limit of of RMB 142.23 million yuan.

c. Auction 1: The first public auction of the property and its land use right was held at the Quanzhou Intermediate People's Court Auction Hall at 10:00 on 13 March 2017. The starting price was 123.895 million yuan. The property was left unsold in this auction.

d. Auction 2: The second public auction of the property was held at the Quanzhou Intermediate People's Court Auction Hall at 15:30 on 15 May 2017. The starting price was 99.116 million yuan. The property was left unsold in this auction.

e. Auction 3: The third public auction of the property was held at the Quanzhou Intermediate People's Court Auction Hall at 10:00 on 12 June 2017. The starting price was 79.239 million yuan. It appears this was the final auction however Lawyers were unable to confirm details of the sale or whether this auction sale was successfully completed.

f. Checks on the properties carried out by our auditors for the 2016 Annual Report confirmed that the factory and land is currently being used by a third party, Quan Zhou City Huayang Shoes Material Technology Co. Ltd.

10. Based on the available information, the board understands that Lin Liying and Lin Houzhi are defendants in cases brought by banks / financing houses as they were party to loan agreements or guarantors for financing.

**Summary of Legal cases involving Jinjiang Baixing Shoes Material Co., Ltd.**

No.	Court	Case No.	Instance Level of Court	Plaintiffs	Defendant	Cause of case	Subject matter	Conclusion	Case Ref.
1	Intermediate People's Court of Quanzhou City, Fujian Province	No.504(2006), Civil, First Instance, Quanzhou	First instance	中国民生银行股份有限公司泉州分行 China Minsheng Bank Co., Ltd. Quanzhou Branch	福建泉迎经贸有限公司/丁明强/福建省金盛钢业有限公司/福建省晋江市火星鞋材有限公司/晋江百兴鞋材有限公司 Fujian Quanying Economic & Trade Co., Ltd. / Ding Mingqiang / Fujian Jinsheng Steel Industry Co., Ltd. / Fujian Jinjiang Mars Shoes Material Co., Ltd. / Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of financial loan	13.8 million	Out-of-court settlement, withdrawing the lawsuit	
2	People's Court of Jinjiang City, Fujian Province	No.4821(2014) Civil, First Instance, Jinjiang City	First instance	晋江市恒诚小额贷款有限公司 Jinjiang Hengcheng Small Loan Co., Ltd.	福建泉迎经贸有限公司/晋江市恒诚小额贷款有限公司/晋江市恒诚小额贷款有限公司/晋江市恒诚小额贷款有限公司 Fujian Shangzheng Industrial Development Co., Ltd. / Jinjiang Baixing Shoes Material Co., Ltd. / Fujian Jinjiang Mars Shoes Material Co., Ltd. / Lin Huozhi / Liu Yongjin / Liu Yongyong	Dispute of petty financial loan	5 million	Repaid, withdrawing the lawsuit	

No.	Court	Case No.	Instance Level of Court	Plaintiffs	Defendant	Cause of case	Subject matter	Conclusion	Case Ref.
3	People's Court of Jinjiang City, Fujian Province	No.4150(2015) Civil, First Instance, JinJiang City	First instance	王庆芸 Wang Qingyu	晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Co., Ltd. / Lin Huozhi	Dispute of financial loan	5.8 million	Settled, withdrawing the lawsuit	
4	Intermediate People's Court of Wuhu City, An Hui Province	No.00302(2015) Civil, First Instance, Wuhu	First instance	皖江融资租赁有限公司 Qijiang Financial Leasing Co., Ltd.	晋江百兴鞋材有限公司/福建三大鞋服有限公司/林火枝/高琼莲 Jinjiang Baixing Shoes Material Co., Ltd./Fujian Sanda Shoes Co., Ltd./Lin Huozhi/Gao Qionglian	Dispute over a financial leasing contract	Above 20 million	JinJiang Baixin lose the lawsuit	
5	People's Court of Huli District, Fujian Province /Intermediate People's Court of Xiamen City, Fujian Province	No. 5064 (2015) Civil, First instance, Huli /No.5227 (2016) Final, Civil Division, Fujian Province	First& Second instance	厦门港务贸易有限公司 Xiamen Port Trade Co., Ltd.	晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of sales & purchase agreement	2.44 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	(2017)闽0206执343号
6	People's Court of Gulou District, Fujian Province /Intermediate People's Court of Fuzhou City, Fujian Province	No.4136(2015) Civil, First instance, Gulou /No.946(2016) Final, 01 Civil Division, Fujian Province	First& Second instance	福建海峡融资租赁有限责任公司 Fujian Strait Financial Leasing Co., Ltd.	晋江百兴鞋材有限公司/国辉(中国)有限公司/林火枝/高琼莲/林丽影 Jinjiang Baixing Shoes Co., Ltd./Guohui (China) Co., Ltd./Lin Huozhi/Gao Qionglian/Lin Liying	Dispute over a financial leasing contract	21.843 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	(2017)闽0102执4112号
7	People's Court of Jinjiang City, Fujian Province / Intermediate People's Court of Quanzhou City, Fujian Province	No.11824 (2015) Civil, First instance, Jinjiang /No.2959 (2016) Final, 05 Civil Division, Fujian Province	First& Second instance	晋江市怡高展览器材有限公司 Jinjiang Yigao Exhibition Equipment Co., Ltd.	福建艾多玛服饰发展有限公司/晋江百兴鞋材有限公司 Fujian Ai Duoma Fashion Development Co.(Fujian Eyidoma) Ltd./ Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of sales & purchase agreement	0.919 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	(2018)闽0582执348号

No.	Court	Case No.	Instance Level of Court	Plaintiffs	Defendant	Cause of case	Subject matter	Conclusion	Case Ref.
8	Intermediate People's Court of Quanzhou City, Fujian Province	No. 227 (2016) 05 Civil, First Instance, Fujian Province	First instance	中国建设银行股份有限公司石狮分行 China Construction Bank Co., Ltd. Shishi Branch	晋江百兴鞋材有限公司/福建国晖鞋业有限公司/晋江国晖鞋材有限公司/国晖(中国)有限公司/林火枝/高琼莲 Jinjiang Baixing Shoes Material Co., Ltd. / Fujian Guohui Shoes Co., Ltd. / Jinjiang Guopeng Shoes Material Co., Ltd. / Guohui (China) Co., Ltd. / Lin Huozhi/ Gao Qionglian	Dispute of financial loan	169.55 million	JinJiang Baixin lose the lawsuit	(2016)闽05执1308号
9	Intermediate People's Court of Quanzhou City, Fujian Province	No. 228 (2016) 05 Civil, First Instance, Fujian Province	First instance	中国建设银行股份有限公司石狮分行 China Construction Bank Co., Ltd. Shishi Branch	晋江百兴鞋材有限公司/福建省晋江市火星鞋材有限公司/福建喜得龙体育用品有限公司/喜得龙(中国)有限公司/金发达(福建)鞋塑有限公司/林丽玲/丁明强/林丽影/林火枝/高琼莲 Jinjiang Baixing Shoes Material Co., Ltd./Jinjiang Mars Shoes Co., Ltd. Fujian/ Xidelong Sporting Goods Co., Ltd./ Hide Dragon (China) Co., Ltd./Jinda (Fujian) Shoes & Plastics Co., Ltd./Lin Liling/Ding Mingqiang/ Lin Liying/Lin Huozhi/Gao Qionglian	Dispute of financial loan	126.99 million	JinJiang Baixin lose the lawsuit	(2016)闽05执1889号
10	Intermediate People's Court of Quanzhou City, Fujian Province	No. 1021 (2016) 05 Civil, First Instance, Fujian Province	First instance	泉州农村商业银行股份有限公司丰泽支行 Rural Commercial Bank Co., Ltd. Fortress Branch	晋江百兴鞋材有限公司/福建喜得龙体育用品有限公司/林火枝/林丽影/丁明强/林水盘 Jinjiang Baixing Shoes Material Co., Ltd. / Fujian Xi Delong Sports Goods Co., Ltd. / Lin Huozhi / Lin Liying / Ding Mingqiang / Linshui Pan	Dispute of financial loan	29.86 million	JinJiang Baixin lose the lawsuit	(2017)闽05执654号
11	People's Court of Jinjiang City, Fujian Province	No.11147 (2016) 0582 Civil, First Instance, Fujian Province	First instance		晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of Contract	2.02 million	JinJiang Baixin lose the lawsuit	(2017)闽0582执567号
12	People's Court of Fengze District, Fujian Province / Intermediate People's Court of Quanzhou City, Fujian Province	No.988 (2016) Civil, 0503 First Instance, Fujian Province /No.871 (2017) Final, 05 Civil Division, Fujian Province		泉州银行股份有限公司 Quanzhou Bank Co., Ltd.	晋江百兴鞋材有限公司/福建喜得龙体育用品有限公司/福建省晋江市火星鞋材有限公司/福建艾多玛服饰发展有限公司/林火枝/林丽影/林水盘 Jinjiang Baixing Shoes Material Co., Ltd. / Fujian Xi Delong Sports Goods Co., Ltd. / Fujian Jinjiang Mars Shoes Material Co., Ltd. / Fujian Ai Duoma Fashion Development Co., Ltd. (Fujian Evidoma) / Lin Huozhi / Lin Liying / Linshu Pan	Dispute of financial loan	183.35 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	(2017)闽0503执2188号



No.	Court	Case No.	Instance Level of Court	Plaintiffs	Defendant	Cause of case	Subject matter	Conclusion	Case Ref.
13	Intermediate People's Court of Fuzhou City, Fujian Province /Higher People's Court of Fujian Province	No.61 ( 2016) Civil, 01 First Instance, Fujian / No.199( 2017) Final, 05 Civil Division, Fujian Province	First& Second instance	平安银行股份有限公司福州分行 Ping An Bank Co., Ltd. Fuzhou Branch	晋江百兴鞋材有限公司/福建国晖鞋业有限公司/福建省晋江市火星鞋材有限公司/林火枝/高琼莲  Jinjiang Baixing Shoes Co., Ltd./Fujian Guohui Shoes Co., Ltd./Jinjiang Mars Shoes Co., Ltd./Lin Huozhi/Gao Qionglian	Dispute of financial loan	52.89 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	(2017)闽01执1287号
14	Intermediate People's Court of Quanzhou City, Fujian Province /Higher People's Court of Fujian Province	No.1027( 2016) Civil, 05 First Instance, Fujian / No.1066 ( 2017) Final, 05 Civil Division, Fujian Province	First& Second instance	中国光大银行股份有限公司泉州分行 China Everbright Bank Co., Ltd. Quanzhou Branch	晋江百兴鞋材有限公司/国辉(中国)有限公司/晋江毅恒鞋材有限公司/福建省晋江市火星鞋材有限公司/福建艾多玛服饰发展有限公司/林火枝/高琼莲/林佳森  Jinjiang Baixing Shoes Material Co., Ltd. / Guohui (China) Co., Ltd. / Jinjiang Yiheng Shoes Material Co., Ltd. / Fujian Jinjiang Mars Shoes Material Co., Ltd. / Fujian Aodoma Clothing Development Co., Ltd. / Lin Huozhi / Gao Qionglian / Lin Jiasen	Dispute of financial loan	Above 20 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	
15	Xiamen arbitration committees	No. 20160724, Xiamen arbitration	Arbitration	中国工商银行股份有限公司晋江分行  Industrial and Commercial Bank of China Co., Ltd. Jinjiang Branch	福建国晖鞋业有限公司/晋江百兴鞋材有限公司/丁国需 Fujian Guohui Shoes Co., Ltd. / Jinjiang Baixing Shoes Co., Ltd. / Ding Guoxu	Dispute of financial loan	108.63 million	JinJiang Baixin lose the lawsuit	(2017)闽0582执10283号
16	Xiamen arbitration committees	No. 20160724 (2016), Xiamen arbitration	Arbitration	中国工商银行股份有限公司晋江分行  Industrial and Commercial Bank of China Co., Ltd. Jinjiang Branch	福建国晖鞋业有限公司/晋江百兴鞋材有限公司/丁国需 Fujian Guohui Shoes Co., Ltd. / Jinjiang Baixing Shoes Co., Ltd. / Ding Guoxu	Dispute of financial loan	186.36 million	JinJiang Baixin lose the lawsuit	(2017)闽0582执10278号

No.	Court	Case No.	Instance Level of Court	Plaintiffs	Defendant	Cause of case	Subject matter	Conclusion	Case Ref.
17	People's Court of Gulou District, Fujian Province	No. 999 (2016) Civil, 0102 First instance Fujian Province	First instance	福建海峡融资租赁有限责任公司 Fujian Strait Financial Leasing Co., Ltd.	晋江百兴鞋材有限公司/国辉(中国)有限公司/林火枝/高琼莲/林丽影 Jinjiang Baixing Shoes Co., Ltd./Guohui (China) Co., Ltd./Lin Huozhi/Gao Qionglian/Lin Liying	Dispute over a financial leasing contract	19.79 million	JinJiang Baixin lose the lawsuit	(2017)闽0102执209号
18	People's Court of Jinjiang City, Fujian Province	No. 11844 (2016) Civil, 0582 First instance Fujian Province	First instance	邓运花 Deng Yunhua	晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Material Co., Ltd.	Dispute over a processing contract	0.265 million	JinJiang Baixin lose the lawsuit	(2017)闽0582执5452号
19	People's Court of Shishi City, Fujian Province	No. 84 (2016) Civil, 0581 First instance Fujian Province	First instance	蔡明月 Cai Mingyue	晋江百兴鞋材有限公司、/林火枝/林丽婷/林佳森 Jinjiang Baixing Shoes Material Co., Ltd., Lin Huozhi/Lin Liting/Lin Jiasen	Dispute of Civil financial loan	1.169 million	JinJiang Baixin lose the lawsuit	
20	People's Court of Siming District, Fujian Province	No.311 (2016) Civil, 0203 First Instance, Fujian Province	First instance	厦门西奥电梯安装服务有限公司 Xiamen Xi'ao Elevator Installation Service Co., Ltd.	晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of contract	0.0618 million	JinJiang Baixin lose the lawsuit	(2016)闽0203执6869号
21	People's Court of Jinjiang City, Fujian Province / Intermediate People's Court of Quanzhou City, Fujian Province	No.1364(2016) Civil, 0582 First Instance, Fujian Province/ No.1432(2017) Final, 05 Civil Division, Fujian Province	First& Second instance	邓阿玉 Deng Ayu	林火枝/丁明强/晋江百兴鞋材有限公司 Lin Huozhi/Ding Mingqiang/Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of Civil financial loan	2.361 million	JinJiang Baixin lose the lawsuit, withdraw lawsuit as no payment made for 2 <sup>nd</sup> instance	(2017)闽0582执4025号
22	People's Court of Jinjiang City, Fujian Province	No.186 (2017) Civil, 0582 First Instance, Fujian Province	First instance	彭振发 Peng Zhenfa	晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Material Co., Ltd.	Dispute of Civil financial loan	To be confirmed	JinJiang Baixin lose the lawsuit	

No.	Court	Case No.	Instance Level of Court	Plaintiffs	Defendant	Cause of case	Subject matter	Conclusion	Case Ref.
23	Jinjiang City, labor arbitration committees	No. 218 (2017) Jinjiang labor dispute case	First instance	工人 worker	晋江百兴鞋材有限公司 Jinjiang Baixing Shoes Material Co., Ltd.	Labor dispute case	0.357 million	Jinjiang Baixin lose the lawsuit	(2017) 闽0582 执 3220 号
24	People's Court of Jinjiang City, Fujian Province	No.5227( 2017) Civil, 0582 First Instance, Fujian Province	First instance	丁和平 Ding Heping	泉州百兴集团/晋江百兴鞋材有限公司/福建省清特投资发展有限公司/泉州森特贸易有限公司/福建艾多玛服饰发展有限公司/第三人平和县人民政府 Quanzhou Baixing Group / Jinjiang Baixing Shoes Material Co., Ltd. / Fujian Qingte Investment Development Co., Ltd. / Quanzhou Sente Trading Co., Ltd. / Fujian Ai Duoma Dress Development Co., Ltd. / Third Party Pinghe County People's Government	Dispute over conditions of agreements	17 million	Action brought by the plaintiff has been dismissed, it will be arbitrated by Quanzhou arbitration committees	

**9. Changes in the composition of the Group**

There were no significant changes in the composition of the Group during the current quarter.

**10. Contingent liabilities or assets**

Kindly refer to Note 8 on Subsequent events and the summary of legal cases against the subsidiaries in China.

**11 Property, plant & equipment and intangible asset**

The Group acquired addition of property, plant & equipment as follow:

	Current quarter		Current year-to-date	
	31-Mar-17	31-Mar-17	31-Mar-17	31-Mar-17
	RMB'000	RM'000	RMB'000	RM'000
Property, plant and equipment	-	-	-	-
Intangible asset	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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**B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIREMENTS**

**1. Review of the performance of the Group**

**Financial quarter ended (Unaudited)**

	Individual Quarter		Change
	31-Mar-17 RMB'000	31-Mar-16 RMB'000	
<b>Revenue</b>			
TPR shoe soles	-	2,839	-100%
RB shoe soles	-	2,814	-100%
MD1 shoe soles	-	16,701	-100%
MD2 shoe soles	-	57,275	-100%
	-	79,629	-100%
Apparels	-	569	-100%
Accessories	-	17	-100%
	-	586	-100%
Total	-	80,215	-100%

**Overall:**

The Group did not have any business segment for 31 March 2017 and therefore no revenue.

**2. Variation of results against immediate preceding quarter**

	Current Quarter 31-Mar-17 RMB'000	Preceding Quarter 31-Dec-16 RMB'000	Current Quarter 31-Mar-17 MYR'000	Preceding Quarter 31-Dec-16 MYR'000
Revenue	-	-	-	-
Gross profit	-	-	-	-
Profit / (loss) after taxation	(78)	(23)	(50)	(15)

The Group incurred more professional expenses as compared to the previous quarter.

**3. Prospects for FYE 2017**

The Group was not able to provide any prospects as it does not have any business segments.

#### 4. Profit forecast and guarantee

No profit forecast or guarantee were previously announced and disclosed by the Group in a public document.

#### 5. Income tax

	Current Quarter 31-Mar-17 RMB'000	Preceding Quarter 31-Dec-16 RMB'000	Current Quarter 31-Mar-17 MYR'000	Preceding Quarter 31-Dec-16 MYR'000
PRC income tax	-	-	-	-

The effective tax rate of the Group for the current quarter was 20% as compared to the current Enterprise Income Tax (EIT) rate of 25%. The lower effective tax rate in current quarter was due to no provision of income tax in apparels and accessories business during this quarter.

#### 6. Accumulated losses

	Current quarter ended 31-Mar-17 RMB'000		Preceding quarter ended 31-Dec-16 MYR'000	
Realised	(330,207)	(212,191)	(330,129)	(213,250)
Unrealised	-	-	-	-
	(330,207)	(212,191)	(330,129)	(213,250)
Consolidation adjustments	-	-	-	-
Total Group retained profits as per consolidated accounts	(330,207)	(212,191)	(330,129)	(213,250)

#### 7 Loss before taxation

	Current quarter 31-Mar-17 RMB'000		Current year to date 31-Mar-17 MYR'000	
The Group's profit before taxation is arrived after charging/ (crediting):				
After crediting				
Interest income	-	-	-	-
After charging				
Interest expense	-	-	-	-
Depreciation expense	-	-	-	-

## 8 Status of corporate proposals and utilisation of proceeds

### (a) Utilisation of IPO proceeds

The Public Issue raised gross proceeds of RM48.96 million and based on reports by the previous board, the Company has utilised the proceeds raised in the following manner: -

	Estimated timeframe for utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Explanations
(i) Expansion of production capacity	Within 24 months				
<sup>1</sup> - Production centre		25,000	89,807	(64,807) (1)	
<sup>1</sup> - Production line		5,000	5,600	(600) (1)	
		<u>30,000</u>	<u>95,407</u>	<u>(65,407)</u>	
(ii) Expansion of sales and marketing network in China	Within 18 months	3,960	2,138	1,822 (2)	
(iii) Advertising and branding	Within 24 months	3,000	3,000	-	
(iv) Enhancement of product development capabilities	Within 24 months	4,000	5,245	(1,245) (2)	
(v) Working capital	Within 24 months	1,000	1,000	-	
(vi) Estimated Listing expenses	Immediate	<u>7,000</u>	<u>7,695</u>		
Total proceeds		48,960	114,485		

#### Notes :

- (1) The construction of a new production centre has been completed and the total cost of production centre was RM89.8 million, out of which RM25 million was financed via the IPO proceeds and the deviation of RM64.8 million was financed via funds generated internally by the Group. The total expansion cost of machinery and equipment amounting to RM5 million was financed via IPO proceeds and the deviation of RM0.6 million was financed via internal generated funds.
- (2) IPO proceeds yet to be fully utilised and these proceeds were used to speed up expansion of the product development and marketing in China continuing in 1st half of year 2015.
- (3) The total listing expenses were RM7.7 million, out of which RM2.7 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.7 million was financed via the funds generated internally by the Group.



**8 Status of corporate proposals and utilisation of proceeds (Cont.)**

(b) Utilisation of Rights Share proceeds

The Rights Share Issue raised gross proceeds of RM34.20 million and based on reports by the previous board, was fully utilised

(C) Utilisation of TDR proceeds

The TDR Issue raised gross proceeds of TWD236.25 (RM24.688) million and based on reports by the previous board, the Company has utilised the proceeds raised in the following manner: -

	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Explanations
(i) Expansion of production capacity - Production line	15,681	4,641	(1)	
(ii) Working capital	17,747	22,859	(5,112)	(2)
(iii) Estimated issuance expenses	2,300	2,653	(353)	(3)
<b>Total proceeds</b>	<b>35,728</b>	<b>30,153</b>	<b>5,575</b>	

Note:

- (1) The Company has completed its TDR issuance and listing on 30 December 2011.
- (2) TDR proceeds have been deposited into a bank in Hong Kong. Due to exchange controls, the Company is currently in the midst of converting the proceeds into share capital of its subsidiary for utilization as working capital. On 5 May 2014, Hongkong Subsidiary "PakSing" has transferred RMB 32,03 million (RM18.196 million) as capital injection to fund the operation of "Evidoma".
- (3) The total listing expenses were RM2.653 million, out of which RM0.94 million was offset against share premium as these transaction costs were directly relating to the public initial offering and the issuance of equity instrument. The deviation of RM0.353 million was financed via the funds generated internally by the Group

**9. Group borrowings and debts securities**

Our Group's borrowings and debts securities as at 31 March 2017 were as follow: -

Short term borrowings and debts securities	RMB'000	MYR'000
Bank loans - secured	-	-

The bank loans were pledged by the Group's land use rights.

**10. Off-balance sheet financial instruments risks**

As at the date of this report, neither do we have nor are we using any financial instruments.

**11. Changes in material litigation**

Kindly refer to Note 8 on Subsequent events and the summary of legal cases against the subsidiaries in China.

**12 Proposed dividend**

The Board of Directors does not recommend any dividends for the current financial quarter under review.

**13 Net asset and earnings per share**

Net asset per share are calculated based on net asset attributable to equity holders of the Group and total number of shares of 606,764,000 and 606,764,000 ordinary shares in issue for the financial period/ year ended 31 March 2017 and 31 December 2016 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 603,314,519 ordinary shares fully in issue for the financial period ended 31 March 2017 and 2016 respectively.

**The Group**

	Individual quarter		Individual quarter	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RMB	RMB	MYR	MYR
	cents	cents	cents	cents
Basic earnings per share is based on:				
Profit after taxation attributable to ordinary shareholders of the Company	(0.01)	(2.26)	(0.00)	(1.46)

	Cumulative quarter		Cumulative quarter	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RMB	RMB	MYR	MYR
	cents	cents	cents	cents
Basic earnings per share is based on:				
Profit after taxation attributable to ordinary shareholders of the Company	(0.01)	(2.26)	(0.00)	(1.46)

**13 Net asset and earnings per share (Cont.)**

	Weighted average number of shares	
	31-Mar-17	31-Mar-16
At the beginning of the year	606,764,000	595,122,000
Exercise of ESOS on 24/03/2016 for 11,642,000 shares at par value	-	905,489
At end of year	<u>606,764,000</u>	<u>596,027,489</u>

The fair value of the warrant was determined to be zero as there is no consideration received for the warrant. The exercise price per share was RM 0.18.

The numbers of warrants outstanding as at 31 March 2017 are 258,750,000.

Exercisable period	Number of warrants
3 years	258,750,000

There are no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at end of the current and preceding quarter under review.

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

The auditors of financial statements of the Group for the financial year ended 31 December 2016 has issued a disclaimer of opinion on those financial statements. Therefore at the issuance of this quarterly result, the Group was unable to disclose any opinion and variation of the Group's preceding annual financial statements.

**15 Additional note for Quarterlies**

This Quarterly Report is being issued in April 2018 together with all other outstanding Quarterly Reports from 2<sup>nd</sup> Quarter 2016 to 2018 and the Annual Report for 2016 as per Bursa requirements.

On the basis of loss of control of the subsidiaries and inability to access the necessary information/books of the subsidiaries (as set out in note 20 to the 2016 Annual Report), the board of the Company has made the decision to write down the investment in subsidiaries as a disposal as at 31.12.2016.

The Quarterly Reports for 2<sup>nd</sup> Quarter onwards 2016 carry forward the financial information reported by the previous board for 1<sup>st</sup> Quarter 2016 with no additional reporting for the subsidiaries through the subsequent Quarters.

The Quarterly Reports post-31.12.2016 reflect the loss of control and disposal of subsidiaries as per the 2016 Annual Report and going forward, capture the financial information of the holding Company only.

This Quarterly Report should be read in conjunction with the Annual Report 2016 and audit report contained therein.