

Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 6 months ended : 30-Jun-19
 Quarter : 6

Condensed Consolidated Statement of Financial Position as at 30 June 2019

| Particulars | Note | Unaudited | Unaudited | Unaudited | Unaudited |
|---|------|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| | | As at 30-Jun-19 RMB'000 | As at 31-Mar-19 RMB'000 | As at 30-Jun-19 MYR'000 (1) | As at 31-Mar-19 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 | 49 | 30 | 30 |
| | | <u>49</u> | <u>49</u> | <u>30</u> | <u>30</u> |
| Total assets | | <u>49</u> | <u>49</u> | <u>30</u> | <u>30</u> |
| EQUITY AND LIABILITY | | | | | |
| Capital and Reserves | | | | | |
| Share capital | | 102,397 | 102,397 | 62,298 | 62,319 |
| Reserves | | (106,924) | (106,405) | (65,054) | (64,758) |
| Total equity | | <u>(4,527)</u> | <u>(4,008)</u> | <u>(2,756)</u> | <u>(2,439)</u> |

Condensed Consolidated Statement of Financial Position as at 30 June 2019

| Particulars | Note | Unaudited | Unaudited | Unaudited | Unaudited |
|--|------|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| | | As at 30-Jun-19 RMB'000 | As at 31-Mar-19 RMB'000 | As at 30-Jun-19 MYR'000 (1) | As at 31-Mar-19 MYR'000 (1) |
| Current liabilities | | | | | |
| Trade payables | | - | - | - | - |
| Accrued liabilities and other payables | | 4,576 | 4,057 | 2,786 | 2,469 |
| Income tax payable | | - | - | - | - |
| Interest bearing bank borrowings | | - | - | - | - |
| | | <u>4,576</u> | <u>4,057</u> | <u>2,786</u> | <u>2,469</u> |
| Total equity and liabilities | | <u>49</u> | <u>49</u> | <u>30</u> | <u>30</u> |
| Net Assets per share attributable to equity holders of the Group (Cents in RMB / RM) | B13 | (0.75) | (0.66) | (0.45) | (0.40) |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the unaudited financial statements for the period ended 30 June 2019 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 0.6084 as at 30 June 2019 and RMB1 to RM0.6086 as at 31 March 2019.

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Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 6 months ended : 30-Jun-19
 Quarter : 6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

| Particulars | Note | Individual quarter | | Individual 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 | | - | - | - | - |
| Cost of sales | | - | - | - | - |
| Gross Profit | | - | - | - | - |
| Other income | | - | - | - | - |
| Selling and distribution expenses | | - | - | - | - |
| Administrative expenses | | (519) | (16) | (316) | (10) |
| Other operating expenses | | - | - | - | - |
| Finance costs | | - | - | - | - |
| Loss before taxation | | (519) | (16) | (316) | (10) |
| Taxation | | - | - | - | - |
| Loss after taxation | | (519) | (16) | (316) | (10) |
| Total comprehensive loss for the period | | (519) | (16) | (316) | (10) |
| Loss attributable to - Equity Holders of the Group | | (519) | (16) | (316) | (10) |
| Total comprehensive loss attributable to: - Equity Holders of the Group | | (519) | (16) | (316) | (10) |

| Particulars | Note | Individual quarter | | Individual 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) |
| Earnings (loss) per share attributable to equity holders of the Group : | | | | | |
| Basic (cents in RMB / RM) | | (0.09) | - | (0.05) | - |
| Diluted (cents in RMB / RM) | | NA | NA | NA | NA |

Diluted (cents in RMB / RM)

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 0.6084 for 18 months ended 30 June 2019 and RMB1 to RM0.6191 for 6 months ended 30 June 2018.

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Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 6 months ended : 30-Jun-19
 Quarter : 6

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIXTH QUARTER ENDED 30 JUNE 2019**

| 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 | | - | - | - | - |
| Cost of sales | | - | - | - | - |
| Gross Profit | | - | - | - | - |
| Other income | | - | - | - | - |
| Selling and distribution expenses | | - | - | - | - |
| Administrative expenses | | (1,131) | (838) | (688) | (519) |
| Other operating expenses | | - | - | - | - |
| Finance costs | | - | - | - | - |
| Loss before taxation | | (1,131) | (838) | (688) | (519) |
| Taxation | | - | - | - | - |
| Loss after taxation | | (1,131) | (838) | (688) | (519) |
| Total comprehensive loss for the period | | (1,131) | (838) | (688) | (519) |
| Loss attributable to - Equity Holders of the Group | | (1,131) | (838) | (688) | (519) |
| Total comprehensive loss attributable to: - Equity Holders of the Group | | (1,131) | (838) | (688) | (519) |

| 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) |
| Earnings (loss) per share attributable to equity holders of the Group : | | | | | |
| Basic (cents in RMB / RM) | | (0.19) | (0.14) | (0.11) | (0.09) |
| Diluted (cents in RMB / RM) | | NA | NA | NA | NA |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the unaudited financial statements for the period ended 30 June 2019 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 0.6084 for 18 months ended 30 June 2019 and RMB1 to RM0.6191 for 6 months ended 30 June 2018.

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Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 6 months ended : 30-Jun-19
 Quarter : 6

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

| | ← 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 2019 | 102,397 | 137,003 | - | - | 87,680 | (330,476) | (3,396) |
| Issuance of shares | | | | | | | - |
| Net profit for the period | - | - | - | - | - | (1,131) | (1,131) |
| Balance at 30 June 2019 | <u>102,397</u> | <u>137,003</u> | <u>-</u> | <u>-</u> | <u>87,680</u> | <u>(331,607)</u> | <u>(4,527)</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 2019 | 62,298 | 83,353 | - | - | 53,345 | (201,062) | (2,066) |
| Issuance of shares | | | | | | | - |
| Net profit for the period | - | - | - | - | - | (690) | (690) |
| Balance at 30 June 2019 | <u>62,298</u> | <u>83,353</u> | <u>-</u> | <u>-</u> | <u>53,345</u> | <u>(201,752)</u> | <u>(2,756)</u> |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the unaudited financial statements for the period ended 30 June 2019 and the accompanying explanatory notes attached to the financial statements.

Note (1):

The functional currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM 0.6084 as at 30 June 2019 and RMB1 to RM 0.6086 as at 31 March 2019.

Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 6 months ended : 30-Jun-19
 Quarter : 6

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 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 2017 | 102,374 | 137,003 | - | - | 87,680 | (330,238) | (3,181) |
| Issuance of share | 23 | | | | | | 23 |
| Net profit for the period | - | - | - | - | - | (838) | (838) |
| Balance at 30 June 2018 | <u>102,397</u> | <u>137,003</u> | <u>-</u> | <u>-</u> | <u>87,680</u> | <u>(331,076)</u> | <u>(3,996)</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 | 63,384.35 | 84,824.72 | - | - | 54,286.63 | (204,612.56) | (2,117) |
| Issuance of shares | 14.00 | | | | | | 14 |
| Net profit for the period | - | - | - | - | - | (519) | (519) |
| Balance at 30 June 2018 | <u>63,398</u> | <u>84,825</u> | <u>-</u> | <u>-</u> | <u>54,287</u> | <u>(205,132)</u> | <u>(2,622)</u> |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the unaudited financial statements for the period ended 30 June 2019 and the accompanying explanatory notes attached to the financial statements.

Note (1):

The functional currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM 0.6084 as at 30 June 2019 and RMB1 to RM 0.6191 as at 30 June 2018.

Company name : Multi Sports Holdings Ltd
 Stock name : MSPORTS
 6 months ended : 30-Jun-19
 Quarter : 6

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

| | Unaudited Period 30-Jun-19 RMB'000 | Unaudited Period 30-Jun-18 RMB'000 | Unaudited Period 30-Jun-19 MYR'000(1) | Unaudited Period 30-Jun-18 MYR'000(1) |
|--|---|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Loss before taxation | (1,131) | (838) | (688) | (519) |
| 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 | (1,131) | (838) | (688) | (519) |
| Increase in inventories | - | - | - | - |
| Decrease/ (increase) in trade receivables | - | - | - | - |
| Decrease/ (increase) in prepayment and other receivables | - | - | - | - |
| Increase / (decrease) in trade and other payables | 1,131 | 838 | 688 | 519 |
| 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 | 49 | 26 | 30 | 16 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 49 | 49 | 30 | 30 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIXTH QUARTER ENDED 30 JUNE 2019

| | Unaudited Period 30-Jun-19 RMB'000 | Unaudited Period 30-Jun-18 RMB'000 | Unaudited Period 30-Jun-19 MYR'000(1) | Unaudited Period 30-Jun-18 MYR'000(1) |
|--|---|---|--|--|
| Cash and cash equivalents comprise: | | | | |
| Cash and bank balances | 49 | 49 | 30 | 30 |
| Less: Deposit pledged with bank | - | - | - | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 49 | 49 | 30 | 30 |

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the unaudited financial statements for the period ended 30 June 2019 and the accompanying explanatory notes attached to the financial statements.

Note (1):

The functional currency of this unaudited interim financial statement is Renminbi ("RMB"). Supplementary information in Ringgit Malaysia ("RM") shown is for reference only and is based on the exchange rate of RMB1 to RM 0.6084 as at 30 June 2019 and RMB1 to RM 0.6191 as at 30 June 2018.

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**A: SELECTED EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL QUARTER
ENDED 30 JUNE 2019**

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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 period ended 30 June 2019, and the accompanying explanatory notes attached to this interim financial report.

b) Changes in accounting policies

The Group adopted the new or revised International 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 IFRSs.

(i) IFRS, IFRIC Interpretations and amendments to IFRSs 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 2020.

Ammendments to IFRS 3 Business Combinations
Ammendments to IAS 1 Presentation of Financial Statements
Ammendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
Ammendments to References to the Conceptual Framework in IFRS standards

The management does not anticipate that the adoption of the above ammendments to the 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 30 June 2019 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 30 June 2019

The Group did not have any business segments for the first quarter ended 30 June 2019 and therefore no segment results are presented.

Business segments for first quarter ended 30 June 2018

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

8. Material events

| Date | Events |
|------------|--|
| 21/2/2018 | 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. |
| 10.04.2018 | 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. |
| 11.04.2018 | 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. |
| 25.04.2018 | The Company submits the outstanding financial reports (AR2016 and outstanding quarterly reports) |
| 15.05.2018 | Bursa Malaysia allows the Company's appeal for an extension of time dated 11.04.2018 |
| 07.06.2018 | The Company releases its Annual Report 2017 |
| 14.06.2018 | The Company releases its first quarter report for 2018 for financial period ending 31.03.2018 |
| 18.06.2018 | The Company's shares are lifted from suspension and resume trading at 9.00am |
| 03.07.2018 | The Company announces that the Securities Commission has reprimanded the Company for knowingly furnishing financial statements that were false and misleading. The reprimand relates to information discovered from litigation searches in China and the Condensed Consolidated Statements of Financial Position for First Quarter to Fourth Quarter of 2015 and First Quarter of 2016, prepared and submitted previously and prior to the appointment of the new directors on 4th October 2016. Please see below for further background on litigation in China. |
| 10.07.2018 | The Directors release an announcement to clarify that the reprimand was in relation to financial statements prior to 1st Qtr 2016 and that the current board were not involved in the preparation of those statements. |
| 28.08.2018 | The Company releases its second quarter report for 2018 for financial period ending 31.06.2018 |
| 12.10.2018 | The Company announces the reappointment of its former assistant company secretary and residential representative in Bermuda, Conyers Corporate Services (Bermuda) Limited, formerly known as Codan Services Limited. |
| 29.11.2018 | The Company announces that Bursa Malaysia has granted an extension up to 13.05.2019 for the Company to submit its regularisation plan under Bursa's PN17 regime. |
| 03.01.2019 | The Company announces the resignation of RT LLP as auditors as the firm is unable to act for Malaysian public listed companies |
| 31.01.2019 | The Company announces its 4th Qtr 2018 quarterly financial report |
| 24.04.2019 | The Company announces a change in its financial year end from 31 December 2018 to 30 June 2019 |
| 03.05.2019 | The Company announces its 5th Qtr 2018 quarterly financial report |
| 10.05.2019 | The Company announces it has sought an extension of time to file its regularisation plan under PN 17 |
| 21.05.2019 | The Company announces it has signed a memorandum of understanding with Southern Score Sdn Bhd in respect of a regularisation plan |
| 14.06.2019 | The Company announces an extension of time to submit its regularisation plan under PN 17 has been granted by Bursa Malaysia. The extended submission date is on or before 13 November 2019 |
| 15.07.2019 | The Company announces the lapsing of its memorandum of understanding with Southern Score Sdn Bhd and that no extension is being sought |

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 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 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 material 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 | |
|-------------------------------|----------------------|---------------------|----------------------|---------------------|
| | 30-Jun-19 RMB'000 | 30-Jun-19 RM'000 | 30-Jun-19 RMB'000 | 30-Jun-19 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 |
|----------------|----------------------|----------------------|--------|
| | 30-Jun-19 RMB'000 | 31-Mar-19 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 2019 and therefore no revenue.

2. Variation of results against immediate preceding quarter

| | Current Quarter 30-Jun-19 RMB'000 | Preceding Quarter 31-Mar-19 RMB'000 | Current Quarter 30-Jun-19 MYR'000 | Preceding Quarter 31-Mar-19 MYR'000 |
|--------------------------------|--|--|--|--|
| Revenue | - | - | - | - |
| Gross profit | - | - | - | - |
| Profit / (loss) after taxation | (519) | (71) | (316) | (43) |

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

3. Prospects for FYE 2018

The financial results for 2017 and Q2 2019 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 beyond the next 12 months.

The Company believes a successful regularisation will be challenging but achievable. Success will also depend on 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 30-Jun-19 RMB'000 | Preceding Quarter 31-Mar-19 RMB'000 | Current Quarter 30-Jun-19 MYR'000 | Preceding Quarter 31-Mar-19 MYR'000 |
|----------------|--|--|--|--|
| PRC income tax | - | - | - | - |

6. Accumulated losses

| | Current quarter ended 30-Jun-19 RMB'000 | | Preceding quarter ended 30-Jun-18 MYR'000 | |
|---|---|-----------|---|-----------|
| Realised | (331,607) | (201,750) | (331,076) | (204,969) |
| Unrealised | - | - | - | - |
| Consolidation adjustments | - | - | - | - |
| Total Group retained profits as per consolidated accounts | (331,607) | (201,750) | (331,076) | (204,969) |

7. Loss before taxation

| | Current quarter 31-Mar-19 RMB'000 | | Current year to date 31-Mar-19 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 | 2,300 | 2,653 | (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. Company's borrowings and debts securities

Company's borrowings and debts securities as at 30 June 2019 were as follow: -

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

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 ordinary shares in issue for the financial period ended 31 March 2019 and 31 December 2018 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 ordinary shares fully in issue for the financial period ended 30 June 2019 and 2018 respectively.

The Group

| Individual quarter | | Individual quarter | |
|--------------------|-----------|--------------------|-----------|
| 30-Jun-19 | 30-Jun-18 | 30-Jun-19 | 30-Jun-18 |
| 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 | (0.09) | - | (0.05) | - |
|--|--------|---|--------|---|

| Cumulative quarter | | Cumulative quarter | |
|--------------------|-----------|--------------------|-----------|
| 30-Jun-19 | 30-Jun-18 | 30-Jun-19 | 30-Jun-18 |
| 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 | (0.19) | (0.14) | (0.11) | (0.09) |
|--|--------|--------|--------|--------|

13 Net asset and earnings per share (Cont.)

| | Weighted average number of shares | |
|------------------------------|-----------------------------------|--------------------|
| | 30-Jun-19 | 30-Jun-18 |
| At the beginning of the year | 606,841,500 | 606,841,500 |
| Exercise of ESOS | - | - |
| At end of year | <u>606,841,500</u> | <u>606,841,500</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 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 | 258,750,000 |
| Balance as at 31.12.17 | <u>-</u> | |

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.

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

This Quarterly Report should be read in conjunction with the Annual Report 2016 and 2017 and audit reports contained therein.