

Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 3 months ended : 31-Mar-18
 Quarter : 1

Condensed Consolidated Statement of Financial Position as at 31 March 2018

Particulars	Note	Unaudited	Audited	Unaudited	Audited
		As at 31-Mar-18 RMB'000	As at 31-Dec-17 RMB'000	As at 31-Mar-18 MYR'000 (1)	As at 31-Dec-17 MYR'000 (1)
ASSETS					
Non-current assets					
Property, plant and equipment		-	-	-	-
Intangible assets		-	-	-	-
Current assets					
Inventories		-	-	-	-
Trade receivables and other receivables		-	-	-	-
Cash and bank balances		49	26	30	16
		<u>49</u>	<u>26</u>	<u>30</u>	<u>16</u>
Total assets		<u>49</u>	<u>26</u>	<u>30</u>	<u>16</u>
EQUITY AND LIABILITY					
Capital and Reserves					
Share capital		102,397	102,374	62,943	63,666
Reserves		(106,377)	(105,793)	(65,390)	(65,793)
Total equity		<u>(3,980)</u>	<u>(3,419)</u>	<u>(2,447)</u>	<u>(2,127)</u>

Condensed Consolidated Statement of Financial Position as at 31 March 2018

Particulars	Note	Unaudited	Audited	Unaudited	Audited
		As at 31-Mar-18 RMB'000	As at 31-Dec-17 RMB'000	As at 31-Mar-18 MYR'000 (1)	As at 31-Dec-17 MYR'000 (1)
Current liabilities					
Trade payables		-	-	-	-
Accrued liabilities and other payables		4,029	3,445	2,477	2,143
Income tax payable		-	-	-	-
Interest bearing bank borrowings		-	-	-	-
		<u>4,029</u>	<u>3,445</u>	<u>2,477</u>	<u>2,143</u>
Total equity and liabilities		<u>49</u>	<u>26</u>	<u>30</u>	<u>16</u>
Net Assets per share attributable to equity holders of the Group (Cents in RMB / RM)	B13	(0.66)	(0.56)	(0.40)	(0.35)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 0.61469 as at 31 March 2018 and RMB1 to RM0.6219 as at 31 Dec 2017.

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Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 3 months ended : 31-Mar-18
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

Particulars	Note	Individual quarter		Individual quarter	
		Unaudited Current Quarter RMB'000	Unaudited Preceding Correspondin g Quarter RMB'000	Unaudited Current Quarter MYR'000 (1)	Unaudited Preceding Correspondin g Quarter MYR'000 (1)
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross Profit		-	-	-	-
Other income		-	-	-	-
Selling and distribution expenses		-	-	-	-
Administrative expenses		(584)	(26)	(359)	(17)
Other operating expenses		-	(52)	-	(33)
Finance costs		-	-	-	-
Loss before taxation		(584)	(78)	(359)	(50)
Taxation		-	-	-	-
Loss after taxation		(584)	(78)	(359)	(50)
Total comprehensive loss for the period		(584)	(78)	(359)	(50)
Loss attributable to - Equity Holders of the Group		(584)	(78)	(359)	(50)
Total comprehensive loss attributable to: - Equity Holders of the Group		(584)	(78)	(359)	(50)

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)		(0.10)	(0.01)	(0.06)	(0.01)
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 2017 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 0.61469 for 3 months ended 31 March 2018 and RMB1 to RM0.6426 for 3 months ended 31 March 2017.

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Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 3 months ended : 31-Mar-18
 Quarter : 1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

Particulars	Note	Cumulative quarter		Cumulative quarter	
		Unaudited	Unaudited	Unaudited	Unaudited
		Current	Preceding Year	Current	Preceding Year
		Quarter	Corresponding	Quarter	Corresponding
		Quarter	Quarter	Quarter	Quarter
		RMB'000	RMB'000	MYR'000 (1)	MYR'000 (1)
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Gross Profit		-	-	-	-
Other income		-	-	-	-
Selling and distribution expenses		-	-	-	-
Administrative expenses		(584)	(26)	(359)	(17)
Other operating expenses		-	(52)	-	(33)
Finance costs		-	-	-	-
Loss before taxation		(584)	(78)	(359)	(50)
Taxation		-	-	-	-
Loss after taxation		(584)	(78)	(359)	(50)
Total comprehensive loss for the period		(584)	(78)	(359)	(50)
Loss attributable to					
- Equity Holders of the Group		(584)	(78)	(359)	(50)
Total comprehensive loss attributable to:					
- Equity Holders of the Group		(584)	(78)	(359)	(50)

Particulars	Note	Cumulative quarter		Cumulative quarter	
		Unaudited Current Quarter RMB'000	Unaudited Preceding Correspondin g Quarter RMB'000	Unaudited Current Quarter MYR'000 (1)	Unaudited Preceding Correspondin g Quarter MYR'000 (1)
Earnings (loss) per share attributable to equity holders of the Group :					
Basic (cents in RMB / RM)		(0.10)	(0.01)	(0.06)	(0.01)
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 2017 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 0.614691 for 3 months ended 31 March 2018 and RMB1 to RM0.6426 for 3 months ended 31 March 2017.

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Company name : Multi Sports Holdings Ltd
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	← 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 2018	102,374	137,003	-	-	87,680	(330,476)	(3,419)
Issuance of shares	23						23
Net profit for the period	-	-	-	-	-	(584)	(584)
Balance at 31 March 2018	<u>102,397</u>	<u>137,003</u>	<u>-</u>	<u>-</u>	<u>87,680</u>	<u>(331,060)</u>	<u>(3,980)</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 2018	62,928	84,215	-	-	53,896	(203,141)	(2,102)
Issuance of shares	14						14
Net profit for the period	-	-	-	-	-	(359)	(359)
Balance at 31 March 2018	<u>62,942</u>	<u>84,215</u>	<u>-</u>	<u>-</u>	<u>53,896</u>	<u>(203,500)</u>	<u>(2,446)</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 2017 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 0.61469 as at 31 March 2018 and RMB1 to RM 0.6426 as at 31 March 2017.

Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 3 months ended : 31-Mar-18
 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	<u>102,374</u>	<u>137,003</u>	<u>-</u>	<u>-</u>	<u>87,680</u>	<u>(330,207)</u>	<u>(3,150)</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 2017	65,785.53	88,038.13	-	-	56,343.17	(212,140.90)	(1,974)
Net profit for the period	-	-	-	-	-	(50)	(50)
Balance at 31 March 2017	<u>65,786</u>	<u>88,038</u>	<u>-</u>	<u>-</u>	<u>56,343</u>	<u>(212,191)</u>	<u>(2,024)</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 2017 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 0.61469 as at 31 March 2018 and RMB1 to RM 0.6426 as at 31 March 2018.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

	Unaudited Period 31-Mar-18 RMB'000	Unaudited Period 31-Mar-17 RMB'000	Unaudited Period 31-Mar-18 MYR'000(1)	Unaudited Period 31-Mar-17 MYR'000(1)
CASH FLOW FROM OPERATING ACTIVITIES				
Loss before taxation	(584)	(78)	(359)	(49)
Adjustments for :-				
Depreciation of property, plant and equipment	-	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	-
Amortisation of intangible assets	-	-	-	-
Loss on disposal of subsidiaries	-	-	-	-
Interest income	-	-	-	-
Interest expense	-	-	-	-
Operating profit before working capital changes	(584)	(78)	(359)	(49)
Increase in inventories	-	-	-	-
Decrease/ (increase) in trade receivables	-	-	-	-
Decrease/ (increase) in prepayment and other receivables	-	-	-	-
Increase / (decrease) in trade and other payables	584	78	359	49
Net cash generated from operations	-	-	-	-
Income tax paid	-	-	-	-
Interest received	-	-	-	-
Net cash (used in) generated from operating activities	-	-	-	-
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	-	-	-	-
Proceed from disposal of property, plant and equipment	-	-	-	-
Disposal of subsidiaries	-	-	-	-
Net cash used in investing activities	-	-	-	-
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of new shares	23	-	14	-
Advances from shareholders	-	-	-	-
Interest paid	-	-	-	-
Net cash used in financing activities	23	-	14	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	23	-	14	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	26	26	30	17
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	49	26	44	17

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2017

	Unaudited Period 31-Mar-18 RMB'000	Unaudited Period 31-Mar-17 RMB'000	Unaudited Period 31-Mar-18 MYR'000(1)	Unaudited Period 31-Mar-17 MYR'000(1)
Cash and cash equivalents comprise:				
Cash and bank balances	49	26	44	17
Less: Deposit pledged with bank	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	49	26	44	17

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 0.61469 as at 31 March 2018 and RMB1 to RM 0.6426 as at 31 March 2017.

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A: SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2018

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 2017, 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 cyclical operation

The Group does not have any business operations for the quarter ended 31 March 2018 and is therefore not affected by seasonality or cyclical operation.

3. Unusual items

Kindly refer to Note.8 on Material 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.



Bermuda Company No. 42429)
(Malaysia Foreign Company Registration No. 995100-H)

7. Segment Information

Business segments for first quarter ended 31 March 2018

The Group did not have any business segments for the first quarter ended 31 March 2018 and therefore no segment results are presented.

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.

8. Material 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 advertisement".
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. Material 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. Material 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:</p> <p>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 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>
25.04.2018	<p>The Company submits the outstanding financial reports (AR2016 and outstanding quarterly reports)</p>
15.05.2018	<p>Bursa Malaysia allows the Company’s appeal for an extension of time dated 11.04.2018</p>
07.06.2018	<p>The Company releases its Annual Report 2017</p>

8. Material events (Continued)

The Company had 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 26 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
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 attached to the Company's announcement via Bursa on 26.04.2018 setting out the key details of the litigation identified.
4. According to the available but incomplete data, Jinjiang Baixing Shoe Materials Co., Ltd. was reported to be 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
6. Litigation in 2015: There were 5 cases reported to have been taken in 2015. The total amount in the objects of litigation was above RMB 31.002 million yuan (excluding the objects of litigation of unknown cases).
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).
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.
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 as set out in the note to the Table, where mortgage property was put up for auction.
10. 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.
11. 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.
12. In the Board's opinion there is insufficient information on the individual legal cases and underlying contracts for the Board to form an opinion on the potential options for civil action to challenge judgments or otherwise recover damages at this stage and the decision to pursue and fund litigation in China will need to be put before shareholders.

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-18 RMB'000	31-Mar-18 RM'000	31-Mar-18 RMB'000	31-Mar-18 RM'000
Property, plant and equipment	-	-	-	-
Intangible asset	-	-	-	-
	-	-	-	-

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B. INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD UNDER LISTING REQUIRMENTS

1. Review of the performance of the Group

Financial quarter ended (Unaudited)

	Individual Quarter		Change
	31-Mar-18 RMB'000	31-Mar-17 RMB'000	
Revenue			
TPR shoe soles	-	-	0%
RB shoe soles	-	-	0%
MD1 shoe soles	-	-	0%
MD2 shoe soles	-	-	0%
	<hr/>	<hr/>	0%
Apparels	-	-	0%
Accessories	-	-	0%
	<hr/>	<hr/>	0%
Total	<hr/> <hr/>	<hr/> <hr/>	0%

Overall:

The Group did not have any business segment for 31 March 2018 and therefore no revenue.

2. Variation of results against immediate preceding quarter

	Current Quarter 31-Mar-18 RMB'000	Preceding Quarter 31-Dec-17 RMB'000	Current Quarter 31-Mar-18 MYR'000	Preceding Quarter 31-Dec-17 MYR'000
Revenue	-	-	-	-
Gross profit	-	-	-	-
Profit / (loss) after taxation	(584)	(107)	(359)	(66)

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

3. Prospects for FYE 2018

The financial results for 2017 reflect that the Company has deconsolidated and written down its investment in the Chinese subsidiaries. Given the loss of control of the operating subsidiaries, the Company's PN17 status and the current lack of income generating business activities, the Company requires a regularisation plan to be implemented in order to continue as a going concern.

The Company believes a successful regularisation will be challenging but achievable. The Company is actively working on a regularisation plan. Success will depend upon continued shareholder support and the existence of quality assets and businesses seeking to work with the Company as a listed vehicle.

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-18 RMB'000	Preceding Quarter 31-Dec-17 RMB'000	Current Quarter 31-Mar-18 MYR'000	Preceding Quarter 31-Dec-17 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-18		Preceding quarter ended 31-Dec-17	
	RMB'000	MYR'000	RMB'000	MYR'000
Realised	(331,060)	(203,500)	(330,476)	(212,363.88)
Unrealised	-	-	-	-
	(331,060)	(203,500)	(330,476)	(212,364)
Consolidation adjustments	-	-	-	-
Total Group retained profits as per consolidated accounts	(331,060)	(203,500)	(330,476)	(212,364)

7 Loss before taxation

	Current quarter 31-Mar-18		Current year to date 31-Mar-18	
	RMB'000	MYR'000	RMB'000	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				
'- Production centre		25,000	89,807	(64,807) (1)	
'- 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 of which based on reports by the previous board have been 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	<u>2,300</u>	<u>2,653</u>	(353)	(3)
Total proceeds	35,728	30,153	5,575	

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 2018 were as follow: -

Short term borrowings and debts securities	RMB'000	MYR'000
Bank loans - secured	<u>-</u>	<u>-</u>

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 material 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 606,841,500 and 606,764,000 ordinary shares in issue for the financial period/ year ended 31 March 2018 and 31 December 2017 respectively.

Basic earnings per share are calculated based on profit attributable to equity holders of the Group and weighted average number of 606,841,500 and 606,764,000 ordinary shares fully in issue for the financial period ended 31 March 2018 and 2017 respectively.

The Group

	Individual quarter		Individual quarter	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	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	(0.10)	(0.01)	(0.06)	(0.01)
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	Cumulative quarter		Cumulative quarter	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	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	(0.10)	(0.01)	(0.06)	(0.01)
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13 Net asset and earnings per share (Cont.)

	Weighted average number of shares	
	31-Mar-18	31-Mar-17
At the beginning of the year	606,841,500	606,764,000
Exercise of ESOS	-	-
At end of year	<u>606,841,500</u>	<u>606,764,000</u>

The number of warrants outstanding as at 31 December 2017 was NIL as the warrants expired on 9 November 2017. A total 2 warrant holders exercised warrants before the expiry for a combined total of 77,500 shares. Shares were only allotted on 12 February 2018 due to delays in completing the exercise process.

No of ordinary shares

		Number of warrants
Balance as at 1.1.2017	258,750,000	
Lapsed during financial year	-258,672,500	
Exercised during financial year ⁽¹⁾	-77,500	
Balance as at 31.12.17	<u>-</u>	258,750,000

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

The auditors of the financial statements of the Group for the financial year ended 31 December 2017 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 on Quarterlies Issued from Q2 2016 Onwards

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 had made the decision to write down the investment in subsidiaries as a disposal as at 31.12.2016.

As such, the Quarterly Reports for 2nd Quarter 2016 onwards carry forward the financial information reported by the previous board for 1st 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 2017 and audit reports contained therein.