

**CHINA SPORTS INTERNATIONAL LIMITED**  
**(UNDER JUDICIAL MANAGEMENT)**  
(Incorporated in Bermuda)  
(Company Registration: 39798)

---

**IMPLEMENTATION AGREEMENT FOR PROPOSED TRANSFER OF LISTING STATUS**

---

*Unless defined otherwise, all capitalised terms used but not defined in this announcement shall have the meanings ascribed to them in the announcement made by the Company on 15 November 2019 (the “**Earlier Announcement**”).*

The Company refers to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 21 November 2019, in relation to the Company’s announcement regarding the entry into the Agreement for the proposed Transfer, and sets out its responses as follows:

**SGX-ST Query:**

We refer to China Sports International Limited’s / the Company’s announcement dated 15 November 2019 and titled “Implementation Agreement for Proposed Transfer of Listing Status”.

1. It was disclosed at para 1.1 that the “Company had entered into an Implementation Agreement with Mahabuild Pte. Ltd. on 15 November 2019”. Please provide details of the Vendor, the size of the Target business and the introducer.
2. Please disclose all the details required under Listing Rule 1015.

**Company’s Response:**

**1. FURTHER INFORMATION ON THE TRANSFEREE, ITS BUSINESS, AND THE INTRODUCER**

1.1. Information on the Transferee can be found in the Earlier Announcement, including at paragraph 4.1 and in Schedule 1. The Transferee is intended to be the holding company for Shiya Sdn. Bhd. and its subsidiaries (the “**Proforma Listing Group**”), with the proposed group structure set out in **Appendix A** of this announcement. These subsidiaries are:

- Shiya Machinery Sdn. Bhd.;
- Shiya Concrete Sdn. Bhd.;
- Shiya Construction Sdn. Bhd.; and
- Crystal Assets Sdn. Bhd..

1.2. Shiya Sdn. Bhd. is a private limited company incorporated in Malaysia in October 1983. Its primary business is as a civil and building contractor and developer with a track record of more than 30 years. As at the date of this announcement, Shiya Sdn. Bhd. has an issued and paid-up share capital of RM 1,000,000 comprising 1,000,000 shares.

1.3. The board of directors of Shiya Sdn. Bhd. comprises Dato’ Abdullah bin Hj. Yusup, Pn. Aminah Binti Mohamed and En. Mohd Isnin bin Md Latib. The shareholders of Shiya Sdn. Bhd. are presently individuals comprising Pn. Aminah Binti Mohamed and En. Mohd Isnin bin Md Latib.

- 1.4. Further information on the Transferee and the Proforma Listing Group is intended to be set out in the Information Memorandum to be prepared by the Transferee for the purposes of its proposed listing and admission to the Catalist Board of the SGX-ST (the “**Listing**”).
- 1.5. The Transferee intends to commission an independent valuation on the businesses of the Proforma Listing Group, and the said valuation will form part of the Information Memorandum or be made available for inspection. Based on the pro forma consolidated financial statements of the Shiya Sdn. Bhd. and its subsidiaries for the financial period ended 31 December 2018, the book value, net tangible asset (“**NTA**”) value and latest available open market value of the Transferee are as follows:

	<b>Value (RM'000)</b>
Book value <sup>Note 1</sup>	121,108
NTA value	28,768
Latest available open market value	Not applicable

Note 1: Book value refers to the total assets of Shiya Sdn. Bhd. and its subsidiaries.

- 1.6. The introducer is Fortune Capital Management Pte. Ltd. The introducer is not related or connected to any of the Directors or substantial Shareholders of the Company.

## **2. FURTHER DISCLOSURES FOR THE PURPOSES OF LISTING RULE 1015**

- 2.1. Consideration: Information on the Consideration can be found at paragraph 2.2 of the Earlier Announcement, being S\$3,000,000. The Consideration is agreed to be satisfied by the issue of Consideration Shares (being new shares in the capital of the Transferee) to the Judicial Managers, which are intended for, *inter alia*, distribution to Creditors and Shareholders. The Consideration was arrived at by the Company and the Transferee after arm’s length negotiations and determined on a willing-buyer, willing-seller basis, taking into account historical financial information of the Proforma Listing Group.
- 2.2. Conditions Precedent: The implementation of the Scheme is conditional upon the satisfaction of a number of conditions precedent, such as (i) the in-principle approval(s) of the SGX-ST for the Transfer and the Listing; (ii) the approvals of the Scheme by Shareholders and Creditors; and (iii) the sanction of the Scheme by the High Court of Singapore, as stated in the Earlier Announcement. Other key conditions precedent are set out in **Appendix B** of this announcement.
- 2.3. Parties Obligations: Each Party is subject to various obligations set out in the Agreement. The Transferor is principally required to prepare and procure the issuance of the Scheme Documents to Creditors and/or Shareholders setting out salient information on the proposed Transfer by way of a Scheme, and also seek and obtain the approval of the SGX-ST for time extensions to comply with Listing Rules 1304 and 1315 for the resumption of trading. The Transferee is principally required to prepare its Information Memorandum, and procure the submission of a pre-admission notification to the SGX-ST in respect of its intended Listing.
- 2.4. Termination Events: Each of the Parties may by notice in writing to the other Party given at any time on or prior to completion of the Scheme, terminate the Agreement in various agreed circumstances,

such as in the event of (i) a material breach of a representation or warranty of the other Party, (ii) where there is failure by or inability of the defaulting Party to perform any of the obligations under the Agreement, (iii) if Shareholders and/or Creditors reject the Scheme, (iv) if the approval of the courts cannot be obtained, or if the Listing cannot be proceeded with for any reason, or (v) if there is any order, decree, ruling, direction or any other action permanently enjoining, restraining or otherwise prohibiting the implementation of the Transfer, the Listing and the Scheme, and in each case if not cured within the applicable grace period (if any). The Agreement will also cease and determine if any of the conditions precedent has not been satisfied (or, where applicable, has not been waived) by the date falling eighteen (18) months from the date of this Agreement, or such other date as the Parties may agree in writing (the “**Long-Stop Date**”).

- 2.5. **Financial Effects and Benchmarking:** The Judicial Managers do not presently propose disclosing the illustrative financial effects of the proposed Transfer against the Company’s earnings per share (EPS) and net tangible assets (NTA), the net profits attributable to the proposed Transfer, excess or deficit of proceeds over the book value, nor any gain/loss arising from the Transfer. This is considering that, firstly, the latest unaudited financial statements of the Company were for an 18-month financial period ended 30 June 2017, rather than for a 12-month financial period. Secondly, such financial statements relate to a period of more than two (2) years ago. Thirdly, the directors and the auditors (then) of the Company were not clear on the Company’s state of affairs despite the announcement of such financial statements and an audit was not commenced, as was announced on 4 December 2017, prior to the Company being placed under judicial management. There is, furthermore, no financial value ascribed to the Company’s listing status as recorded in the Company’s financial statements. Considering the above and such circumstances, the Judicial Managers believe that the presentation of any financial effects of the Transfer based on such figures may be potentially misleading to Shareholders and may not serve any meaningful illustrative purposes. The Judicial Managers intend to, in due course and where appropriate, consult the SGX-ST on the above.
- 2.6. **Relative Figures:** For the same reasons as set forth in the sub-section on “Financial Effects and Benchmarking”, the Judicial Managers do not presently propose disclosing the relative figures under Rule 1006 of the Listing Manual for the proposed Transfer. The implementation of the Transfer would nonetheless be subject to the approval of Creditors, Shareholders and also the SGX-ST, and in the case of the Creditors and Shareholders, after having the benefit of understanding the terms and implications of the Transfer based on the information presented in the Scheme Documents and the Information Memorandum, as applicable.
- 2.7. **Rationale:** The rationale for the Transfer, as disclosed in the Earlier Announcement, is that one of the Company’s intangible assets is its listing status. The Transfer, if successful, seeks to provide some recovery to Shareholders and/or Creditors. If the Company’s assets were liquidated, it is unlikely that there will be any residual value available for distribution to the Shareholders after payment to the Creditors. As such, the Scheme offers potentially better returns for Creditors and Shareholders, as compared to a liquidation scenario.
- 2.8. **Disclosure of Interests:** To the knowledge of the Judicial Managers, none of the Directors or controlling Shareholders has any direct or indirect interest in the proposed Transfer, other than through their respective shareholding interests in the Company (if any).
- 2.9. **Service Contracts:** To the knowledge of the Judicial Managers, no person is proposed to be appointed as a Director of the Company in connection with the proposed Transfer. Directors to be appointed for the Transferee would be set out in the Information Memorandum prepared by, and to be despatched in due course by, the Transferee.

- 2.10. Financial Information on the Transferee: Extracts of the audited consolidated financial statements of Shiya Sdn. Bhd. and its subsidiaries for the 12-month periods ended 31 December 2016, 31 December 2017 and 31 December 2018 are set out in **Appendix C** of this announcement.
- 2.11. Documents for Inspection: A copy of the Agreement is available for inspection during normal business hours at the office of Deloitte & Touche LLP at 6 Shenton Way, #33-00 OUE Downtown 2, Singapore 068809, for a period of three (3) months from the date of the Earlier Announcement.

3. **INFORMATION RELATING TO OR PROVIDED BY THE TRANSFEREE**

Information in this announcement relating to the Transferee and/or the Proforma Listing Group has been provided by the Transferee or its advisers or agents, or extracted or reproduced from published or otherwise publicly available sources. The sole responsibility of the Judicial Managers has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately and correctly reflected or reproduced in this announcement in its proper form and context. The Judicial Managers have not independently verified the accuracy and correctness of such information, and do not accept any responsibility for any information relating to or opinions expressed by or on behalf of Transferee.

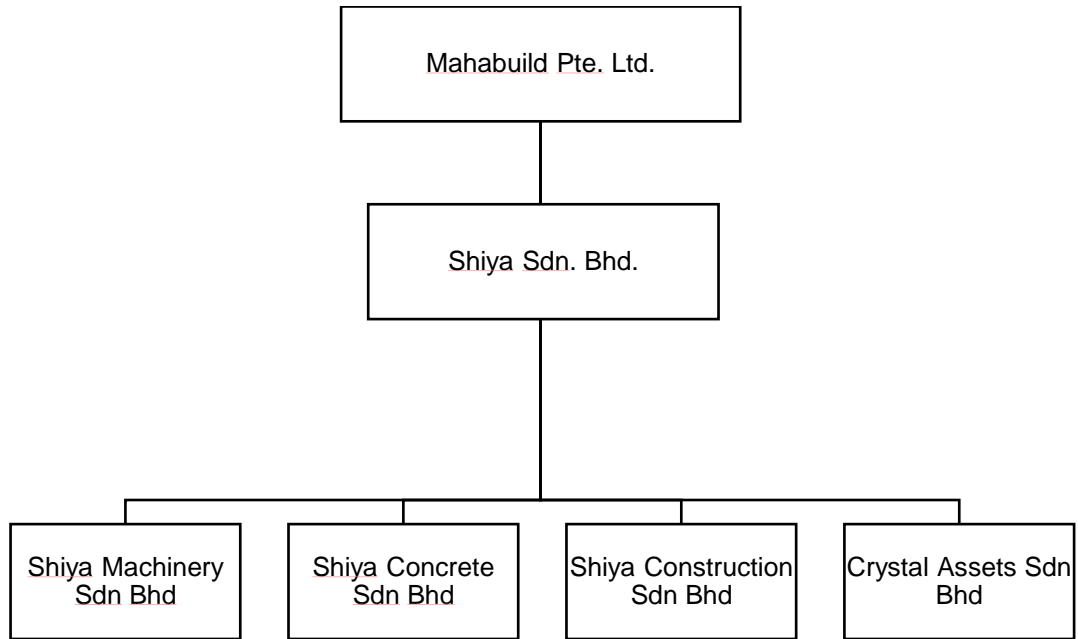
4. **CAUTIONARY STATEMENT**

The Transfer and the Listing are subject to, *inter alia*, the satisfaction of various conditions precedent, and there is no certainty as at this date whether the Transfer and the Listing can or will proceed. Shareholders are accordingly advised to exercise caution, and to refrain from taking any action in relation to their Shares until they or their advisers have considered the information set out in the Scheme Documents, the Information Memorandum and further announcements released by the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, or other professional advisers immediately.

**Submitted by the Judicial Managers  
For and On Behalf of the Company**

Andrew Grimmett and Lim Loo Khoon  
Deloitte & Touche LLP  
25 November 2019

**Appendix A**



## **Appendix B**

### *Other Key Conditions Precedent*

3. The Transferor seeking an extension(s) of time from the SGX-ST for the Transferor to comply with Listing Rules 1304 and 1315 for the resumption of trading and obtaining the approval of the SGX-ST for such extension of time to the extent necessary to achieve Completion.
4. The grant of the Scheme court order, and if granted subject to conditions, such conditions being reasonably acceptable to the Party to which such conditions apply.
5. The Scheme court order having become effective upon lodgement of the same in compliance with the requirements of the Companies Act.
6. No injunction or other order being issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the transactions proposed herein or any part thereof.
7. The obtaining or completion (as the case may be) of all necessary and/or relevant consents, approvals, waivers, exemptions or other acts from any governmental agency as may be reasonably required to implement the Scheme, the Transfer and the Listing and at the consummation and completion of the Agreement, such consents, approvals, waivers, exemptions and acts having been duly authorised or obtained or otherwise completed (as the case may be) and being in full force and effect on the effective date of the Scheme and/or the date of Listing (as the case may be).
8. Approval of the SGX-ST for the Listing being obtained and such approval not having been revoked or withdrawn up to the date of the Listing, and to the extent that the SGX-ST has imposed any conditions in connection with such approval, such conditions being satisfied by the Party to which such conditions apply.

### Appendix C

#### Extracts from the Transferee's Audited Statement of Financial Position

GROUP	2018 RM	2017 RM	2016 RM
<u>Non current assets</u>			
Property, plant and equipment	12,259,022	4,494,572	8,175,698
Land held for property development	-	1,587,690	5,598,271
Other investment	263,418	6,306,300	4,103,553
Investment properties	3,727,870	3,768,793	3,809,717
Deferred tax assets	-	-	881,513
	<u>16,250,310</u>	<u>16,157,355</u>	<u>22,568,752</u>
<u>Current assets</u>			
Property development costs	1,521,288	31,792,671	36,168,363
Inventories	1,510,002	524,558	-
Amount due from contract customers	6,552,539	5,794,187	1,048,789
Trade receivables	96,555,825	60,472,962	26,059,698
Other receivables, deposits and prepayments	6,900,837	15,041,581	8,407,172
Accrued billings	-	1,705,729	3,347,899
Current tax assets	2,309,014	2,539,564	3,578,818
Fixed deposits with licensed banks	2,207,556	4,594,341	3,144,618
Cash and bank balances	3,550,623	5,006,365	6,367,552
	<u>121,107,684</u>	<u>127,471,958</u>	<u>88,122,909</u>
	<u>137,357,994</u>	<u>143,629,313</u>	<u>110,691,661</u>
<u>Capital and reserves</u>			
Share capital	1,000,000	1,000,000	1,000,000
Retained earnings	27,768,516	15,112,080	(804,314)
	<u>28,768,516</u>	<u>16,112,080</u>	<u>195,686</u>
<u>Non current liabilities</u>			
Long term borrowings	2,511,100	170,674	16,185,388
Deferred tax liabilities	732,000	116,987	-
	<u>3,243,100</u>	<u>287,661</u>	<u>16,185,388</u>
<u>Current liabilities</u>			
Trade payables	82,663,718	68,477,926	23,904,086
Amount due to directors	-	-	5,696,460
Other payables and accruals	8,878,967	12,477,934	37,205,740
Amount due to contract customers	12,325,712	5,764,656	-
Short term borrowings	1,477,981	39,675,346	27,488,612
Bank overdraft	-	833,710	15,689
	<u>105,346,378</u>	<u>127,229,572</u>	<u>94,310,587</u>
	<u>137,357,994</u>	<u>143,629,313</u>	<u>110,691,661</u>

**Appendix C (Continued)**

Extracts from the Transferee's Audited Statement of Financial Position

GROUP	2018 RM	2017 RM	2016 RM
Revenue	240,314,200	214,576,558	49,276,065
Cost of sales	<u>(207,516,238)</u>	<u>(193,445,399)</u>	<u>(43,465,788)</u>
Gross profit	32,797,962	21,131,159	5,810,277
Other operating income	1,978,929	9,191,447	12,188,954
Administration expenses	(9,559,018)	(4,911,286)	(3,357,694)
Selling and distribution costs	(5,000)	(157,800)	(14,228)
Other operating expenses	<u>(7,012,890)</u>	<u>(1,343,739)</u>	<u>(641,646)</u>
Profit before taxation	18,199,983	23,909,781	13,985,663
Finance costs	<u>(1,253,012)</u>	<u>(4,549,510)</u>	<u>(5,435,310)</u>
	16,946,971	19,360,271	8,550,353
Income tax expense	<u>(4,290,535)</u>	<u>(3,443,877)</u>	<u>(72,794)</u>
Profit after finance and tax	<u><u>12,656,436</u></u>	<u><u>15,916,394</u></u>	<u><u>8,477,559</u></u>