
ANNEXURE A. SUMMARY OF BERMUDA COMPANY LAW

Our Company is incorporated in Bermuda and, therefore, operates subject to Bermuda law. We have been designated by the Bermuda Monetary Authority as non-resident for Bermuda exchange control purposes. Set out below is a summary of certain provisions of Bermuda company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Bermuda company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

If you intend to have a detailed review of the relevant laws and regulations of Bermuda, or a detailed explanation on the comparability and/or discrepancy of the relevant laws and regulations between Bermuda and Malaysia or any other jurisdiction, you are recommended to seek independent legal advice.

(a) **Share capital**

The Companies Act 1981 of Bermuda (the "Bermuda Companies Act") provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares must be transferred to an account, to be called the "share premium account", to which the provisions of the Bermuda Companies Act relating to a reduction of share capital of a company shall apply as if the share premium account were paid up share capital of the company except that the share premium account may be applied by the company:

- (i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;
- (ii) in writing off:
 - (aa) the preliminary expenses of the company; or
 - (bb) the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
- (iii) in providing for the premiums payable on redemption of any shares or of any debentures of the company.

In the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.

The Bermuda Companies Act permits a company to issue preference shares and subject to the conditions stipulated therein to convert those preference shares into redeemable preference shares.

The Bermuda Companies Act includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. Where provision is made by the memorandum of association or bye-laws of a company authorising the variation of rights attached to any class of shares in the company, the consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required. The holders of not less in the aggregate than ten per cent. (10%) of the issued shares of that class may apply to a Bermuda court to have the variation cancelled and, where such application is made, the variation shall not have effect unless and until it is confirmed by the court. Where no provision for varying such rights is made in the memorandum of association or bye-laws and nothing therein precludes a variation of such rights, the rights attached to any class of shares may, unless otherwise provided by the terms of issue of that class, be varied with the written consent of the holders of three-fourths of the issued shares of that class or the sanction of a resolution passed as aforesaid.

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(b) Membership

Under the Bermuda Companies Act, only those persons who agree to become members of a Bermuda company and whose names are entered on the register of members of such a company are considered members. A Bermuda company is also not bound to see to the execution of any trust, whether express, implied or constructive, to which any of its shares are subject and whether or not the company had notice of such trust. Accordingly, persons holding shares through a trustee, nominee or depository will not be recognised as members of a Bermuda company under Bermuda law and may only have the benefit of rights attaching to the shares or remedies conferred by law on members through or with the assistance of the trustee, nominee or depository.

(c) Financial assistance to purchase shares of a company or its holding company

A company is prohibited from providing financial assistance directly or indirectly for the purpose of an acquisition of its own or its holding company's shares unless there are reasonable grounds for believing that the company is, and would after the giving of such financial assistance be, able to pay its liabilities as they become due. In certain circumstances, the prohibition against giving financial assistance may be excluded such as where the assistance is only an incidental part of a larger purpose of the company or the assistance is of an insignificant amount such as the payment of minor costs. In addition, the Bermuda Companies Act expressly permits the grant of financial assistance where (i) the financial assistance does not reduce the company's net assets or, to the extent the net assets are reduced, such financial assistance is provided for out of funds of the company which would otherwise be available for dividend or distribution; (ii) an affidavit of solvency is sworn by the directors of the company; and (iii) the financial assistance is approved by resolution of shareholders of the company.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company may, if authorised by its memorandum of association or bye-laws, purchase its own shares. Shares repurchased may be cancelled or held as treasury shares. Such purchases may only be effected out of the capital paid up on the purchased shares or out of the funds of the company otherwise available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of funds of the company otherwise available for dividend or distribution or out of the company's share premium account. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Any purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws. Such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due. The shares so purchased may either be cancelled (in which event, the company's issued, but not its authorised, capital will be diminished accordingly) or may be held as treasury shares. Under the laws of Bermuda, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Bermuda law that a company's memorandum of association or its bye-laws contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

ANNEXURE A. SUMMARY OF BERMUDA COMPANY LAW (Cont'd)

Under Bermuda law, a subsidiary may hold shares in its holding company and in certain circumstances, may acquire such shares. The holding company is, however, prohibited from giving financial assistance for the purpose of the acquisition, subject to certain circumstances provided by the Bermuda Companies Act. A company, whether a subsidiary or a holding company, may only purchase its own shares for cancellation if it is authorised to do so in its memorandum of association or bye-laws pursuant to section 42A of the Bermuda Companies Act.

(e) Dividends and distributions

A company may not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts. Contributed surplus is defined for purposes of section 54 of the Bermuda Companies Act to include the proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.

(f) Protection of minorities

Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's memorandum of association and bye-laws. Furthermore, consideration would be given by the Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than actually approved it.

Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, may petition the Bermuda court which may, if it is of the opinion that to wind up the company would unfairly prejudice that part of the members but that otherwise the facts would justify the making of a winding up order on just and equitable grounds, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future or for the purchase of shares of any members of the company by other members of the company or by the company itself and in the case of a purchase by the company itself, for the reduction accordingly of the company's capital, or otherwise. Bermuda law also provides that the company may be wound up by the Bermuda court, if the court is of the opinion that it is just and equitable to do so. Both these provisions are available to minority shareholders seeking relief from the oppressive conduct of the majority, and the Bermuda court has wide discretion to make such orders as it thinks fit.

Except as mentioned above, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in Bermuda.

A statutory right of action is conferred on subscribers of shares in a company against persons, including directors and officers, responsible for the issue of a prospectus in respect of loss or damage suffered by reason of an untrue statement therein, but this confers no right of action against the company itself. In addition, such company, as opposed to its shareholders, may take action against its officers including directors, for breach of their statutory and fiduciary duty to act honestly and in good faith with a view to the best interests of the company.

The Bermuda Companies Act also provides that the Minister of Finance of Bermuda may at any time appoint one or more inspectors to investigate the affairs of an exempted company and to report on them in such manner as the Minister may direct. The inspector shall, on the completion of his investigation, report to the Minister and shall send copies of such reports to the company. However, no other person shall be informed of the nature or contents of the report save at the request of the company or on the

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direction of the Minister. Upon receiving the inspector's report, the Minister may require the company to take such measures as he may consider necessary in relation to its affairs or direct the Registrar of Companies in Bermuda to petition the Bermuda court for the winding up of the company.

(g) Management

The Bermuda Companies Act contains no specific restriction on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must act honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Furthermore, the Bermuda Companies Act requires that every officer should comply with the Bermuda Companies Act, regulations passed pursuant to the Bermuda Companies Act and the bye-laws of the company.

The Bermuda Companies Act contains no specific provision in respect of the establishment or composition of audit committees or similar committees of the board of directors of a company.

(h) Accounting and auditing requirements

The Bermuda Companies Act requires a company to cause proper records of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Furthermore, it requires that a company keeps its records of account at the registered office of the company or at such other place as the directors think fit and that such records must at all times be open to inspection by the directors or the resident representative of the company. If the records of account are kept at some place outside Bermuda, there must be kept at the office of the company in Bermuda such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each three month period, except that where the company is listed on an appointed stock exchange (as defined in the Bermuda Companies Act), there must be kept such records as will enable the directors or the resident representative of the company to ascertain with reasonable accuracy the financial position of the company at the end of each six month period.

The Bermuda Companies Act requires that the directors of the company must, at least once a year, lay before the company in general meeting financial statements for the relevant accounting period signed on the balance sheet page by two directors of the company; however, this requirement may be waived if all of the members and all of the directors, either in writing or at a general meeting, agree that in respect of a particular interval no financial statements or auditor's report thereon need be laid before a general meeting. Further, the company's auditor must audit the financial statements so as to enable him to report to the members. Based on the results of his audit, which must be made in accordance with generally accepted auditing standards, the auditor must then make a report to the members. The generally accepted auditing standards may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister of Finance of Bermuda under the Bermuda Companies Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor must identify the generally accepted auditing standards used. Subject to certain exceptions provided in the Bermuda Companies Act, the company must send to every member a copy of financial statements, prepared in accordance with generally accepted accounting principles and containing all such information and documents as required by the Bermuda Companies Act ("Financial Statements"), at least five days before the general meeting of the company at which the Financial Statements are to be tabled.

A company listed on an appointed stock exchange may send to its members summarised financial statements derived from the Financial Statements for the relevant period instead of the Financial Statements. The summarised financial statements must include a summarised report of the Financial

ANNEXURE A. SUMMARY OF BERMUDA COMPANY LAW (Cont'd)

Statements and be accompanied by the auditor's report. The summarised financial statements must be sent to members not less than 21 days before the general meeting at which the Financial Statements are to be tabled, and a copy of the summarised financial statements must be made available for inspection by the public at the company's registered office in Bermuda. The company must also make a copy of the full Financial Statements available for inspection by the public at the company's registered office. Summarised financial statements must be accompanied by a notice informing members how they may elect to receive the company's Financial Statements.

(i) Auditors

At each annual general meeting, a company must appoint an auditor to hold office until the close of the next annual general meeting; however, this requirement may be waived if all of the members and all of the directors, either in writing or at the general meeting, agree that no auditor shall be appointed to the close of the next annual general meeting.

A person, other than an incumbent auditor, is not capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than 21 days before the annual general meeting. The company must send a copy of such notice to the incumbent auditor and give notice thereof to the members not less than seven days before the annual general meeting. An incumbent auditor may, however, by notice in writing to the secretary of the company waive the foregoing requirements.

An auditor appointed to replace another auditor must, before accepting the appointment or consenting to be appointed, seek from the former auditor a written statement as to the circumstances of the latter's replacement. If the former auditor does not respond within 15 days, the new auditor may act in any event. An appointment as auditor of a person who has not requested a written statement from the former auditor is voidable by a resolution of the shareholders at a general meeting. An auditor who has resigned or been removed, or whose term of office has expired or is about to expire, or who has vacated office, is entitled to attend the general meeting of the company at which he is to be removed or his successor is to be appointed; to receive all notices of, and other communications relating to, that meeting which a member is entitled to receive; and to be heard at that meeting on any part of the business of the meeting that relates to his duties as auditor or former auditor.

(j) Exchange control

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

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

Issues and transfers of securities in exempted companies involving non-residents for exchange control purposes must receive prior approval from the Bermuda Monetary Authority. However, the Bermuda Monetary Authority has granted to all Bermuda companies with voting shares listed on an appointed stock exchange a general permission for the issue and subsequent transfer of any securities of such companies from and/or to a non-resident of Bermuda for so long as any voting shares of such companies remain so listed.

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(k) Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, or any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by an exempted company or its operations, and there is no Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda. Furthermore, a company may apply to the Minister of Finance of Bermuda for an assurance, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, that no such taxes shall be so applicable to it or any of its operations until 28 March 2016, although this assurance will not prevent the imposition of any Bermuda tax payable in relation to any land in Bermuda leased or let to the company or to persons ordinarily resident in Bermuda.

(l) Stamp duty

An exempted company is exempt from all stamp duties except on transactions involving "Bermuda property". This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies). Transfers of shares and warrants in all exempted companies are exempt from Bermuda stamp duty.

(m) Loans to directors

Bermuda law prohibits a company from (i) making loans to any of its directors (or any directors of its holding company) or to their spouse or children or to companies (other than a company which is a holding company or a subsidiary of the company making the loan) in which they own or control directly or indirectly more than a twenty per cent. (20%) interest, or (ii) entering into any guarantee or providing any security in connection with a loan made to such persons as aforesaid by any other person, without the consent of any member or members holding in aggregate not less than nine-tenths of the total voting rights of all members having the right to vote at any meeting of the members of the company. These prohibitions do not apply to anything done to provide a director with funds to meet the expenditure incurred or to be incurred by him for the purposes of the company, provided that the company gives its prior approval at a general meeting or, if not, the loan, guarantee or security is made or given on condition that it will be repaid or discharged, as the case may be, within six months from the conclusion of the next following annual general meeting if the loan, guarantee or security is not approved at or before such meeting. If the approval of the company is not given for the loan, guarantee or security as aforesaid, the directors who authorised it will be jointly and severally liable to indemnify the company for any loss arising therefrom.

(n) Inspection of corporate records

Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda which will include the company's certificate of incorporation, its memorandum of association (including its objects and powers) and any alteration to the company's memorandum of association. The members of the company have the additional right to inspect the bye-laws of a company, minutes of general meetings and the company's audited financial statements, which must be presented to the annual general meeting. Minutes of general meetings of a company are also open for inspection by directors of the company without charge for not less than two hours during business hours each day.

Except when the register of members is closed under the provisions of the Bermuda Companies Act, the register of members of a company shall during business hours (subject to such reasonable restrictions as the company may impose so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the general public without charge. A company may on giving notice by advertisement in an appointed newspaper close the register of members for any time or times not exceeding in the whole thirty days in a year. A company is required to maintain its register of members in Bermuda but may, subject to the provisions of the Bermuda Companies Act, establish a branch register outside Bermuda. Any branch register of members established by the company is subject to the same rights of inspection as the principal register of members of the company

ANNEXURE A. SUMMARY OF BERMUDA COMPANY LAW (Cont'd)

in Bermuda. Any member of the public may require a copy of the register of members or any part thereof which must be provided within 14 days of a request on payment of the appropriate fee prescribed in the Bermuda Companies Act. Bermuda law does not, however, provide a general right for members to inspect or obtain copies of any other corporate records.

A company is required to maintain a register of directors and officers at its registered office in Bermuda and such register must during business hours (subject to such reasonable restrictions as the company may impose, so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the public without charge. Any member of the public may require a copy of the register of directors and officers, or any part of it, on payment of the appropriate fee prescribed in the Bermuda Companies Act.

Where a company, the shares of which are listed on an appointed stock exchange, sends its summarised financial statements its members pursuant to section 87A of the Bermuda Companies Act, a copy of the full financial statements (as well as the summarised financial statements) must be made available for inspection by the public at the company's registered office in Bermuda.

(o) Winding up

A company may be wound up by the Bermuda court on application presented by the company itself, its creditors or its contributories. The Bermuda court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Bermuda court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum expires, or the event occurs on the occurrence of which the memorandum provides that the company is to be dissolved. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above. Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

Where, on a voluntary winding up, a majority of directors make a statutory declaration of solvency, the winding up will be a members' voluntary winding up. In any case where such declaration has not been made, the winding up will be a creditors' voluntary winding up.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators within the period prescribed by the Bermuda Companies Act for the purpose of winding up the affairs of the company and distributing its assets. If the liquidator at any time forms the opinion that such company will not be able to pay its debts in full in the period stated in the directors' declaration of solvency, he is obliged to summon a meeting of creditors and lay before the meeting a statement of the assets and liabilities of the company.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

In the case of a creditors' voluntary winding up of a company, the company must call a meeting of creditors of the company to be summoned for the day, or the next day following the day, on which the meeting of the members at which the resolution for voluntary winding up is to be proposed is held. Notice of such meeting of creditors must be sent at the same time as notice is sent to members. In addition, such company must cause a notice to appear in an appointed newspaper on at least two occasions.

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The creditors and the members at their respective meetings may nominate a person to be liquidator for the purposes of winding up the affairs of the company provided that if the creditors and the members nominate different persons, the person nominated by the creditors shall be the liquidator. If no person is nominated by the creditors, the person (if any) nominated by the company shall be liquidator. The creditors at the creditors' meeting may also appoint a committee of inspection consisting of not more than five persons.

If a creditors' winding up continues for more than one year, the liquidator is required to summon a general meeting of the company and a meeting of the creditors at the end of each year and must lay before such meetings an account of his acts and dealings and of the conduct of the winding up during the preceding year. As soon as the affairs of the company are fully wound up, the liquidator must make an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon shall call a general meeting of the company and a meeting of the creditors for the purpose of laying the account before such meetings and giving an explanation thereof. This meeting requires at least one month's notice published in an appointed newspaper in Bermuda.

Within one week after the date of the meetings, or if the meetings are not held on the same date, after the date of the later meeting, the liquidator is required to send to the Registrar of Companies in Bermuda a copy of the account and make a return in accordance with the Bermuda Companies Act. The company will be deemed to be dissolved on the expiration of three months from the registration by the Registrar of Companies in Bermuda of the account and the return. However, a Bermuda court may, on the application of the liquidator or of some other person who appears to the court to be interested, make an order deferring the date at which the dissolution of the company is to take effect for such time as the court thinks fit.

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**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY**

This annexure provides information about certain provisions of our Memorandum of Association and Bye-laws and Bermuda company law. The description below is only a summary and is qualified in its entirety by reference to our Memorandum of Association and Bye-laws and the Companies Act 1981 of Bermuda (the "Bermuda Companies Act").

1. Registration number and Memorandum of Association

The registration number with which the Company was incorporated is 42756.

Our Memorandum of Association states, inter alia, that the liability of the members of our Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that our Company is to be an exempted company as defined by the Bermuda Companies Act. Paragraph 6 of the Memorandum of Association states that the objects for which our Company was formed and incorporated are unrestricted. Paragraph 7 of the Memorandum of Association provides, inter alia, that the Company may do all such things as are incidental or conducive to the attainment of its objects and shall have the capacity, rights, powers and privileges of a natural person.

In accordance with and subject to sections 42A and 42B of the Bermuda Companies Act, the Memorandum of Association of our Company empowers it to purchase its own shares for cancellation and also to purchase its own shares to be held as treasury shares and these powers are exercisable by the Board of Directors upon such terms and subject to such conditions as it thinks fit in accordance with the Bye-laws.

2. Directors

(a) Ability of interested directors to vote (Bye-laws 101 and 102)

A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposed contract or arrangement in which he has directly or indirectly an interest. However, the interested Director need not be excluded from being counted in the quorum for the meeting at which such contract or arrangement or proposed contract or arrangement is considered. Certain matters in which a Director will not be considered to have an interest are set out in the Bye-laws.

A Director, whose remuneration (including pension or other benefits) for himself is the subject of a resolution tabled at a meeting of the Board, shall not be entitled to vote on the resolution as he shall be taken to have a personal material interest in the matter. Other Directors of the Company will not be prohibited by the Bye-laws from voting on that resolution so long as they do not have any direct or indirect personal material interest in the subject matter of the said resolution.

(b) Remuneration (Bye-laws 90, 95, 97(1) and 98)

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (Cont'd)**

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law. A Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director, but he shall not in any circumstances be remunerated by a commission on or a percentage of turnover.

Payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(c) *Borrowing powers (Bye-law 109)*

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Bermuda Companies Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

These powers conferred on the Board may be varied by amending the relevant Bye-laws of the Company.

(d) *Retirement age limit*

There are no provisions relating to retirement of Directors upon reaching any age limit.

(e) *Shareholding qualification (Bye-law 85(3))*

Neither a Director nor an alternate Director is required to hold any shares of the Company by way of qualification.

3. Share rights and restrictions

The Company currently has only one class of shares, namely ordinary shares.

(a) *Dividends and distributions (Bye-laws 15A(2), 17(2), 135, 136, 137, 138, 139, 141 and 142)*

Notwithstanding any provision in the Bye-laws to the contrary, a Depositor (as defined in the Bye-laws) whose name appears in the Register of Members of the Company (which includes, where applicable, any branch register of members of the Company kept pursuant to the Bermuda Companies Act) (the "Register") shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security (as defined in the Bye-laws) registered in the Depositor's name (whether conferred or imposed by the Bermuda Companies Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository (as defined in the Bye-laws) is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (*Cont'd*)**

of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.

Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof, save that in respect of any deposited security which is jointly held by the Depository and a Depositor, the Depositor named in the Register as the joint holder of the deposited security shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, be deemed to be the sole holder thereof.

Holders of shares (other than the Depository) shall be entitled to share in the Company's profits by way of dividends declared or distributions approved by the Board or the Company in general meeting in accordance with the Bye-laws and the Bermuda Companies Act.

Subject to the Bermuda Companies Act and the Bye-laws, the Board may from time to time declare a dividend or other distribution in any currency to be paid to the members and such dividend or distribution may be in cash or wholly or partly in specie. Subject to the Bermuda Companies Act and the Bye-laws, the Company in general meeting may also from time to time declare dividends or other distributions to be paid to the members but no dividend or distribution shall be declared in excess of the amount recommended by the Board.

If at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividends.

No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated as paid up on the share; and (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other moneys payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Subject to Bye-law 141(2) of the Bye-laws, any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Subject to Bye-law 141(2), every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (Cont'd)**

Bye-law 141(2) of the Bye-laws provides that any dividend, interest or other sum payable in cash to the holder of any deposited security which is jointly held by the Depository and a Depositor may be paid by cheque or warrant sent through the post addressed to the Depositor at his address as appearing in the Register in respect of such deposited security. Every such cheque or warrant shall, unless the Depositor otherwise directs, be made payable to the Depositor and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. A Depositor may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the deposited security held by such Depositor.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six years from the date of declaration shall be forfeited and shall revert to the Company.

(b) *Voting rights (Bye-laws 15A(2), 58(5), 65, 73, 77(1) and 85(7))*

Bye-law 15A(2) of the Bye-laws provides that notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's name (whether conferred or imposed by the Bermuda Companies Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.

Bye-law 58(5) of the Bye-laws provides, inter alia, that in respect of each general meeting, the Company shall request the Depository in accordance with the rules of the Depository, to issue a Record of Depositors (as defined in the Bye-laws) as at the latest date which is reasonably practicable which shall in any event be not less than three (3) clear market days before that general meeting ("General Meeting Record of Depositors"). Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 of Malaysia as amended from time to time, notwithstanding any other provision of the Bye-laws, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name appears in the relevant General Meeting Record of Depositors.

Subject to Bye-law 15A(2), Bye-law 58(5) and Bye-law 73(2) and any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting (i) on a show of hands every member present in person (or being a corporation, is present by a representative duly authorised under section 78 of the Bermuda Companies Act) or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a member (other than Bursa Depository) is represented by two proxies, and (ii) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY *(Cont'd)***

Subject to Bye-law 73(2) of the Bye-laws, where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding.

Bye-law 73(2) of the Bye-laws provides that where the Depository is a joint holder of any deposited security with a Depositor, only the Depositor may vote, either in person or by proxy, in respect of such deposited security as if he were the sole holder thereof.

Any member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting, provided that if the member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 of Malaysia as amended from time to time (the "Central Depositories Act"), it may appoint not more than two (2) proxies to attend and vote at the same general meeting in respect of each Securities Account (as defined in the Bye-laws) it holds with ordinary shares of the Company standing to the credit of that Securities Account.

The Bye-laws provide that the appointment of each Director shall be voted on individually except in the election of two or more Directors by ballot or poll.

(c) *Share in surplus upon liquidation (Bye-laws 15A(2) and 163)*

Bye-law 15A(2) of the Bye-laws provides that notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's name (whether conferred or imposed by the Bermuda Companies Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.

Shareholders (other than the Depository) are entitled to the surplus assets of the Company in the event that it is wound up. If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Bermuda Companies Act, divide among the members (other than the Depository) in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members (other than the Depository) or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members (other than the Depository) as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (Cont'd)**

general meeting. The amount of such payment shall be notified to all members (other than the Depository) at least seven (7) days prior to the meeting at which the commission or fee is to be considered.

(d) *Redemption provisions*

The shares do not have redemption rights.

(e) *Sinking fund*

The Bye-laws do not contain sinking fund provisions.

(f) *Calls on shares (Bye-laws 25, 26, 28 and 33)*

Subject to the Bye-laws and to the terms of allotment, the Board may from time to time make calls upon the members (other than the Depository) in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the amount unpaid from the day appointed for payment thereof to the time of actual payment at such rate (not exceeding twenty per cent. (20%) per annum) as the Board may determine, but the Board may in its absolute discretion waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him and upon all or any of the moneys so advanced (until the same would, but for such advance, become presently payable) pay interest at such rate (if any) as the Board may decide.

The Memorandum of Association states that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them.

(g) *Discriminatory provisions against substantial shareholder (Bye-law 167)*

The Bye-laws do not contain any provisions discriminating against any existing or prospective holder of shares as a result of such shareholder owning a substantial number of shares save that for so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the Bursa Malaysia Securities Berhad), a substantial shareholder (having the meaning ascribed to it in the Malaysian Companies Act) has to disclose and, where applicable, has to procure its relevant beneficial owners having an interest in the Company within the meaning of Section 6A of the Malaysian Companies Act to disclose particulars of their interest in the Company and of any change in the percentage level of such interest. Such requirement to disclose does not apply to the Depository. See also section 7 (Shareholding disclosure requirement (Bye-law 167)) of this Annexure below.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (Cont'd)**

4. Variation of rights of existing shares or classes of shares (Bye-law 10)

Subject to the Bermuda Companies Act, the special rights attached to any class of shares may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of the Bye-laws relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him.

5. General meetings (Bye-laws 15A(2), 29, 55, 56, 57, 73(2), 75, 79 and 126)

Under Bermuda law, an annual general meeting of members must be convened every calendar year. All general meetings other than the annual general meeting shall be called special general meetings.

Bye-law 55 provides that an annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened (within a period of not more than eighteen (18) months from the date of incorporation and thereafter within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the listing requirements of the Designated Stock Exchange, if applicable). In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the Bursa Malaysia Securities Berhad), the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed six (6) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.

For so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad, general meetings of the Company shall be held in Malaysia.

The Directors may, whenever they think fit, convene a general meeting. In addition, subject to section 74 of the Bermuda Companies Act, in certain circumstances, members of the Company may requisition a special general meeting. Under that section, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Company deposited at the registered office of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may do so but any meeting so convened shall not be held after the expiration of three months from the said date.

Bye-law 15A(2) of the Bye-laws provides that notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's name (whether conferred or imposed by the Bermuda Companies Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (Cont'd)**

security with a Depositor, only the Depositor may vote, either in person or by proxy, in respect of such deposited security as if he were the sole holder thereof.

Subject to Bye-law 15A(2) and Bye-law 73, no member shall, unless the Directors otherwise determine, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid. Further, Bye-law 126 (in accordance with the Bermuda Companies Act) provides that the resident representative is also entitled to attend and be heard at all general meetings of the Company. The Bermuda Companies Act does not contain provisions as to any documentary evidence to be produced by proxies and corporate representatives. However, such provisions may be contained in the Bye-laws. Where, for example, it is stated that the instrument of proxies must be deposited a specified number of hours before the meeting (see Bye-law 79), proxies deposited after that time cannot be admitted.

Corporate representatives are different from proxies and unless specifically required by the Bye-laws, a letter of appointment does not need to be lodged before the meeting. There are currently no such provisions in the Bye-laws.

6. Limitations on non-Bermuda shareholders

There are no limitations, either under Bermuda law or the Bye-laws, on the rights of owners of shares in the Company to hold or vote their shares solely by reason that they are non-Bermudians.

7. Shareholding disclosure requirement (Bye-law 167)

The Bermuda Companies Act does not require disclosure of shareholder ownership beyond any specified threshold. However, Bye-law 167 contains provisions to the effect that for so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the Bursa Malaysia Securities Berhad), each Director shall, upon his appointment to the Board, give an undertaking to the Company that, for so long as he remains a Director, he shall forthwith notify the secretary of the Company of the particulars of the shares beneficially owned by him at the time of his appointment and of any change in such particulars, and each member shall (a) upon becoming a substantial shareholder of the Company, (b) for so long as he remains a substantial shareholder of the Company, upon a change in the percentage level of his interest or interests in the Company and (c) upon ceasing to be a substantial shareholder of the Company, give and, where applicable, shall procure its relevant beneficial owners having an interest in the Company within the meaning of Section 6A of the Malaysian Companies Act to give the secretary of the Company a notice in writing of (i) the particulars of the shares beneficially owned by him, or (ii) the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or (iii) the particulars of the date and circumstances of the cessation of substantial shareholding, as the case may be, within two (2) business days after (aa) becoming a substantial shareholder, (bb) the date of change in the percentage level of his interests, or (cc) the date of cessation, as the case may be. For the purposes of Bye-law 167(2), the term "substantial shareholder" shall have the same meaning ascribed to it in Section 69D of the Malaysian Companies Act, the term "interest" or "interests" shall have the same meaning ascribed to it in Section 6A of the Malaysian Companies Act. Bye-law 167 does not apply to the Bursa Depository.

For so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the Bursa Malaysia Securities Berhad), the provisions of Section 69O of the Malaysian Companies Act, giving the Company power to require disclosure of beneficial interest in its shares, shall apply.

**ANNEXURE B. SUMMARY OF MEMORANDUM OF ASSOCIATION AND SELECTED
BYE-LAWS OF THE COMPANY (Cont'd)**

8. Changes in capital (Bye-laws 2, 4 and 6)

Under the Bermuda Companies Act, changes in the capital structure of the Company require shareholder approval at general meetings.

The Bye-laws contain a distinction between a “special resolution” and an “ordinary resolution”, a distinction which is not made in the Bermuda Companies Act. Under Bye-law 4, an ordinary resolution is required for certain changes to the Company’s share capital such as an increase, consolidation or sub-division. An ordinary resolution is passed by a simple majority of votes cast by members, being entitled so to do, at general meetings.

With regard to a reduction of share capital or share premium account, Bye-law 6 requires a special resolution. A special resolution is one which has been passed by a majority of not less than 75 per cent. (75%) of votes cast by members, being entitled so to do, present and voting at a general meeting.

9. Take-overs (Bye-law 168)

For so long as the shares of the Company are listed on the Designated Stock Exchange (which includes the Bursa Malaysia Securities Berhad), the provisions of Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998 (or their respective statutory modification or re-enactment or successor for the time being in force) shall apply, mutatis mutandis, to all take-over offers for the Company. The provisions of Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998 or their respective statutory modification or re-enactment or successor for the time being in force shall not apply to the Depository.

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ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW

The following table sets out a summary of certain differences between the provisions of the laws of Bermuda applicable to our Company (including the Companies Act 1981 of Bermuda (the "Act") and the Bye-laws of the Company) (the "Bermuda Company Law") and the laws applicable to Malaysian companies (the references to Malaysian company being to a company as defined by Section 4(1) of the Malaysian Companies Act under the Malaysian Companies Act, but excluding references to Table A of the Malaysian Companies Act) (the "Malaysian Company Law") and their shareholders. Certain other Malaysian legislation including the Securities Industry (Central Depositories) Act 1991 may also contain provisions of a Malaysian Company Law nature. Malaysia also has a separate company law regime pertaining to Labuan offshore companies under the Offshore Companies Act 1990 of Malaysia. The Securities Industry (Central Depositories) Act 1991 and the Offshore Companies Act 1990 of Malaysia together with Malaysian common law and securities law affecting Malaysian companies are not included in the summary of differences unless expressly stated otherwise. The summaries below are not to be regarded as advice on the Bermuda Company Law or the differences between it and the laws of any jurisdiction, including, without limitation, the Malaysian Company Law. The summaries below do not purport to be a comprehensive description of all of the rights and privileges of shareholders conferred by the Bermuda Company Law as compared to the Malaysian Company Law that may be relevant to prospective investors. The summaries below do not purport to be complete and are qualified in their entirety by reference to the Act, the Bye-laws of the Company and the Malaysian Company Law. In addition, it should also be noted that the laws applicable to Malaysian companies and Bermuda exempted companies may change, whether as a result of proposed legislative reforms to the Malaysian Company Law or the Bermuda Company Law, as the case may be, or otherwise. In addition, the summaries below do not describe the regulations and requirements prescribed by the Bursa Securities LR. Among others, in regard to the Malaysian Company Law, various changes have been proposed by the Corporate Law Reform Committee of Malaysia in the Review of Companies Act, 1965 – Final Report which, if implemented, would result in some of the provisions referred to below in the Malaysian Companies Act being modified. Prospective investors are advised to seek independent legal advice.

If you intend to have a detailed review of the relevant laws and regulations of Bermuda, or a detailed explanation on the comparability and/or discrepancy of the relevant laws and regulations between Bermuda and Malaysia or any other jurisdiction, you are recommended to seek independent legal advice.

Please note that definitions used in the Malaysian Companies Act, the Act and/or the Bye-laws follow that of the Malaysian Companies Act, the Act and the Bye-laws respectively.

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
DIRECTOR'S POWER TO VOTE ON A PROPOSAL, ARRANGEMENT OR CONTRACT IN WHICH HE IS INTERESTED; CONFLICTS OF INTEREST AND OTHER TRANSACTIONS WITH DIRECTORS	
<i>Directors' Disclosure of Interest in Contracts with the Issuer</i>	
Section 131 of the Malaysian Companies Act: Every director of a company who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the company shall, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of the directors of the company.	Section 97(4) of the Act: Without in any way limiting the generality of section 97(1) of the Act, an officer of a company shall be deemed not to be acting honestly and in good faith if - (a) he fails on request to make known to the auditors of the company full details of -

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>Every director of a company who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as director shall declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict.</p>	<p>(i) any emolument, pension or other benefit that he has received or it is agreed that he should receive from the company or any of the company's subsidiaries, or</p> <p>(ii) any loan he has received or is to receive from the company or any of its subsidiaries;</p> <p>(b) he fails to disclose at the first opportunity at a meeting of directors or by writing to the directors -</p> <p>(i) his interest in any material contract or proposed material contract with the company or any of its subsidiaries;</p> <p>(ii) his material interest in any person that is a party to a material contract or proposed material contract with the company or any of its subsidiaries.</p> <p>Section 97(5) of the Act: For the purposes of section 97 of the Act -</p> <p>(a) a general notice to the directors of a company by an officer of the company declaring that he is an officer of or has a material interest in a person and is to be regarded as interested in any contract with that person is a sufficient declaration of interest in relation to any such contract;</p> <p>(b) the word material in relation to a contract or proposed contract shall be construed as relating to the materiality of that contract or proposed contract in relation to the business of the company to which disclosure must be made;</p> <p>(c) an interest occurring by reason of the ownership or direct or indirect control of not more than ten per centum of the capital of a person shall not be deemed material.</p> <p>Section 97(7) of the Act: Nothing in section 97 of the Act shall be taken to prejudice any rule of law or any bye-law restricting officers of a company from having any interest in contracts with the company.</p> <p>Bye-law 100: Subject to the Act, the Listing Requirements and to the Bye-laws, no Director or proposed or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the Members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested in accordance with Bye-law 101 herein.</p> <p>Bye-law 101: A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first considered, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of Bye-law 101, a general Notice to the Board by a Director to the effect that:-</p> <p>(a) he is a member or officer of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with that company or firm; or</p> <p>(b) he is to be regarded as interested in any contract or arrangement which may after the date of the Notice be made with a specified person who is connected with him;</p> <p>shall be deemed to be a sufficient declaration of interest under Bye-law 101 in relation to any such contract or arrangement, provided that no such Notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.</p>
<i>Interested Director Not to Participate or Vote in Board's Proceedings</i>	
<p>Section 131A(1) of the Malaysian Companies Act states that subject to Section 131, a director of a company who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed under Section 131 of the Malaysian Companies Act, shall be counted only to make the quorum at the</p>	<p>Not provided in the Act.</p> <p>Bye-law 102(1): A Director shall not vote on any resolution of the Board in respect of any contract or arrangement or proposed contract or arrangement in which he has directly or indirectly an interest. Matters in which he shall not be considered to have</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>board meeting but shall not participate in any discussion while the contract or proposed contract is being considered at the board meeting and shall not vote on the contract or proposed contract.</p> <p>However, Section 131A(1) above shall not apply to:-</p> <p>(a) a private company unless it is a subsidiary to a public company;</p> <p>(b) a private company which is a wholly-owned subsidiary of a public company, in respect of any contract or proposed contract to be entered into by the private company with the holding company or with another wholly-owned subsidiary of that same holding company;</p> <p>(c) any contract or proposed contract of indemnity against any loss which any director may suffer by reason of becoming or being a surety for a company;</p> <p>(d) any contract or proposed contract entered into or to be entered into by a public company or a private company which is subsidiary of a public company, with another company in which the interest of the director consists solely of -</p> <p>(i) in him being a director of the company and the holder of shares not more than the number or value as is required to qualify him for the appointment as a director; or</p> <p>(ii) in him having an interest in not more than five per centum of its paid up capital.</p>	<p>an interest shall include the following:-</p> <p>(a) any contract or arrangement for the giving to such Director any security or indemnity in respect of money lent by him or obligations incurred or undertaken by him at the request of or for the benefit of the Company or any of its subsidiaries;</p> <p>(b) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has himself assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;</p> <p>(c) any contract or arrangement in which he is interested in the same manner as other holders of shares or debentures or other securities of the Company or any of its subsidiaries by virtue only of his interest in shares or debentures or other securities of the Company;</p> <p>(d) any contract or arrangement concerning any other company in which he is interested only, whether directly or indirectly, as an officer or executive or a shareholder other than a company in which the Director together with any of his associates (as defined by the rules or regulations, where applicable, of the Designated Stock Exchange) is beneficially interested in (other than through his interest (if any) in the Company) five (5) per cent or more of the issued shares or of the voting rights of any class of shares of such company (or any third company through which his interest is derived); or</p> <p>(e) any proposal concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<i>Director's Fiduciary Duties and Conflicts of Interest</i>	
<p>Every director by virtue of his office occupies a fiduciary position with respect to the company. The fiduciary relationship is similar to that of a principal and agent relationship. This relationship arises from the fact that a company being an artificial person can only act through the agency of natural persons. Such being the case, a company can only act through agents, i.e., its individual directors and its board of directors, and it is the duty of the "agents" to act in the best interest of the company. Accordingly, a director is not permitted to place himself in a situation where his interests conflict with his duty. Duties are imposed upon any person who becomes a director of a company and breaches of these duties may lead to criminal or civil liabilities. Such duties are governed by statute and common law. Such duties include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company, as well as the statutory duty under the Section 132 of the Malaysian Companies Act to exercise his powers for a proper purpose and in good faith and in the best interest of the company. A director shall exercise reasonable care, skill and diligence with:</p> <p>(a) the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and</p> <p>(b) any additional knowledge, skill and experience which the director in fact has.</p> <p>Under Section 132 (1B) of the Malaysian Companies Act, a director who makes a business judgement is deemed to meet the requirements of the duty above and the equivalent duties under the common law and in equity if the director:</p> <p>(a) makes the business judgement in good faith for a proper purpose;</p> <p>(b) does not have a material personal interest in the subject matter of the business judgement;</p> <p>(c) is informed about the subject matter of the business judgement.</p> <p>In Section 132(1C) of the Malaysian Companies Act, a director, in exercising his duties as a director may rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by -</p> <p>(a) any officer of the company whom the director believes on reasonable grounds to be reliable and</p>	<p>Section 97(1) of the Act: Every officer of a company in exercising his powers and discharging his duties shall -</p> <p>(a) act honestly and in good faith with a view to the best interests of the company; and</p> <p>(b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.</p> <p>Section 97(5A) of the Act: An officer is not liable under section 97(1) of the Act if he relies in good faith upon -</p> <p>(a) financial statements of the company represented to him by another officer of the company; or</p> <p>(b) a report of an attorney, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by him.</p> <p>Bye-law 99: A Director may:-</p> <p>(a) hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and, subject to the relevant provisions of the Act, upon such terms as the Board may determine. Any remuneration (whether by way of salary, commission, participation in profits or otherwise) paid to any Director in respect of any such other office or place of profit shall be in addition to any remuneration provided for by or pursuant to any other Bye-law; and/or</p> <p>(b) act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm may be remunerated for professional services as if he were not a Director; and/or</p> <p>(c) continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and (unless otherwise agreed) no such Director shall be accountable for any remuneration, profits or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of or from his interests in any such other company. Subject as</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>competent in relation to matters concerned;</p> <p>(b) any other person retained by the company as to matters involving skills or expertise in relation to matters that the director believes on reasonable grounds to be within the person's professional or expert competence;</p> <p>(c) another director in relation to matters within the director's authority; or</p> <p>(d) any committee to the board of directors on which the director did not serve in relation to matters within the committee's authority.</p> <p>Section 132(1D) of the Malaysian Companies Act states that the director's reliance made under Section 132D(1C) is deemed to be made on reasonable grounds if it was made</p> <p>(a) in good faith; and</p> <p>(b) after making an independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the director's knowledge of the company and the complexity of the structure and operation of the company.</p> <p>Section 132 (1E) of the Malaysian Companies Act provides that a director, who was appointed by virtue of his position as an employee of a company, or who was appointed by or as a representative of a shareholder, employer or debenture holder, shall act in the best interest of the company and in the event of any conflict between his duty to act in the best interest of the company and his duty to his nominator, he shall not subordinate his duty to act in the best interest of the company to his duty to his nominator.</p>	<p>otherwise provided by the Bye-laws or the Listing Requirements, the Directors may exercise or cause to be exercised the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors, deputy managing directors, executive directors, managers or other officers of such company) or voting or providing for the payment of remuneration to the director, managing director, joint managing director, deputy managing director, executive director, manager or other officers of such other company and any Director may vote in favour of the exercise of such voting rights in manner aforesaid notwithstanding that he may be, or about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in manner aforesaid.</p>
<i>Related Party Transactions</i>	
<p>Section 132E of the Malaysian Companies Act: A company shall not carry into effect any arrangement or transaction where a director or a substantial shareholder of the company or its holding company, or a person connected with such a director or substantial shareholder—</p>	<p>Not provided for in the Act.</p> <p>Bye-law 169(A):</p> <p>(1) For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall not carry into effect any arrangement</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(a) acquires or is to acquire shares or non-cash assets of the requisite value, from the company; or</p> <p>(b) disposes of or is to dispose of shares or non-cash assets of the requisite value, to the company.</p> <p>(2) An arrangement or transaction which is carried into effect in contravention of subsection (1) shall be void, unless there is prior approval of the arrangement or transaction—</p> <p>(a) by a resolution of the company at a general meeting; or</p> <p>(b) by a resolution of the holding company at a general meeting, if the arrangement or transaction is in favour of a director or substantial shareholder of its holding company or person connected with such director or substantial shareholder.</p> <p>(3) The resolution of the company or its holding company at the general meeting of the company or its holding company to consider the arrangement or transaction shall be subject to the director, substantial shareholder or person connected with such director or substantial shareholder, as the case may be, abstaining from voting on the resolution whether or not to approve the arrangement or transaction.</p> <p>(4) Where an arrangement or transaction is carried into effect by a company in contravention of subsections (1) and (2) that director, substantial shareholder or person connected with such director or substantial shareholder and any director who knowingly authorized the arrangement or transaction shall, in addition to any other liability, be liable -</p> <p>(a) to account to the company for any gain which he had made directly or indirectly by the arrangement or transaction; and</p> <p>(b) jointly and severally with any person liable under this subsection, to indemnify the company for any loss or damage resulting from the arrangement or transaction.</p> <p>(5) The Court may, on the application of any member or director of the company, restrain the company from carrying into effect an arrangement or transaction in contravention of subsection (1).</p> <p>(6) A director or substantial shareholder of a company or its holding company, or a person connected with such director or substantial shareholder, in whose</p>	<p>or transaction where a director or a substantial shareholder of the Company or its holding company, or a person connected with such a director or substantial shareholder:-</p> <p>(a) acquires or is to acquire shares or non-cash assets of the requisite value, from the Company; or</p> <p>(b) disposes of or is to dispose of shares or non-cash assets of the requisite value, to the Company,</p> <p>unless there is prior approval of the arrangement or transaction:-</p> <p>(a) by a resolution of the Company in general meeting; or</p> <p>(b) by a resolution of the Company's holding company in general meeting, if the arrangement or transaction is in favour of a director or substantial shareholder of its holding company or person connected with such director or substantial shareholder.</p> <p>(2) The resolution of the Company or its holding company at the general meeting of the Company or its holding company to consider the arrangement or transaction shall be subject to the director, substantial shareholder or person connected with such director or substantial shareholder, as the case may be, abstaining from voting on the resolution whether or not to approve the arrangement or transaction.</p> <p>(3) Where an arrangement or transaction is carried into effect by the Company in contravention of Bye-laws 169A(1) and (2), that director, substantial shareholder or person connected with such director or substantial shareholder and any director who knowingly authorised the arrangement or transaction shall, in addition to any other liability, be liable-</p> <p>(a) to account to the Company for any gain which he had made directly or indirectly by the arrangement or transaction; and</p> <p>(b) jointly and severally with any person liable under Bye-law 169A(4), to indemnify the Company for any loss or damage resulting from the arrangement or transaction.</p> <p>(4) For the purposes of Bye-law 169A(1): -</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>favour the company carries into effect an arrangement or transaction and who knows that such arrangement or transaction is carried into effect by a company in contravention of this section, or a director who knowingly authorized the company to carry into effect such arrangement or transaction, in contravention of this section, shall be guilty of an offence against the Malaysian Companies Act.</p> <p>(7) For the purposes of subsection (1) -</p> <p>(a) "person connected with a substantial shareholder" shall have the same meaning as that assigned to a "person connected with a director" in section 122A save that all references therein to a director shall be read as a reference to a substantial shareholder;</p> <p>(b) "requisite value", in the case of a company where all or any of its shares are listed for quotation on the official list of a Stock Exchange as defined under the Securities Industry Act 1983 of Malaysia, shall be the same value as the value prescribed by the provisions in the listing requirements of the Exchange -</p> <p>(i) which relates to acquisitions or disposals by a company or its subsidiaries to which such provision applies; and</p> <p>(ii) which would require the approval of shareholders at a general meeting in accordance with the provisions of such listing requirements;</p> <p>(c) in the case of any company other than a company to which paragraph (b) is applicable, non-cash asset is of the requisite value if, at the time of the transaction, its value exceeds two hundred and fifty thousand ringgit or, if its value does not exceed two hundred and fifty thousand ringgit but exceeds ten per centum of the company's asset value provided it is not less than ten thousand ringgit, where -</p> <p>(i) the value of the company's assets is determined by reference to the accounts prepared and laid under Part VI in respect of the last financial year prior to the arrangement or transaction; or</p> <p>(ii) no accounts have been so prepared and laid before that time, the amount of the company's called up share capital.</p>	<p>(a) a person shall be connected with a director or substantial shareholder if he is:-</p> <p>(i) a member of that director's or substantial shareholder's family. "A member of that director's or substantial shareholder's family" shall include his spouse, parent, child (including adopted child and stepchild), brother, sister and the spouse of his child, brother or sister; or</p> <p>(ii) a body corporate which is associated with that director or substantial shareholder. A body corporate is associated with a director if:-</p> <p>(I) the body corporate is accustomed or is under an obligation, whether formal or informal, or its directors are accustomed, to act in accordance with the directions, instructions or wishes of that director or substantial shareholder; or</p> <p>(II) that director or substantial shareholder has a controlling interest in the body corporate; or</p> <p>(III) that director or substantial shareholder or persons connected with him, or that director or substantial shareholder and persons connected with him, are entitled to exercise, or control the exercise of, not less than fifteen per centum of the votes attached to voting shares in the body corporate; or</p> <p>(IV) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which that director or substantial shareholder or a member of his family is a beneficiary; or</p> <p>(V) a partner of that director or substantial shareholder or a partner of a person connected with that director or substantial shareholder;</p> <p>(b) a company shall be a "holding company" of another corporation in accordance with the following provisions:-</p> <p>(i) if the company:</p> <p>(I) controls the composition of the board of directors of the second-mentioned</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(8) In this section -</p> <p>(a) a reference to the acquisition or disposal of a noncash asset includes the creation or extinction of an estate or interests in, or a right over, any property and also the discharge of any person's liability, other than liability for a liquidated sum;</p> <p>(b) "cash" includes foreign currency;</p> <p>(c) "director" includes the chief executive officer, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of a company, by whatever name called;</p> <p>(d) "non-cash asset" means any property or interest in property other than cash."</p>	<p>company;</p> <p>(II) controls more than half of the voting power of the second-mentioned company;</p> <p>(III) holds more than half of the issued share capital of the second-mentioned corporation (excluding any part thereof which consists of preference shares); or</p> <p>(ii) if the second-mentioned company is a subsidiary of any corporation which is that other corporation's subsidiary;</p> <p>(iii) the composition of a corporation's board of directors shall be deemed to be controlled by another corporation if that other corporation by the exercise of some power exercisable by it without the consent or concurrence of any other person can appoint or remove all or a majority of the directors, and for the purpose of Bye-law 169A, that other corporation shall be deemed to have power to make such an appointment if:-</p> <p>(I) a person cannot be appointed as a director without the exercise in his favour by that other corporation of such a power; or</p> <p>(II) a person's appointment as a director follows necessarily from his being a director or other officer of that other corporation.</p> <p>(iv) in determining whether a corporation is the holding company of another corporation:-</p> <p>(I) any shares held or power exercisable by that corporation in a fiduciary capacity shall be treated as not held or exercisable by it;</p> <p>(II) subject to sub-paragraphs (III) and (IV) below, any shares held or power exercisable:</p> <p>(A) by any person as a nominee for that corporation (except where that corporation is concerned only in a fiduciary capacity); or</p> <p>(B) by or by a nominee for, a subsidiary of that corporation not</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>being a subsidiary which is concerned only in a fiduciary capacity;</p> <p>shall be treated as held or exercisable by that corporation;</p> <p>(III) any shares held or power exercisable by any person by virtue of the provision of any debentures of the second-mentioned corporation or of a trust deed for securing any issue of such debentures shall be disregarded; and</p> <p>(IV) any shares held or power exercisable by, or by a nominee for, that corporation or its subsidiary (not being held or exercisable as mentioned in subparagraph III above) shall be treated as not held or exercisable by that corporation if the ordinary business of that corporation or its subsidiary, as the case may be, includes the lending of money and the shares are held or power is exercisable as aforesaid by way of security only for the purposes of a transaction entered into in the ordinary course of that business.</p> <p>(c) " requisite value", in the case where all or any of the shares of the Company are listed for quotation on the Designated Stock Exchange, shall be the same value as the value prescribed by the provisions in the Listing Requirements:</p> <p>(i) which relates to acquisitions or disposals by a company or its subsidiaries to which such provision applies; and</p> <p>(ii) which would require the approval of Members in general meeting in accordance with the provisions of such Listing Requirements.</p> <p>(5) In this Bye-law 169A:-</p> <p>(a) a reference to the acquisition or disposal of a non-cash asset includes the creation or extinction of an estate or interests in, or a right over, any property and also the discharge of any person's liability, other than liability for a liquidated sum;</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>(b) "cash" includes foreign currency;</p> <p>(c) "director" includes the chief executive officer, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of the Company, by whatever name called;</p> <p>(d) "non-cash asset" means any property or interest in property other than cash.</p>
<i>Loans to Directors</i>	
<p>Section 133 of the Malaysian Companies Act: A company (other than an exempt private company) shall not make a loan to a director of the company or of a company which by virtue of section 6 is deemed to be related to that company, or enter into any guarantee or provide any security in connection with a loan made to such a director by any other person but nothing in this section shall apply—</p> <p>(a) subject to subsection (2), to anything done to provide such a director with funds to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him properly to perform his duties as an officer of the company;</p> <p>(b) to anything done to provide such a director who is engaged in the full-time employment of the company or its holding company, as the case may be, with funds to meet expenditure incurred or to be incurred by him in purchasing or otherwise acquiring a home; or</p> <p>(c) to any loan made to such a director who is engaged in the full-time employment of the company or its holding company, as the case may be, where the company has at a general meeting approved of a scheme for the making of loans to employees of the company and the loan is in accordance with that scheme.</p> <p>(2) Subsection (1)(a) or (b) shall not authorise the making of any loan, or the entering into any guarantee, or the provision of any security except-</p> <p>(a) with the prior approval of the company given at general meeting at which the purposes of the expenditure and the amount of the loan or the extent of the guarantee or security, as the case may be, are disclosed;</p>	<p>Section 96(1) to (5) of the Act:</p> <p>(1) Without the consent of any member or members holding in the aggregate not less than nine-tenths of the total voting rights of all the members having the right to vote at any meeting of the members of the company it shall not be lawful for a company to make a loan to any person who is its director or a director of its holding company, or to enter into any guarantee or provide any security in connection with a loan made to such person as aforesaid by any other person:</p> <p>Provided that nothing in section 96 of the Act shall apply -</p> <p>(a) subject to section 96(2) of the Act, to anything done to provide any such person as aforesaid with funds to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him properly to perform his duties as an officer of the company;</p> <p>(b) in the case of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done by the company in the ordinary course of that business; or</p> <p>(c) to any advance of moneys by a company to an officer or auditor under section 98(2)(c) of the Act.</p> <p>(2) Proviso (a) to section 96(1) of the Act shall not authorise the making of any loan, or the entering</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(b) on condition that, if the approval of the company is not given as aforesaid at or before the next following annual general meeting, the loan shall be repaid or the liability under the guarantee or security shall be discharged, as the case may be, within six months from the conclusion of that meeting.</p> <p>(3) Where the approval of the company is not given as required by any such condition, the directors authorizing the making of the loan, or the entering into the guarantee, or the provision of the security, shall be jointly and severally liable to indemnify the company against any loss arising therefrom.</p> <p>In Section 133A of Malaysian Companies Act, a company (other than an exempt private company) shall not—</p> <p>(a) make a loan to any person connected with a director of the company or of its holding company; or</p> <p>(b) enter into any guarantee or provide any security in connection with a loan made to such person by any other person.</p> <p>(2) This section shall not apply—</p> <p>(a) to anything done by a company where the loan is made, or the guarantee or security is provided in relation to a loan made, to a subsidiary or holding company or a subsidiary of its holding company;</p> <p>(b) to a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, or to anything done by the company in the ordinary course of that business, if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by Bank Negara Malaysia; or</p> <p>(c) to any loan made to a person connected with a director who is engaged in the full-time employment of a company or its related corporation, as the case may be—</p> <p>(i) for the purpose of meeting expenditure incurred or to be incurred by him in purchasing or otherwise acquiring a home; or</p> <p>(ii) in accordance with a scheme for the making of loans to employees approved by the company in general meeting.</p>	<p>into any guarantee, or the provision of any security, except either -</p> <p>(a) with the prior approval of the company given at a general meeting at which the purposes of the expenditure and the amount of the loan or the extent of the guarantee or security, as the case may be, are disclosed; or</p> <p>(b) on condition that, if the approval of the company is not given as aforesaid at or before the next following annual general meeting, the loan shall be repaid or the liability under the guarantee or security shall be discharged, as the case may be, within six months from the conclusion of that meeting.</p> <p>(3) Where the approval of the company is not given as required by any such condition, the directors authorizing the making of the loan, or the entering into the guarantee, or the provision of the security, shall be jointly and severally liable to indemnify the company against any loss arising therefrom.</p> <p>(4) A loan shall be deemed to be a loan to a director if it is made to -</p> <p>(a) the spouse or children of a director; or</p> <p>(b) to a company (other than a company which is a holding company or a subsidiary of the company making the loan) which a director, his spouse or children own or control directly or indirectly more than twenty per cent of the capital or loan debt.</p> <p>(5) For the purposes of section 96 of the Act a loan shall not be deemed to have been made in the ordinary course of business of a company if it has not been made on normal commercial terms in respect of interest rates, repayment terms and security.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>DIRECTOR'S POWER TO VOTE ON REMUNERATION (INCLUDING PENSION OR OTHER BENEFITS) FOR HIMSELF OR FOR ANY OTHER DIRECTOR; AND WHETHER THE QUORUM AT A MEETING OF THE BOARD OF DIRECTORS MAY INCLUDE THE DIRECTOR WHOSE REMUNERATION IS THE SUBJECT OF THE VOTE</p>	
<p><i>Remuneration of Directors</i></p>	
<p>A director may not receive remuneration except as authorised by the Memorandum and Articles of Association of a company.</p>	<p>Not provided in the Act.</p> <p>Bye-law 95: The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, shall not be increased except pursuant to an ordinary resolution passed at a general meeting where notice of the proposed increase shall have been given in the notice convening the general meeting, and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. Such remuneration shall be deemed to accrue from day to day.</p> <p>Bye-law 96: Each Director shall be entitled to be repaid or prepaid all travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of his duties as a Director.</p> <p>Bye-law 97(1) and (2):</p> <p>(1) Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Bye-law.</p> <p>(2) The remuneration (including any remuneration under Bye-law 97(1) above) in the case of a Director other than an executive Director shall be payable by a fixed sum and shall not at any</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>time be by commission on or percentage of the profits or turnover, and no Director whether an executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.</p> <p>Bye-law 98: The Board shall obtain the approval of the Company in general meeting before making any payment to any Director or past Director of the Company by way of compensation for loss of office, or as consideration for or in connection with his retirement from office (not being payment to which the Director is contractually entitled).</p> <p>Bye-law 90: Notwithstanding Bye-laws 95, 96, 97 and 98, an executive director appointed to an office under Bye-law 89 shall receive such remuneration (whether by way of salary, commission, participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time determine, and either in addition to or in lieu of his remuneration as a Director, but he shall not in any circumstances be remunerated by a commission on or a percentage of turnover.</p>
<p>BORROWING POWERS EXERCISABLE BY DIRECTORS AND HOW SUCH POWERS MAY BE VARIED</p>	
<p>No such provisions save that the business of a company shall be managed by or under the direction of the directors. The directors may exercise all the powers of a company except any power that the Malaysian Companies Act or the memorandum and articles of the company require the company to exercise in general meeting.</p> <p>Section 52 of Malaysian Companies Act provides as follows:-</p> <p>(1) Where a company having a share capital has issued a prospectus inviting the public to subscribe for its shares or has issued a prospectus pursuant to the Securities Commission Act 1993 in relation to its shares the company shall not commence any business or exercise any borrowing powers -</p> <p>(a) if any money is or may become liable to be repaid to applicants for any shares or debentures offered for public subscription by reason of any failure to apply for or obtain permission for listing for quotation on</p>	<p>Not provided for in the Act save that section 91(1) of the Act states (inter alia) that the affairs of the company shall be managed by not less than two directors who shall be individuals and section 91(5) of the Act states that the directors may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Act or the bye-laws to be exercised by the members of the company.</p> <p>Bye-law 103(1): The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) except powers that by the Statutes or by the Bye-laws are required to be exercised by the Company in general meeting. The general powers given by Bye-law 103 shall not be limited or restricted by any special authority or power given to the Board by any other Bye-law.</p> <p>Bye-law 109: The Board may exercise all the powers of the Company to raise or borrow money and to</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>any Stock Exchange; or</p> <p>(b) unless -</p> <p>(i) shares held subject to the payment of the whole amount thereof in cash have been allotted to an amount not less in the whole than the minimum subscription;</p> <p>(ii) every director has paid to the company on each of the shares taken or contracted to be taken by him, and for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares offered for public subscription; and</p> <p>(iii) there has been lodged with the Registrar a statutory declaration by the secretary or one of the directors of the company in the prescribed form verifying that the above conditions have been complied with.</p> <p>(2) Where a public company having a share capital has not issued a prospectus inviting the public to subscribe for its shares or has not issued a prospectus pursuant to the Securities Commission Act 1993 the company shall not commence any business or exercise any borrowing power unless -</p> <p>(a) there has been lodged with the Registrar a statement in lieu of prospectus which complies with the Malaysian Companies Act ;</p> <p>(b) every director of the company has paid to the company on each of the shares taken or contracted to be taken by him and for which he is liable to pay in cash, a proportion equal to the proportion payable on application and allotment on the shares payable in cash; and</p> <p>(c) there has been lodged with the Registrar a statutory declaration by the secretary or one of the directors of the company in the prescribed form verifying that paragraph (b) has been complied with.</p>	<p>mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Act, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.</p> <p>Bye-law 165: No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Board and confirmed by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company. For this purpose, "Designated Stock Exchange" means the Bursa Malaysia Securities Berhad for so long as the shares of the Company are listed or quoted on the Bursa Malaysia Securities Berhad or such other stock exchange which is an appointed stock exchange for the purposes of the Act in respect of which the shares of the Company are listed or quoted and where such appointed stock exchange deems such listing or quotation to be the primary listing or quotation of the shares of the Company; and a "special resolution" refers to a resolution which has been passed by a majority of not less than three-fourths of votes cast by Members, being entitled so to do, voting in person or, in the case of Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy.</p>
QUALIFICATION, APPOINTMENT AND RETIREMENT OR NON-RETIREMENT OF DIRECTORS UNDER AN AGE LIMIT REQUIREMENT	
Section 122 of Malaysian Companies Act: Every company shall have at least two directors, who each	Section 91(1) of the Act: The affairs of the company shall be managed by not less than two directors who

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>has his principal or only place of residence within Malaysia.</p> <p>(2) No person other than a natural person of full age shall be a director of a company.</p> <p>Section 126 of the Malaysian Companies Act: The appointment of directors at a general meeting of a public company as defined in Section 4(c) of the Malaysian Companies Act must generally be voted on individually. This provision does not apply to election of two or more directors by ballot or poll.</p> <p>In addition, Section 129 of the Malaysian Companies Act provides that, notwithstanding anything in the memorandum or articles of association, no person of or over the age of 70 years shall be appointed as a director of a public company or of a subsidiary of a public company, unless by a resolution of which no shorter notice than that required to be given to the members of the company of an annual general meeting has been duly given, passed by a majority of not less than three-fourths of such members of the company as being entitled so to do vote in person or, where proxies are allowed, by proxy, at a general meeting of that company, be appointed or reappointed as a director of that company to hold office until the next annual general meeting of the company or be authorized to continue in office as a director until the next annual general meeting of the company.</p>	<p>shall be individuals elected in the first place at the statutory meeting and thereafter at each annual general meeting of the company or elected or appointed by the members in such other manner and for such term as may be provided in the bye-laws.</p> <p>Section 91(1A) of the Act: A maximum number of directors may be determined by the members at a general meeting of the company or in such other manner as may be provided in the bye-laws.</p> <p>Section 91(2) of the Act: Where a maximum number of directors has been determined in accordance with section 91(1A) of the Act, a general meeting of a company may authorise the directors of the company to elect or appoint on their behalf an individual or individuals to act as additional directors up to such maximum.</p> <p>Section 91(3) of the Act: So long as a quorum of directors remains in office, unless the bye-laws of a company otherwise provide, any vacancy occurring in the board of directors may be filled by such directors as remain in office. If no quorum of directors remains the vacancy shall be filled by a general meeting of members.</p> <p>Section 130(1) of the Act: Subject to section 130(2) of the Act, every exempted company shall -</p> <ul style="list-style-type: none"> (a) have a minimum of two directors, other than alternate directors, ordinarily resident in Bermuda; or (b) have a secretary who is ordinarily resident in Bermuda and a director, other than an alternate director, who is ordinarily resident in Bermuda; or (c) have a secretary who is ordinarily resident in Bermuda and a resident representative; or (d) in the case of a company the shares of which are listed on an appointed stock exchange, have a resident representative. <p>Bye-law 85:</p> <p>(1) The Company may from time to time by ordinary resolution, determine the maximum number of directors and increase or reduce the number of Directors but so that the number of Directors shall never be less than two (2) and provided always that for so long as the shares of the Company are listed on the Bursa Malaysia</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Securities Berhad, at least one (1) Director shall have his principal or only place of residence within Malaysia. All Directors shall be natural persons of full age. The Directors shall be elected or appointed in the first place at the statutory meeting of Members and thereafter the Company may by ordinary resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy.</p> <p>(2) The Board shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or, where a maximum number of Directors has been determined by the Members and the Members have authorised the Board to appoint additional Directors, as an additional Director.</p> <p>(3) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.</p> <p>(6) Any Director appointed by the Board shall retire at the next annual general meeting of the Company (in addition to the Director(s) who are to retire by rotation pursuant to Bye-law 86 at that meeting) and shall then be eligible for re-election at that meeting.</p> <p>(7) The appointment of each Director shall be voted on individually except in the election of two (2) or more Directors by ballot or poll.</p> <p>Bye-law 86(1): Subject to the provisions of Bye-law 86, at each annual general meeting of the Company, an election of Directors shall take place whereby one-third of the Directors for the time being, or if their number is not three or a multiple of three (3), the number nearest to but not less than one-third, shall retire from office and shall be eligible for re-election thereat.</p> <p>Bye-law 86(2): The Directors to retire in each year shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot provided always that each Director shall retire at least once every three (3) years.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	Notwithstanding the foregoing, a Director who is over the age of 70 years shall retire from office in every year but may be re-elected by way of special resolution in general meeting.
NUMBER OF SHARES, IF ANY, REQUIRED FOR THE QUALIFICATION OF DIRECTOR	
<p>In Section 124 of Malaysian Companies Act, without affecting the operation of any of the preceding provisions of this Division, every director, who is by the articles required to hold a specified share qualification and who is not already qualified, shall obtain his qualification within two months after his appointment or such shorter period as is fixed by the articles. A director shall vacate his office if he has not within the period referred to in subsection (1) obtained his qualification or if after so obtaining it he ceases at any time to hold his qualification. For the number of shares, if any, required for the qualification of Director, unless the articles otherwise provide, the candidate need not hold shares in the company to qualify for appointment.</p>	<p>Not provided for in the Act.</p> <p>Bye-law 85(3): Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting of the Company and of all classes of shares of the Company.</p>
DISQUALIFICATION, RESIGNATION AND REMOVAL OF DIRECTORS	
<i>Disqualification of Directors</i>	
<p>In Section 125 of Malaysian Companies Act, a person who is an undischarged bankrupt shall not take part in or be concerned in the management of a corporation without the leave of the Malaysian Court.</p> <p>Where a person is convicted whether within or outside Malaysia of any offence in connection with the promotion formation or management of a corporation or of any offence involving fraud dishonesty punishable on conviction with imprisonment for three months or more or of any offence under Sections 132 or 303 of the Malaysian Companies Act, that person cannot be a director or promoter of or be in any way whether directly or indirectly concerned or take part in the management in Malaysia of the corporation without leave of the Malaysian courts.</p> <p>Section 130A of Malaysian Companies Act provides that where on an application under this section it appears to the Court -</p> <p>(a) that a person -</p> <p>(i) is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or subsequently) and was insolvent at that</p>	<p>Section 94(1) and (2) of the Act:</p> <p>(1) If any person being an undischarged bankrupt in any country acts as director of, or directly or indirectly takes part in or is concerned in the management of, any company except with the leave of the Court, he shall be liable on conviction on indictment to imprisonment for a term of two years, or on summary conviction to imprisonment for a term of six months or to a fine of five hundred dollars or to both such imprisonment and fine:</p> <p>Provided that a person shall not be guilty of an offence under section 94 of the Act by reason that he, being an undischarged bankrupt, has acted as director of, or taken part or been concerned in the management of, a company, if he was on the appointed day acting as a director of that company or taking part or being concerned in its management.</p> <p>(2) The leave of the Court for the purposes of section 94 of the Act shall not be given unless notice of intention to apply therefor has been served on the Official Receiver, and it shall be the duty of the Official Receiver, if he is of opinion that it is contrary to the public interest</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>time; and</p> <p>(ii) is or has been a director of such other company which has gone into liquidation within five years of the date on which the first-mentioned company went into liquidation; and</p> <p>(b) that his conduct as director of any of those companies makes him unfit to be concerned in the management of a company,</p> <p>the Court may make an order that that person shall not, without the leave of the Court, be a director of or in any way, whether directly or indirectly, be concerned or take part in the management of a company for such period beginning on the date of the order and not exceeding five years as may be specified in the order.</p>	<p>that any such application should be granted, to attend on the hearing of and oppose the granting of the application.</p> <p>Section 95(1) to (4) of the Act:</p> <p>(1) Where any court convicts any person of an offence relating to the affairs of a company which, in the opinion of such court, involves dishonesty it may order that such person shall not directly or indirectly take part in or be concerned in the management of any company without leave of the Supreme Court.</p> <p>(2) Section 94(2) of the Act shall apply to any application for leave under section 95(1) of the Act.</p> <p>(3) The same right of appeal shall lie in respect of an order made under section 95(1) of the Act as it does from a sentence of imprisonment.</p> <p>(4) Any person who contravenes an order of a court made under section 95(1) of the Act shall be liable to the punishments set out in section 94(1) of the Act.</p> <p>Bye-law 88: The office of a Director shall be vacated if the Director:-</p> <p>(1) resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board;</p> <p>(2) becomes of unsound mind or dies;</p> <p>(3) is absent (without special leave of absence from the Board) from more than 50% of the total Board of Directors' meetings held during a financial year, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated;</p> <p>(4) becomes bankrupt (and is not otherwise discharged from bankruptcy) or has a receiving order made against him or suspends payment or compounds with his creditors;</p> <p>(5) is a person convicted:</p> <p>(i) of any offence in connection with the promotion formation or management of a corporation, whether within or outside Malaysia; or</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>(ii) of any offence involving fraud or dishonesty punishable on conviction with imprisonment for three months or more, whether within or outside Malaysia; or</p> <p>(iii) of any offence under sections 132 or 303 of the Malaysian Companies Act; or</p> <p>(iv) of any offence under the Securities Laws;</p> <p>(6) has been compounded for an offence under section 373 of the Capital Markets and Services Act 2007 of Malaysia;</p> <p>(7) has had any action taken against him or her under the Securities Laws;</p> <p>(8) is a person who:</p> <p>(i) is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or subsequently) and was insolvent at that time; and</p> <p>(ii) is or has been a director of such other company which has gone into liquidation within five years of the date on which the first-mentioned company went into liquidation; and</p> <p>his conduct as director of any of those companies makes him unfit to be concerned in the management of a company and a court of competent jurisdiction ("Court") has ordered that that person shall not, without the leave of the Court, be a director of or in any way, whether directly or indirectly, be concerned or take part in the management of a company for such period beginning on the date of the order and not exceeding five years as may be specified in the order;</p> <p>(9) is prohibited by law from being a Director; or</p> <p>(10) ceases to be a Director by virtue of any provision of the Statutes or is removed from office pursuant to the Bye-laws.</p> <p>For the purposes of Bye-law 88, the term "Securities Laws" means the Securities Commission Act 1993, the Securities Industry (Central Depositories) Act 1991 and the Capital Markets and Services Act 2007</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	of Malaysia as amended from time to time.
<i>Resignation of Directors</i>	
<p>Section 122(6) of the Malaysian Companies Act provides that a director of a company cannot resign or vacate his office, if by his resignation or vacation from office, the number of directors of the company is reduced below the minimum of two directors who each has his principal or only place of residence within Malaysia, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid.</p>	<p>Not provided for in the Act.</p> <p>Bye-law 88(1): The office of a Director shall be vacated if the Director resigns his office by notice in writing delivered to the Company at the Office or tendered at a meeting of the Board.</p>
<i>Removal of Directors</i>	
<p>According to Section 128 of Malaysian Companies Act, a public company may by ordinary resolution remove a director before the expiration of his period of office, notwithstanding anything in its memorandum or articles or in any agreement between it and him but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders the resolution to remove him shall not take effect until his successor has been appointed.</p> <p>(2) Notwithstanding anything to the contrary in the memorandum or articles of the company, special notice shall be required of any resolution to remove a director or to appoint some person in place of a director so removed at the meeting at which he is removed, and on receipt of notice of an intended resolution to remove a director the company shall forthwith send a copy thereof to the director concerned, and the director (whether or not he is a member of the company) shall be entitled to be heard on the resolution at the meeting.</p> <p>Subject to the provisions of the Malaysian Companies Act, the articles of association of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office.</p>	<p>Section 93(1) and (2) of the Act:</p> <p>(1) Subject to its bye-laws the members of a company may at a special general meeting called for that purpose remove a director:</p> <p>Provided that notice of any such meeting shall be served on the director concerned not less than fourteen days before the meeting and he shall be entitled to be heard at such meeting:</p> <p>Provided further that nothing in section 93 of the Act shall have effect to deprive any person of any compensation or damages which may be payable to him in respect of the termination of his appointment as a director or of any other appointment with the company.</p> <p>(2) A vacancy created by the removal of a director at a special general meeting may be filled at that meeting by the election of another director in his place or in the absence of any such election by the other directors.</p> <p>Bye-law 85(4): Subject to any provision to the contrary in the Bye-laws the Members may, at any general meeting convened and held in accordance with the Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in the Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.</p> <p>Bye-law 85(5): A vacancy on the Board created by the removal of a Director under the provisions of Bye-law 85(4) above may be filled by the election or appointment by the Members at the meeting at which such Director is removed or, in the absence of such election or appointment, such general meeting may authorise the Board to appoint a Director to fill any vacancy in the number left unfilled.</p>
RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO EACH CLASS OF SHARES	
<i>Notice of Meetings and Business to be Concluded Thereat</i>	
<p>In Section 145 of Malaysian Companies Act, a meeting of a company or of a class of members, other than a meeting for the passing of a special resolution, shall be called by notice in writing of not less than fourteen days or such longer period as is provided in the articles.</p> <p>Notwithstanding subsection (2), the annual general meeting of a public company shall be called by a notice in writing of not less than twenty-one days before the annual general meeting or such longer period as is provided in the articles.</p> <p>(3) A meeting shall, notwithstanding that it is called by notice shorter than is required by subsection (2) or (2A) be deemed to be duly called if it is so agreed—</p> <p>(a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; or (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than ninety-five per centum in nominal value of the shares giving a right to attend and vote or, in the case of a company not having a share capital, together represents not less than ninety-five per centum of the total voting rights at that meeting of all the members.</p> <p>(4) So far as the articles do not make other provision in that behalf notice of every meeting shall be served on every member having a right to attend and vote thereat in the manner in which notices are required to be served by Table A of the Fourth Schedule.</p> <p><i>*equity share is defined in Section 4(1) of the Malaysian Companies Act as any share which is not a preference share.</i></p>	<p>Section 70(2) of the Act: At least five days' notice in writing of the statutory meeting (being the first general meeting of the members of a company) shall be given to each member of the company unless the members unanimously agree to waive such notice; the notice shall specify the place, date and hour at which the meeting is intended to be held, and shall state that at the meeting the members present or represented by proxy will elect the first board of directors.</p> <p>Section 71(3) of the Act: Notice of all general meetings shall specify the place, the day and hour of the meeting, and, in case of special general meetings, the general nature of the business to be considered.</p> <p>Section 75(1) and (2) of the Act :</p> <p>(1) Notwithstanding any provision in the bye-laws of a company at least five days notice shall be given of a meeting of a company, other than an adjourned meeting.</p> <p>(2) A meeting of a company shall, notwithstanding that it is called by shorter notice than that specified in section 75(1) of the Act be deemed to have been duly called if it is so agreed -</p> <p>(a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and</p> <p>(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent in nominal value of the shares giving a right to attend and vote at the meeting, or, in the case</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>of a company not having a share capital, together representing not less than ninety-five per cent of the total voting rights at that meeting of all the members.</p> <p>Bye-law 17(2): Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof, save that in respect of any deposited security which is jointly held by the Depository and a Depositor, the Depositor named in the Register as the joint holder of the deposited security shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, be deemed to be the sole holder thereof.</p> <p>Bye-law 58:</p> <p>(1) At least fourteen (14) days' Notice of a general meeting shall be given to each Member entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered or an annual general meeting shall be called by not less than twenty-one (21) days' Notice. A general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:-</p> <p>(a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and</p> <p>(b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.</p> <p>(2) For so long as the shares of the Company are listed on the Designated Stock Exchange, at least fourteen (14) days' notice of any general meeting or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting shall be given by advertisement in at least one (1) nationally-circulated Bahasa Malaysia or English daily newspaper in circulation in Malaysia and in writing to the Designated Stock Exchange.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>(3) The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the Notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any Notice of a general meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of the Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.</p> <p>(4) The Secretary may postpone any general meeting called in accordance with the provisions of the Bye-laws (other than a meeting requisitioned under the Bye-laws) provided that notice of postponement is given to each Member entitled to such notice before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each such Member in accordance with the provisions of the Bye-laws.</p> <p>(5) In accordance with the Rules, the Company shall inform the Depository of the dates of general meetings of the Company and the Company shall request the Depository to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. In addition, in respect of each general meeting, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) clear market days before that general meeting ("General Meeting Record of Depositors"). Subject to the Regulations, notwithstanding any other provision of the Bye-laws, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name appears in the relevant General Meeting Record of Depositors.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Bye-law 59: The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.</p> <p>Bye-law 60(2): All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring a dividend, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.</p> <p>Bye-law 157: Any notice from the Company to a Member shall be given in writing or by cable, telex or by electronic means (including facsimile and electronic mail) and any such notice and (where appropriate) any other document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it by electronic means (including facsimile and electronic mail) to any such address or number supplied by him to the Company for the giving of notice to him, or in accordance with Bye-law 158, or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders, save that in respect of any deposited security which is jointly held by the Depository with a Depositor, all notices shall be given to the Depositor named in the Register as the joint holder of such deposited security and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<i>Venues and technology for company meetings.</i>	
<p>Section 145A of Malaysian Companies Act provides that:-</p> <p>A company shall hold all meetings of its members within Malaysia and may hold a meeting of its members within Malaysia at more than one venue using any technology that allows all members a reasonable opportunity to participate.</p>	<p>Bye-law 56: Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board but for so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad, general meetings of the Company shall be held in Malaysia.</p> <p>Bye-law 60(1): Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</p>
<i>Rights attaching to shares</i>	
<p>Section 55 of Malaysian Companies Act provides that:-</p> <p>Notwithstanding any provisions in the Malaysian Companies Act or in the memorandum or articles of a company to which this section applies, each equity share* issued by such a company after the commencement of this Act shall confer the right at a poll at any general meeting of the company (subject as provided in subsection 148 (1)) to one vote, and, to one vote only for each ringgit or part of a ringgit that has been paid up on that share.</p> <p>(2) Where any company to which this section applies has, prior to the commencement of the Malaysian Companies Act, or, while it was a company to which this section did not apply, issued any equity share* which does not comply with subsection (1), the company shall not issue any invitation to subscribe for or to purchase any shares or debentures of the company until the voting rights attached to each share of that company have been duly varied so as to comply with subsection (1).</p> <p>(3) For the purposes of this section any alteration of the rights of issued preference shares so that they become equity shares* shall be deemed to be an issue of equity shares*.</p> <p>(4) The Yang di-Pertuan Agong may by proclamation published in the <i>Gazette</i> declare that subsection (1) shall apply to all or any equity shares* or any class of equity shares* which have been issued before the</p>	<p>Please refer to Section 77(6) of the Act as set out under <i>Right to Attend Meeting and Vote</i>.</p> <p>Section 42(1) of the Act: Subject to section 42 of the Act, a company limited by shares, or other company having a share capital, may issue preference shares which-</p> <p>(i) if so authorized by its bye-laws, are, or at the option of the company are, liable to be redeemed;</p> <p>(ii) if so authorized by its memorandum at the option of the holder are to be liable to be redeemed:</p> <p>Provided that -</p> <p>(a) no such shares shall be redeemed except out of the capital paid up thereon or out of the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; and</p> <p>(b) the premium, if any, payable on redemption, is provided for out of funds of the company which would otherwise be available for dividend or distribution or out of the company's share premium account before the shares are redeemed.</p> <p>Section 42(2) of the Act: Subject to section 42 of the Act, the redemption of preference shares thereunder</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>commencement of this Act by a company to which this section applies and which is specified in the declaration and thereupon that subsection shall apply to such equity shares* so issued by the company from such date as is specified in the declaration being a date not less than one year after the making of the proclamation.</p> <p>(5) This section applies to - (a) a public company having a share capital; and (b) a subsidiary of such a public company.</p> <p>(6) A person shall not make any invitation to the public in breach of subsection (2).</p> <p>Section 61 of the Malaysian Companies Act stipulates as follows:-</p> <p>Subject to this section a company having a share capital may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be, liable to be redeemed and the redemption shall be effected only on such terms and in such manner as is provided by the articles.</p> <p>(2) The redemption shall not be taken as reducing the amount of authorized share capital of the company.</p> <p>(3) The shares shall not be redeemed -</p> <p>(a) except out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; and</p> <p>(b) unless they are fully paid up.</p> <p>(4) The premium, if any, payable on redemption shall be provided for out of profits or the share premium account before the shares are redeemed.</p> <p>(5) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve called the "capital redemption reserve" a sum equal to the nominal amount of the shares redeemed, and the provisions of the Malaysian Companies Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve were paid-up share capital of the company.</p>	<p>may be effected on such terms and in such manner as may be provided by or determined in accordance with the bye-laws of the company; however, no redemption of preference shares may be effected if, on the date on which the redemption is to be effected, there are reasonable grounds for believing that the company is, or after the redemption would be, unable to pay its liabilities as they become due.</p> <p>Section 42(3) of the Act: The redemption of preference shares under section 42 of the Act shall not be taken as reducing the amount of the company's authorised share capital.</p> <p>Section 42(4) of the Act: On the redemption of preference shares under section 42 of the Act, any amount due to a shareholder may -</p> <p>(a) be paid in cash;</p> <p>(b) be satisfied by the transfer of any part of the undertaking or property of the company having the same value or;</p> <p>(c) be satisfied partly under paragraph (a) and partly under paragraph (b).</p> <p>Section 43 of the Act: A company limited by shares, or other company having a share capital, may by resolution at a general meeting convert any preference shares into redeemable preference shares:</p> <p>Provided that -</p> <p>(a) the consent in writing has first been obtained of the holders of three-fourths of such shares that have been issued;</p> <p>(b) at a date not more than thirty days and not less than fifteen days before the date it is proposed to convert the shares the company shall cause a notice to be published in an appointed newspaper stating the intention to convert the shares and the date on which the conversion is to take place;</p> <p>(c) on the date on which the conversion is to take place an affidavit shall be sworn by at least two directors of the company declaring either that on that date the company is solvent or that all the creditors of the company on that date have expressed in writing their concurrence in the conversion; and</p> <p>(d) the provisions of section 42(1) of the Act shall apply to such shares.</p> <p>Section 47(1) of the Act: If in the case of a company the share capital of which is divided into different classes of shares, provision is made by the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(6) Where in pursuance of Section 61, a company has redeemed or is about to redeem any preference shares, it may issue shares up to the nominal amount of the shares redeemed or to be redeemed as if those shares had never been issued, and accordingly the share capital of the company shall not for the purposes of any fee under the Malaysian Companies Act be deemed to be increased by such issue but where new shares are issued before the redemption of the old shares, the new shares shall not, so far as relates to any fee under the Malaysian Companies Act, be deemed to have been issued in pursuance of this subsection unless the old shares have been redeemed within one month after the issue of the new shares.</p> <p>(7) The capital redemption reserve may be applied in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares.</p> <p>(8) If a company redeems any redeemable preference shares it shall within fourteen days after so doing give notice thereof to the Registrar specifying the shares redeemed.</p> <p>Section 65 of the Malaysian Companies Act provides that if in the case of a company the share capital of which is divided into different classes of shares provision is made by the memorandum or articles for authorizing the variation or abrogation of the rights attached to any class of shares in the company, subject to the consent of any specified proportion of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of the said provision the rights attached to any such class of shares are at any time varied or abrogated, the holders of not less in the aggregate than ten per centum of the issued shares of that class may apply to the Court to have the variation or abrogation cancelled, and, if any such application is made, the variation or abrogation shall not have effect until confirmed by the Court.</p> <p>(2) An application shall not be invalid by reason of the applicants or any of them having consented to or voted in favour of the resolution for the variation or abrogation if the Court is satisfied that any material fact was not disclosed by the company to those applicants before they so consented or voted.</p> <p>(3) The application shall be made within one month after the date on which the consent was given or the resolution was passed or such further time as the</p>	<p>memorandum or bye-laws for authorizing the variation of rights attached to any class of shares in the company, subject to the consent of any specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares, and in pursuance of the said provision the rights attached to any such class of shares are at any time varied, the holders of not less in the aggregate than ten percent of the issued shares of that class, may apply to the Court to have the variation cancelled, and, where any such application is made, the variation shall not have effect unless and until it is confirmed by the Court.</p> <p>Section 47(2) of the Act: An application under section 47 of the Act must be made within twenty-eight days after the date on which the consent was given or the resolution was passed, as the case may be, and may be made on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.</p> <p>Section 47(3) of the Act: On any such application the Court, after hearing the applicant and any other persons who apply to the Court to be heard and appear to the Court to be interested in the application, may, if it is satisfied, having regard to all the circumstances of the case, that the variation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation and shall, if not so satisfied, confirm the variation.</p> <p>Section 47(4) of the Act: The decision of the Court on any such application shall be final.</p> <p>Section 47(5) of the Act: The company shall within twenty-one days after the making of an order by the Court on any such application forward a copy of the order to the Registrar, and, if default is made in complying with this provision, the company and every officer of the company who is in default shall be liable to a default fine.</p> <p>Section 47(6) of the Act: Nothing in section 47 of the Act shall be deemed to modify the rights of any member of a company under section 111 of the Act.</p> <p>Section 47(7) of the Act: If the memorandum or bye-laws of a company with share capital which is divided into different classes of shares makes no provision for varying the rights attached to any class of share and nothing in the memorandum or bye-laws precludes a variation of such rights, the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>Court allows, and may be made on behalf of the shareholders entitled to make the application by such one or more of their number as they appoint in writing.</p> <p>(4) On the application the Court, after hearing the applicant and any other persons who apply to the Court to be heard and appear to the Court to be interested, may, if satisfied having regard to all the circumstances of the case that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation as the case may be and shall, if not so satisfied, confirm it, and the decision of the Court shall be final.</p> <p>(5) The company shall within fourteen days after the making of an order by the Court on any such application lodge an office copy of the order with the Registrar and if default is made in complying with this provision the company and every officer of the company who is in default shall be guilty of an offence against the Malaysian Companies Act.</p> <p>(6) The issue by a company of preference shares ranking <i>pari passu</i> with existing preference shares issued by the company shall be deemed to be a variation of the rights attached to those existing preference shares unless the issue of the first-mentioned shares was authorized by the terms of issue of the existing preference shares or by the articles of the company in force at the time the existing preference shares were issued.</p> <p>(7) For the purposes of this section the alteration of any provision in the memorandum or articles of a company which affects or relates to the manner in which the rights attaching to the shares of any class may be varied or abrogated shall be deemed to be a variation or abrogation of the rights attached to the shares of that class.</p> <p>(8) This section shall not operate so as to limit or derogate from the rights of any person to obtain relief under section 181 of the Malaysian Companies Act.</p> <p>Section 66 of Malaysian Companies Act provides that no company shall allot any preference shares or convert any issued shares into preference shares unless there is set out in its memorandum or articles the rights of the holders of those shares with respect to repayment of capital, participation in surplus assets and profits, cumulative or</p>	<p>rights attached to any class, unless otherwise provided by the terms of issue of the shares of that class may, whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of the bye-laws or other rules of the company relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll; however, in the case of a company having only one member, one member present in person or by proxy constitutes the necessary quorum.</p> <p>Section 47(8) of the Act: The expression "variation" in section 47 of the Act includes abrogation and the expression "varied" shall be construed accordingly.</p> <p>Bye-law 9(1): In the event of preference shares being issued the total number of issued preference shares shall not at any time exceed the total number of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and audited accounts, and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or on a proposal to wind-up the Company or during the winding-up of the Company (subject to the Act) or sanctioning a sale of the whole of the Company's property, business and undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrear.</p> <p>Bye-law 9(2): Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.</p> <p>Bye-law 9(3): The Company has power to issue</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>non-cumulative dividends, voting, and priority of payment of capital and dividend in relation to other shares or other classes of preference shares.</p>	<p>further preference capital ranking equally with, or in priority to, preference shares already issued.</p> <p>Bye-law 10: Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of the Bye-laws relating to general meetings of the Company and to the proceedings thereat shall <i>mutatis mutandis</i> apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. The foregoing provisions of Bye-law 10 shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.</p> <p>Bye-law 11: The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking <i>pari passu</i> therewith.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Bye-law 15A(1): Subject to the Listing Requirements (if applicable), for so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad, all deposited securities of a Depositor shall be held jointly by the Depository and the said Depositor. The Depositor shall be named in the Register as the first holder and the Depository named as the second or junior holder (as the case may be) thereof.</p> <p>Bye-law 15A(2): Notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's name (whether conferred or imposed by the Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.</p> <p>Bye-law 15A(3): The share certificate in respect of any deposited security held jointly by a Depositor and the Depository shall be issued in the name of, and delivered to, the Depository as joint holder and the Company shall not be bound to issue any certificate therefor to the Depositor. A Depositor shall not be entitled to withdraw any deposited security held jointly with the Depository for so long as the shares of the Company are listed on the Designated Stock Exchange.</p> <p>Bye-law 17(2): Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof, save that in respect of any deposited security which is jointly held by the Depository and a Depositor, the Depositor named in the Register as the joint holder of the deposited security shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, be deemed to be the sole holder</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	thereof.
<i>Resolutions requiring Special Notice</i>	
<p>According to Section 153 of Malaysian Companies Act, where a special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the company not less than twenty-eight days before the meeting at which it is moved, and the company shall give its members notice of any such resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice thereof, in any manner allowed by the articles, not less than fourteen days before the meeting, but if after notice of the intention to move such a resolution has been given to the company, a meeting is called for a date twenty-eight days or less after the notice has been given, the notice, although not given to the company within the time required by this section, shall be deemed to be properly given.</p> <p><i>Provisions in the Malaysian Companies Act requiring special notice to be provided are as follows:</i></p> <p>Section 172(2) of the Malaysian Companies Act provides that a company shall at each annual general meeting of the company appoint a person or persons to be the auditor or auditors of the company, and any auditor or auditors so appointed shall, subject to this section, hold office until the conclusion of the next annual general meeting of the company and Section 172 (4) of Malaysian Companies Act states that an auditor of a company may be removed from office by resolution of the company at a general meeting of which special notice has been given, but not otherwise.</p> <p>Section 258 (3) of the Malaysian Companies Act, states that a company may, in general meeting convened by any contributory by special resolution of which special notice has been given to the creditors and the liquidators, remove any liquidator but no such resolution shall be effective to remove a liquidator if the Court on the application of the liquidator or a creditor has ordered that the liquidator be not removed.</p> <p>Please also refer to Section 128 of the Malaysian Companies Act as set out in Removal of Directors and Section 129 of the Malaysian Companies Act as set out in Qualification, Appointment and Retirement or Non-retirement of Directors under an Age Limit Requirement.</p>	<p>Section 89(3) of the Act: A person, other than an incumbent auditor, shall not be capable of being appointed auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of auditor has been given not less than twenty-one days before the annual general meeting; and the company shall send a copy of any such notice to the incumbent auditor, and shall give notice thereof to the members, either by advertisement in an appointed newspaper or in any other mode provided by the bye-laws of the company, not less than seven days before the annual general meeting:</p> <p>Provided that an incumbent auditor may by notice in writing to the secretary of the company waive the requirements of section 89(3) of the Act which shall then not have effect.</p> <p>Section 89(5) of the Act: The members, by a resolution passed by at least two-thirds of the votes cast at a general meeting of which notice specifying the intention to pass such resolution was given, may remove any auditor before the expiration of his term of office, and shall by a majority of the votes cast at that meeting appoint another auditor in his stead for the remainder of his term:</p> <p>Provided that, not less than twenty-one days before the date of the meeting, notice in writing of the proposed resolution is given to the incumbent auditor and to the auditor proposed to be appointed.</p> <p>Please also refer to section 93 of the Act as set out under the heading "Removal of Directors".</p> <p>Bye-law 84(3): Notwithstanding any provisions contained in the Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 85(4) or for the purposes set out in Bye-law 151(3) relating to the removal and appointment of the Auditor.</p> <p>Bye-law 85(4): Subject to any provision to the contrary in the Bye-laws the Members may, at any general meeting convened and held in accordance with the Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the Notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.</p> <p>Bye-law 151(2): Subject to Section 89 of the Act, a person, other than an incumbent Auditor, shall not be capable of being appointed Auditor at an annual general meeting unless notice in writing of an intention to nominate that person to the office of Auditor has been given not less than twenty-one (21) days before the annual general meeting and furthermore, the Company shall send a copy of any such notice to the Auditor.</p>
<i>Quorum for Meetings</i>	
<p>Section 147 of the Malaysian Companies Act: So far as the articles do not make other provision in that behalf and subject to section 55, (a) two members of the company, personally present shall be a quorum; (b) any member elected by the members present at a meeting may be chairman thereof; (c) in the case of a company having a share capital- (i) on a show of hands each member who is personally present and entitled to vote shall have one vote; and (ii) on a poll each member shall have one vote in respect of each share held by him and where all or part of the share capital consists of stock or units of stock each member shall have one vote in respect of the stock or units of stock held by him which is or are or were originally equivalent to one share; and (d) in the case of a company not having a share capital every member shall have one vote.</p>	<p>Section 13(2)(f) of the Act: A company limited by shares, or other company having a share capital, shall in its bye-laws make provision for the number of members required to constitute a quorum at any general meeting of the members of the company.</p> <p>Section 70(5) of the Act: The quorum for a statutory meeting called under section 70 of the Act shall be a majority of the members of the company present in person or by proxy.</p> <p>Section 71(5) of the Act: Where the bye-laws so provide, a general meeting of the members of the company may be held with only one individual present if the requirement for a quorum is satisfied and, where a company has only one shareholder or only one holder of any class of shares, the shareholder present in person or by proxy constitutes a general meeting.</p> <p>Bye-law 60(3): No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members entitled to attend the meeting is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy, or being a corporation by its representative duly authorized, shall form a quorum for the transaction of business at any general meeting of the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Company held during such time. For the purposes of Bye-law 60(3), "Member" includes a person attending as a proxy or as a duly authorised representative of a corporation which is a Member.</p> <p>Bye-law 61: If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.</p> <p>Bye-law 29: No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.</p> <p>Bye-law 75: Subject to Bye-law 15A(2) and Bye-law 73, no Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.</p> <p>Please also refer to Bye-law 10 as set out under the heading "Changes in the respective rights of the various classes of shares including the action necessary to change the rights", and the provisions set out under the heading "Right to Attend Meeting and Vote".</p>
<i>Annual General Meetings</i>	
<p>In Section 143 of Malaysian Companies Act, a general meeting of every company to be called the "annual general meeting" shall in addition to any other meeting be held once in every calendar year and not more than fifteen months after the holding of the last preceding annual general meeting, but so long as a company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year.</p>	<p>Section 71(1) of the Act: A meeting of members of a company shall be convened at least once in every calendar year; this meeting shall be referred to as the annual general meeting.</p> <p>Section 70(6) of the Act: A statutory meeting called under section 70(1) of the Act shall be deemed to be the annual general meeting for the year in which it is convened.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>Section 152A Malaysian Companies Act provides the following:-</p> <p>(1) Notwithstanding anything to the contrary in the Malaysian Companies Act or the articles of the company, a resolution in writing signed by or on behalf of all persons for the time being entitled to receive notice of, and to attend and vote at general meetings of a company shall, for the purposes of the Malaysian Companies Act and the articles of the company, be treated as a resolution duly passed at a general meeting of the company and, where relevant, as a special resolution so passed.</p> <p>(2) Any such resolution shall be deemed to have been passed at a meeting held at the registered office on the date on which it was signed by the last member.</p> <p>(3) This section shall not be construed as requiring that the persons signing a resolution under this section shall sign the same document containing the resolution; but where two or more documents are used for the purpose of obtaining signatures under this section in respect of any resolution, each such document shall be certified in advance by the secretary of the company as containing the true and correct version of the proposed resolution.</p> <p>The law is however unclear as to whether Section 152A of the Malaysian Companies Act can apply to an annual general meeting.</p> <p>Section 147(6) of the Malaysian Companies Act provides that where a holding company is beneficially entitled to the whole of the issued shares of a subsidiary and a minute is signed by a representative of the holding company authorized pursuant to subsection (3) stating that any act, matter, or thing, or any ordinary or special resolution, required by the Malaysian Companies Act or by the memorandum or articles of the subsidiary to be made, performed, or passed by or at an ordinary general meeting or an extraordinary general meeting of the subsidiary has been made, performed, or passed, that act, matter, thing, or resolution shall, for all purposes, be deemed to have been duly made, performed, or passed by or at an ordinary general meeting, or as the case requires, by or at an extraordinary general meeting of the subsidiary.</p>	<p>Bye-law 55: An annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than eighteen (18) months from the date of incorporation and thereafter within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the Listing Requirements, if applicable) and place as may be determined by the Board. In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed six (6) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.</p> <p>Section 75A of the Act: Unless the bye-laws otherwise provide, a meeting of directors or of a committee of directors or of the members or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</p> <p>Please also refer to section 77A of the Act and Bye-law 84 as set out under the heading "Shareholders' Action by Written Consent".</p> <p>Bye-law 60(1): Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.</p> <p>Bye-law 60(3): No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members entitled to attend the meeting is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy, or being a corporation by its representative duly authorized, shall form a quorum for the transaction of business at any general meeting of the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	Company held during such time. For the purposes of Bye-law 60, "Member" includes a person attending as a proxy or as a duly authorised representative of a corporation which is a Member.
<i>Special Resolutions</i>	
<p>In Section 152 (1) of Malaysian Companies Act, a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of such members as being entitled so to do vote in person or, where proxies are allowed, by proxy, at a general meeting of which not less than twenty-one days' notice specifying the intention to propose the resolution as a special resolution has been duly given.</p> <p>Notwithstanding Section 152(1), if it is so agreed by a majority in number of the members having the right to attend and vote at the meeting, being a majority which together holds not less than ninety-five per centum in nominal value of the shares giving that right or, in the case of a company not having a share capital, together represents not less than ninety-five per centum of the total voting rights that could be exercised at that meeting, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days' notice has been given.</p>	<p>Not provided for in the Act.</p> <p>Bye-law 2(h): In the Bye-laws, unless there be something within the subject or context inconsistent with such construction, a resolution shall be a special resolution when it has been passed by a majority of not less than three-fourths of votes cast by Members, being entitled so to do, voting in person or, in the case of Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy.</p> <p>Please also refer to Bye-law 58(1) and (2) as set out under the heading "Notice of Meetings and Business to be Concluded Thereat".</p>
<i>Convening of General Meetings on Requisition</i>	
<p>In accordance with Section 144 of the Malaysian Companies Act:</p> <p>(1) The directors of a company, notwithstanding anything in its articles, shall on the requisition of members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital as at the date of the deposit carries the right of voting at general meetings or, in the case of a company not having a share capital, of members representing not less than one-tenth of the total voting rights of all members having at that date a right to vote at general meetings, forthwith proceed duly to convene an extraordinary general meeting of the company to be held as soon as practicable but in any case not later than two months after the receipt by the company of the requisition.</p> <p>(2) The requisition shall state the objects of the meeting and shall be signed by the requisitionists and deposited at the registered office of the company, and may consist of several documents in like form</p>	<p>Section 74(1) to (5) of the Act:</p> <p>(1) The directors of a company, notwithstanding anything in its bye-laws shall, on the requisition of members of the company holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the company as at the date of the deposit carries the right of voting at general meetings of the company, or, in the case of a company not having a share capital, members of the company representing not less than one-tenth of the total voting rights of all the members having at the said date a right to vote at general meetings of the company, forthwith proceed duly to convene a special general meeting of the company.</p> <p>(2) The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the company, and may consist of</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>each signed by one or more requisitionists.</p> <p>(3) If the directors do not within twenty-one days after the date of the deposit of the requisition proceed to convene a meeting the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves, in the same manner as nearly as possible as that in which meetings are to be convened by directors convene a meeting, but any meeting so convened shall not be held after the expiration of three months from that date.</p> <p>(4) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors to convene a meeting shall be paid to the requisitionists by the company, and any sum so paid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of their services to such of the directors as were in default.</p> <p>(5) A meeting at which a special resolution is to be proposed shall be deemed not to be duly convened by the directors if they do not give such notice thereof as is required by this Malaysian Companies Act in the case of special resolutions.</p> <p>In Section 151 (1) of Malaysian Companies Act, a company shall on the requisition in writing of such number of members of the company as is specified in subsection (2) and (unless the company otherwise resolves) at the expense of the requisitionists-(a) give to the members of the company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.</p> <p>(2) The number of members necessary for a requisition under Section 151(1) shall be- (a) any number of members representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (b) not less than one hundred members holding shares in the company on which there has been paid up an average sum, per member, of not less than five hundred ringgit.</p> <p>(3) Notice of a resolution referred to in subsection (1)</p>	<p>several documents in like form each signed by one or more requisitionists.</p> <p>(3) If the directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.</p> <p>(4) A meeting convened under section 74 of the Act by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by directors.</p> <p>(5) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors duly to convene a meeting shall be repaid to the requisitionists by the company, and any sum so repaid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of their services to such directors as were in default.</p> <p>Section 79(1) to (3) of the Act:</p> <p>(1) Subject to the following provisions of section 79 of the Act it shall be the duty of a company, on the requisition in writing of such number of members as is hereinafter specified, at the expense of the requisitionists unless the company otherwise resolves -</p> <p>(a) to give to members of the company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;</p> <p>(b) to circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.</p> <p>(2) The number of members necessary for a requisition under section 79(1) of the Act shall be -</p> <p>(a) either any number of members representing not</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>shall be given, and any statement so referred to shall be circulated, to members of the company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each member in any manner permitted for service of notice of the meeting, and notice of the resolution shall be given to any other member of the company by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the company, and the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.</p> <p>(4) A company shall not be bound under this section to give notice of any resolution or to circulate any statement unless—</p> <p>(a) a copy of the requisition signed by the requisitionists (or two or more copies which between them contain the signatures of all the requisitionists) is deposited at the registered office of the company- (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and (ii) in the case of any other requisition, not less than one week before the meeting; and (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the company's expenses in giving effect thereto, but if, after a copy of a requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by this subsection shall be deemed to have been properly deposited for the purposes thereof.</p>	<p>less than one-twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or</p> <p>(b) not less than one hundred members.</p> <p>(3) Notice of any such intended resolution shall be given, and any such statement shall be circulated, to members of the company entitled to have notice of the meeting sent to them by serving a copy of the resolution or statement on each such member in any manner permitted for service of notice of the meeting, and notice of any such resolution shall be given to any other member of the company by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the company:</p> <p>Provided that the copy shall be served, or notice of the effect of the resolution shall be given, as the case may be, in the same manner and, so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it shall be served or given as soon as practicable thereafter.</p> <p>Section 80 of the Act: A company shall not be bound under section 79 of the Act to give notice of any resolution or to circulate any statement unless -</p> <p>(a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the company –</p> <p>(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and</p> <p>(ii) in the case of any other requisition, not less than one week before the meeting; and</p> <p>(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the company's expenses in giving effect thereto:</p> <p>Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required by section 80</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>of the Act shall be deemed to have been properly deposited for the purposes thereof.</p> <p>Bye-law 57: The Board may whenever it thinks fit call special general meetings, and, subject to the Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.</p>
<i>Right to Attend Meeting and Vote</i>	
<p>In Section 148 of Malaysian Companies Act, unless the articles provide that the right of holders of preference shares to attend and vote at a general meeting of the company may be suspended upon such conditions as may be specified every member shall notwithstanding any provision in the memorandum or articles have a right to attend any general meeting of the company and to speak and vote on any resolution before the meeting: Provided that the company's articles may provide that a member shall not be entitled to vote unless all calls or other sums personally payable by him in respect of shares in the company have been paid.</p>	<p>Section 77(1) of the Act: Subject to the provisions of section 77 of the Act, the bye-laws of the company and to any rights or restrictions lawfully attached to any class of shares, at any general meeting each member of the company shall be entitled in the case of a company limited by shares, or other company having a share capital, to one vote for each share held by him and in the case of a company limited by guarantee one vote; such votes may be given in person or by proxy.</p> <p>Bye-law 15A(1): Subject to the Listing Requirements (if applicable), for so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad, all deposited securities of a Depositor shall be held jointly by the Depository and the said Depositor. The Depositor shall be named in the Register as the first holder and the Depository named as the second or junior holder (as the case may be) thereof.</p> <p>Bye-law 15A(2): Notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's name (whether conferred or imposed by the Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.</p> <p>Bye-law 29: No Member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another Member) at any general meeting either personally or by proxy, or be reckoned in a quorum, or exercise any other privilege as a Member until all calls or instalments due by him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.</p> <p>Bye-law 58(5): In accordance with the Rules, the Company shall inform the Depository of the dates of general meetings of the Company and the Company shall request the Depository to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. In addition, in respect of each general meeting, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) clear market days before that general meeting ("General Meeting Record of Depositors"). Subject to the Regulations, notwithstanding any other provision of the Bye-laws, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name appears in the relevant General Meeting Record of Depositors.</p> <p>Bye-law 75: Subject to Bye-law 15A(2) and Bye-law 73, no Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.</p>
<p>In Section 147 of the Malaysian Companies Act, so far as the articles do not make other provision in that behalf and subject to section 55-</p> <p>(a) in the case of a company having a share capital—</p> <p>(i) on a show of hands each member who is personally present and entitled to vote shall have one vote; and</p>	<p>Section 77(3) of the Act: Subject to section 77(5) of the Act, it shall be lawful for any question proposed for consideration at a general meeting of a company to be decided on a show of hands or by a count of votes received in the form of electronic records and in any such case, and subject to any rights or restrictions for the time being lawfully attached to</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(ii) on a poll each member shall have one vote in respect of each share held by him and where all or part of the share capital consists of stock or units of stock each member shall have one vote in respect of the stock or units of stock held by him which is or are or were originally equivalent to one share.</p> <p>Please also see Section 55 of the Malaysian Companies Act as set out under <i>Notice of Meetings and Business to be Concluded Thereat</i></p>	<p>any class of shares, every member present in person or by proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand or by communicating their vote in the form of an electronic record.</p> <p>Section 77(5) of the Act: Notwithstanding section 77(3) of the Act, at any general meeting of a company, it shall be lawful, in respect of any question proposed for the consideration of the members, whether before or on the declaration of the result of a show of hands or of a count of votes received in the form of electronic records as provided for in subsection (3) for a poll to be demanded by any of the following persons-</p> <ul style="list-style-type: none"> (a) the Chairman of such meeting; or (b) at least three members present in person; or represented by proxy; or (c) any member or members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the members having the right to vote at such meeting; or (d) a member or members present in person or represented by proxy holding shares in such company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all such shares conferring such right. <p>Section 77(6) of the Act: Where, in accordance with section 77(5) of the Act, a poll is demanded, and subject to any rights or restrictions for the time being lawfully attached to any class of shares, every member present in person or by proxy at such meeting shall have one vote for each share of which he is the holder or for which he holds a proxy or in the case of a company limited by guarantee he shall have one vote for himself and one vote for each member for whom he holds a proxy and such votes shall be counted in such manner as the bye-laws of the company may provide or, in default of such provision, as the chairman may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of hands.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Section 77(8) of the Act: In the case of an equality of votes, whether on a show of hands or by a count of votes received in the form of electronic records or on a poll, the chairman of the meeting at which such show of hands or count of votes takes place, or at which such poll is demanded, shall unless the bye-laws of the company otherwise provide, be entitled to a second or casting vote.</p> <p>Section 77(9) of the Act: Nothing contained in section 77 of the Act shall be construed as prohibiting a member who is the holder of two or more shares from appointing more than one proxy to represent him and vote on his behalf, whether on a show of hands or by a count of votes received in the form of electronic records or on a poll, at a general meeting of the company or at a class meeting.</p> <p>Bye-law 65: Subject to Bye-law 15A(2), Bye-law 58(5) and Bye-law 73(2) and any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Bye-laws, at any general meeting (i) on a show of hands every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member is represented by two proxies, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. In the event that a Member participates in a general meeting by telephone or electronic means or other communication facilities, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands or by poll, as the case may be. A resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by persons permitted to do so, as set out in Bye-law 65.</p> <p>Bye-law 72: In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>he may have.</p> <p>Bye-law 73(1): Subject to Bye-law 73(2) below, where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of Bye-law 73(1) be deemed joint holders thereof.</p> <p>Bye-law 73(2): Where the Depository is a joint holder of any deposited security with a Depositor, only the Depositor may vote, either in person or by proxy, in respect of such deposited security as if he were the sole holder thereof.</p> <p>Bye-law 15A(2): Notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such deposited security registered in the Depositor's name (whether conferred or imposed by the Act, the memorandum of association of the Company or the Bye-laws, or otherwise) as if such Depositor is the sole holder of such deposited security. Notwithstanding that the Depository is named in the Register as the joint holder of any deposited security, the Depository shall not be entitled to any rights (including voting and other rights), benefits, powers and privileges in respect of, or arising from, such deposited security and nor shall the Depository be subject to any liabilities, duties and obligations in respect of, or arising from, such deposited security.</p> <p>Bye-law 58(5): In accordance with the Rules, the Company shall inform the Depository of the dates of general meetings of the Company and the Company shall request the Depository to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. In addition, in respect of each general meeting, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>event be not less than three (3) clear market days before that general meeting ("General Meeting Record of Depositors"). Subject to the Regulations, notwithstanding any other provision of the Bye-laws, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name appears in the relevant General Meeting Record of Depositors.</p>
<i>Shareholders' Action by Written Consent</i>	
<p>Please refer to Sections 152A and 147(6) of the Malaysian Companies Act as set out under Annual General Meeting</p>	<p>Section 77A(1) of the Act: Subject to section 77A(6) of the Act and the bye-laws of the company, anything which may be done by resolution of a company in general meeting or by resolution of a meeting of any class of the members of a company, may be done by resolution in writing.</p> <p>Section 77A(1A) of the Act: Subject to the bye-laws of the company, notice of any resolution to be made under section 77A(1) shall be given, and a copy of the resolution shall be circulated, to all members who would be entitled to attend a meeting and vote on the resolution in the same manner as that required for a notice of a meeting of members at which the resolution could have been considered, except that any requirement in the Act or in the bye-laws as to the length of the period of notice shall not apply.</p> <p>Section 77A(1B) of the Act: Subject to section 77A(1C), a resolution in writing is passed when it is signed by, or, in the case of a member that is a corporation whether or not a company within the meaning of the Act, on behalf of —</p> <p>(a) the members of the company who at the date of the notice represent such majority of votes as would be required if the resolution had been voted on at a meeting of members; or</p> <p>(b) all the members of the company or such other majority of members as may be provided by the bye-laws of the company.</p> <p>Section 77A(1C) of the Act: The accidental omission to give notice to, or the non-receipt of a notice by, any person entitled to receive notice of a resolution does not invalidate the passing of a resolution.</p> <p>Section 77A(2) of the Act: A resolution in writing may be signed by, or, in the case of a member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the members of a</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>company, or any class thereof, in as many counterparts as may be necessary.</p> <p>Section 77A(3) of the Act: For the purposes of section 77A of the Act, the date of the resolution is the date when the resolution is signed by, or, in the case of a member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last member to sign and any reference in any enactment to the date of passing of a resolution is, in relation to a resolution made in accordance with section 77A of the Act, a reference to such date.</p> <p>Section 77A(4) of the Act: A resolution in writing made in accordance with section 77 of the Act is as valid as if it had been passed by the company in general meeting or by a meeting of the relevant class of members of the company, as the case may be; and any reference in any enactment to a meeting at which a resolution is passed or to members voting in favour of a resolution shall be construed accordingly.</p> <p>Section 77A(4A) of the Act: A resolution in writing made in accordance with section 77A of the Act shall constitute the holding of a meeting where so required by the Act and the date of such meeting shall be the date of the resolution determined in accordance with section 77A(3) of the Act.</p> <p>Section 77A(4B) of the Act: A resolution in writing made in accordance with section 77A of the Act receiving, accepting, adopting or approving financial statements or any other document shall be deemed to be the laying of such statements or other documents before the company in general meeting.</p> <p>Section 77A(6) of the Act: Section 77A of the Act shall not apply to:</p> <ul style="list-style-type: none"> (a) a resolution passed pursuant to section 89(5) of the Act; or (b) a resolution passed for the purpose of removing a director before the expiration of his term of office under section 93 of the Act. <p>Bye-law 84(1): Subject to the Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting be done by written resolution in accordance with Bye-law 84.</p> <p>Bye-law 84(2): Notice of a written resolution shall</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>be given, and a copy of the resolution shall be circulated to all Members who would be entitled to attend a meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Member does not invalidate the passing of a resolution. A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of Members who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a meeting of Members at which all Members entitled to attend and vote thereat were present and voting, shall, for the purposes of the Bye-laws, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. For the purposes of Bye-law 84, the effective date of the resolution is the date when the resolution is signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last Member whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with Bye-law 84, a reference to such date. Where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.</p> <p>Bye-law 84(3): Notwithstanding any provisions contained in the Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 85(4) or for the purposes set out in Bye-law 151(3) relating to the removal and appointment of the Auditor.</p>
<i>Proxies</i>	
<p>Section 149 (1) of Malaysian Companies Act, a member of a company entitled to attend and vote at a meeting of the company, or at a meeting of any class of members of the company, shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of the member at the meeting and a proxy appointed to attend and vote instead of a member shall also have the same right as the member to speak at the meeting, but unless the articles otherwise provide—</p>	<p>Please refer to Section 77 of the Act set out under the heading “Right to Attend Meeting and Vote”.</p> <p>Bye-law 77(1): Any Member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting, provided that if the Member is an authorised nominee as defined under the Central Depositories Act, it may appoint not</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(a) a proxy shall not be entitled to vote except on a poll;</p> <p>(b) a member shall not be entitled to appoint a person who is not a member as his proxy unless that person is an advocate, an approved company auditor or a person approved by the Registrar in a particular case;</p> <p>(c) a member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting; and</p> <p>(d) where a member appoints two proxies the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy</p>	<p>more than two (2) proxies to attend and vote at the same general meeting in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of that Securities Account.</p> <p>Bye-law 77(2): In any case where an instrument of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.</p> <p>Bye-law 77(3): A proxy need not be a Member. In addition, subject to Bye-law 77(1), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands on any question or resolution at any general meeting. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.</p> <p>Bye-law 78: The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.</p> <p>Bye-law 79: The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed on behalf of the appointor, or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24)</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.</p> <p>Bye-law 80: Instruments of proxy shall be in any usual or common form or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form) and the Board may, if it thinks fit, send out with the notice of any meeting forms of instrument of proxy for use at the meeting. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.</p>
<i>Transfer of Shares</i>	
<p>Shares are transferred by the execution and delivery of a proper instrument of transfer to the company, which will be registered by the company.</p> <p>On the request in writing of the transferor of any share, the company shall enter in the appropriate register the name of the transferee in the same manner and subject to the same conditions as if the application for the entry were made by the transferee.</p> <p>According to Section 104 of the Malaysian Companies Act, on the request in writing of the transferor of a share or debenture the company shall by notice in writing require the person having the possession, custody or control of the share certificate or debenture and the instrument of transfer thereof or either of them to bring the same into the office of the company within a stated period, being not less than seven and not more than twenty-eight days after the date of the notice, to have the share certificate or debenture cancelled or rectified and the transfer registered or otherwise dealt with.</p>	<p>Section 48(1) of the Act: Subject to any other enactment the shares or other interest of any member in a company shall be personal estate, transferable in manner provided by the bye-laws of the company.</p> <p>Section 48(2) of the Act: Notwithstanding anything in the bye-laws of a company, it shall not be lawful for the company to register a transfer of shares in or debentures of the company unless a proper instrument of transfer has been delivered to the company:</p> <p>Provided that nothing in section 48 of the Act shall prejudice any power of the company to register as shareholder or debenture holder any person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.</p> <p>Section 19(2) of the Act: Every other person who agrees to become a member of a company, and whose name is entered in its register of members (which includes any branch register kept under section 65 of the Act), shall be a member of the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>Section 107B of the Malaysian Companies Act provides that :-</p> <p>(1) Notwithstanding section 100, a depositor whose name appears in the record of depositors maintained by the central depository pursuant to section 34 of the Securities Industry (Central Depositories) Act 1991 in respect of the securities of a company which have been deposited with the central depository shall be deemed to be a member, debenture holder, interest holder or option holder, as the case may be, of the company, and shall, subject to the provisions of the Securities Industry (Central Depositories) Act 1991 of Malaysia and any regulations made thereunder, be entitled to the number of securities stated in the record of depositors and all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such securities (whether conferred or imposed by the Malaysian Companies Act or the memorandum or articles of association of the company).</p> <p>(2) Nothing in this Division shall be construed as affecting the obligation of the company to keep a register of its members under section 158 , a register of holders of debentures under section 70, a register of interest holders under section 92 and a register of option holders under section 68A and to open them for inspection in accordance with the provisions of the Malaysian Companies Act except that the company shall not be obliged to enter in such registers the names and particulars of depositors who are deemed to be members, debenture holders, interest holders or option holders.</p> <p>(3) Notwithstanding any other provision of this of the Malaysian Companies Act, a depositor shall not be regarded as a member of a company entitled to attend any general meeting and to speak and vote thereat unless his name appears on the record of depositors not less than three market days before the general meeting.</p> <p>(4) The record of depositors shall be <i>prima facie</i> evidence of any matters inserted therein as required or authorized by the Malaysian Companies Act.</p> <p>(5) For the purpose of this section, "market day" means any day between Mondays and Fridays which is not a market holiday of the stock exchange or public</p>	<p>company.</p> <p>Bye-law 46(1): The transfer of any listed securities or class of listed securities of the Company shall be made by way of book entry by the Depository in accordance with the Rules, and the Company shall be precluded from effecting any transfer of listed securities other than through the Depository in accordance with the Rules. Instruments of transfer of any deposited security may be in the form of electronic records of the Depository relating to such transfers. The Record of Depositors received from the Depository shall be entered in the Company's Register. For so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad, the Company shall procure that a copy of the Record of Depositors is obtained from the Depository at the close of each market day and entered in the Company's Register.</p> <p>Bye-law 46(2): Subject to the Bye-laws, any Member may transfer all or any of his shares (other than deposited securities) by an instrument of transfer in the form acceptable to the Board provided always that the Company shall accept for registration an instrument of transfer in a form approved by the Board.</p> <p>Bye-law 48(3): The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.</p> <p>Bye-law 48(4): Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>holiday.</p> <p>Section 107C(1) of the Malaysian Companies Act stipulates that on or after the coming into operation of this section, the transfer of any securities or class of securities of a company whose securities or any class of whose securities have been deposited with a central depository shall be by way of book entry by the central depository in accordance with the rules of the central depository and, notwithstanding sections 103 and 104, such company shall be precluded from registering and effecting any transfer of securities or class of securities which have been deposited.</p> <p>However, Section 107C(1) shall not apply to a transfer of securities to a central depository or its nominee company as set out under Section 107C(2) of the Malaysian Companies Act.</p>	<p>Act.</p> <p>Bye-law 58(5): In accordance with the Rules, the Company shall inform the Depository of the dates of general meetings of the Company and the Company shall request the Depository to issue a Record of Depositors to whom notices of general meetings shall be given by the Company. In addition, in respect of each general meeting, the Company shall request the Depository in accordance with the Rules, to issue a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) clear market days before that general meeting ("General Meeting Record of Depositors"). Subject to the Regulations, notwithstanding any other provision of the Bye-laws, a Depositor shall not be entitled to attend any general meeting and to speak and vote thereat unless his name appears in the relevant General Meeting Record of Depositors.</p>
<i>Refusal to Register Transfer</i>	
<p>Section 105 of the Malaysian Companies Act:</p> <p>If a company refuses to register a transfer of any share, debentures or other interests in the company it shall, within one month after the date on which the transfer was lodged with it, send to the transferor and to the transferee notice of the refusal.</p>	<p>Section 50(1) of the Act: If a company refuses to register a transfer of any shares or debentures, the company shall, within three months after the date on which the transfer was lodged with the company, send to the transferor and transferee notice of the refusal.</p> <p>Bye-law 48(1): Save in respect of any deposited securities, the Board may, in its absolute discretion and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share (not being a fully paid up share) on which the Company has a lien or, except in the case of a transfer to executors, administrators or trustees of the estate of a deceased Member, a transfer of any share to more than three (3) joint holders.</p> <p>Bye-law 48(2): No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.</p> <p>Bye-law 48(5): Save as provided in the Bye-laws, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the Listing Requirements).</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Bye-law 49: Without limiting the generality of Bye-law 48, the Board may decline to recognise any instrument of transfer (in respect of shares other than deposited securities) unless:-</p> <ul style="list-style-type: none"> (a) a fee of such sum (not exceeding three Ringgit (RM3.00) or such other maximum sum as the Designated Stock Exchange may determine to be payable) as the Board may from time to time require is paid to the Company in respect thereof; (b) the instrument of transfer is in respect of only one class of share; (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and (d) if applicable, the instrument of transfer is duly and properly stamped. <p>Bye-law 50: If the Board refuses to register a transfer of any share (other than deposited securities), it shall, within one (1) month after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.</p> <p>Bye-law 51: The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and in accordance with the requirements of the Designated Stock Exchange be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.</p>
<i>Issue of Certificates</i>	
<p>Every company shall within 2 months after allotment of any of its shares or debentures, and within one month after the date on which a transfer (other than such a transfer as the company is for any reason entitled to refuse to register and does not register) of any of its shares or debentures is lodged with it, complete and have</p>	<p>Section 51(1) of the Act: Every company shall, so soon as practicable after the allotment of any of its shares, or debentures and in any case within two months after a demand for a certificate of such shares or debentures has been made by the person to whom they have been allotted, complete and have ready for</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>ready for delivery the appropriate certificates and debentures in connection with the allotment or transfer.</p>	<p>delivery such certificates unless the conditions of issue of the shares or debentures otherwise provide.</p> <p>Bye-law 15A(3): The share certificate in respect of any deposited security held jointly by a Depositor and the Depository shall be issued in the name of, and delivered to, the Depository as joint holder and the Company shall not be bound to issue any certificate therefor to the Depositor. A Depositor shall not be entitled to withdraw any deposited security held jointly with the Depository for so long as the shares of the Company are listed on the Designated Stock Exchange.</p> <p>Bye-law 17(1): In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders, provided that for so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad the share certificate in respect of any deposited security held jointly by a Depositor and the Depository shall be issued in the name of, and delivered to, the Depository only.</p> <p>Bye-law 17(2): Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof, save that in respect of any deposited security which is jointly held by the Depository and a Depositor, the Depositor named in the Register as the joint holder of the deposited security shall as regards service of notices and, subject to the provisions of the Bye-laws, all or any other matters connected with the Company, be deemed to be the sole holder thereof.</p> <p>Bye-law 17(3): Where a share stands in the names of two or more persons, any request relating to cancellation or issue of share certificates may be made by any one of the registered joint holders, save that for so long as the shares of the Company are listed on the Bursa Malaysia Securities Berhad any request relating to cancellation or issue of share certificates in respect of any deposited security held jointly by a Depositor and the Depository may only be made by the Depository.</p> <p>Bye-law 18(1): Other than a Depositor, every person whose name is entered as a Member in the Register shall be entitled, without payment, to receive one</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>certificate for all shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such fee as is provided in Bye-law 18(2). Any certificates issued in respect of deposited securities may be issued in the name of the Depository as joint holder and a bare trustee for the relevant Depositors. In such case, the Depository shall be entitled, without payment, to receive any reasonable number of such certificates.</p> <p>Bye-law 18(2): The fee payable in respect of share certificates referred to in Bye-law 18 and Bye-law 19 shall be an amount not exceeding three Ringgit (RM3.00) per certificate or such other maximum amount as the Board may from time to time determine and which the Company may be permitted to charge by applicable law or by the Designated Stock Exchange (if applicable) plus any stamp duty levied from time to time. Subject to the foregoing, the Board may at any time waive such fee or determine a lower amount for such fee.</p> <p>Bye-law 19(1): Upon every transfer of shares (which are not deposited securities) the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him.</p> <p>Bye-law 19(2): Where a Member (who is not a Depositor holding deposited security) transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require and such fee as is provided in Bye-law 18(2).</p> <p>Bye-law 20: Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require, every person (other than a Depositor) whose name is entered as a Member in the Register shall be entitled to receive within ten (10) market days of the date of allotment (or such other period as may be approved by the Designated Stock Exchange) or within ten</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	(10) market days after the date of lodgement of a registrable transfer (or such other period as may be approved by the Designated Stock Exchange) share certificates in reasonable denominations for the shares so allotted or transferred.
<i>Power of Directors to Dispose of the Issuer's or any of its Subsidiaries' Assets</i>	
<p>Section 132C of Malaysian Companies Act provides the following:-</p> <p>Notwithstanding anything in the memorandum or articles of association of the company, the directors shall not carry into effect any arrangement or transaction for -</p> <p>(a) the acquisition of an undertaking or property of a substantial value; or</p> <p>(b) the disposal of a substantial portion of the company's undertaking or property, unless the arrangement or transaction has been approved by the company in a general meeting.</p> <p>(1A) For the purpose of subsection (1), in the case of a company where all or any of its shares are listed for quotation on the official list of a Stock Exchange as defined in the Securities Industry Act 1983, the term 'substantial value' or 'substantial portion' shall mean the same value prescribed by the provisions in the listing requirements of the Exchange -</p> <p>(a) which relates to acquisitions or disposals by a company or its subsidiaries to which such provision applies; and</p> <p>(b) which would require the approval of shareholders at a general meeting in accordance with the provisions of such listing requirements.</p> <p>(1B) In the case of any company other than a company to which subsection (1A) is applicable, an undertaking or property shall be considered to be of a substantial value and a portion of the company's undertaking or property shall be considered to be a substantial portion if -</p> <p>(a) its value exceeds twenty-five per centum of the total assets of the company;</p>	<p>Not provided for in the Act save that section 91(1) of the Act states (inter alia) that the affairs of the company shall be managed by not less than two directors who shall be individuals and section 91(5) of the Act states that the directors may, subject to the bye-laws of the company, exercise all the powers of the company except those powers that are required by the Act or the bye-laws to be exercised by the members of the company.</p> <p>Bye-law 103(1): The business of the Company shall be managed and conducted by the Board, which may pay all expenses incurred in forming and registering the Company and may exercise all powers of the Company (whether relating to the management of the business of the Company or otherwise) except powers that by the Statutes or by the Bye-laws are required to be exercised by the Company in general meeting. The general powers given by Bye-law 103 shall not be limited or restricted by any special authority or power given to the Board by any other Bye-law.</p> <p>Bye-law 169B:</p> <p>(1) For so long as the shares of the Company are listed on the Designated Stock Exchange, the Directors shall not carry into effect any arrangement or transaction for: -</p> <p>(a) the acquisition of an undertaking or property of a substantial value; or</p> <p>(b) the disposal of a substantial portion of the Company's undertaking or property,</p> <p>unless the arrangement or transaction has been approved by the Company in general meeting.</p> <p>(2) For the purposes of Bye-law 169B(1), where all or any of the shares of the Company are listed for quotation on the Designated Stock Exchange, the term "substantial value" or "substantial portion" shall mean the same value prescribed by the provisions in the Listing Requirements: -</p> <p>(a) which relates to acquisitions or disposals by a</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>(b) the net profits (after deducting all charges except taxation and excluding extraordinary items) attributed to it amounts to more than twenty-five per centum of the total net profit of the company; or</p> <p>(c) its value exceeds twenty-five per centum of the issued share capital of the company, whichever is the highest.</p> <p>(2) The Court may, on the application of any member of the company, restrain the directors from entering into a transaction in contravention of subsection (1).</p> <p>(3) Where an arrangement or transaction is carried into effect in contravention of subsection (1), the arrangement or transaction shall be void except in favour of any person dealing with the company for valuable consideration and without actual notice of the contravention.</p> <p>(4) This section shall not apply to proposals for disposing of the whole or substantially the whole of the company's undertaking or property made by a receiver and manager of any part of the undertaking or property of the company appointed under a power contained in any instrument or by a Court or a liquidator of a company appointed in a voluntary winding up.</p> <p>(5) Any director who contravenes this section shall be guilty of an offence against the Malaysian Companies Act.</p> <p>(6) In this section, "director" includes the chief executive officer, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of a company, by whatever name called.</p>	<p>company or its subsidiaries to which such provision applies; and</p> <p>(b) which would require the approval of shareholders in general meeting in accordance with the provisions of such Listing Requirements.</p> <p>(3) Bye-law 169B shall not apply to proposals for disposing of the whole or substantially the whole of the Company's undertaking or property made by a receiver and manager of any part of the undertaking or property of the Company appointed under a power contained in any instrument or by a Court or a liquidator of the Company appointed in a voluntary winding up.</p> <p>(4) In Bye-law 169B, "Director" includes the chief executive officer, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of the Company, by whatever name called.</p>
<i>Alterations of Memorandum and Articles of Association/Constituent Documents</i>	
<p>Section 21(1A) of Malaysian Companies Act provides that notwithstanding subsection (1) and subject to section 33 and section 181, if a provision of the memorandum of a company could lawfully have been contained in the articles of the company, the company may, by special resolution, alter the memorandum:-</p> <p>(a) by altering; or</p> <p>(b) by deleting, the provision, unless the memorandum itself prohibits the</p>	<p>Section 12(1) of the Act: Subject to the provisions of section 12 of the Act, a company may, by resolution passed at a general meeting of members of which due notice has been given, alter the provisions of its memorandum.</p> <p>Section 13(5) of the Act: The directors of a company may after its registration amend the bye-laws but any such amendment shall be submitted</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>alteration or deletion of that provision.</p> <p>Section 28 of the Malaysian Companies Act, a company may be special alter the provisions of its memorandum with respect to the objects of the company. As for the articles, a company may by special resolution alter or add to its articles subject to the Malaysian Companies Act and to any conditions in the company's memorandum of association</p> <p>Section 62(1) of the Malaysian Companies Act provides as follows:-</p> <p>(1) A company if so authorized by its articles may in general meeting alter the conditions of its memorandum in any one or more of the following ways:</p> <p>(a) increase its share capital by the creation of new shares of such amount as it thinks expedient;</p> <p>(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>(c) convert all or any of its paid-up shares into stock and re-convert that stock into paid-up shares of any denomination;</p> <p>(d) subdivide its shares or any of them into shares of smaller amount than is fixed by the memorandum, so however that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or</p> <p>(e) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.</p>	<p>to a general meeting of the company, and shall become operative only to such extent as they are approved at such meeting.</p> <p>Bye-law 165: No Bye-law shall be rescinded, altered or amended and no new Bye-law shall be made until the same has been approved by a resolution of the Board and confirmed by a special resolution of the Members. A special resolution shall be required to alter the provisions of the memorandum of association or to change the name of the Company.</p>
<p><i>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</i></p>	
<p>According Section 67 of the Malaysian Companies Act, except as is otherwise expressly provided by this Act no company shall give, whether directly or indirectly and whether by means of a loan, guarantee or the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares in the company or, where the company is a subsidiary, in its holding company</p>	<p>Section 39(1) of the Act: Subject to sections 39A to 39C (inclusive) of the Act, where a person is acquiring or is proposing to acquire shares in a company, it shall not be lawful for the company or any of its subsidiaries to give financial assistance directly or indirectly for the purpose of that acquisition before or at the same time as the acquisition takes place.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>or in any way purchase, deal in or lend money on its own shares.</p> <p>(2) Nothing in subsection (1) shall prohibit—</p> <p>(a) where the lending of money is part of the ordinary business of a company, the lending of money by the company in the ordinary course of its business;</p> <p>(b) the provision by a company, in accordance with any scheme for the time being in force, of money for the purchase of or subscription for fully-paid shares in the company or its holding company, being a purchase or subscription by trustees of or for shares to be held by or for the benefit of employees of the company or a subsidiary of the company, including any director holding a salaried employment or office in the company or a subsidiary of the company; or</p> <p>(c) the giving of financial assistance by a company to persons, other than directors, bona fide in the employment of the company or of a subsidiary of the company with a view to enabling those persons to purchase fully-paid shares in the company or its holding company to be held by themselves by way of beneficial ownership.</p> <p>Section 67A of Malaysian Companies Act provides that :-</p> <p>(1) Notwithstanding the provisions of section 67, a public company with a share capital may, if so authorised by its articles, purchase its own shares.</p> <p>(2) A company shall not purchase its own shares, unless-</p> <p>(a) it is solvent at the date of the purchase and will not become insolvent by incurring the debts involved in the obligation to pay for the shares so purchased;</p> <p>(b) the purchase is made through the Stock Exchange on which the shares of the company are quoted and in accordance with the relevant rules of the Stock Exchange; and</p> <p>(c) the purchase is made in good faith and in the interests of the company.</p> <p>(3) Notwithstanding section 60, the company may apply its share premium account to provide the consideration for the purchase of its own shares.</p> <p>(3A) Where a company has purchased its own shares,</p>	<p>Section 39A(1) of the Act: Section 39(1) of the Act does not prohibit a company from giving financial assistance for the purpose of an acquisition of shares in it or in its holding company if –</p> <p>(a) the company’s principal purpose in giving that assistance is not to give it for the purpose of any such acquisition, or the giving of the assistance for that purpose is but an incidental part of some larger purpose of the company, and</p> <p>(b) the assistance is given in good faith in the interests of the company.</p> <p>Section 39A(2A) of the Act: Section 39 of the Act shall only prohibit a company from giving financial assistance if, on the date from which the financial assistance is to be given, there are reasonable grounds for believing that the company is, or after the giving of such financial assistance would be, unable to pay its liabilities as they become due.</p> <p>Section 39A(3) of the Act: Section 39 of the Act does not prohibit any transaction which is permitted by the Act or any other statutory provision including –</p> <p>(a) a distribution of a company’s assets out of funds of the company which would otherwise be available for dividend or distribution;</p> <p>(b) a distribution made in the course of the company’s winding up;</p> <p>(c) the allotment of bonus shares;</p> <p>(d) a reduction of capital made in accordance with the provisions of the Act;</p> <p>(e) a redemption or purchase of shares made in accordance with the provisions of the Act.</p> <p>Section 39A(4) of the Act: Section 39 of the Act does not prohibit –</p> <p>(a) where the lending of money is part of the ordinary business of the company, the lending of money by the company in the ordinary course of its business;</p> <p>(b) the provision by a company in accordance with an employees’ share scheme of money for the acquisition of fully or partly paid shares in the company or any holding company; and for the purposes of the Act, an employees’ share scheme is a scheme for encouraging or facilitating the holding of shares or debentures in a company by or for the benefit of the bona fide employees or former employees (including, notwithstanding section 96 of the Act, any such</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>the directors of the company may resolve-</p> <p>(a) to cancel the shares so purchased;</p> <p>(b) to retain the shares so purchased in treasury (in the Malaysian Companies Act referred to as "treasury shares"); or</p> <p>(c) to retain part of the shares so purchased as treasury shares and cancel the remainder.</p> <p>(3B) The directors of the company may-</p> <p>(a) distribute the treasury shares as dividends to shareholders, such dividends to be known as "share dividends"; or</p> <p>(b) resell the treasury shares on the market of the Stock Exchange on which the shares are quoted, in accordance with the relevant rules of the Stock Exchange.</p> <p>(3C) While the shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the company for any purposes including, without limiting the generality of this provision, the provisions of any law or requirements of the articles of association of the company or the listing rules of a Stock Exchange on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.</p> <p>(3D) Where the directors decide to distribute the treasury shares as share dividends, the costs of the shares on the original purchase shall be applied in the reduction of either the share premium account or the funds otherwise available for distribution as dividends or both.</p> <p>(3E) Where the directors resolve to cancel the shares so purchased, or cancel any treasury shares, the issued capital of the company shall be diminished by the shares so cancelled and the amount by which the company's issued capital is diminished shall be transferred to the capital redemption reserve.</p> <p>(4) The capital redemption reserve may be applied in paying up unissued shares of the company to be</p>	<p>bona fide employee or former employee who is or was also a director) of the company, the company's subsidiary or holding company or a subsidiary of the company's holding company, or the wives, husbands, widows, widowers or children or step-children under the age of eighteen of such employees or former employees;</p> <p>(c) the making by a company, the company's subsidiary or holding company or a subsidiary of the company's holding company of loans to persons (including, notwithstanding section 96 of the Act, any such bona fide employee or former employee who is or was also a director) employed in good faith by the company with a view to enabling those persons to acquire fully or partly paid shares in the company or its holding company to be held by them by way of beneficial ownership.</p> <p>In addition, the Act expressly permits the grant of financial assistance where (i) the financial assistance does not reduce the company's net assets or, to the extent the net assets are reduced, such financial assistance is provided for out of funds of the company which would otherwise be available for dividend or distribution; (ii) an affidavit of solvency is sworn by the directors of the company before the financial assistance is given; and (iii) the financial assistance is approved by resolution of shareholders of the company in general meeting.</p> <p>Bye-law 3(3): Neither the Company nor any of its subsidiaries shall give, whether directly or indirectly, whether by means of loan, guarantee, provision of security or otherwise, any financial assistance for the purpose of the acquisition or proposed acquisition by any person of any shares in the Company, save for the following transactions:</p> <p>(a) where the lending of money is part of the ordinary business of the Company, the lending of money by the Company in the ordinary course of its business;</p> <p>(b) the provision by the Company, in accordance with any employees' share scheme for the time being in force, of money for the purchase of or subscription for fully or partly paid shares in the Company or its holding company; and for the purposes of Bye-law 3(3), an employees' share scheme is a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of the bona</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>issued to members of the company as fully paid bonus shares.</p> <p>(5) A cancellation of shares made pursuant to subsection (3E) shall not be deemed to be a reduction of share capital within the meaning of the Malaysian Companies Act .</p> <p>(6) A company shall, within fourteen days after the shares are purchased, lodge with the Registrar and the Stock Exchange a notice in the prescribed form.</p> <p>(7) If default is made in complying with this section, the company, every officer of the company and any other person or individual who is in default shall be guilty of an offence against the Malaysian Companies Act .</p>	<p>fide employees or former employees (including any such employee or former employee who is or was also a director) of the Company, the Company's subsidiary or holding company or a subsidiary of the Company's holding company, or the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees; or</p> <p>(c) the giving of financial assistance by the Company to persons, other than Directors, <i>bona fide</i> in the employment of the Company with a view to enabling those persons to purchase fully or partly paid shares in the Company or its holding company to be held by them by way of beneficial ownership,</p> <p>but nothing in Bye-law 3(3) shall prohibit transactions permitted under section 39A of the Act.</p>
<i>Accounts and Audit</i>	
<p>According to Section 167 of the Malaysian Companies Act, every company and the directors and managers thereof shall cause to be kept such accounting and other records as will sufficiently explain the transactions and financial position of the company and enable true and fair profit and loss accounts and balance sheets and any documents required to be attached thereto to be prepared from time to time, and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.</p> <p>In Section 169 of the Malaysian Companies Act, the directors of every company shall at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year at intervals of not more than fifteen months lay before the company at its annual general meeting a duly audited profit and loss account and balance sheet for the period since the preceeding account (or in the case of the first account, since the incorporation of the company) made up to a date not more than six months before the date of the meeting, unless extended by the Registrar as thought fit on application by the company.</p> <p>A copy of every profit and loss account and balance sheet (including every document required by law to be attached thereto) which is to be laid before a company in general meeting accompanied, by a copy of the auditor's report thereon, shall, not less than fourteen days before the date of the meeting, be sent to all persons entitled to receive notice of general meeting of the company provided that if the copies of the documents aforesaid are sent less than fourteen days before the date of the meeting, they shall,</p>	<p>Section 83(1) of the Act: Every company shall cause to be kept proper records of account with respect to –</p> <p>(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;</p> <p>(b) all sales and purchases of goods by the company;</p> <p>(c) the assets and liabilities of the company.</p> <p>Bye-law 148: The Board shall cause to be kept proper records of account with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place; all sales and purchases of goods by the Company; the assets and liabilities of the Company; and all other matters required by the Act or necessary to give a true and fair view of the Company's affairs and to explain its transactions.</p> <p>Section 84(1) of the Act: The directors of every company shall subject to section 88 of the Act at such intervals and for such period as the Act and the bye-laws of the company provide lay before the company in general meeting –</p> <p>(a) financial statements for the period, which shall include –</p> <p>(i) a statement of the results of operations for the period;</p> <p>(ii) a statement of retained earnings or deficit;</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>notwithstanding that fact, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the meeting. Any member of a company (whether he is or is not entitled to have sent to him copies of the profit and loss accounts and balance sheets) to whom copies have not been sent and any holder of a debenture shall, on a request being made by him to the company, be furnished by the company without charge with a copy of the last profit and loss account and balance sheet of the company (including every document required by the Malaysian Companies Act to be attached thereto) together with a copy of the auditors' report thereon.</p> <p>According to Section 172 of the Malaysian Companies Act, at any time before the first annual general meeting of a company the directors of the company may appoint or (if the directors do not make an appointment) the company at a general meeting may appoint, a person or persons to be the auditor or auditors of the company, and any auditor or auditors so appointed shall, subject to this section, hold office until the conclusion of the first annual general meeting. A company shall at each annual general meeting of the company appoint a person or persons to be the auditor or auditors of the company, and any auditor or auditors so appointed shall, subject to this section, hold office until the conclusion of the next annual general meeting of the company.</p>	<p>(iii) a balance sheet at the end of such period;</p> <p>(iiiA) a statement of changes in financial position or cash flows for the period;</p> <p>(iv) notes to the financial statements and the notes thereto shall be in accordance with section 84(1A) of the Act;</p> <p>(v) such further information as required by the Act and the company's own Act of incorporation or its memorandum, and its bye-laws; and</p> <p>(b) the report of the auditor as set out in section 90(2) of the Act, in respect of the financial statements described in section 84(1)(a) of the Act.</p> <p>Section 84(2) of the Act: Financial statements shall before being laid before a general meeting of a company be signed on the balance sheet page by two directors of the company.</p> <p>Section 84(3) of the Act: Notwithstanding the provisions of section 84(1) of the Act if at a general meeting at which financial statements should be laid the statements have not been so laid, it shall be lawful for the Chairman to adjourn the meeting for a period of up to ninety days or such longer period as the members may agree.</p> <p>Section 87(1) of the Act: Subject to sections 87A and 87B of the Act, a copy of the financial statements of a company, including every document required by law or the bye-laws of the company shall be made available to every member of the company and if such financial statements and other documents are not sent to each member five days before the general meeting any member may move a resolution at the general meeting that it be adjourned for five days.</p> <p>Provided that section 87(1) of the Act shall not require the making available of the financial statements and other documents to -</p> <p>(a) any person not entitled to receive notices of general meetings;</p> <p>(b) more than one of the joint holders of any shares or debentures;</p> <p>(c) any person whose address is not known to the company.</p> <p>Section 87A(1) of the Act: A company, the shares of which are listed on an appointed stock exchange</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>need not send financial statements as required by section 87(1) of the Act to members, but may instead send them summarised financial statements.</p> <p>Section 87A(2) of the Act: The company shall make a copy of the summarised financial statements available for inspection by the public at the company's registered office in Bermuda.</p> <p>Section 88(1) of the Act: Notwithstanding sections 13(c) and (d), 84, 87 and 89 of the Act if all members and directors of a company, either in writing or at a general meeting, agree that in respect of a particular interval no financial statements or auditor's report thereon need be laid before a general meeting or that no auditor shall be appointed to the close of the next annual general meeting then there shall be no obligation to lay financial statements for such period or to appoint an auditor until the close of the next annual general meeting, as the case may be.</p> <p>Section 89(1) of the Act: The members of a company at the statutory meeting shall subject to section 88 of the Act appoint one or more auditors to hold office until the close of the next annual general meeting, and, if the members fail to do so, the directors shall forthwith make such appointment or appointments.</p> <p>Section 89(2) of the Act: The members of a company at each annual general meeting shall appoint one or more auditors to hold office until the close of the next annual general meeting, and, if an appointment is not so made, the auditor in office shall continue in office until a successor is appointed.</p> <p>Section 90(1) of the Act: The auditor shall audit any financial statements to be laid pursuant to section 84 of the Act as will enable him to report to the members.</p> <p>Section 90(2) of the Act: Based on the results of his audit under section 90(1) of the Act which audit shall be made in accordance with generally accepted auditing standards, the auditor shall make a report to the members.</p> <p>Section 90(3) of the Act: The generally accepted auditing standards referred to in section 90(2) of the Act may be those of Bermuda or a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be appointed by the Minister under section 90(4) of the Act for the purpose of section 90(3) of the Act; and where the generally accepted auditing standards used are other than those of Bermuda, the report of the auditor shall identify the generally accepted auditing</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>standards used.</p> <p>Bye-law 150:</p> <p>(1) Subject to Sections 87A and 88 of the Act, a copy of the financial statements which is to be laid before a general meeting of the Company, made up to the end of the applicable financial year and including every document and all information as required by the Act and the Listing Requirements ("Financial Statements"), together with a copy of the Auditors' report, shall be issued not more than four (4) months from the close of each financial year (or such other period as may be prescribed or permitted by the Designated Stock Exchange) and a copy of each such documents shall be sent to each person entitled thereto (the "Entitled Persons") at least twenty-one (21) days before the date of the general meeting provided that Bye-law 150 shall not require a copy of those documents to be sent to any person whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures.</p> <p>(2) Subject to compliance with Sections 87A and 87B of the Act and the rules or regulations of the Designated Stock Exchange, the Company may send to Entitled Persons summarised financial statements, derived from the Financial Statements for the relevant period, instead of the Financial Statements. The summarised financial statements shall be accompanied by the Auditors' report and shall be sent to Entitled Persons not less than twenty-one (21) days before the general meeting at which the Financial Statements are to be laid. Entitled Persons who receive the summarised financial statements may elect, by notice in writing to the Company, to receive the Financial Statements. Financial Statements shall be sent within seven (7) days of receipt of the Entitled Person's election to receive the Financial Statements.</p> <p>Bye-law 151(1): Subject to Section 88 of the Act, at each annual general meeting, the Members shall appoint an auditor to hold office until the close of the next annual general meeting, and if an appointment is not so made, the Auditor in office shall continue in office until a successor is appointed. Such auditor may be a Member but no Director or officer or employee of the Company shall, during his continuance in office, be eligible to act as an auditor of the Company.</p> <p>Bye-law 152: Subject to Section 88 of the Act, the financial statements of the Company shall be audited</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>at least once in every year.</p> <p>Bye-law 156: The financial statements of the Company shall be examined by the Auditor and compared by him with the books, accounts and vouchers relating thereto; and he shall make a written report thereon stating whether such financial statements are drawn up so as to present fairly the financial position of the Company and the results of its operations for the period under review and, in case information shall have been called for from Directors or officers of the Company, whether the same has been furnished and has been satisfactory. The financial statements of the Company shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the Auditor shall be submitted to the Members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than Bermuda. If so, the financial statements and the report of the Auditor should disclose this fact and name such country or jurisdiction.</p>
<i>Inspection of Register of Members and Minute Books</i>	
<p>In Section 160 (3) of the Malaysian Companies Act, any member or other person may request the company to furnish him with a copy of the register, or of any part thereof, but only so far as it relates to names, addresses, number of shares held and amounts paid on shares, on payment in advance of one ringgit or such less sum as the company requires for every hundred words or fractional part thereof required to be copied and the company shall cause any copy so requested by any person to be sent to that person within a period of twenty-one days or within such further period as the Registrar considers reasonable in the circumstances commencing on the day next after the day on which the request is received by the company.</p> <p>Section 157 (1) of Malaysian Companies Act states that the books containing the minutes of proceedings of any general meeting shall be kept by the company at the registered office of the company, and shall be open to the inspection of any member without charge.</p> <p>(2) Any member shall be entitled to be furnished within fourteen days after he has made a request in writing in that behalf to the company with a copy of any minutes specified in subsection (1) at a charge not exceeding one ringgit for every hundred words thereof.</p>	<p>Section 66(1) of the Act: Except when the register of members is closed under the provisions of the Act, the register of the members of a company shall during business hours (subject to such reasonable restrictions as the company may impose, so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the public without charge.</p> <p>Section 66(2) of the Act: Any member of the public may require a copy of the register, or of any part thereof, on payment of the appropriate fee prescribed in the Fourth Schedule to the Act.</p> <p>Section 66(5) of the Act: A company may on giving notice by advertisement in an appointed newspaper close the register of members for any time or times not exceeding in the whole thirty days in a year.</p> <p>Section 66(6) of the Act: Section 66 of the Act applies to a branch register kept under section 65 of the Act except that in relation to a branch register section 66(5) of the Act shall have effect as if for reference to an appointed newspaper there were substituted reference to a national newspaper in the jurisdiction in which the branch register is kept.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Bye-law 44: The Register and branch register of Members, as the case may be, shall be open to inspection between 10.00 a.m. and 12.00 noon on every business day by members of the public without charge at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or, if appropriate, at the Registration Office or at the office of a share transfer agent of the Company. The Register including any overseas or local or other branch register of Members may, after notice has been given by advertisement in an appointed newspaper and in accordance with the requirements of the Designated Stock Exchange and any other applicable laws or regulations, or by any electronic means as may be accepted by the Designated Stock Exchange, be closed at such times or for such periods not exceeding in the whole thirty (30) days in each year as the Board may determine and either generally or in respect of any class of shares.</p> <p>Section 82(1) of the Act: Minutes of general meetings of a company shall be open for inspection by any member or director of the company without charge for not less than two hours during business hours each day subject to such reasonable restrictions as the company may impose.</p> <p>Section 82(2) of the Act: Any member or director shall be entitled to be furnished within seven days after he has made a request in that behalf to the company with a copy of any such minutes on the payment of a reasonable charge.</p> <p>Bye-law 131(1): The Board shall cause Minutes to be duly entered in books provided for the purpose:-</p> <p>(a) of all elections and appointments of officers;</p> <p>(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board;</p> <p>(c) of all resolutions and proceedings of each general meeting of the Members and meetings of the Board.</p> <p>Bye-law 131(2): Minutes prepared in accordance with the Act and the Bye-laws shall be kept by the Secretary at the Office.</p>
<i>Inspection of Register of Directors</i>	
Section 141(5) of the Malaysian Companies Act provides that the register shall be open to the inspection of any	Section 92A(3) of the Act: The register of directors and officers shall during business hours (subject to

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>member of the company without charge and of any other person on payment of two ringgit, or such less sum as the company requires, for each inspection.</p>	<p>such reasonable restrictions as the company may impose, so that not less than two hours in each day be allowed for inspection) be open for inspection by members of the public without charge.</p> <p>Section 92A(3A) of the Act: Any member of the public may require a copy of the register, or any part of it, on payment of the appropriate fee prescribed in the Eighth Schedule to the Act.</p>
<p><i>Disclosure of Substantial Shareholders</i></p>	
<p>Section 69E of the Malaysian Companies Act provides that a person who is a substantial shareholder in a company shall give notice in writing to the company stating his name, nationality and address and full particulars of the voting shares in the company in which he has an interest (including, unless the interest cannot be related to a particular share, the name of the person who is registered as the holder) and full particulars of each such interest and of the circumstances by reason of which he has that interest.</p> <p>Section 69D of the Malaysian Companies Act defines substantial shareholdings and substantial shareholders as follows:</p> <p>(1) For the purposes of this Division, a person has a substantial shareholding in a company if he has an interest in one or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum of the aggregate of the nominal amounts of all the voting shares in the company.</p> <p>(2) For the purposes of this Division, a person has a substantial shareholding in a company, being a company the share capital of which is divided into two or more classes of the shares, if he has an interest in one or more voting shares included in one of those classes and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum of the aggregate of the nominal amounts of all the voting shares included in that class.</p> <p>(3) For the purposes of this Division, a person who has a substantial shareholding in a company is a substantial shareholder in that company.</p> <p>Further, Section 69F of the Malaysian Companies Act sets out the requirement for a substantial shareholder to notify the company of any changes to his shareholding interest in the company and Section 69G of the Malaysian Companies Act provides that a substantial</p>	<p>The Bermuda Companies Act does not require disclosure of shareholder ownership beyond any specified threshold.</p> <p>Bye-law 167(1): For so long as the shares of the Company are listed on the Designated Stock Exchange, each Director shall, upon his appointment to the Board, give an undertaking to the Company that, for so long as he remains a Director, he shall forthwith notify the Secretary of the particulars of the shares beneficially owned by him at the time of his appointment and of any change in such particulars.</p> <p>Bye-law 167(2): For so long as the shares of the Company are listed on the Designated Stock Exchange, each Member shall (a) upon becoming a substantial shareholder of the Company, (b) for so long as he remains a substantial shareholder of the Company, upon a change in the percentage level of his interest or interests in the Company and (e) upon ceasing to be a substantial shareholder of the Company, give and, where applicable, shall procure its relevant beneficial owners having an interest in the Company within the meaning of Section 6A of the Malaysian Companies Act to give the Secretary a notice in writing of (i) the particulars of the shares beneficially owned by him, or (ii) the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or (iii) the particulars of the date and circumstances of the cessation of substantial shareholding, as the case may be, within two (2) business days after (aa) becoming a substantial shareholder, (bb) the date of change in the percentage level of his interests, or (cc) the date of cessation, as the case may be. For the purposes of Bye-law 167(2) and Bye-law 169A, the term "substantial shareholder" shall have the same meaning ascribed to it in Section 69D of the Malaysian Companies Act, the term "interest" or "interests" shall have the same meaning ascribed to it in Section 6A of the Malaysian Companies Act. The</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
shareholder ceasing to be a substantial shareholder shall notify the company accordingly.	requirement to give notice under Bye-law 167(2) shall not apply to the Depository. Bye-law 167(3): For so long as the shares of the Company are listed on the Designated Stock Exchange, the provisions of Section 690 of the Malaysian Companies Act, giving the Company power to require disclosure of beneficial interest in its shares, shall apply.
<i>Power to Require Disclosure of Auditors' Remuneration</i>	
<p>Section 173 of Malaysian Companies Act, if a company is served with a notice sent by or on behalf of—</p> <p>(a) at least five per centum of the total number of members of the company; or</p> <p>(b) the holders in aggregate of not less than five per centum in nominal value of the company's issued share capital, requiring particulars of all emoluments paid to or receivable by the auditor of the company or any person who is a partner or employer or employee of the auditor, by or from the company or any subsidiary in respect of services other than auditing services rendered to the company, the company shall forthwith—</p> <p>(c) prepare or cause to be prepared a statement showing particulars of all emoluments paid to the auditor or other person and of the services in respect of which the payments have been made for the financial year immediately preceding the service of the notice;</p> <p>(d) forward a copy of the statement to all persons entitled to receive notice of general meetings of the company; and</p> <p>(e) lay the statement before the company in general meeting.</p>	<p>Not provided in the Act.</p> <p>Bye-law 153(1): The remuneration of the Auditor shall be fixed by the Company in general meeting or in such manner as the Members may determine.</p> <p>Bye-law 153(2): If the Company is served with a notice sent by or on behalf of—</p> <p>(a) at least five per centum (5%) of the total number of Members; or</p> <p>(b) the holders in aggregate of not less than five per centum (5%) in nominal value of the Company's issued share capital, requiring particulars of all emoluments paid to or receivable by the auditor of the Company or any person who is a partner or employer or employee of the auditor, by or from the Company or any subsidiary in respect of services other than auditing services rendered to the Company, the Company shall forthwith:-</p> <p>(i) prepare or cause to be prepared a statement showing particulars of all emoluments paid to the auditor or other person and of the services in respect of which the payments have been made for the financial year immediately preceding the service of the notice;</p> <p>(ii) forward a copy of the statement to all persons entitled to receive notice of general meetings of the Company; and</p> <p>(iii) lay the statement before the Company in general meeting.</p>
<i>Mergers and Similar Arrangements</i>	
In Section 176 of the Malaysian Companies Act, where a compromise or arrangement is proposed between a company and its creditors or any class of them or between the company and its members or any class of	<p>Section 99(1) to (4) of the Act:</p> <p>(1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them or between a company and</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>them the Court may, on the application in a summary way of the company or of any creditor or member of the company, or in the case of a company being wound up of the liquidator, order a meeting of the creditors or class of creditors or of the members of the company or class of members to be summoned in such manner as the Court directs.</p> <p>A meeting held pursuant to an order of the Court made under Section 176(1) may be adjourned from time to time if the resolution for adjournment is approved by a majority in number representing three-fourths in value of the creditors or class of creditors or members or class of members present and voting either in person or by proxy at the meeting.</p> <p>Section 176(3) of Malaysian Companies Act stipulates that if a majority in number representing three-fourths in value of the creditors or class of creditors or members or class of members present and voting either in person or by proxy at the meeting or the adjourned meeting agrees to any compromise or arrangement the compromise or arrangement shall, if approved by order of the Court, be binding on all the creditors or class of creditors or on the members or class of members (as the case may be) and also on the company or, in the case of a company in the course of being wound up, on the liquidator and contributories of the company.</p> <p>Section 176(10) of Malaysian Companies Act stipulates that where no order has been made or resolution passed for the winding up of a company and any such compromise or arrangement has been proposed between the company and its creditors or any class of those creditors, the Court may, in addition to any of its powers, on the application in a summary way of the company or of any member or creditor of the company restrain further proceedings in any action or proceeding against the company except by leave of the Court and subject to such terms as the Court imposes.</p> <p>Section 176(10A) of the Malaysian Companies Act sets out the following : -</p> <p>The Court may grant a restraining order under subsection (10) to a company for a period of not more than ninety days or such longer period as the Court may for good reason allow if and only if-</p> <p>(a) it is satisfied that there is a proposal for a scheme of compromise or arrangement between the company and its creditors or any class of creditors representing at least one-half in value of all the</p>	<p>its members or any class of them, the Court may, on the application of the company or of any creditor or member of the company, or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members of the company or class of members, as the case may be, to be summoned in such manner as the Court directs.</p> <p>(2) If a majority in number representing three-fourths in value of the creditors or class of creditors or members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall if sanctioned by the Court, be binding on all the creditors or the class of creditors, or on the members or class of members, as the case may be, and also on the company or, in the case of a company in the course of being wound up, on the liquidator and contributories of the company.</p> <p>(3) An order made under section 99(2) of the Act shall have no effect until a copy of the order has been delivered to the Registrar for registration, and a copy of every such order shall be annexed to every copy of the memorandum of association of the company issued after the order has been made.</p> <p>(4) If a company makes default in complying with section 99(3) of the Act, the company and every officer of the company who knowingly or wilfully authorizes or permits the default shall be liable to a fine of ten dollars for each copy in respect of which default is made.</p> <p>Section 101(1) of the Act: Where an application is made to the Court under section 99 of the Act for the sanctioning of a compromise or arrangement proposed between a company and any such persons as are mentioned in that section, and it is shown to the Court that the compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (in section 101 of the Act referred to as "a transferor company") is to be transferred to another company (in section 101 of the Act referred to as "the transferee company"), the Court may, subject to section 101(2) of the Act, either by the order sanctioning the compromise or</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>creditors;</p> <p>(b) the restraining order is necessary to enable the company and its creditors to formalise the scheme of compromise or arrangement for the approval of the creditors or members pursuant to subsection (1);</p> <p>(c) a statement in the prescribed form as to the affairs of the company made up to a date not more than three days before the application is lodged together with the application; and</p> <p>(d) it approves the person nominated by a majority of the creditors in the application by the company under subsection (10) to act as a director or if that person is not already a director, notwithstanding the provisions of the Malaysian Companies Act or the memorandum and articles of the company, appoints the person to act as a director.</p> <p>Section 178 of the Malaysian Companies Act states that where an application is made to the Court under this Part for the approval of a compromise or arrangement and it is shown to the Court that the compromise or arrangement has been proposed for the purposes of or in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (in this section referred to as the "transferor company") is to be transferred to another company (in this section referred to as the "transferee company"), the Court may either by the order approving the compromise or arrangement or by any subsequent order provide for all or any of the following matters:</p> <p>(a) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company;</p> <p>(b) the allotting or appropriation by the transferee company of any shares, debentures, policies or other like interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;</p> <p>(c) the continuation by or against the transferee company of any legal proceedings pending by or against the transferor company;</p> <p>(d) the dissolution, without winding up, of the transferor</p>	<p>arrangement or by any subsequent order, make provision for all or any of the following matters:</p> <p>(a) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of any transferor company;</p> <p>(b) the allocation or appropriation by the transferee company of any shares, debentures, policies or other like interests in that company which under the compromise or arrangement are to be allotted or appropriated by that company to or for any person;</p> <p>(c) the continuation by or against the transferee company of any legal proceedings pending by or against any transferor company;</p> <p>(d) the dissolution, without winding up, of any transferor company;</p> <p>(e) the provision to be made for any persons, who within such time and in such manner as the Court directs, dissents from the compromise or arrangement;</p> <p>(f) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out.</p> <p>Section 101(2) of the Act: No order shall be made under section 101(1) of the Act for the transfer to the transferee company of the whole or any part of the undertaking or of the property or liabilities of any transferor company unless notice of the application for the sanctioning of the compromise or arrangement of which the order is to form a part is given in writing to the Minister and an affidavit signifying the consent of the Minister to the making of the order has been lodged with the Court.</p> <p>Section 101(3) of the Act: Where an order under section 101 of the Act provides for the transfer of property or liabilities, that property shall, by virtue of the order, be transferred to and vest in, and those liabilities shall, by virtue of the order, be transferred to and become the liabilities of, the transferee company, and in the case of any property, if the order so directs, freed from any charge which is by virtue of the compromise or arrangement to cease to have effect.</p> <p>Section 101(4) of the Act: Where an order is made under section 101 of the Act, every company in relation to which the order is made shall cause a copy thereof to be delivered to the Registrar for registration within seven days after the making of the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>company;</p> <p>(e) the provision to be made for any persons who, within such time and in such manner as the Court directs, dissent from the compromise or arrangement; and</p> <p>(f) such incidental, consequential and supplemental matters as are necessary to secure that the reconstruction or amalgamation shall be fully and effectively carried out.</p> <p>(2) Where an order made under this section provides for the transfer of property or liabilities, then by virtue of the order that property shall be transferred to and vest in, and those liabilities shall be transferred to and become the liabilities of, the transferee company, free in the case of any particular property if the order so directs, from any change which is by virtue of the compromise or arrangement to cease to have effect.</p> <p>(3) Where an order is made under this section every company in relation to which the order is made shall lodge within seven days of the making of the order -</p> <p>(a) an office copy of the order with the Registrar; and</p> <p>(b) where the order relates to land, an office copy of the order with the appropriate authority concerned with the registration or recording of dealings in that land,</p> <p>and every company which makes default in complying with this section and every officer of the company who is in default shall be guilty of an offence against the Malaysian Companies Act.</p> <p>Penalty: Two thousand ringgit. Default penalty.</p> <p>(4) No vesting order referred to in this section shall have any effect or operation in transferring or otherwise vesting land until the appropriate entries are made with respect to the vesting of that land by the appropriate authority.</p> <p>(5) In this section -</p> <p>"liabilities" includes duties;</p> <p>"property" includes property rights and powers of every description.</p> <p>(6) Notwithstanding subsection 176 (11) "company" in</p>	<p>order, and if default is made in complying with section 101(4) of the Act, the company and every officer of the company who knowingly or wilfully authorises or permits the default shall be liable to a fine of two hundred dollars.</p> <p>Section 101(5) of the Act: In section 101 of the Act the expression "property" includes all assets, rights and powers of every description, and the expression "liabilities" includes duties.</p> <p>Section 102(1) of the Act: Where a scheme or contract involving the transfer of shares or any class of shares in a company (in section 102 of the Act referred to as "the subject company") to another company, whether a company within the meaning of the Act or not (in section 102 of the Act referred to as "the transferee company"), has, within four months after the making of the offer in that behalf by the transferee company been approved by the holders of not less than nine-tenths in value of the shares whose transfer is involved, other than shares already held at the date of the offer by, or by a nominee for, the transferee company or its subsidiary, the transferee company may, at any time within two months beginning with the date on which such approval is obtained, give notice to any dissenting shareholder that it desires to acquire his shares, and when such a notice is given the transferee company shall, unless on an application made by the dissenting shareholder within one month from the date on which the notice was given the Court thinks fit to order otherwise, be entitled and bound to acquire those shares on the terms on which, under the scheme or contract, the shares of the approving shareholders are to be transferred to the transferee company:</p> <p>Provided that where shares in the subject company of the same class or classes as the shares whose transfer is involved are already held as aforesaid to a value greater than one-tenth of the aggregate of their value and that of the shares, other than those already held as aforesaid, whose transfer is involved, the foregoing provisions of section 102(1) of the Act shall not apply unless -</p> <p>(a) the transferee company offers the same terms to all holders of the shares, other than those already held as aforesaid, whose transfer is involved, or, where those shares include shares of different classes, of each class of them; and</p> <p>(b) the holders who approve the scheme or contract, besides holding not less than nine-tenths in value of the shares, other than those already held as aforesaid, whose transfer is involved, are not</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>this section does not include any company other than a company as defined in section 4.</p>	<p>less than three-fourths in number of the holders of those shares.</p> <p>Section 102(2) of the Act: Where, in pursuance of any such scheme or contract as aforesaid, shares in a company are transferred to another company or its nominee, and those shares together with any other shares in the first-mentioned company held by, or by a nominee for, the transferee company or its subsidiary at the date of the transfer comprise or include nine-tenths in value of the shares in the first-mentioned company or of any class of those shares, then -</p> <p>(a) the transferee company shall within one month from the date of the transfer, unless on a previous transfer in pursuance of the scheme or contract it has already complied with this requirement, give notice of that fact to the holders of the remaining shares or of the remaining shares of that class, as the case may be, who have not assented to the scheme or contract; and</p> <p>(b) any such holder may within three months from the giving of the notice to him, himself give notice requiring the transferee company to acquire the shares in question,</p> <p>and where a shareholder gives notice under section 102(2)(b) of the Act with respect to any shares, the transferee company shall be entitled and bound to acquire those shares on the terms on which under the scheme or contract the shares of the approving shareholders were transferred to it, or on such other terms as may be agreed or as the Court on the application of either the transferee company or the shareholder thinks fit to order.</p> <p>Section 104(1) of the Act: Two or more companies which are registered in Bermuda may subject to section 4A of the Act amalgamate and continue as one company:</p> <p>Provided that if the amalgamated company is to be a local company it shall comply with the Third Schedule to the Act.</p>
<i>Shareholders' Suits and Protection of Minority Shareholders</i>	
<p>In Section 181 of the Malaysian Companies Act, any member or holder of a debenture of a company or, in the case of a declared company under Part IX, the Minister, may apply to the Court for an order under this section on the ground—</p> <p>(a) that the affairs of the company are being conducted or the powers of the directors are being exercised in</p>	<p>Section 110(1) of the Act: Subject to section 110(10) of the Act the Minister may, at any time of his own volition or on the application of that proportion of the members of a company, as in his opinion warrants the application, based in respect of a company limited by shares, or other company having a share capital, on their shareholding, appoint one or</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>a manner oppressive to one or more of the members or holders of debentures including himself or in disregard of his or their interests as members, shareholders or holders of debentures of the company; or</p> <p>(b) that some act of the company has been done or is threatened or that some resolution of the members, holders of debentures or any class of them has been passed or is proposed which unfairly discriminates against or is otherwise prejudicial to one or more of the members or holders of debentures (including himself).</p> <p>(2) If on such application the Court is of the opinion that either of those grounds is established the Court may, with the view to bringing to an end or remedying the matters complained of, make such order as it thinks fit and without prejudice to the generality of the foregoing the order may—</p> <p>(a) direct or prohibit any act or cancel or vary any transaction or resolution;</p> <p>(b) regulate the conduct of the affairs of the company in future;</p> <p>(c) provide for the purchase of the shares or debentures of the company by other members or holders of debentures of the company or by the company itself;</p> <p>(d) in the case of a purchase of shares by the company provide for a reduction accordingly of the company's capital; or</p> <p>(e) provide that the company be wound up.</p> <p>(3) Where an order that the company be wound up is made pursuant to paragraph (2)(e) the provisions of the Malaysian Companies Act relating to winding up of a company shall, with such adaptations as are necessary, apply as if the order had been made upon a petition duly presented to the Court by the company.</p> <p>In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company.</p> <p>Section 181A of the Malaysian Companies Act provides the following:-</p> <p>(1) A complainant may, with the leave of the Court, bring, intervene in or defend an action on behalf of the company.</p> <p>(2) Proceedings brought under this section shall be</p>	<p>more inspectors to investigate the affairs of the company and to report thereon in such manner as he may direct.</p> <p>Section 111(1) to (4) of the Act:</p> <p>(1) Any member of a company who complains that the affairs of the company are being conducted or have been conducted in a manner oppressive or prejudicial to the interests of some part of the members, including himself, or where a report has been made to the Minister under section 110 of the Act the Registrar on behalf of the Minister, may make an application to the Court by petition for an order under section 111 of the Act.</p> <p>(2) If on any such petition the Court is of opinion -</p> <p>(a) that the company's affairs are being conducted or have been conducted as aforesaid; and</p> <p>(b) that to wind up the company would unfairly prejudice that part of the members, but otherwise the facts would justify the making of a winding up order on the ground that it was just and equitable that the company should be wound up,</p> <p>the Court may, with a view to bringing to an end the matters complained of, make such order as it thinks fit, whether for regulating the conduct of the company's affairs in future, or for the purchase of the shares of any members of the company by other members of the company or by the company and, in the case of a purchase by the company, for the reduction accordingly of the company's capital, or otherwise.</p> <p>(3) Where an order under section 111 of the Act makes an alteration in or addition to any company's memorandum or bye-laws, then, notwithstanding anything in any other provision but subject to the provisions of the order, the company concerned shall not have power without the leave of the Court to make further alteration in or addition to the memorandum or bye-laws as so altered or added to accordingly.</p> <p>(4) An office copy of any order under section 111 of the Act altering or adding to, or giving leave to alter or add to, a company's memorandum or bye-laws shall, within fourteen days after the making thereof, be delivered by the company to</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>brought in the company's name.</p> <p>(3) The right of any person to bring, intervene in, defend or discontinue any proceedings on behalf of a company at common law is not abrogated.</p> <p>(4) For the purposes of this section and sections 181B and 181E, "complainant" means -</p> <p>(a) a member of a company, or a person who is entitled to be registered as member of a company;</p> <p>(b) a former member of a company if the application relates to circumstances in which the member ceased to be a member;</p> <p>(c) any director of a company</p> <p>(d) the Registrar, in case of a declared company under Part IX.</p> <p>Section 368A of the Malaysian Companies Act provides as follows:</p> <p>(1) Where a person has engaged, is engaging or intends to engage in conduct that constituted, constitutes or would constitute -</p> <p>(a) a contravention of the Malaysian Companies Act;</p> <p>(b) an attempt to contravene the Malaysian Companies Act;</p> <p>(c) an attempt that aids, abets, advises or procures a person to contravene the Malaysian Companies Act;</p> <p>(d) an attempt to induce, whether by threats, promises or otherwise, a person to contravene the Malaysian Companies Act;</p> <p>(e) an attempt by which any person would be in any way, directly or indirectly, knowingly concerned in, or party to, the contravention by a person of the Malaysian Companies Act; or</p> <p>(f) an attempt of conspiracy with others to contravene the Malaysian Companies Act, the Court may, on the application of the Registrar, or of a person whose interests have been, are or would be affected by the conduct, grant an injunction, on such terms as the Court thinks appropriate, restraining the first-mentioned person from engaging in the conduct and, if in the opinion of the Court it is desirable to do so,</p>	<p>the Registrar for registration; and if a company makes default in complying with section 111(4) of the Act, the company and every officer of the company who is in default shall be liable to a default fine.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>requiring that person to do any act or thing.</p> <p>(2) Where a person has refused or failed, is refusing or failing, or is intending to refuse or fail, to do an act or thing that the person is required by the Malaysian Companies Act to do, the Court may, on the application of the Registrar or any person whose interests have been, are or would be affected by the refusal or failure to do that act or thing, grant an injunction, on such terms as the Court thinks appropriate, requiring the first-mentioned person to do that act or thing.</p> <p>(3) The power of the Court to grant an injunction restraining a person from engaging in conduct may be exercised whether or not -</p> <p>(a) it appears to the Court that the person intends to engage again or to continue to engage, in conduct of that kind;</p> <p>(b) the person has previously engaged in conduct of that kind; or</p> <p>(c) there is an imminent danger of substantial damage to any person if the first-mentioned person engages in conduct of that kind.</p> <p>(4) The power of the Court to grant an injunction requiring a person to do an act or thing may be exercised whether or not -</p> <p>(a) it appears to the Court that the person intends to refuse or fail again, or to continue to refuse or fail, to do that act or thing;</p> <p>(b) the person has previously refused or failed to do that act or thing; or</p> <p>(c) there is an imminent danger of substantial damage to any person if the first-mentioned person refuses or fails to do that act or thing.</p> <p>(5) Where the Registrar applies to the Court for the grant of an injunction under this section, the Court shall not require the applicant or any other person, as a condition of granting an interim injunction, to give an undertaking as to damages.</p> <p>(6) Where an application for an injunction under subsection (1) or (2) has been made, the Court may, if the Court determines it to be appropriate, grant an injunction by consent of all parties to the proceedings, whether or not the Court is satisfied</p>	

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>that that subsection applies.</p> <p>(7) Where in the opinion of the Court it is desirable to do so, the Court may grant an interim injunction pending determination of an application under subsection (1).</p> <p>(8) The Court may revoke or vary an injunction granted under subsection (1), (2) or (7).</p> <p>(9) In granting an injunction restraining a person from engaging in particular conduct, or requiring a person to do a particular act or thing, the Court may, either in addition to or in substitution for the grant of the injunction, order that person to pay damages to any other person.</p>	
CHANGES IN CAPITAL	
<i>Power of Directors to Allot and Issue Shares</i>	
<p>Section 132D of Malaysian Companies Act provides that:-</p> <p>(1) Notwithstanding anything in a company's memorandum or articles of association, the directors shall not, without the prior approval of the company in general meeting, exercise any power of the company to issue shares.</p> <p>(2) Approval for this purpose may be confined to a particular exercise of that power or may apply to the exercise of that power generally; and any such approval may be unconditional or subject to conditions.</p> <p>Such approval shall continue in force until:-</p> <p>(a) the conclusion of the annual general meeting commencing next after the date on which the approval was given; or</p> <p>(b) the expiration of the period within which the next annual general meeting after that date is required by law to be held,</p> <p>whichever is the earlier, but approval may be previously revoked or varied by the company in general meeting.</p> <p>The directors may issue shares notwithstanding that an approval for such purpose has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option made or granted by them while the approval was in force and they were authorised by the approval to make or grant an offer, agreement or option which would or might require shares to be issued after the expiration</p>	<p>Not provided in the Act.</p> <p>Bye-law 12:</p> <p>(1) Subject to the Act and to the Listing Requirements (if applicable), no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to the Bye-laws and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount.</p> <p>Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be,</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>of the approval.</p> <p>Section 132D (6A) of the Malaysian Companies Act provides that notwithstanding section 132D(1), the directors of a company shall not be required to obtain the prior approval of the company in a general meeting to issue shares where the said shares are to be issued as consideration or part consideration for the acquisition of shares or assets by the company and members of the company have been notified of the intention to issue the said shares at least fourteen days before the date of issue of the said shares.</p> <p>In Section 132D(6B), for the purpose of Section 132D(6A), members of the company are deemed to have been notified of the intention to issue shares of the company if-</p> <p>(a) a copy of the statement explaining the purpose of the intended issue of shares has been sent to every member at his last known address according to the register of members; and</p> <p>(b) the copy of the statement has been advertised in a national language and an English language newspaper circulating generally throughout Malaysia</p>	<p>or be deemed to be, a separate class of members for any purpose whatsoever.</p> <p>(2) Subject to any direction to the contrary that may be given by the Company in general meeting or except as permitted under the Listing Requirements, all new shares or other convertible securities shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Board may dispose of those shares or securities in such manner as it thinks most beneficial to the Company. The Board may likewise so dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Board, be conveniently offered under Bye-law 12(2).</p> <p>(3) Notwithstanding Bye-law 12(2) above but subject to the Statutes and the Listing Requirements (if applicable), the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution (including but not limited to the aggregate number of Shares which may be issued and the duration of the general authority), to issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; Provided that unless otherwise specified in the ordinary resolution or required by any applicable Listing Requirements, such general authority will continue (notwithstanding the authority conferred by the said ordinary resolution may</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>have ceased to be in force) in relation to the issue of shares pursuant to any Instrument made or granted by the Directors while the said ordinary resolution was in force.</p> <p>(4) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, Provided that such issue must be specifically approved by the Company in general meeting if required by the Listing Requirements.</p> <p>(5) Subject to the Listing Requirements (if applicable), the Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.</p> <p>(6) Subject to the Listing Requirements, no Director shall participate in a share scheme for employees unless the specific allotment to be made to such Director has been approved by the Company in general meeting.</p>
<i>Powers of Issuer to Purchase its Own Shares</i>	
<p>Please refer to Section 67A of the Malaysian Companies Act as set out under <i>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</i>.</p>	<p>Section 42A(1) of the Act: Subject to the following provisions of section 42A of the Act, a company limited by shares, or other company having a share capital, may, if authorized to do so by its memorandum or bye-laws, purchase its own shares.</p> <p>Section 42A(4) of the Act: A purchase by a company of its own shares may be authorised by its board of directors or otherwise by or in accordance with the provisions of its bye-laws.</p> <p>Section 42A(5) of the Act: No purchase by a company of its own shares may be effected if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the company is, or after the purchase would be, unable to pay its liabilities as they become due.</p> <p>Section 42A(6) of the Act: Shares purchased under section 42A of the Act shall be treated as cancelled and the amount of the company's issued capital shall</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>be diminished by the nominal value of those shares accordingly; but the purchase of shares under section 42A shall not be taken as reducing the amount of the company's authorised capital.</p> <p>Section 42A(6A) of the Act: On the purchase of its own shares under section 42A of the Act, any amount due to a shareholder may –</p> <ul style="list-style-type: none"> (a) be paid in cash; (b) be satisfied by the transfer of any part of the undertaking or property of the company having the same value; or (c) be satisfied partly under paragraph (a) and partly under paragraph (b). <p>Section 42A(7) of the Act: Where a company agrees, or is obliged, to purchase any of its shares then –</p> <ul style="list-style-type: none"> (a) the company shall not be liable in damages in respect of any failure to purchase any of the shares; (b) the court shall not grant an order for specific performance of the purchase if the company shows that to do so would render it insolvent or cause it to breach the provisions of any Act, regulations or license; (c) on a liquidation, other shares which carry rights whether as to capital or income which are preferred to the rights attaching to the shares agreed to be purchased, shall be paid in priority to the purchase price. <p>Section 42B(2) of the Act: Subject to section 42B of the Act, a company limited by shares, or other company having a share capital, may, if authorised to do so by its memorandum or bye-laws, acquire its own shares, to be held as treasury shares, for cash or any other consideration.</p> <p>Section 42B(4) of the Act: A company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares.</p> <p>Section 42B(5) of the Act: An acquisition by a company of its own shares to be held as treasury shares may be authorised by its board of directors or otherwise by or in accordance with its bye-laws.</p> <p>Section 42B(6) of the Act: No acquisition by a company of its own shares to be held as treasury shares may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>the acquisition would be, unable to pay its liabilities as they become due.</p> <p>Section 42B(7) of the Act: A company that acquires its own shares to be held as treasury shares may-</p> <ul style="list-style-type: none"> (a) hold all or any of the shares; (b) dispose of or transfer all or any of the shares for cash or other consideration; (c) cancel all or any of the shares. <p>Section 42B(8) of the Act: If shares are cancelled under section 42B of the Act, the amount of the company's issued share capital shall be diminished by the nominal value of those shares, but the cancellation of shares shall not be taken as reducing the amount of the company's authorised share capital.</p> <p>Section 42B(9) of the Act: If a company holds shares as treasury shares, the company shall be entered in the register of members under section 65 of the Act as the member holding the shares.</p> <p>Section 42B(10) of the Act: A company that holds shares as treasury shares shall not exercise any rights in respect of those shares, including any right to attend and vote at meetings, including a meeting under section 99 of the Act, and any purported exercise of such a right is void.</p> <p>Section 42B(11) of the Act: No dividend shall be paid to the company in respect of shares held by the company as treasury shares and no distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares.</p> <p>Section 42B(12) of the Act: Nothing in section 42B of the Act shall prevent a company from -</p> <ul style="list-style-type: none"> (a) making an allotment of shares as fully paid bonus shares in respect of shares held by the company as treasury shares; or (b) paying any amount payable on the redemption of shares held by the company as treasury shares (if they are redeemable shares). <p>Section 42B(13) of the Act: Any shares allotted by a company as fully paid bonus shares in respect of shares held by the company as treasury shares shall be treated for the purposes of the Act as if they had been acquired by the company at the time they were allotted.</p> <p>Section 42B(14) of the Act: Where a company</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>agrees or is obliged to acquire any of its shares to be held as treasury shares –</p> <p>(a) the company shall not be liable in damages in respect of any failure to acquire any of the shares;</p> <p>(b) the Court shall not grant an order for specific performance of the acquisition if the company shows that to do so would render it insolvent or cause it to breach the provisions of any Act, regulation or licence; and</p> <p>(c) on a liquidation, other shares that carry rights, whether as to capital or income, that are preferred to the rights attaching to the shares agreed or obliged to be acquired, shall be paid in priority to the cash or other consideration to be paid for the shares agreed or obliged to be acquired.</p> <p>Section 42B(15) of the Act: Shares held by a company as treasury shares shall be excluded from the calculation, under sections 12(4), 47(1), 47(7), 89(5), 96(1), 99(2), 102, 103 and 113(1)(c) of the Act, of any percentage or fraction of the share capital, or shares, of the company or of any class of share capital, or shares, of the company.</p> <p>Section 42B(16) of the Act: For the purposes of section 79(2)(b) of the Act, a company that holds shares as treasury shares is not a member of the company.</p> <p>Bye-law 3(2): The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act and the Listing Requirements on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Act, the Listing Requirements, the Company's memorandum of association and, if required by the Listing Requirements, the prior approval of the Members in general meeting. Such approval of the Members shall remain in force for such maximum period allowed by the Listing Requirements, unless it is revoked or varied by ordinary resolution of the Company in general meeting, and may thereafter be renewed by the Members in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make such announcements to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares as may be required by the Listing Requirements.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<i>Power for any Subsidiary of the Issuer to own shares in its Parent Company</i>	
<p>Section 17 of the Malaysian Companies Act states that:</p> <p>(1) a corporation cannot be a member of a company which is its holding company, and any allotment or transfer of shares in a company to its subsidiary shall be void.</p> <p>(2) Subsection (1) shall not apply where the subsidiary is concerned as personal representative, or where it is concerned as trustee, unless the holding company or a subsidiary thereof is beneficially interested under the trust and is not so interested only by way of security for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.</p> <p>Section 17(3) This section shall not prevent a subsidiary which is, at the commencement of the Malaysian Companies Act, a member of its holding company, from continuing to be a member but, subject to subsection (2), the subsidiary shall have no right to vote at meetings of the holding company or any class of members thereof.</p> <p>(4) This section shall not prevent a subsidiary from continuing to be a member of its holding company if, at the time when it becomes a subsidiary thereof, it already holds shares in that holding company, but -</p> <p>(a) subject to subsection (2), the subsidiary shall have no right to vote at meetings of the holding company, or any class of members thereof; and</p> <p>(b) the subsidiary shall, within the period of twelve months or such longer period as the Court may allow after becoming the subsidiary of its holding company dispose of all of its shares in the holding company.</p> <p>(5) Subject to subsection (2), subsections (1), (3) and (4) thereof shall apply in relation to a nominee for a corporation which is a subsidiary as if references in those subsections to such a corporation included references to a nominee for it.</p> <p>(6) This section shall not operate to prevent the allotment of shares in a holding company to a subsidiary which already lawfully holds shares in the holding company if the allotment is made by way of capitalization of reserves of the holding company and is made to all members of the holding company on a basis which is in direct proportion to the</p>	<p>There is no prohibition under the Act against a subsidiary holding shares in its own parent company.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>number of shares held by each member in the holding company.</p> <p>(7) Where but for this section a subsidiary would have been entitled to subscribe for shares in the holding company the holding company may, on behalf of the subsidiary, sell the shares for which the subsidiary would otherwise have been entitled to subscribe.</p> <p>(8) In relation to a holding company that is either a company limited by guarantee or an unlimited company, the reference in this section to shares, whether or not it has a share capital, shall be construed as including a reference to the interest of its members as such, whatever the form of that interest.</p>	
<i>Power to Issue Shares at a Discount</i>	
<p>Section 59 of Malaysian Companies Act states that a company may issue shares at a discount of a class already issued if—</p> <p>(a) the issue of the shares at a discount is authorized by resolution passed in general meeting of the company, and is confirmed by order of the Court;</p> <p>(b) the resolution specifies the maximum rate of discount at which the shares are to be issued;</p> <p>(c) at the date of the issue not less than one year has elapsed since the date on which the company was entitled to commence business; and</p> <p>(d) the shares are issued within one month after the date on which the issue is confirmed by order of the Court or within such extended time as the Court allows.</p> <p>The Court, if having regard to all the circumstances of the case it thinks proper to do so, may make an order confirming the issue on such terms and conditions as it thinks fit.</p>	<p>Bermuda law does not permit a company to issue shares at a discount to the par value of the said shares.</p> <p>Section 38(1) of the Act: It shall be lawful for a company to pay a reasonable commission to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional for any shares in the company.</p> <p>Section 38(2) of the Act: Save as aforesaid, no company shall apply any of its shares or capital money either directly or indirectly in payment of any commission, discount or allowance to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in the company, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the company, whether the shares or money be so applied by being added to the purchase money of any property acquired by the company, or the money be paid out of the nominal purchase money or contract price, or otherwise.</p>
<i>Power to Issue Shares at a Premium</i>	
<p>Section 60 (2) of Malaysian Companies Act: Where a company issues shares for which a premium is received by the company whether in cash or in the form of other valuable consideration a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account called the "share premium account" and the provisions of the Malaysian Companies</p>	<p>Section 40(1) of the Act: Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called "the share premium account", and the provisions of the Act relating to the reduction of the share capital of a company shall, except as</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>Act relating to the reduction of the share capital of a company shall subject to this section apply as if the share premium account were paid-up share capital of the company.</p>	<p>provided in section 40 of the Act, apply as if the share premium account were paid-up share capital of the company:</p> <p>Provided that in the case of an exchange of shares the excess value of the shares acquired over the nominal value of the shares being issued may be credited to a contributed surplus account of the issuing company.</p> <p>Section 40(2) of the Act: The share premium account may, notwithstanding anything in section 40(1) of the Act be applied by the company -</p> <p>(a) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;</p> <p>(b) in writing off-</p> <p style="padding-left: 40px;">(i) the preliminary expenses of the company; or</p> <p style="padding-left: 40px;">(ii) the expenses of, or the commission paid or discount allotted on, any issue of shares or debentures of the company; or</p> <p>(c) in providing for the premiums payable on redemption of any shares or of any debentures of the company.</p>
<i>Redeemable preference shares</i>	
<p>Section 61 (1) of Malaysian Companies Act: Subject to this section a company having a share capital may, if so authorized by its articles, issue preference shares which are, or at the option of the company are to be, liable to be redeemed and the redemption shall be effected only on such terms and in such manner as is provided by the articles.</p> <p>(2) The redemption shall not be taken as reducing the amount of authorized share capital of the company.</p> <p>(3) The shares shall not be redeemed—</p> <p style="padding-left: 20px;">(a) except out of profits which would otherwise be available for dividend, or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; and</p> <p style="padding-left: 40px;">(b) unless they are fully paid up.</p> <p>Pursuant to Section 60(3)(f) of the Malaysian Companies Act, the share premium account may be applied -</p>	<p>Please refer to sections 42 and 43 of the Act as set out under the heading <i>Rights attaching to shares</i>.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<i>(f)</i> in providing for the premium payable on redemption of redeemable preference shares.	
<i>Power of company to alter its share capital</i>	
Please refer to Section 62 (1) of Malaysian Companies Act as set out under <i>Alterations of Memorandum and Articles of Association/Constituent Documents</i>	<p>Section 45(1) to (4) of the Act:</p> <p>(1) A company limited by shares, or other company having a share capital, if authorized by a general meeting and by its bye-laws, may alter the conditions of its memorandum as follows, that is to say, it may –</p> <p>(a) increase its share capital by new shares of such amount as it thinks expedient;</p> <p>(b) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;</p> <p>(c) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>(d) subdivide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum, so, however, that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived;</p> <p>(dd) change the currency denomination of its share capital;</p> <p>(e) make provision for the issue and allotment of shares which do not carry any voting rights; and</p> <p>(f) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.</p> <p>(2) A cancellation of shares in pursuance of section 45 of the Act shall not be deemed to be a reduction of share capital within the meaning of the Act.</p> <p>(3) Whenever a company alters the conditions of its memorandum under section 45(1)(a), (dd) or (f) of the Act, then within thirty days thereafter the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>company shall file a memorandum with the Registrar setting out the altered conditions.</p> <p>(4) If any company fails to file a memorandum in accordance with section 45(3) of the Act it shall be liable to a default fine.</p> <p>Bye-law 4: The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:-</p> <p>(a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;</p> <p>(b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;</p> <p>(c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";</p> <p>(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;</p> <p>(e) change the currency denomination of its share capital;</p> <p>(f) make provision for the issue and allotment of shares which do not carry any voting rights; and</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	(g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.
<i>Reduction of capital</i>	
<p>Section 64 of the Malaysian Companies Act: Subject to confirmation by the Court a company may, if so authorized by its articles, by special resolution reduce its share capital in any way and in particular, without limiting the generality of the foregoing, may do all or any of the following:</p> <p>(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid-up; (b) cancel any paid-up share capital which is lost or unrepresented by available assets; or (c) pay off any paid-up share capital which is in excess of the needs of the company, and may so far as necessary alter its memorandum by reducing the amount of its share capital and of its shares accordingly. A company may not reduce its share capital in any way except by a procedure provided for it by the provisions of the Malaysian Companies Act.</p> <p>Please refer to Section 60(2) as set out under <i>Power to Issue Shares at a Premium</i> and Section 60(3) as set out under <i>Redeemable preference shares</i></p> <p>Section 61(5) of the Malaysian Companies Act provides that where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve called the "capital redemption reserve" a sum equal to the nominal amount of the shares redeemed, and the provisions of this Malaysian Companies Act relating to the reduction of the share capital of a company shall, except as provided in this section, apply as if the capital redemption reserve were paid-up share capital of the company.</p>	<p>Section 46(1) of the Act: A company having share capital if authorized in a general meeting may subject to any order made by the Minister under section 6(4) of the Act and to its memorandum and bye-laws on such terms as it may decide reduce its share capital in any way, and in particular, without prejudice to the generality of the foregoing power, by –</p> <p>(a) extinguishing or reducing the liability on any of its shares in respect of capital not paid up; or</p> <p>(b) either with or without extinguishing or reducing liability on any of its shares cancel any paid up capital that is lost or unrepresented by available assets; or</p> <p>(c) either with or without extinguishing or reducing liability of any of its shares and either with or without reducing the number of such shares pay off any paid up capital that is in excess of the requirements of the company.</p> <p>Section 46(2) of the Act: No company shall reduce the amount of its share capital -</p> <p>(a) unless, at a date not more than thirty days and not less than fifteen days before the date on which the reduction of the share capital is to have effect, the company causes a notice to be published in an appointed newspaper stating –</p> <p>(i) the amount of the share capital as last determined by the company;</p> <p>(ii) the amount to which the share capital is to be reduced; and</p> <p>(iii) the date on which the reduction is to have effect; and</p> <p>(b) if, on the date the reduction is to be effected, there are reasonable grounds for believing that the company is, or after the reduction would be, unable to pay its liabilities as they become due.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Section 46(5) of the Act: Where a company having share capital reduces the amount of its share capital, then within thirty days after the date as from which the reduction has effect the company shall file a memorandum, with a copy of the notice referred to in Section 46(2)(a) of the Act, in the office of the Registrar stating that the provisions of Section 46 of the Act have been duly complied with.</p> <p>Please also refer to section 40 of the Act as set out under the heading <i>Power to Issue Shares at a Premium</i>, section 42 of the Act as set out under the heading <i>Rights attaching to shares</i> and sections 42A and 42B of the Act as set out under the heading <i>Powers of Issuer to Purchase its Own Shares</i>.</p> <p>Bye-law 6: The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by the laws of Bermuda.</p>
<p>CHANGES IN THE RESPECTIVE RIGHTS OF THE VARIOUS CLASSES OF SHARES INCLUDING THE ACTION NECESSARY TO CHANGE THE RIGHTS</p>	
<p>Please refer to Section 65 of the Malaysian Companies Act as set out under <i>Rights attaching to shares</i> The alteration of any provision in the memorandum or articles of association of a company which affects or relates to the manner in which the rights attaching to the shares of any class may be varied or abrogated shall be deemed to be a variation or abrogation of the rights attached to the shares of that class</p>	<p>Please refer to section 47 of the Act, Bye-law 10 and Bye-law 11 as set out under the heading <i>Rights attaching to shares</i>.</p>
<p>DIVIDENDS</p>	
<p><i>Dividends and Other Methods of Distribution</i></p>	
<p>No dividend shall be payable to the shareholders of any company except out of profits or pursuant to Section 60 of the Malaysian Companies Act, satisfied by the issue of shares to members of the company.</p> <p>Please also refer to Section 67A(3A)(c) of Malaysian Companies Act as set out under <i>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</i> on distribution of treasury shares as share dividend.</p>	<p>Section 54 of the Act:</p> <p>(1) A company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that -</p> <p>(a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or</p> <p>(b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>premium accounts.</p> <p>(2) For the purposes of section 54 of the Act, "contributed surplus" includes proceeds arising from donated shares, credits resulting from the redemption or conversion of shares at less than the amount set up as nominal capital and donations of cash and other assets to the company.</p> <p>Bye-law 135: The Board may, subject to the Bye-laws and in accordance with the Act, declare a dividend in any currency to be paid to the Members and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. The Company in general meeting may also, subject to the Bye-laws and in accordance with the Act, declare a dividend or such other distribution to be paid to the Members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the Board.</p> <p>Bye-law 136: Without prejudice to the generality of the above Bye-law 135 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which is payable on any shares of the Company.</p> <p>Bye-law 137: No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than the aggregate of its liabilities and its issued share capital and share premium accounts.</p> <p>Bye-law 15A(2): Notwithstanding any provision in the Bye-laws to the contrary, a Depositor whose name appears in the Register shall be entitled to all rights (including voting and other rights), benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from,</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

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

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	any dividends or other moneys payable or property distributable in respect of the deposited security held by such Depositor.
<i>Time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates</i>	
No such provision.	Not provided for in the Act. Bye-law 142: All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
WINDING-UP	
<p>Section 211 of the Malaysian Companies Act : The mode of winding up a company may be either- (a) by the Court; or (b) voluntary.</p> <p>Section 217 of the Malaysian Companies Act: A company (whether or not it is being wound up voluntarily) may be wound up under an order of the Court on the petition of—</p> <p>(a) the company;</p> <p>(b) any creditor, including a contingent or prospective creditor, of the company;</p> <p>(c) a contributory or any person who is the personal representative of a deceased contributory or the trustee in bankruptcy or the Director General of Insolvency of the estate of a bankrupt contributory;</p> <p>(d) the liquidator;</p> <p>(e) the Minister pursuant to section 205 or on the ground specified in paragraph 218(1)(d);</p> <p>(f) in the case of a company which is a licensed institution, or a scheduled institution in respect of which the Minister charged with responsibility for finance has made an order under subsection 24(1) of the Banking and Financial Institutions Act 1989 of Malaysia, or a non-scheduled institution in respect of</p>	<p>Section 157 of the Act: The winding up of a company may be either by the Court or voluntary and the Act, subject to any other Act, shall be applied to the winding up of a company by either of these modes.</p> <p>Section 161 of the Act: In addition to any other provision in the Act or any other Act prescribing for the winding up of a company a company may be wound up by the Court if –</p> <p>(a) the company has by resolution resolved that the company be wound up by the Court;</p> <p>(b) subject to section 88 of the Act, default is made in holding the statutory meeting or failing to comply with section 84 or section 89 of the Act;</p> <p>(c) the company does not commence its business within a year of its incorporation or suspends its business for a whole year;</p> <p>(ca) the company carries on any restricted business activity in contravention of section 4A of the Act;</p> <p>(d) the company engages in a prohibited business activity in contravention of section 4B of the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>which such Minister has made an order under subsection 93(1) of that Act, Bank Negara Malaysia;</p> <p>(g) in the case of a company which is licensed under the Insurance Act 1996, Bank Negara Malaysia;</p> <p>(h) the Registrar on the ground specified in paragraph 218(1)(m) or (n);</p> <p>(i) in the case of a member institution under the Malaysia Deposit Insurance Corporation Act 2005, the Malaysia Deposit Insurance Corporation under section 71 of that Act,</p> <p>or of any two or more of those parties.</p> <p>Section 218 of the Malaysian Companies Act: The Court may order the winding-up if (among others) the company has by special resolution resolved that it be wound-up by the Court, default is made by the company in lodging the statutory report or in holding the statutory meeting, the company does not commence business within a year from its incorporation or suspends its business for a whole year, the number of members is reduced in the case of a company (other than a company the whole of the issued shares in which are held by a holding company) below two, the company is unable to pay its debts, the directors have acted in the affairs of the company in their own interests rather than in the interests of the members as a whole, or in any other manner whatsoever which appears to be unfair or unjust to other members, the Court is of the opinion that it is just and equitable that the company be wound up, the company is being used for unlawful purposes or any purpose prejudicial to or incompatible with peace, welfare, security public order, good order or morality in Malaysia or the company is being used for any purpose prejudicial to national security or public interest.</p> <p>Section 254 of the Malaysian Companies Act: A company may be wound up voluntarily (a) when the period, if any, fixed for the duration of the company by the memorandum or articles expires, if any, occurs, on the occurrence of which the memorandum or articles provide that the company is to be dissolved and the company in general meeting has passed a resolution requiring the company to be wound up voluntarily; or (b) if the company so resolves by special resolution. A company shall (a) within seven days after the passing of a resolution for voluntarily winding up lodge a printed copy of the resolution with the Registrar; and (b) within ten days after the passing of the resolution give notice of the resolution in a newspaper circulating generally throughout Malaysia.</p> <p>Section 181(2) of the Malaysian Companies Act provides</p>	<p>Act;</p> <p>(e) the company is unable to pay its debts;</p> <p>(f) the consent by the Minister, where under the Act such consent was required, was obtained as a result of a material misstatement in the application for consent; or</p> <p>(g) the Court is of the opinion that it is just and equitable that the company should be wound up.</p> <p>Section 162 of the Act: A company shall be deemed to be unable to pay its debts –</p> <p>(a) if a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding five hundred dollars then due has served on the company, by leaving it at the registered office of the company, a demand requiring the company to pay the sum so due and the company has for three weeks thereafter neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor; or</p> <p>(b) if the execution or other process issued on a judgement, decree or order of any court in favour of a creditor of the company is returned unsatisfied in whole or in part; or</p> <p>(c) if it is proved to the satisfaction of the Court that the company is unable to pay its debts; in determining whether a company is unable to pay its debts, the Court shall take into account the contingent and prospective liabilities of the company.</p> <p>Section 163(1) of the Act: An application to the Court for the winding up of a company shall be by petition, presented either by the company or by any creditor or creditors, including any contingent or prospective creditor or creditors, contributory or contributories, or by all of those parties, together or separately:</p> <p>Provided that -</p> <p>(a) a contributory shall not be entitled to present a winding up petition unless the shares in respect of which he is a contributory, or some of them, either were allotted to him or have been held by him and registered in his name, for at least six months during the eighteen months before the</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
<p>that if on such application the Court is of the opinion that either of those grounds is established the Court may, with the view to bringing to an end or remedying the matters complained of, make such order as it thinks fit and without prejudice to the generality of the foregoing the order may-</p> <p>(a) direct or prohibit any act or cancel or vary any transaction or resolution;</p> <p>(b) regulate the conduct of the affairs of the company in future;</p> <p>(c) provide for the purchase of the shares or debentures of the company by other members or holders of debentures of the company or by the company itself;</p> <p>(d) in the case of a purchase of shares by the company provide for a reduction accordingly of the company's capital; or</p> <p>(e) provide that the company be wound up.</p>	<p>commencement of the winding up, or have devolved on him though the death of a former holder; and</p> <p>(b) a winding up petition shall not, if the ground of the petition is default in holding the statutory meeting, be presented by any person except a member, nor before the expiration of fourteen days after the last day on which the meeting ought to have been held; and</p> <p>(c) the Court shall not give a hearing to a winding up petition presented by a contingent or prospective creditor until such security for costs has been given as the Court thinks reasonable and until a prima facie case for winding up has been established to the satisfaction of the Court; and</p> <p>(d) in a case falling within section 161(g) of the Act the winding up petition may be presented by the Registrar.</p> <p>Section 163(2) of the Act: When a company is being wound up voluntarily a winding up petition may be presented by the Official Receiver as well as by any other person authorised in that behalf under section 163 of the Act, but the Court shall not make a winding up order on the petition unless it is satisfied that the voluntary winding up cannot be continued with due regard to the interest of the creditors or contributories.</p> <p>Section 201 of the Act: A company shall be wound up voluntarily -</p> <p>(a) when the company resolves in general meeting that the company be wound up voluntarily; or</p> <p>(b) pursuant to section 201A of the Act.</p> <p>Section 201A of the Act: A company shall be wound up voluntarily upon the expiration of the period fixed for the duration of the company by its incorporating Act or its memorandum or upon the occurrence of the event on the occurrence of which its incorporating Act or its memorandum provides that the company is to be dissolved and thereafter the company shall be dissolved in accordance with Part XIII of the Act.</p> <p>Section 202(1) of the Act: Where a company is being wound up voluntarily, then within twenty-one days after-</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>(a) the expiration of the period fixed for the duration of the company by its incorporating Act or memorandum;</p> <p>(b) the occurrence of the event, on the occurrence of which the incorporating Act or memorandum provides that the company is to be dissolved; or</p> <p>(c) the passing of the resolution that the company be wound up voluntarily,</p> <p>the company shall give notice thereof by advertisement in an appointed newspaper.</p> <p>Section 203 of the Act: A voluntary winding up shall be deemed to commence-</p> <p>(a) on the expiration of the period, if any, fixed in the incorporating Act or the memorandum for the duration of a company;</p> <p>(b) on the occurrence of the event, if any, on the occurrence of which it is provided in the incorporating Act or the memorandum that a company is to be dissolved; or</p> <p>(c) at the time of the passing of the resolution for voluntary winding up.</p> <p>Section 206(1) of the Act: Where it is proposed to wind up a company voluntarily, the majority of the directors, shall each make a statutory declaration to the effect that they have formed the opinion that the company will be able to pay its debts in full within such period not exceeding twelve months from the commencement of the winding up as may be specified in the declaration.</p> <p>Section 206(4) of the Act: A winding up in the case of which a declaration has been made and delivered in accordance with section 206 of the Act is in the Act referred to as "a member's voluntary winding up", and a winding up in the case of which a declaration has not been made and delivered as aforesaid is in the Act referred to as "a creditors' voluntary winding up".</p> <p>Bye-law 162:</p> <p>(1) The Board shall have power in the name and on behalf of the Company to present a petition to the court for the Company to be wound up.</p> <p>(2) A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.</p>

ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	<p>Bye-law 163(1): If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Act, divide among the Members (other than the Depository) in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the Members (other than the Depository) or different classes of Members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the Members (other than the Depository) as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.</p>
<p><i>Limitations on the right to own shares of the company, including limitations on rights of shareholders regarded as non-resident or foreign shareholders to own or vote of their shares</i></p>	
<p>No such provisions.</p>	<p>There is no limitation, either under Bermuda law or the Bye-laws, on the right of owners of the Company's shares to hold or vote their shares solely by reason that they are non-Bermudians.</p>
<p><i>Take-over provisions</i></p>	
<p>Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998</p>	<p>There are presently no Bermuda laws or regulations of general application which will require persons who acquire significant holdings in the Company's shares to make take-over offers for the Company's shares.</p> <p>Bye-law 168: For so long as the shares of the Company are listed on the Designated Stock Exchange, the provisions of Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and Mergers 1998 or their respective statutory modification or re-enactment or successor for the time being in force shall apply, mutatis mutandis, to all take-over offers for the Company. The provisions of Division 2 of Part IV of the Malaysian Securities Commission Act 1993 and the Malaysian Code on Take-overs and</p>

**ANNEXURE C. SUMMARY COMPARISON OF BERMUDA COMPANIES LAW AND
MALAYSIAN COMPANIES LAW (Cont'd)**

<u>Malaysian Company Law</u>	<u>Bermuda Company Law</u>
	Mergers 1998 or their respective statutory modification or re-enactment or successor for the time being in force shall not apply to the Depository.

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ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN
INVESTMENTS AND REPATRIATION OF PROFITS

Conyers Dill & Pearman
BARRISTERS & ATTORNEYS

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SS/pat/897172/Sindocs 41428

3 June 2009

The Board of Directors
Xingquan International Sports Holdings Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Dear Sirs,

**BERMUDA - POLICIES ON FOREIGN INVESTMENTS, TAXATION AND
EXCHANGE CONTROL IN BERMUDA AND REPATRIATION OF PROFITS
FROM BERMUDA UNDER THE LAWS OF BERMUDA**

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

We understand that this opinion may be used for inclusion in the prospectus to be dated 23 June 2009 published by the Company in relation to the Proposed Listing.

For the purposes of giving this opinion, we have examined scanned facsimile copies of:

- (a) the draft prospectus (the "Prospectus") (draft dated 2 June 2009) to be published by the Company in relation to the Proposed Listing;
- (b) the tax assurance dated 12 February 2009 of the Company issued by the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 of Bermuda; and
- (c) the non-resident designation letter dated 15 December 2009 in respect of the Company from the Bermuda Monetary Authority.

We have also reviewed copies of the certificate of incorporation, the memorandum of association and bye-laws of the Company, and such other documents and made such

Bermuda British Virgin Islands Cayman Islands Mauritius

Dubai Hong Kong London Moscow São Paulo Singapore

Conyers Dill & Pearman Pte. Ltd.
(Incorporated in Singapore)
Registration Number 200903993W

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Xingquan International Sports Holdings Limited
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enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

We have assumed (i) the genuineness and authenticity of all signatures, seals and chops (if any) and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken, (ii) that where a document has been examined by us in draft form, it will be or has been executed and/or filed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention, (iii) the accuracy and completeness of all factual statements and representations made in the Prospectus and other documents reviewed by us, and that all opinions expressed therein (if any) are made in good faith and reached after due consideration and we have relied on them without further enquiry, (iv) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein.

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

1. Introduction

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

2. Foreign Investment Laws and Policies

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

- (a) trafficking in armaments as defined in the Armaments (Control) Act 1964 of Bermuda;
- (b) except as authorised by law, operating lotteries as defined in the Lotteries Act 1944 of Bermuda or gambling facilities, including the operation thereof through the Internet;



ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Xingquan International Sports Holdings Limited
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- (c) except as authorised by law, importation, exportation trading in, manufacture, production or supply of controlled drugs as defined by the Misuse of Drugs Act 1972 of Bermuda.

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

- (a) operating a financial institution within the meaning of section 1(1) of the Bermuda Monetary Act 1969 other than institutions that are investment funds or person registered under section 4 or 10 of the Insurance Act 1978 of Bermuda; or
- (b) providing by way of business any of the following services to the general public - offering of professional services as a barrister and attorney, medical practitioner, architect, dental practitioner, public accountant, optometrist, optician, professional surveyor, nurse, health service provider or any profession or occupation specified under the First Schedule to the Professions Supplementary to Medicine Act 1973 of Bermuda.

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

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

- (i) carrying on business with persons outside Bermuda;
- (ii) doing business in Bermuda with an exempted undertaking in furtherance only of the business of the exempted company carried on exterior to Bermuda;
- (iii) buying or selling or otherwise dealing in shares, bonds, debenture stock obligations, mortgages or other securities or investments issued or created by an exempted undertaking, or a local company, or any partnership which is not an exempted undertaking (an exempted undertaking means an exempted company or permit company or an exempted partnership as defined in the Exempted Partnership Act 1992 of Bermuda);
- (iv) transacting banking business in Bermuda with and through an institution licensed as a bank under the Banks and Deposit Companies Act 1999 of Bermuda;



ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

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- (v) effecting or concluding contracts in Bermuda, and exercising in Bermuda all other powers, so far as may be necessary for the carrying on of its business with persons outside Bermuda;
- (vi) as manager or agent for, or consultant or adviser to any –
 - (aa) exempted company or permit company which is affiliated whether or not incorporated in Bermuda with the exempted company; or
 - (bb) exempted partnership registered under the Exempted Partnership Act 1992 of Bermuda or overseas partnership registered under the Overseas Partnerships Act 1995 of Bermuda in which the exempted company is a partner;
- (vii) carrying on the business of reinsuring risks undertaken by any company incorporated in Bermuda and permitted to engage in insurance and reinsurance business; or
- (viii) in accordance with subsection (7) of Section 129 of the Bermuda Companies Act:
 - (aa) marketing of shares or dealing with the holders of the shares of an exempted company where the exempted company is a mutual fund;
 - (bb) marketing interests in or dealing with holders of interests in a limited partnership in respect of which the exempted company is a general partner;
 - (cc) marketing units in or dealing with holders of units in a unit trust scheme in respect of which the exempted company is a manager.

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

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



ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (*Cont'd*)

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3. Repatriation of profits

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

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

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

4. Taxation

Under present Bermuda law, no Bermuda withholding tax on dividends or other distributions, or any Bermuda tax computed on profits or income or on any capital asset, gain or appreciation will be payable by a Bermuda exempted company or its operations, and there is no Bermuda tax in the nature of estate duty or inheritance tax applicable to shares, debentures or other obligations of the company held by non-residents of Bermuda.

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



ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Xingquan International Sports Holdings Limited
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5. Exchange control

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

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

6. Conclusions

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

- 6.1 There are no limitations, either under Bermuda law or the bye-laws of the Company, on the rights of owners of the Company's shares to hold or vote their shares solely by reason that they are non-Bermudians.
- 6.2 The Company shall not acquire or hold land in Bermuda except:
- (i) land required for its business held by way of lease or tenancy agreement for a term not exceeding fifty years; or
 - (ii) with the consent of the Minister of Finance granted in his discretion, land by way of lease or tenancy agreement for a term not exceeding twenty-one years in order to provide accommodation or recreational facilities for its officers and employees.
- 6.3 There is no income or other tax of Bermuda imposed by withholding or otherwise on any payment to be made to or by the Company of dividends, distributions, bonus and interest in respect of the Company's shares.
- 6.4 The Company has been designated as non-resident of Bermuda for the purposes of the Exchange Control Act, 1972 and, as such, is free to acquire, hold and sell foreign currency and securities without restriction.

Yours faithfully,

Conyers Dill & Pearman Pte. Ltd.

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)



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The Board of Directors
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Your reference

Our reference

JCM/DMC/4524/1
HKM/1684208.4

3 June 2009

XINGQUAN INTERNATIONAL SPORTS HOLDINGS LIMITED
("XINGQUAN INTERNATIONAL")
EXPERT'S REPORT ON ADDNICE HOLDINGS LIMITED
(艾迪妮斯控股有限公司) ON THE POLICIES ON FOREIGN INVESTMENTS
(INCLUDING TAXATION AND EXCHANGE CONTROL) AND
REPATRIATION OF PROFITS AS WELL AS EXPECTED TIMEFRAME
IN WHICH PROFITS ARE TO BE REPATRIATED UNDER THE LAWS
OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE
PEOPLE'S REPUBLIC OF CHINA ("HONG KONG") IN RELATION TO
THE PROPOSED LISTING OF XINGQUAN INTERNATIONAL ON THE
MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD
("PROPOSED LISTING")

1. Introduction

- Addnice Holdings Limited (艾迪妮斯控股有限公司) ("Addnice Holdings") is a Hong Kong incorporated company holding four subsidiaries in the PRC ("Subsidiaries"), three of which are established as wholly foreign-owned enterprises (the "WFOEs") and one as a domestic company. All of the issued and outstanding shares of Addnice Holdings are currently held by Xingquan International Sports Holdings Limited ("Xingquan International"), a Bermuda incorporated company. It is envisaged that Addnice Holdings will act as a conduit for (i) injection of capital to the Subsidiaries and (ii) repatriation of profits out of the Subsidiaries.
- We have been requested by Xingquan International to provide an expert report on Addnice Holdings on the policies on foreign investments (including taxation and exchange control) and repatriation of profits as well as expected timeframe in which profits are to be repatriated under the laws of Hong Kong. We do not comment on any issues related to rules applicable in the People's Republic of China on the topics covered herein
- this expert report has been prepared for inclusion in this Prospectus dated 23 June 2009 in relation to the Proposed Listing

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周煥章 歐陽偉 蘇思平 梁國強
劉錦 呂海文 謝 冠 謝 冠 謝 冠
王偉明

顧問律師
施維安 譚川明

外匯顧問律師
卜家明(紐約, 美國)
羅耀奇(新南威爾斯, 澳洲)
李在魯(英國及威爾斯)
李大成(加州, 美國)

中國合夥人
中國司法部委託公證人

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ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

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2. Foreign Investment Laws and Policies

- Hong Kong generally maintains a non-restrictive trade and investment policy. It is widely acknowledged as one of the world's most open economies, with few restrictions on foreign investments. Foreign investors are allowed to hold 100% equity ownership in Hong Kong companies as well as hold outright ownership of real property located in Hong Kong. Such rights are effectively enshrined at Articles 105 to 119 of the Basic Law of the Hong Kong Special Administration of the People's Republic of China (the "Basic Law") which is in essence the constitution of Hong Kong.
- There are nevertheless regulated sectors where foreign investors would require prior approval from the relevant regulator. The relevant sectors are found in fields such as public broadcasting, banking, insurance, and any business regulated under the Hong Kong *Securities and Futures Ordinance* (Cap. 571).

3. Repatriation of Profits and Dividends

There are generally no restrictions on remitting profits or dividends into Hong Kong from overseas. Subject to any foreign jurisdiction's exchange clearance procedures and tax withholding made overseas, profits and dividends can be freely remitted into Hong Kong.

4. Taxation

- Hong Kong operates its own tax system, separate and apart from that of the PRC (Art. 108 of the Basic Law). The system is generally simple and aims at taxing only profits that arise in or derive from Hong Kong (i.e. profits "sourced" in Hong Kong). Corporate income tax is referred to as profits tax and is payable at a flat rate of 16.5%.
- In addition, the following features of the tax system are relevant:
 - o Dividends received by a Hong Kong company from overseas are not subject to profits tax.
 - o Dividends and interest paid to non-Hong Kong residents by a Hong Kong payer are not subject to tax whether directly against the recipient or by way of withholding obligations imposed on the payer.
 - o Interest payments received by a Hong Kong company in respect of a loan to a non-Hong Kong borrower can be structured so as to avoid tax in Hong Kong on the receipt of the interest receipt (generally, to the extent that the funds were made available to the borrower outside Hong Kong).
 - o There is no tax on capital gains.

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (*Cont'd*)

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- Other key Hong Kong taxes include the following:
 - o Property tax is payable at the current rate of 15% of the net assessable value of a taxpayer's property in Hong Kong. Generally, the net assessable value of a property is determined by reference to the current annual rental income of the property less certain deductions. A corporation that carries on a Hong Kong business and; (a) occupies a building for its own business use; and (b) is subject to Hong Kong profits tax may seek an exemption from property tax.
 - o Customs or excise duties levied on motor vehicles, trucks, busses, tobacco and tobacco products, methyl alcohol, hydrocarbon oils, toilet preparations and medicines.
 - o Hong Kong government rents and rates; owners and occupiers of properties in Hong Kong are liable to pay rates (currently charged at 5% of the rateable value, or estimated annual rental value of a property at a designated valuation reference date), while land owners must pay rent to the Hong Kong government under their land leases.
 - o Stamp duty is payable in respect of contract notes from the sale of shares at the rate of 0.2% of the consideration or the fair market value of the shares, whichever is higher (stamp duty would apply to a transfer of the shares of Addnice Holdings). Stamp duty is also applicable to property transactions at varying rates but capped at 3.75%.
 - o Capital duty of 0.1% applies on the amount of any increase in the share capital of a Hong Kong company in excess of HK\$ 10,000, subject to a maximum duty of HK\$ 30,000.
- Hong Kong does not have any formal transfer pricing legislation. It does, however, have some anti-avoidance rules that effectively allow the Hong Kong tax authorities to scrutinise and deem as taxable profits that they suspect have been channelled out of Hong Kong via pricing arrangements with related non-resident companies.
- Liquidation proceeds that are not revenue in nature are not assessable to tax.

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (*Cont'd*)

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5. Foreign Exchange Control

- Hong Kong does not have any foreign exchange controls or other governmental restrictions in effect to control the inflow and outflow of funds in any currency. In fact, it is mandated by Art. 112 of the Basic Law to maintain a freely convertible currency without any foreign exchange controls.

6. Capital Injections

- The two common ways of injecting funds into a Hong Kong company are:
 - o by way of loan (which may or may not provide for interest);
 - o by way of equity through the subscription of un-issued but authorised shares.
- Of the two options above, the second option may trigger capital duty in the event that (i) the shares are issued at a premium over the par value of the shares (the premium would trigger a tax of 0.2%) or (ii) that an increase in authorized shares is required to cover the value of the subscription (a tax of 0.1% of the additional authorized capital would apply). In either case, the tax is capped at an amount of HK\$ 30,000.

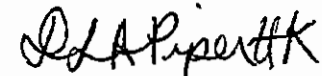
7. Conclusions

- Proceeds of the IPO can be injected into Addnice Holdings either by way of loan (interest free or otherwise) or by acquiring additional equity (either at par value or at a premium). Hong Kong Tax would not apply to a loan but capital duty may apply to an injection by way of acquisition of equity.
- No rules in Hong Kong would apply to hinder the flow of the IPO proceeds from Addnice Holdings to the Subsidiaries.
- Funds coming out of the Subsidiaries to Addnice Holdings should not be subject to Hong Kong tax (if by way of dividend, definitely not; if by way of interest, depending on the structure of the loan).
- No rules in Hong Kong would apply to hinder the on-payment to Xingquan International of any funds received by Addnice Holdings from the Subsidiaries.
- No Hong Kong tax, whether direct or by withholding, would apply on a payment from Addnice Holdings to Xingquan International.

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

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Yours faithfully


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ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (*Cont'd*)



福建創元律師事務所
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3 June 2009

The Board of Directors

Xingquan International Sports Holdings Limited (the "Company")

Dear Sirs,

EXPERT'S REPORT ON THE POLICIES ON FOREIGN INVESTMENTS OF THE PEOPLE'S REPUBLIC OF CHINA ("PRC", FOR THE PURPOSE OF THIS REPORT, EXCLUDING HONG KONG SPECIAL ADMINISTRATIVE REGION OF PRC, MACAO SEPCIAL ADMINISTRATIVE REGION OF PRC AND TAIWAN PROVINCE) IN CONNECTION WITH THE PROPOSED ADMISSION OF THE COMPANY ON THE OFFICIAL LIST OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") AND THE LISTING OF AND QUOTATION FOR ITS ENTIRE ISSUED AND PAID-UP SHARE CAPITAL ON THE MAIN BOARD OF BURSA SECURITIES ("LISTING")

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

We have been requested by the Company to provide an expert report on Fujian Aidinai Sports Goods Co., Ltd. ("Addnice Sports"), Addnice (China) Co., Ltd. ("Addnice China"), Xingquan (Fujian) Shoes Plastics Co. Ltd. ("Xingquan Plastics") and Fujian Province Jinjiang Xingquan Footwear Material Co. Ltd. ("Xingquan Footwear") (collectively, the "PRC Companies") on the policies on foreign investments (including taxation, foreign exchange control) and repatriation of profits as well as expected timeframe in which profits are to be repatriated under the laws of PRC.

This Report has been prepared for inclusion in this Prospectus dated 23 June 2009 in relation to the proposed Listing.

1. Foreign Investment Policies in China

The three major Chinese government policies concerning foreign investment in China are outlined in the "Provisions on Guiding the Orientation of Foreign Investment", the "Catalogue of Industries for Guiding Foreign Investment (Amended in 2007) as well as the "Catalogue of Priority Industries for Foreign Investment in the Central-Western Region (Amended in 2008). These provisions classify investment projects into encouraged, permitted, restricted and prohibited categories. In general, projects engaged in the high-tech, agriculture, forestry, telecommunications, and export oriented sectors will be strongly encouraged and further supported by government

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

agencies from financial and tax respects.

Foreign investment enterprises ("FIEs") can take many forms such as wholly foreign owned enterprise ("WFOE"), equity joint venture or co-operative joint venture.

Furthermore, the PRC central government provides a lot of advantages to promote the investment and trading activities through the Hong Kong Special Administration Region of PRC, an example of which is the execution of "Mainland and Hong Kong Closer Economic Partnership Arrangement" in 2003 which provides a lot of convenience to Hong Kong based foreign investors.

WFOEs are governed by the laws of the PRC on Foreign Capital Enterprises, which was promulgated on 12th April, 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12th December, 1990 and amended on 12 April 2001 (together the "Foreign Enterprises Law").

The establishment of a wholly foreign-owned enterprise will have to be approved by the Ministry of Commerce (the "MOC") (or its delegated authorities). If two or more foreign investors jointly apply for the establishment of a wholly foreign-owned enterprise, a copy of the contract between the parties must also be submitted to the MOC (or its delegated authorities) for its records. A wholly foreign-owned enterprise must also obtain a business licence from the State Administration for Industry and Commerce (or its delegated authorities) before it can commence business.

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

2. Repatriation of Profits and Dividend

The Foreign Enterprise Law provides that after payment of taxes, a WFOE must make contributions to reserve fund and employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. However, at least 10 per cent of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The reserve fund may be used by a WFOE to make up its losses and with the consent of the examination and approval authority, can also be used to expand its production operations and to increase its capital. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up. The employee bonus and welfare fund can only be used for the collective benefit and facilities of the employees of the WFOE.

When foreign investors of a FIE want to remit profits or dividends of current year abroad, the foreign investors and the FIE shall present the following documents to the designated foreign exchange banks:

- (i) Tax payment certificate and taxation declaration form (for enterprises enjoying tax reduction or exemption, certificate of tax reduction or exemption issued by domiciled taxation administration shall be provided);
- (ii) Auditing Report of the current year issued by Certified Public Accountants ("CPA");

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

- (iii) Resolution of the board of directors on the distribution of profits or dividends;
- (iv) Foreign Exchange Registration Card;
- (v) Capital Verification Report issued by CPA.

If foreign investors want to remit profit or dividends of previous year abroad, in addition to the documents prescribed above, an auditing report issued by CPA on the financial position of the relevant accounting years during which such profits or dividends yielded should also be submitted to the bank.

The bank will review the documents submitted and if no problem is found, should remit the profits or dividends abroad for the foreign capital enterprises.

Under the PRC laws, FIEs are not allowed to provide loan or advance to its foreign investors if such loan or advances are remitted abroad in foreign exchange.

3. Taxation

The applicable income tax laws, regulations, notices and decisions related to FIEs and their investors include the following:

- (i) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises adopted by the NPC on 9th April, 1991 and being invalid from 1 January 2008 ("FIE Tax Law");
- (ii) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises promulgated by the State Council, which came into effect on 1st July, 1991 which became invalid from 1 January 2008;
- (iii) Notice Relating to Taxes Applicable to Foreign Investment Enterprises / Foreign Enterprises and Foreign Nationals in Relation to Dividends and Gains obtained from Holding and Transferring of Shares promulgated by State Tax Bureau on 21 July 1993;
- (iv) The Income Tax Law Applicable to Individuals of the PRC promulgated by the Standing Committee of NPC on 10 September 1980, which was amended by the Standing Committee of NPC on 30 August 1999, 27 October 2005, 29 June 2007 and 29 December 2007 which came into force on 1 March 2008;
- (v) Notice on Relevant Policies Concerning Individual Income Tax issued by Ministry of Finance and the State Administration of Taxation on 13 May 1994;
- (vi) Notice on Reduction of Income Tax in Relation to Interests and Gains Derived by Foreign Enterprises from the PRC, promulgated by the State Council on 18 November 2000 ("Notice 37");
- (vii) The PRC Enterprise Income Tax Law promulgated by the NPC on 16 March 2007 ("New Income Tax Law") and came into effect on 1 January 2008; and
- (viii) Implementing Regulations of the PRC Enterprise Income Tax Law promulgated by the State Council on 6 December 2007 and came into effect on 1 January 2008 ("Implementing Regulations of New Income Tax Law").

The following is a summary of the material tax that applies to FIEs:

- (a) Income tax on FIE

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

According to the FIE Tax Law, FIEs (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and WFOE established in the territory of the PRC) are required to pay a national income tax at a rate of 30% of their taxable income and a local income tax at a rate of 3% of their taxable income.

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

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

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

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

Pursuant to the New Income Tax Law, FIEs are required to pay income tax at a rate of 25.0% of their taxable income, while the FIEs will no longer be entitled to income tax exemption and reduction as previously granted by the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises and some other tax incentives including pre-tax reduction and tax rebate for re-investment. Nevertheless, the FIEs which were incorporated before the promulgation of the New Income Tax Law on 16 March 2007 will still be entitled to the tax exemption and reduction and other tax incentives as stipulated in the Applicable Foreign Enterprises Law.

(b) Value added tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax promulgated by the State Council came into effect on 1st January, 1994, which was amended on 5 November 2008. Under these regulations and the Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax, value added tax is imposed on goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC.

Value added tax payable in the PRC is charged on an aggregate basis at a rate of 13% or 17% (depending on the type of goods involved) on the full price collected for the goods sold or, in the case of taxable services provided, at a rate of 17% on the charges for the taxable services provided but excluding, in respect of both goods and services, any amount paid in respect of value added

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

tax included in the price or charges, and less any deductible value added tax already paid by the taxpayer on purchases of goods and service in the same financial year.

(c) Business tax

With effect from 1st January, 1994, businesses that provide services, assign intangible assets or sell immovable property are subject to business tax at a rate ranging from three to five per cent of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be.

(d) Tax on dividends from PRC enterprise with foreign investment

According to New Income Tax Law, the dividends received by a foreign investors from PRC FIEs is subject to a withholding tax from 5% to 10%, depending on whether there is a mutual taxation treaty or arrangement between PRC and the foreign country or legislative region where the foreign investors come from. For the Hong Kong investors, the withholding tax rate is 5% if the equity interest in the FIEs held by such Hong Kong investors is above 25%.

(e) Tax on rental, interest, royalty from PRC enterprise with foreign investment

According to Notice 37, income such as rental, interest and royalty from the PRC derived by a foreign enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions which relate to foreign investment enterprises and their investors.

(f) Tax on income from the PRC derived by a Non-Resident enterprise

According to New Income Tax Law and Implementing Regulations of New Income Tax Law, income such as dividends, rental, interest and royalty from the PRC derived by a Non-Resident enterprise which has no establishment in the PRC or has establishment but the income has no relationship with such establishment is subject to a 10% withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions which relate to FIEs and their investors.

In addition, according to the Arrangement between the Mainland and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income executed on 21 August 2006 and having taken effect on 1 January 2007, the applicable income tax rate for dividends arising from enterprises incorporated in PRC of an enterprise incorporated in Hong Kong or a foreign enterprise incorporated outside Hong Kong but being controlled or managed in Hong Kong is 5%, if such enterprise holds not less than 25% equity interest in the said enterprises incorporated in PRC.

4. Foreign Exchange Control

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

On 28 December 1993, the People's Bank of China ("PBOC"), with the authorization of the State Council issued the Notice on Further Reform of the Foreign Exchange

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Control System which came into effect on 1 January 1994. Other new regulations and implementation measures include the Regulations on the Foreign Exchange Settlement, Sale and Payments which were promulgated on 20 June 1996 and took effect on 1 July 1996 and which contain detailed provisions regulating the settlement, sale and payment of foreign exchange by enterprises, individuals, foreign organizations and visitors in the PRC and the Administration Regulations of the PRC on Foreign Exchange Control which were promulgated on 29 January 1996 and took effect on 1 April 1996 and which contain detailed provisions in relation to foreign exchange control. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange, which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration for Foreign Exchange ("SAFE") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which states that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

On 14 January 1997, the State Council amended and re-promulgated the PRC Foreign Exchange Administration Regulations by segregating international earnings into current activities and capital activities. Except for foreign exchange relating to capital activities, the use of foreign exchange for current activities does not require the approval from the Foreign Exchange Control Department. The PRC Foreign Exchange Administration Regulation was further amended on 1 August 2008 and re-promulgated on 5 August 2008 to tighten restrictions on foreign exchange inflow and relax the approach to foreign exchange outflow.

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

On 21 July 2005, the Public Announcement of the People's Bank of China on Reforming the RMB Exchange Rate Regime (the "Announcement") was promulgated by the PBOC. In accordance with the Announcement, the PRC government has reformed the RMB exchange rate regime into a managed floating exchange rate regime based on market supply and demand with reference to a basket of currencies, giving more flexibility as compared with the former system in which the RMB was pegged to the US dollar. Under this reformed system, the PBOC announces the closing price of a foreign currency traded against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for trading against the RMB on the following working day. PRC banks licensed to engage in foreign exchange transactions use the closing price announced by the PBOC as a basis and decide a rate of their own to enter into foreign exchange sale and purchase transactions with customers, such rate shall be within a specified floating band around the central parity which may be adjusted by the PBOC from time to time according to the economic and financial condition in the PRC.

Under the PRC Foreign Exchange Administration Regulations (1997 amended version), international payments and transfers were segregated into current account items and capital account items. All organizations and individuals within the PRC, including FIEs, were required to remit their foreign exchange earnings to the PRC. The foreign exchange earnings under the current account items of all PRC enterprises, other than those FIEs, who were allowed to retain a part of their regular foreign exchange earnings or specifically exempted under the relevant regulations, were to be sold to designated banks. Foreign exchange earnings under the capital account items obtained from borrowings from foreign institutions or issues of shares or bonds denominated in foreign currency need not be sold to designated banks, but must be kept in foreign exchange bank accounts of designated banks unless specifically approved otherwise. On 1 August 2008, the State Council further amended the PRC Foreign Exchange Administration Regulations ("New Foreign Exchange Administration Regulations") which became effective from 5 August 2008. According to the New Foreign

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

Exchange Administration Regulations, foreign exchange earnings of domestic institutions and individuals could be repatriated into the PRC as well as deposited overseas. The conditions and time limitation for repatriation into the PRC or deposit overseas shall be specified by the State Council foreign exchange management departments in accordance with the international balance payments situations and the needs of foreign exchange managements. Furthermore, foreign exchange earnings under the current account items could be retained or sold to financial institutions which conduct business of settlement, sale and payment of foreign exchange.

At present, control of the purchase of foreign exchange is being relaxed. Enterprises within the PRC which require foreign exchange for their ordinary trading and non-trading activities, import activities and repayment of foreign debts may purchase foreign exchange from designated banks if the application is supported by the relevant documents without the need for any prior approvals of the SAFE. In addition, where an enterprise requires any foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by a foreign investment enterprise to its foreign investors, then, subject to the due payment of tax on such dividends the amount required may be withdrawn from funds in foreign exchange accounts maintained with designated banks, and when the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from designated banks upon the presentation of the resolutions of the board of directors on the profit distribution plan of that enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval of the foreign exchange administration authority is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee or make any investment outside of the PRC or to enter into any other capital account transaction involving the purchase of foreign exchange.

On 21 July 2005, the Public Announcement of the People's Bank of China of Reforming the RMB Exchange Rate Regime was promulgated and RMB will no longer be pegged to the US\$ accordingly. The RMB exchange rate system will be improved with reference to a basket of currencies and with greater flexibility.

5. Capital Injection to FIEs

Under the current applicable PRC laws and regulations, the investors of PRC foreign investment enterprises ("FIE") may invest their capital into China by the following manners:

(i) Contribution to the outstanding registered capital

Investors of FIE is obliged to paid off the registered capital of the FIE within the time limit as approved by the approving authority and stipulated in its articles of association.

When the foreign investors have fully paid off the registered capital of the FIE, the investors may apply to the authorities to increase the registered capital of the FIE and make contribution to the increased registered capital.

(ii) Shareholder's loan

The investors of FIE may provide shareholder's loan to the FIE, the parties should enter into written loan agreement and the loan agreement should be filed with the local SAFE. The shareholder's loan of a FIE should not exceed the difference

ANNEXURE D. EXPERTS' REPORTS PERTAINING TO POLICIES ON FOREIGN INVESTMENTS AND REPATRIATION OF PROFITS (Cont'd)

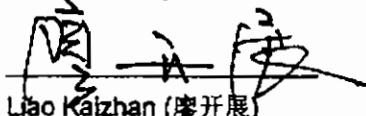
between the registered capital and the total investment amount of the FIE.

- (iii) To establish a new FIE and make contribution to the registered capital of the new FIE.

6. Conclusions

- (i) Addnice Holdings Limited can invest capital into China by contribution to the outstanding registered of Addnice China, shareholder's loan to Addnice China, Xingquan Plastics and Addnice Sports or establish new FIEs and make contribution to the registered capital of the new FIEs.
- (ii) No laws in PRC would apply to hinder the flow of the capital from Addnice Holdings Limited to Addnice China, Xingquan Plastics and Addnice Sports, except that if the payment is made by the way of capital contribution, there should be outstanding capital in Addnice China, Xingquan Plastics or Addnice Sports. If the payment is made by the way of shareholder's loan to Addnice China, Xingquan Plastics and Addnice Sports, the loan amount should not exceed the difference between the registered capital and the total investment amount of each of Addnice China, Xingquan Plastics and Addnice Sports; and, if the payment is made by way of contribution to the registered capital of new FIEs, the incorporation of the new FIEs should be approved by the relevant PRC authorities and registered with the Administration for Industry and Commerce.
- (iii) Dividends coming out of the PRC from Addnice China, Xingquan Plastics and Addnice Sports to their shareholder, namely Addnice Holdings Limited should be subject to 5% withholding tax in PRC.
- (iv) No laws in PRC would apply to hinder the payment of dividends and profits by Addnice China, Xingquan Plastics and Addnice Sports to their shareholder, namely Addnice Holdings Limited.

Yours faithfully,



Liao Kaizhan (廖开展)
Position: Partner
Trend Associates

ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES

Conyers Dill & Pearman

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3 June 2009

**The Board of Directors
Xingquan International Sports Holdings Limited**

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Dear Sirs,

**XINGQUAN INTERNATIONAL SPORTS HOLDINGS LIMITED (THE "COMPANY")
- LEGAL OPINION ON SECURITIES HELD BY THE COMPANY AND
ENFORCEABILITY OF AGREEMENTS INCLUDING REPRESENTATIONS AND
UNDERTAKINGS UNDER THE LAWS OF BERMUDA**

1. Introduction

We have acted as special Bermuda legal counsel to Xingquan International Sports Holdings Limited (the "Company") in connection with the initial public offering of the Company in conjunction with their listing on the Main Board of Bursa Malaysia Securities Berhad ("Proposed Listing"). We have been asked to issue this opinion in relation to securities held by the Company and the enforceability of agreements entered into by the Company, including representations and undertakings therein, under the laws of Bermuda.

We understand that this opinion may be used for inclusion in the prospectus to be dated 23 June 2009 published by the Company in relation to the Proposed Listing (the "Prospectus").

2. Documents examined and searches

For the purposes of giving this opinion, we have examined scanned facsimile copies of the following documents:

- (a) a share purchase agreement (the "Share Swap Agreement") dated 26 March 2009 made between Sheng Xiang Shun Holdings Limited and the Company pursuant to which the Company acquired the entire issued share capital of Addnice Holdings Limited; and
- (b) an underwriting agreement (the "Underwriting Agreement") dated 1 June 2009 made between the Company and CIMB Investment Bank Berhad (as underwriter).

Bermuda British Virgin Islands Cayman Islands Mauritius

Dubai Hong Kong London Moscow São Paulo Singapore

Conyers Dill & Pearman Pte. Ltd.
(Incorporated in Singapore)
Registration Number 200903993W

ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

Xingquan International Sports Holdings Limited
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The Underwriting Agreement, together with the Share Swap Agreement, are herein collectively referred to as the "Documents" (which term does not include any other instrument or agreement whether or not specifically referred to therein or attached as an exhibit or schedule thereto).

We have also reviewed copies of (1) the certificate of incorporation, the memorandum of association and bye-laws of the Company, (2) the minutes of meeting of the directors of the Company held on 28 March 2009 (the "Minutes"), and the written resolutions of directors of the Company passed on 29 May 2009 and 1 June 2009 and the written resolutions of the sole member of the Company passed on 1 June 2009 (together, the "Resolutions"), (3) the written consent of the Bermuda Monetary Authority dated 15 April 2009, (4) a certificate of compliance dated 29 May 2009 issued by the Registrar of Companies in respect of the Company, (5) the results of our searches against the Company at the Companies Registry and Supreme Court Registry conducted on 29 May 2009, (6) a written confirmation dated 2 June 2009 from the Company in relation to the shares held by the Company, and (7) such other documents and made such enquiries as to questions of law as we have deemed necessary in order to render the opinion set forth below.

3. Assumptions and qualifications

We have assumed (i) the genuineness and authenticity of all signatures, seals and chops (if any) and the conformity to the originals of all copies (whether or not certified) examined by us and the authenticity and completeness of the originals from which such copies were taken; (ii) that where a document has been examined by us in draft form, it will be or has been executed in the form of that draft, and where a number of drafts of a document have been examined by us all changes thereto have been marked or otherwise drawn to our attention; (iii) the capacity, power and authority of each of the parties to the Documents, other than the Company, to enter into and perform its respective obligations under the Documents; (iv) the due execution and delivery of the Documents by each of the parties thereto, other than the Company, and the physical delivery thereof by the Company with an intention to be bound thereby; (v) the accuracy and completeness of all factual statements, representations and warranties made in the Documents and other documents reviewed by us, and that all opinions expressed therein (if any) are made in good faith and reached after due consideration and we have relied on them without further enquiry; (vi) that the Company is entering into the Documents pursuant to its business of an investment holding company; (vii) that the resolutions contained in the Minutes are a full and accurate record of resolutions passed at one or more duly convened, constituted and quorate meetings held by the directors of the Company in accordance with the bye-laws of the Company and that such resolutions, together with the Resolutions have been passed in accordance with the bye-laws of the Company, have not been amended or rescinded and remain in full force and effect; (viii) that the directors of the Company when passing the resolutions contained in the Minutes and the Resolutions acted in good faith and having regard to all relevant matters reasonably and honestly believed that the responsibility to be assumed by the Company pursuant to the execution of the Documents would be in the commercial interests of the Company; (ix) that there is no provision of the law of any jurisdiction, other than Bermuda, which would have any implication in relation to the opinions expressed herein; (x) the legality, validity, enforceability and binding effect under the laws of Hong Kong of the Share Swap Agreement



ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

Xingquan International Sports Holdings Limited
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Page 3

which is expressed to be governed by such laws in accordance with its terms, and the legality, validity, enforceability and binding effect under the laws of Malaysia of the Underwriting Agreement which is expressed to be governed by such laws in accordance with its terms; (xi) that the choice of the laws of Malaysia or Hong Kong, as the case may be, to govern the Documents and the submission therein by the Company to the jurisdiction of the courts of Malaysia or the non-exclusive jurisdiction of the courts of Hong Kong, as the case may be, is a valid choice and submission under the laws of Malaysia or Hong Kong respectively; (xii) the validity and binding effect under laws of Hong Kong of the submission by the Company pursuant to the Share Swap Agreement to the non-exclusive jurisdiction of the courts of Hong Kong, and the validity and binding effect under the laws of Malaysia of the submission pursuant to the Underwriting Agreement by the Company to the jurisdiction of the courts of Malaysia; (xiii) that none of the parties to the Documents has carried on or will carry on activities, other than the performance of its obligations under the Documents, which would constitute the carrying on of investment business in or from Bermuda and that none of the parties to the Documents, other than the Company, will perform its obligations under the Documents in or from Bermuda; (xiv) that none of the parties to the Documents carries on business from premises in Bermuda, at which it employs staff and pays salaries and other expenses; (xv) that on the date of entering into each of the Documents the Company is and after entering into each of the Documents will be able to pay its liabilities as they become due.

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

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

4. Confidentiality and reliance



ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

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

5. Opinion

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

- 5.1 The Company is duly incorporated and existing under the laws of Bermuda in good standing (meaning solely that it has not failed to make any filing with any Bermuda governmental authority or to pay any Bermuda government fee or tax which would make it liable to be struck off the Register of Companies and thereby cease to exist under the laws of Bermuda). The Company has the legal capacity to sue and be sued in its own name under the laws of Bermuda.
- 5.2 The Company has the necessary corporate power and authority to enter into and perform its obligations under the Documents. The execution and delivery of the Documents by the Company and the performance by the Company of its obligations thereunder will not violate the memorandum of association or bye-laws of the Company nor any applicable law, regulation, order or decree in Bermuda, save that the repayment of application monies by the Company under the Underwriting Agreement in respect of issued new shares (including without limitation under Clause 23 of the Underwriting Agreement) (the "Repayment") is subject to compliance with the Companies Act 1981 of Bermuda, as set out in the Prospectus.
- 5.3 The Company has taken all corporate action required to authorise its execution, delivery and performance (save with respect to the Repayment) of the Documents. The Documents have been duly executed and delivered by or on behalf of the Company, and constitute the valid and binding obligations of the Company in accordance with their respective terms thereof.
- 5.4 No order, consent, approval, licence, authorisation or validation of or exemption by any government or public body or authority of Bermuda or any sub-division thereof is required to authorise or is required in connection with the execution, delivery, performance and enforcement of the Documents, except such as have been duly obtained in accordance with Bermuda law.
- 5.5 It is not necessary or desirable to ensure the enforceability in Bermuda of the Documents that they be registered in any register kept by, or filed with, any governmental authority or



ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

Xingquan International Sports Holdings Limited
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regulatory body in Bermuda. However, to the extent that any of the Documents creates a charge over assets of the Company, it may be desirable to ensure the priority in Bermuda of the charge that it be registered in the Register of Charges in accordance with Section 55 of the Companies Act 1981. On registration, to the extent that Bermuda law governs the priority of a charge, such charge will have priority in Bermuda over any unregistered charges created after 11 July 1984, and over any subsequently registered charges, in respect of the assets which are the subject of the charge. A registration fee of BD\$541 will be payable in respect of the registration.

While there is no exhaustive definition of a charge under Bermuda law, a charge includes any interest created in property by way of security (including any mortgage, assignment, pledge, lien or hypothecation). As the Documents are governed by the laws of Malaysia or Hong Kong, as the case may be, the question of whether they create such an interest in property would be determined (in the case of the Share Swap Agreement) under the laws of Hong Kong and (in the case of the Underwriting Agreement) under the laws of Malaysia.

- 5.6 The Company is not entitled to any immunity under the laws of Bermuda, whether characterised as sovereign immunity or otherwise, from any legal proceedings to enforce the Documents in respect of itself or its property.
- 5.7 There is no income or other tax of Bermuda imposed by withholding or otherwise on any payment to be made to or by the Company pursuant to the Documents.
- 5.8 The Documents will not be subject to ad valorem stamp duty in Bermuda and no registration, documentary, recording, transfer or other similar tax, fee or charge is payable in Bermuda in connection with the execution, delivery, filing, registration or performance of the Documents, other than as stated in paragraph 5.5 hereof.
- 5.9 The courts of Bermuda would recognise as a valid judgment, a final and conclusive judgment in personam obtained in the courts of Malaysia or Hong Kong, as the case may be, against the Company based upon the Underwriting Agreement and the Share Swap Agreement respectively under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of Bermuda, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of Bermuda, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of Bermuda, and (f) there is due compliance with the correct procedures under the laws of Bermuda.
- 5.10 Based solely on a written confirmation dated 2 June 2009 from the Company, the Company does not hold shares in any company save for one share in the capital of




ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

Xingquan International Sports Holdings Limited
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Addnice Holdings Limited, a company incorporated under the laws of Hong Kong.

Yours faithfully



Conyers Dill & Pearman Pte. Ltd.

ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)



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The Board of Directors
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Clarendon House
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Bermuda

Your reference

Our reference

JCM/DMC/KWH/4524/1
1518479.4

3 June 2009

Dear Sirs,

XINGQUAN INTERNATIONAL SPORTS HOLDINGS LIMITED ("XINGQUAN INTERNATIONAL") LEGAL OPINION ON ADDNICE HOLDINGS LIMITED (艾迪耐斯控股有限公司) (THE "COMPANY") ON THE OWNERSHIP OF TITLE TO THE SECURITIES/ASSETS IN THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA ("HONG KONG") AND THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE RELEVANT LAWS OF HONG KONG IN RELATION TO THE PROPOSED LISTING OF XINGQUAN INTERNATIONAL ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD ("PROPOSED LISTING")

1. Introduction

- 1.1 We have acted as the Hong Kong legal counsel to Xingquan International in relation to the Proposed Listing.
- 1.2 We have been asked to issue a legal opinion on the Company (a company incorporated under the laws of Hong Kong and is a wholly owned subsidiary of Xingquan International) on the ownership of title to the securities/assets in Hong Kong and the enforceability of agreements, representations and undertakings under the relevant laws of Hong Kong for the purposes of the Proposed Listing.
- 1.3 In this regard, we understand that this legal opinion may be relied upon in connection with the submission of an application for approval of the Proposed Listing to the Securities Commission of Malaysia and the issue of a prospectus by CIMB Investment Bank Berhad ("CIMB"), the adviser for the Proposed Listing, Wong Beh & Toh, the solicitors for the Proposed Listing and the board of directors of Xingquan International. Accordingly, this legal opinion has been prepared for inclusion in the prospectus dated 23 June 2009 in relation to the Proposed Listing.
- 1.4 We do not generally represent Addnice (China) Co., Ltd. ("Addnice China"), the Company or Xingquan International in connection with their

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ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

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legal affairs. We have been retained by Xingquan International solely in connection with the Proposed Listing.

- 1.5 We have been provided by representatives of the directors of the Company with the provisions under Divisions 1 and 3 of Part VI of the Capital Markets and Services Act 2007 of Malaysia.

2. Documents examined and searches

- 2.1 For the purposes of giving this opinion, we have examined copies of each of the documents listed in appendix 1 ("Documents").

- 2.2 We have, in addition, made the following searches (collectively referred to as the "HK Searches"):

2.2.1 searches through the on-line system of the Companies Registry of Hong Kong (the "Companies Registry") on 27 March 2009 and 29 May 2009 against the Company in respect of the public records of the Company filed as at that dates;

2.2.2 litigation searches against each of the Company, its directors (namely, Ng Sio Peng and Iao Ieok Chon) and shareholder (namely, Sheng Xiang Shun Holdings Limited "Sheng Xiang") on 11 March 2009 and 29 May 2009 through Target On-Line Financial Ltd and the same shows that none of the Company, Ng Sio Peng, Iao Ieok Chon or Sheng Xiang were involved in any Hong Kong High Court proceedings since 1 January 1980 or Hong Kong District Court proceedings since 1 August 1995 based on searches of the Cause Book of the Registry of each of the High Court of Hong Kong and the District Court of Hong Kong (the "Courts") respectively or subject to any winding-up/bankruptcy order in the Courts and no winding up or bankruptcy petition (as the case may be) has been presented or made against the Company, Ng Sio Peng, Iao Ieok Chon or Sheng Xiang; and

2.2.3 searches through the on-line system of the Official Receiver's Office in Hong Kong on 11 March 2009 and 29 May 2009 for any compulsory winding-up in respect of the name of the Company, "Addnice Holdings Limited", its former names, "Adynice Holdings Limited" and "Cheng Tai Xin Holdings Limited" and the name of its shareholder, "Sheng Xiang Shun Holdings Limited", and the results revealed no judgment, decree or order registered as of 10:15 a.m. on 11 March 2009 and 2:00 p.m. on 29 May 2009 in the Official Receiver's Office against the Company and its shareholder.

- 2.3 Except as stated above, we have not, for the purposes of this opinion, examined any corporate records of the Company or any contracts, instruments or other documents entered into by or affecting the Company and have not made any other enquiries concerning the Company, other than the HK Searches. In particular, we have not investigated whether the Company is, or will be, in breach of any of its obligations under any other

ANNEXURE E. RELEVANT LEGAL OPINION FROM FOREIGN JURISDICTION ON OWNERSHIP OF TITLE TO SECURITIES/ ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER PARTIES (Cont'd)

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3 June 2009

agreement, instrument or other document by reason of the Proposed Listing or otherwise.

- 2.4 We have not conducted any other searches or enquiries since the HK Searches and we have assumed that further searches or enquiries would not reveal any circumstances which would require an amendment to this opinion.
- 2.5 After making appropriate enquiries (where applicable), we have also relied upon the confirmations that the board of directors of Xingquan International and their representatives have provided to us for the purposes of giving this opinion, including but not limited to:
- 2.5.1 no petition has been presented, or order made, for the winding-up or dissolution of the Company;
- 2.5.2 no receiver, receiver and manager, administrative receiver, manager, liquidator, trustee or similar officer has been appointed in relation to the Company or any of its assets;
- 2.5.3 no step has been taken by the directors of the Company in relation to obtaining a moratorium or making proposals for a voluntary and other scheme of arrangement; and
- 2.5.4 no application has been made to the Hong Kong Registrar of Companies for the striking off of the Company nor have any steps been taken by the Registrar of Companies in relation to the striking off of the Company.

3. Status of opinion

- 3.1 This opinion relates to Hong Kong law as it exists and is interpreted at the date of this opinion. We express no opinion as to the laws of any other jurisdiction and none is to be implied.
- 3.2 We have made no investigation of the laws of any country, state or jurisdiction other than the laws of Hong Kong. Without prejudice to any of our assumptions in this opinion and notwithstanding any provisions providing otherwise in this opinion, we have assumed that there is nothing in the law of any other country, state or jurisdiction which would affect or have any implications on this opinion.
- 3.3 For the avoidance of doubt, we assume no obligation to update or supplement this opinion to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or become effective.

4. Assumptions

For the purposes of this opinion we have assumed (without making any independent investigation) that:

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- 4.1 the files at the Companies Registry and the Official Receiver's Office contain all matters which ought to have been recorded thereat or disclosed;
- 4.2 in relation to the HK Searches:
- 4.2.1 all documents, forms and notices which could or should have been delivered to the Companies Registry or the Official Receiver's Office on behalf of the Company have been delivered;
- 4.2.2 the results of the HK Searches were complete, accurate and up to date at the time that they were obtained; and
- 4.2.3 no additional matters would have been disclosed by any search undertaken at the Companies Registry or the Courts in relation to the Company or any other interested party after the HK Searches were obtained or carried out;
- 4.3 at the date of this opinion:
- 4.3.1 other than its principal business in investment holding, the Company does not engage in any other business in Hong Kong; and
- 4.3.2 the Company has not passed a voluntary winding-up resolution or resolution to appoint a liquidator;
- 4.4 in respect of all parties (other than the Company) to the Share Swap Agreement (as defined hereinunder):
- 4.4.1 each such party being a corporate body has been duly incorporated and is validly existing under the laws of its jurisdiction of incorporation;
- 4.4.2 each such party has capacity, power and authority to enter into and perform their respective obligations under the Share Swap Agreement;
- 4.4.3 the Share Swap Agreement has been duly authorised, executed and delivered by each such party;
- 4.4.4 the entry into, execution and performance of the Share Swap Agreement by each such party will not violate the constitutional documents or any regulations applicable to each such party;
- 4.4.5 the obligations of each such party under the Share Swap Agreement are valid and binding under all applicable laws other than Hong Kong law;
- 4.4.6 there are no agreements, letters or other arrangements having contractual effect which modify or supersede the terms of, or affect, the Share Swap Agreement or which render a party to the Share Swap Agreement incapable of performing its obligations thereunder

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- and no provision of the Share Swap Agreement has been waived (except if permitted under the terms of the Share Swap Agreement) or breached by any party thereto;
- 4.4.7 the execution and delivery of the Share Swap Agreement by each such party was a proper use of the powers of its directors and in its best interests;
- 4.4.8 the entry into and the exercise of its rights and performance of its obligations under the Share Swap Agreement will be of material commercial benefit to each such party; and
- 4.4.9 in entering into the Share Swap Agreement each such party acted in good faith and for the purposes of carrying on its business and, at the time it did so, there were reasonable grounds for believing that the transaction would benefit each such party;
- 4.5 at the date of this opinion:
- 4.5.1 none of the parties to the Share Swap Agreement has passed a voluntary winding-up resolution or resolution to appoint a liquidator, administrator or similar officer;
- 4.5.2 no petition has been presented, or order made, for the winding-up or dissolution of any of the parties to the Share Swap Agreement;
- 4.5.3 no receiver, receiver and manager, manager, administrative receiver, administrator, liquidator, trustee or similar officer has been appointed in relation to any of the parties to the Share Swap Agreement or any of its respective assets; and
- 4.5.4 no step has been taken by the directors of any of the parties to the Share Swap Agreement in relation to obtaining a moratorium or making proposals for a voluntary or other scheme of arrangement or similar procedure;
- 4.6 the choice of Hong Kong law to govern the Share Swap Agreement (to the extent where applicable) was made in good faith by the parties thereto and not with the intention or effect of avoiding the laws of the jurisdiction with which any party thereto has its most substantial connection and there is no reason for not giving effect to such choice on grounds of public policy;
- 4.7 none of the parties to the Share Swap Agreement is or will be seeking to achieve any purpose not apparent from the Share Swap Agreement which might render any of them illegal or void;
- 4.8 no law of any jurisdiction outside Hong Kong would render the execution, delivery or performance of the Share Swap Agreement illegal or ineffective and that, insofar as any obligation under the Share Swap Agreement is performed in, or is otherwise subject to, any jurisdiction other than Hong Kong, its performance will not be illegal or ineffective by virtue of the law

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of that jurisdiction and that none of the opinions expressed below would otherwise be affected by any laws (including those relating to public policy) of any jurisdiction outside Hong Kong;

- 4.9 all formalities and requirements of the laws of the relevant jurisdictions other than Hong Kong and of any regulatory authority therein, applicable to the execution, performance, delivery and enforceability of the Share Swap Agreement, have been duly complied with;
- 4.10 without prejudice to the generality of paragraph 3 of this opinion, there are no provisions of the laws of any jurisdiction outside Hong Kong which would have any implication on the opinions which we express and that, insofar as the laws of any jurisdiction outside Hong Kong may be relevant, such laws have been or will be complied with;
- 4.11 all documents reviewed by us are authentic and complete, all signatures, stamps and seals on the documents submitted to us are genuine and all documents submitted to us as copies are complete, accurate and up-to-date as at the date of this opinion and conform to the original documents; and
- 4.12 all material facts and documents relevant to this opinion have been disclosed to us.

5. Searches

It should be noted that:

- 5.1 the HK Searches are not capable of revealing whether or not a winding-up petition has been presented, although a High Court search may do so;
- 5.2 as a result of administrative delays at the Companies Registry, papers submitted for filing may not be available for public inspection; in addition particulars which are required to be filed – for example, notice of a winding-up order or resolution and notice of the appointment of a receiver may not be filed at the Companies Registry immediately; and
- 5.3 the information obtained from our agents in searching records of the Courts may not contain the most up-to-date information because the records of proceedings of the Courts against which our agent conducted their searches are private records compiled by that search agent from the manuscript records of the Courts, as such Courts do not have a computerised record system against which the public can carry out instantaneous searches.

6. Opinions

Based upon the foregoing, and subject to the qualifications set out below and to any matters not disclosed to us, it is our opinion that:

- 6.1 the Company is a company duly incorporated as a private company limited by shares and validly existing under the laws of Hong Kong as at 29 May

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- 2009, possessing corporate existence and the capacity to sue or be sued in its own name;
- 6.2 the memorandum and articles of association of the Company are legal, binding and enforceable under the laws of Hong Kong;
- 6.3 based solely on the result of the HK Searches:
- 6.3.1 there is no record of any order or resolution for the winding up of the Company or any notice of the appointment of a receiver or manager to the Company having been filed at the Hong Kong Companies Registry as of 29 May 2009 to take control or possession of any part of the Company's assets or undertakings;
- 6.3.2 there is no record of any judgment or legal proceedings having been made or filed (as the case may be) in Hong Kong at the High Court or District Court against the Company as of 29 May 2009;
- 6.3.3 no charges have been registered against the assets of the Company and filed with the Companies Registry in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as of 29 May 2009;
- 6.4 based solely on the confirmation by the directors of the Company, the Company has not created any charges over its assets which are required to be registered under Hong Kong laws or otherwise;
- 6.5 based on the result of the HK Searches and our review of the Documents, the Company is in possession of a valid business registration certificate issued by the Commissioner of the Inland Revenue Department of Hong Kong under the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong) to carry on its business in Hong Kong. On the basis and understanding that the Company is a pure investment holding company and does not carry on any other business nor hold any assets in Hong Kong, except for the annual renewal of the business registration certificate and annual filing and regulatory requirements applicable to companies incorporated in Hong Kong under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) and the Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), no authorisation, approval, consent, license, permit, order, registration, qualification or decree of, any Hong Kong court or governmental authority is necessary or required for the Company to remain as such investment holding company. Premised on the foregoing, the operation of the Company as an investment holding company is in compliance with the relevant Hong Kong laws and regulations to which the Company is subject;
- 6.6 based on the result of the HK Searches and our review of the Documents:

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- 6.6.1 the Company has an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1 each and an issued share capital of HK\$1;
- 6.6.2 the allotment of one ordinary share of the Company to Sheng Xiang, was duly authorised and issued to Sheng Xiang upon incorporation of the Company on 20 March 2008 and Sheng Xiang became the registered and legal owner of the one issued share in the Company on 20 March 2008;
- 6.6.3 an agreement was entered into by Xingquan International and Sheng Xiang on 26 March 2009 (“Share Swap Agreement”) for the acquisition of the entire issued and paid-up share capital in the Company comprising one ordinary share of HK\$1.00 each (“Sale Share”) for a purchase consideration of USD21.503 million to be satisfied by the issue of 21,503,000 shares of Xingquan International. Completion of the Share Swap Agreement took place on 1 June 2009 and in accordance with its existing terms, Xingquan International became the legal and beneficial owner of the Sale Share on 1 June 2009;
- 6.6.4 under Hong Kong laws, all necessary and legally required actions have been taken and no Hong Kong regulatory approvals are required to be obtained to authorise the execution, delivery and performance of the following agreements (“Equity Transfer Agreements”):
- (i) equity transfer agreement dated 8 April 2008 between Ng Sio Peng and the Company for the purchase by the Company of 100% of the total registered capital in Fujian Aidinai Sports Goods Co. Ltd (“Addnice Sports”) from Ng Sio Peng, for a purchase consideration of HK\$15,000,000.00 (“Addnice Sports Agreement”);
 - (ii) supplemental agreement dated 22 August 2008 between Ng Sio Peng and the Company varying the terms of the Addnice Sports Agreement including, without limitation, changing the purchase consideration to HK\$1;
 - (iii) equity transfer agreement dated 8 April 2008 between Iao Ieok Chon and the Company for the purchase by the Company of 100% registered capital in Xingquan (Fujian) Shoes Plastics Co., Ltd. (“Xingquan Plastics”) from Iao Ieok Chon, for a purchase consideration of HK\$8,500,000.00 (“Xingquan Plastics Agreement”);
 - (iv) supplemental agreement dated 22 August 2008 between Iao Ieok Chon and the Company varying the terms of the Xingquan Plastics Agreement including, without limitation, changing the purchase consideration to HK\$1;

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- (v) equity transfer agreement dated 20 May 2008 between Addnice (International) Company Ltd. and the Company for the purchase by the Company of 100% registered capital in Addnice (China) Co., Ltd. ("Addnice China") from Addnice (International) Company Ltd., for a purchase consideration of HK\$41,500,000.00 ("Addnice China Agreement");
- (vi) supplemental agreement dated 22 August 2008 between Addnice (International) Company Ltd. and the Company varying the terms of the Addnice China Agreement including, without limitation, changing the purchase consideration to HK\$1;

6.6.5 based only on confirmations by the directors of the Company, the Company is the holding company of Addnice China, Addnice Sports, Xingquan Plastics and 福建省晉江星泉鞋材有限公司 (Fujian Province Jinjiang Xingquan Footwear Material Co. Ltd.) (collectively referred to as "Subsidiaries"). The directors of the Company have confirmed that there are no (and based on the HK searches and the register of charges of the Company provided to us by the Company) we are not aware of any, security interest, mortgage, pledge or other similar claim or encumbrance created over any of the Subsidiaries;

6.6.6 all necessary and legally required action has been taken to authorise the execution, delivery and performance of the Share Swap Agreement and all other transactions and matters contemplated thereunder and the execution and delivery of the Share Swap Agreement will constitute the Company's valid and legally binding obligation enforceable in accordance with their terms. The terms of and the representations and undertakings given and/or made in the Share Swap Agreement are enforceable against the parties under Hong Kong laws.

7. Qualifications

- 7.1 This opinion is limited to the laws of Hong Kong in force at the date hereof in respect of the matters in paragraph 6 above, and we express no opinion on any other matter. This opinion is given on the basis that it will be governed by and construed in accordance with the laws of Hong Kong. We express no opinion as to any laws, rules and regulations other than the laws of Hong Kong. We have not made any investigations of, nor do we express or imply any opinion as to any laws, rules and regulations of any other jurisdiction and we have assumed that there is nothing in any other law that affects our opinion.
- 7.2 The validity and enforcement of the obligations of any person may be limited by laws relating to bankruptcy, insolvency, liquidation, reorganization and other laws of general application relating to or affecting the rights of creditors.

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- 7.3 A certificate, determination, notification or opinion as to any matter provided for in any memorandum and articles of association might be held by courts in Hong Kong not to be conclusive if it could be shown to have an unreasonable or arbitrary basis or in the event of manifest error.
- 7.4 Depending on the nature of the illegality, invalidity or unenforceability in question, a provision in any memorandum and articles of association providing for the severability of a provision held to be void, illegal or unenforceable would be determined by a court in Hong Kong in its discretion and accordingly we express no opinion as to their enforceability or validity.
- 7.5 We do not express any opinion as to any financial and accounting matters or any tax consequences arising out of any memorandum and articles of association or any transactions contemplated therein.
- 7.6 Where under any memorandum and articles of association, a party is vested with discretion or may determine a matter in or in accordance with the party's opinion, view or certification, the laws of Hong Kong may require that such discretion is exercised reasonably or that such opinion, view or certification is based upon reasonable grounds.
- 7.7 There are legal principles that a company cannot by agreement restrict or fetter the exercise of a statutory power of the company, and to the extent that any terms of any memorandum and articles of association purports to restrict or fetter any statutory power of any company, the same may not be valid and/or enforceable or the validity and enforceability of the same may be doubtful.
- 7.8 We express no opinion as to whether a judgment would be entered in a court in Hong Kong for an amount other than one expressed in Hong Kong currency or as to the date upon which a conversion from a foreign currency would or could be made for the purpose of enforcement of any judgment; a court in Hong Kong has a discretion as to whether to give judgment in a foreign currency and will exercise such discretion in favour of a plaintiff if it considers the circumstances appropriate.
- 7.9 The searches through the on-line system of each of the Companies Registry and the Official Receiver's Office in Hong Kong are not capable of revealing conclusively whether or not a winding up petition has been presented and/or a notice of a winding up order has been made or a resolution has been passed or a receiver has been appointed which in each case has not been filed at the Companies Registry or has been delivered for registration but was not made available to the public at the time of search. Such searches are also unable to reveal charges or encumbrances not required by Hong Kong laws to be registered or filed with the Companies Registry against the Company.
- 7.10 The winding-up search reports of the Official Receiver's Office in Hong Kong typically contain notes and qualifications and this opinion is qualified

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accordingly. The qualifications in the search reports include those to the effect that:

- (a) the Official Receiver's Office in Hong Kong has no records of voluntary winding-up;
- (b) the computer does not keep records of winding-up cases closed before 1984; and
- (c) the information made available in the report is provided according to computer records which are extracted at the time of the search.

- 7.11 If an action is commenced in Hong Kong against any person bound by any memorandum and articles of association, in respect of any of their respective liabilities under memorandum and articles of association, the courts in Hong Kong may decline jurisdiction or stay proceedings in certain circumstances; for example, if the court determines that Hong Kong is not the most appropriate forum for determining the dispute between the parties, or where there is litigation involving the same parties and a dispute pending in another court or in another jurisdiction.
- 7.12 A court in Hong Kong may refuse to give effect to any provision in an agreement or memorandum and articles of association:
- (a) for the payment of expenses in respect of the costs of enforcement (actual or contemplated) or of unsuccessful litigation brought before a court in Hong Kong or where the court has itself made an order for costs;
 - (b) for the payment of additional interest and other additional amounts in certain circumstances that may be regarded by a court in Hong Kong as penalties;
 - (c) which would involve the enforcement of foreign revenue or penal laws; or
 - (d) which would be inconsistent with public policy in Hong Kong.
- 7.13 We have not conducted any due diligence on any of the parties to the Share Swap Agreement and as such, we make no comment on the accuracy and truthfulness of the representations and warranties given by the parties under the Share Swap Agreement or otherwise nor we make any comment as to the sufficiency and comprehensiveness of these representations and warranties for the purpose of protecting the parties to the Share Swap Agreement.
- 7.14 To the extent that any fees or expenses are expressed to be in amounts to be agreed, or any other matter is expressed to be determined by agreement, between the respective parties to the Share Swap Agreement, the relevant provision may be unenforceable for uncertainty in default of agreement, although in default of agreement of any fees or expenses, a claim may be

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made on a quantum merit basis in quasi-contract for reasonable remuneration in respect of services rendered.

- 7.15 We express no opinion as to provisions prohibiting or restricting modifications, amendments or waivers, insofar as they suggest that oral or other modifications, amendments or waivers could not effectively be agreed upon or granted between the parties.
- 7.16 Where a party to the Share Swap Agreement is vested with a discretion or may determine a matter in its opinion, Hong Kong law may require that such discretion is exercised reasonably or that such opinion is based upon reasonable grounds. Any provision that certain calculations and/or certificates and/or factual determinations will be conclusive and binding, will not be effective if such calculations or certificates or factual determinations are shown to be incorrect, unreasonable or arbitrary or not to have been given or made in good faith, and will not necessarily prevent judicial inquiry into the merits of any claim by an aggrieved party.
- 7.17 Hong Kong courts may refuse to give effect to any provision of the Share Swap Agreement (A) for the payment of expenses in respect of the costs of enforcement (actual or contemplated) or where the court has itself made an order for costs or (B) which would involve the enforcement of foreign revenue or penal laws or (C) which would be inconsistent with Hong Kong public policy.
- 7.18 In some circumstances a Hong Kong court would not give effect to any provision of the Share Swap Agreement which provides that in the event of any invalidity, illegality or unenforceability of any provision of any such document the remaining provisions thereof shall not be affected or impaired, in particular if to do so would not accord with public policy or would involve the court in making a new contract for the parties.
- 7.19 Failure to exercise a right may operate as a waiver of that right notwithstanding any provision which purports to provide to the contrary and failure to exercise a right of action within the relevant limitation period will operate as a bar to the exercise of such right.
- 7.20 It should be understood that, other than in relation to those matters which we have been specifically requested by Xingquan International to opine on as set out in this opinion, we have not been responsible for investigating or verifying the accuracy of the facts, including statements of foreign law, or the reasonableness of any statements of opinion, contained in the prospectus to be issued for the purpose of the Proposed Listing, or that no material facts have been omitted from them.
- 7.21 To the extent an indemnity applies in respect of acts which constitute criminal offences or administrative offences, such indemnity may not be regarded as being legally valid, binding or enforceable.
- 7.22 The term "enforceable" as used in this opinion means that the obligations assumed by any person under any memorandum and articles of association

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are of a type which a court in Hong Kong generally enforces. This opinion is not to be taken to imply that any obligation would necessarily be capable of enforcement in all circumstances in accordance with its terms or that a court in Hong Kong would necessarily grant any remedy. In particular:

- (a) enforcement may be limited by general principles of equity or may be otherwise in the discretion of the courts. For example, equitable remedies (such as specific performance and injunctive relief) are discretionary remedies under the laws of Hong Kong and may be not available;
- (b) claims may become barred under the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong) or may be or become subject to defences of set-off or counterclaim and failure to exercise any right may constitute a waiver thereof whether or not any such defence is named in any memorandum and articles of association;
- (c) where obligation are to be performed and/or enforced in a jurisdiction outside Hong Kong, they may not be enforceable in Hong Kong to the extent that performance would be illegal under the laws of, or contrary to exchange controls or public policy in, the other jurisdiction; and
- (d) enforcement of obligations of parties may be limited by the provisions of the laws of Hong Kong applicable to agreements held to have been frustrated by events happening after their execution.

7.23 Under the applicable rules, the courts of Hong Kong may, at their discretion, order a plaintiff in an action, being a party who is not ordinarily resident in some part of Hong Kong, to provide security for costs

8. Law

This opinion is governed by and shall be construed in accordance with the laws of Hong Kong.

9. Confidentiality and reliance

This opinion is given for the sole benefit of CIMB, Xingquan International and Wong Beh & Toh for the purpose set out in paragraph 1.2. It may not be relied on by or distributed to any other person, nor may it be relied on in any other context, nor is it to be quoted or made public in any way without our prior written consent except extracted for disclosure in a prospectus in a manner previously consented by us or pursuant to a demand by a competent regulatory authority in Malaysia or Bermuda in connection with the Proposed Listing.

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Yours faithfully


DLA PIPER HONG KONG

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APPENDIX 1

List of documents reviewed

1. Certificate of incorporation of the Company
2. Certificate of change of name of the Company from Cheng Tai Xin Holdings Limited to Adynice Holdings Limited
3. Certificate of change of name of the Company from Adynice Holdings Limited to Addnice Holdings Limited
4. Business registration certificate of the Company for the period from 20 March 2009 to 19 March 2010
5. Business registration certificate of the Company for the period from 20 March 2008 to 19 March 2009
6. Memorandum and articles of association of the Company
7. Register of directors of the Company
8. Register of members of the Company
9. Register of charges of the Company
10. Notification of first secretary and director dated 28 March 2008 (with Forms D3 attached)
11. Notification of change of secretary and director dated 20 October 2008
12. Notification of change of address of registered office dated 20 October 2008
13. Notification of change of company name dated 22 October 2008
14. Notification of change of company name dated 13 November 2008
15. Page of passport showing particulars of Iao Ieok Chon
16. Page of passport showing particulars of Ng Sio Peng
17. First written board resolutions of the Company dated 21 March 2008 approving, inter alia, the appointment of secretary and adoption of common seal
18. Member's special resolutions of the Company dated 27 February 2009 approving and rectifying the name changes and appointment of first directors
19. Unaudited income statement for the year ended 31 December 2008 of the Company

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20. Unaudited balance sheet as at 31 December 2008 in respect of the Company
21. Company's answers to our due diligence questionnaire dated 19 February 2009
22. The Share Swap Agreement
23. Equity transfer agreement dated 8 April 2008 between Ng Sio Peng and the Company for the purchase by the Company of 100% of the total registered capital in Addnice Sports
24. Supplemental agreement dated 22 August 2008 between Ng Sio Peng and the Company varying the terms of the Addnice Sports Agreement
25. Equity transfer agreement dated 8 April 2008 between Iao Ieok Chon and the Company for the purchase by the Company of 100% registered capital in Xingquan Plastics from Iao Ieok Chon
26. Supplemental agreement dated 22 August 2008 between Iao Ieok Chon and the Company varying the terms of the Xingquan Plastics Agreement
27. Equity transfer agreement dated 20 May 2008 between Addnice (International) Company Ltd and the Company for the purchase by the Company of 100% registered capital in Addnice China from Addnice (International) Company Ltd.
28. Supplemental agreement dated 22 August 2008 between Addnice (International) Company Ltd and the Company varying the terms of the Addnice China Agreement
29. Board resolutions of the Company dated 16 March 2009 approving and rectifying, inter alia, the execution of the equity transfer agreements in relation to the Subsidiaries
30. Statements of Hang Seng Integrated Business Solutions Account dated 31 July 2008, 30 August 2008, 30 September 2008 and 31 October 2008
31. Notification of resignation of secretary and director dated 23 March 2009
32. Resolutions in writing of the Company dated 20 May 2009 approving the transfer of the Sale Share
33. Certified copy of the register of members of the Company as at 1 June 2009
34. Duly stamped instrument of transfer and bought and sold notes regarding the transfer of the Sale Share

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福建創元律師事務所

TREND ASSOCIATES

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3 June 2009

The Board of Directors

Xingquan International Sports Holdings Limited (the "Company")

Clarendon House, 2 Church Street

Hamilton HM 11

Bermuda

Dear Sirs,

LEGAL OPINION ON FUJIAN AIDINAISI SPORTS GOODS CO., LTD. ("ADDNICE SPORTS"), ADDNICE (CHINA) CO., LTD. ("ADDNICE CHINA"), XINGQUAN (FUJIAN) SHOES PLASTICS CO., LTD. ("XINGQUAN PLASTICS") AND FUJIAN PROVINCE JINJIANG XINGQUAN FOOTWEAR MATERIAL CO. LTD. ("XINGQUAN FOOTWEAR") (COLLECTIVELY, THE "PRC COMPANIES") ON THE OWNERSHIP OF TITLE TO THE SECURITIES/ASSETS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC", FOR THE PURPOSE OF THIS REPORT, EXCLUDING HONG KONG SPECIAL ADMINISTRATIVE REGION OF PRC, MACAO SEPCIAL ADMINISTRATIVE REGION OF PRC AND TAIWAN PROVINCE) AND THE ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE RELEVANT LAWS OF PRC IN RELATION TO THE PROPOSED LISTING OF THE COMPANY ON THE MAIN BOARD OF BURSA MALAYSIA SECURITIES BERHAD ("PROPOSED LISTING")

1. Introduction

- 1.1 We have acted as legal advisers for the Company in respect of the laws of the People's Republic of China ("PRC") for its Proposed Listing. We are duly qualified to practice law within the PRC and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever. Accordingly, we are duly qualified to issue this legal opinion (the "**Legal Opinion**").
- 1.2 We have been requested by the Company to provide a legal opinion on the PRC Companies on the ownership of title to the securities/assets in the PRC and the enforceability of agreements, representations and undertakings under the relevant laws of the PRC for the purposes of the Proposed Listing.
- 1.3 In this regard, we understand that this Legal Opinion may be relied upon in connection with the submission of an application for approval of the Proposed

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Listing to the Securities Commission of Malaysia and the issuance of the prospectus of the Company in relation to the Proposed Listing by CIMB Investment Bank Berhad ("**CIMB**"), the adviser for the Proposed Listing, Wong Beh & Toh, the solicitors for the Proposed Listing and the board of directors of the Company. Accordingly, this Legal Opinion has been prepared for inclusion in the prospectus in relation to the Proposed Listing.

- 1.4 We have been provided by Wong Beh & Toh with the provisions under Divisions 1 and 3 of Part VI of the Capital Market and Services Act, 2007 of Malaysia.

2. Documents examined and searches

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

- 2.2 We have, in addition, made the following searches (collectively, the "**PRC Searches**")

- a) Company searches on the PRC Companies with Quanzhou Administration of Industry and Commerce ("**Quanzhou AIC**");
- b) Property search on the properties owned by the PRC Companies with Jinjiang Urban Construction Files House and Jinjiang State Land and Resources Bureau;
- c) Third party guarantee search on the PRC Companies with Agricultural Bank of China, Jinjiang Chendai Branch, Industrial Bank, Jinjiang Chendai Branch, Jinjiang Rural Cooperative Bank, Chendai Branch and Meiling Branch and Quanzhou Commercial Bank, Jinjiang Branch; and
- d) Taxation status searches on the PRC Companies with Jinjiang Local Taxation Bureau and Jinjiang Taxation Bureau, Chendai Sub-bureau.

3. Assumption

For the purposes of this legal opinion we have assumed (without making any independent investigation) that:

- a) All the Documents are true and genuine, if any of the Documents submitted to us are photocopies, such photocopies are in conformity to their respective original documents;

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- b) all the seals affixed on the Documents are genuine and all the persons who signed the Documents were duly authorised to do so;
- c) the factual statements in the Documents are correct and accurate;
- d) all the information that may influence this Report has been provided and/or disclosed to us without any concealment, omission or misleading statement;
- e) all the written statements and confirmations given by the PRC Companies to us are true and accurate; and
- f) up to the date of this Report, there have been no amendments to the Documents since they were provided to us.

4. Opinion

Based on the foregoing, we are of the opinion as far as the laws of PRC are concerned:

4.1 The PRC Companies are duly incorporated and existing under the laws of PRC and is in good standing and validly existing under the laws of PRC, possessing the capacity to sue and be sued in their respective own names under the laws of PRC.

4.2 The PRC Companies have legal and beneficial title to all its assets free and clear of any security interest, mortgage, pledge or other similar claim or encumbrances save as the following property mortgages:

Description of the Mortgaged Properties	Name of Bank / Mortgagee	The Borrower	Loan Amount (RMB)	Interest Payable	Loan Term
A parcel of land of 1,678 sq.m and a 5 floors workshop on the land, owned by Xingquan Footwear, located in Huoyuan Industrial Zone, Chendai Town, Jinjiang City, Fujian Province, PRC.	Fujian Jinjiang Rural Cooperative Bank, Meiling Branch (福建省晋江市农村合作银行梅岭支行)	Addnice Sports	4,200,000	5.7525 %	From 24 December 2008 to 24 December 2009
A parcel of land of 1,984 sq.m and a 3 floors workshop on the land, owned by Xingquan Footwear, located in Huoyuan Industrial Zone, Chendai Town, Jinjiang City, Fujian Province, PRC	Industrial Bank, Jinjiang Chendai Branch (兴业银行晋江陈埭支行)	Xingquan Plastics	1,500,000	6.660%	From 7 November 2008 to 6 November 2009

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- 4.3 The PRC Companies have the necessary corporate power and authority to enter into and perform their respective obligations under the agreements to which they are a party as set out in the Section 3 of Schedule 1 to this legal opinion (the "Agreements"). The execution and delivery of the Agreements by the PRC Companies and the performance by the PRC Companies of its obligations thereunder will not violate the memorandum of association of the PRC Companies nor any applicable law, regulation, order or decree in PRC.
- 4.4 The PRC Companies have taken all corporate action required to authorise its execution, delivery and performance of the Agreements. The Agreements have been duly executed and delivered by or on behalf of the respective PRC Companies, and constitute legal, valid and binding obligations of the respective parties to it in accordance with their respective terms thereof.
- 4.5 The terms of and the representations and undertakings given and/or made by the counter-parties in the Agreements are enforceable against them under the PRC law.
- 4.6 All orders, consents, approvals, licences, authorisations or validations of or exemptions by any government or public body or authority of PRC or any sub-division thereof which are required to authorise or is required in connection with the execution, delivery, performance and enforcement of the Agreements, if any, have been duly obtained in accordance with PRC law.
- 4.7 All registrations and filings with governmental authorities or regulatory bodies in the PRC necessary or desirable to ensure the enforceability in the PRC of any of the Agreements, if any, have been made.
- 4.8 All registration, documentary, recording, transfer or other similar tax, fee or charge payable in PRC in connection with the execution, delivery, filing, registration or performance of the Agreements, if any, have been duly paid and settled.
- 4.9 The choice of the laws of PRC as the governing law in the Agreements is a valid choice of law and would be recognized and given effect to in any action brought before a court of competent jurisdiction in PRC.
- 4.10 Addnice Holdings Limited is the legal and beneficial owner of the registered capital of Addnice China, Addnice Sports and Xinquan Plastics.

5. Qualification

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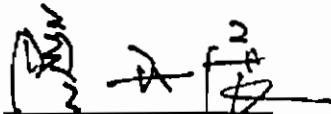
- 5.1 This Legal Opinion is limited to the laws of PRC in force at the date hereof in respect of the matters in paragraph 1 and 2 above, and we express no opinion on any other matter.
- 5.2 This Legal Opinion is given on the basis that it will be governed by and construed in accordance with the laws of PRC.
- 5.3 We express no opinion as to any laws, rules and regulations other than the laws of PRC.
- 5.4 We have not made any investigations of, nor do we express or imply any opinion as to any laws, rules and regulations of any other jurisdiction and we have assumed that there is nothing in any other law that affects our opinion.
6. Law

This opinion is governed by and shall be construed in accordance with the laws of PRC.

7. Confidentiality and reliance

This Legal Opinion is given for the sole benefit of the Company, CIMB and Wong Beh & Toh for the purpose set out in paragraph 1.2. It may not be relied on by or distributed to any other person, nor may it be relied on in any other context, nor is it to be quoted or made public in any way without our prior written consent except extracted for disclosure in the prospectus in a manner previously consented by us or pursuant to a demand by a competent regulatory authority in Malaysia or Bermuda in connection with the Proposed Listing.

Yours faithfully,



Liao Kaizhan (廖开展)

Position: Partner

Trend Associates

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Schedule 1 List of Relevant Documents

1. Corporate Documents of the PRC Companies

- 1.1 Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and Overseas Chinese in the People's Republic of China ("Certificate of Approval") of Xingquan Plastic dated 16 January 2009 issued by Fujian Provincial Government;
- 1.2 Certificate of Approval of Addnice China dated 16 January 2009 issued by Fujian Provincial Government;
- 1.3 Certificate of Approval of Addnice Sports dated 16 January 2009 issued by Fujian Provincial Government;
- 1.4 Business license of Xingquan Plastics dated 21 January 2009 issued by Quanzhou AIC;
- 1.5 Business license of Addnice China dated 21 January 2009 issued by Quanzhou AIC;
- 1.6 Business license of Addnice Sports dated 21 January 2009 issued by Quanzhou AIC;
- 1.7 Business license of Xingquan Footwear dated 22 October 2008 issued by Jinjiang Administration for Industry and Commerce ("Jinjiang AIC");
- 1.8 The search print out on Addnice Sports of "Foreign Investment Enterprise Basic Information Sheet (外资企业登记基本情况表)" issued by Quanzhou AIC dated 2 March 2009;
- 1.9 The search print out on Addnice China of "Foreign Investment Enterprise Basic Information Sheet (外资企业登记基本情况表)" issued by Quanzhou AIC dated 2 March 2009;
- 1.10 The search print out on Xingquan Plastics of "Foreign Investment Enterprise Basic Information Sheet (外资企业登记基本情况表)" issued by Quanzhou AIC dated 2 March 2009; and
- 1.11 The search print out on Xingquan Footwear of "Domestic Enterprise Basic Information Sheet (内资企业登记基本情况表)" issued by Jinjiang AIC dated 2 March 2009.

2. Documents in relation to the properties owned by the PRC Companies

- 2.1 Certificate for the Use of State-owned Land No. 晋国用(2005)第 00775 dated 30 May 2005 issued by Jinjiang State-owned Land and Resource Bureau to Xingquan Footwear;
- 2.2 Certificate for the Use of Collectively-owned Land No. 晋集(2000) 01789 号 dated 6 March 2000 issued by Jinjiang State-owned Land and Resource Bureau to the Xingquan Footwear;
- 2.3 Building Ownership Certificate of the Company No. 晋房权证陈埭字第 06-200068 号 dated 19 April 2000 issued by Jinjiang Real Estate Administration Bureau to the Xingquan Footwear;

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- 2.4 Building Ownership Certificate of the Company No. 晋房权证陈埭字第 06-200067-001 号 dated 2 July 2000 issued by Jinjiang Real Estate Administration Bureau to Xingquan Footwear;
 - 2.5 Certificate for the Use of State-owned Land No. 晋国用(2008)第 00585 dated 1 July 2008 issued by Jinjiang State-owned Land and Resource Bureau to Xingquan Plastics;
 - 2.6 Certificate for the Use of State-owned Land No. 晋国用(2006)第 01851 dated 7 November 2006 issued by Jinjiang State-owned Land and Resource Bureau to Addnice Sports;
 - 2.7 The Statement (证明) dated 3 November 2008 issued by the People's Government of Chendai Town, Jinjiang City;
 - 2.8 Land Registration Card (土地登记卡) in relation to the land use right under the State-owned Land Use Right Certificate No. 晋国用(2006)第 01851 we obtained from Jinjiang State Land and Resources Bureau in the property search conducted on 26 February 2009;
 - 2.9 Land Registration Card in relation to the land use right under the State-owned Land Use Right Certificate No. 晋国用(2008) 第 00585 we obtained from Jinjiang State Land and Resources Bureau in the property search conducted on 26 February 2009;
 - 2.10 Land Registration Card in relation to the land use right under the State-owned Land Use Right Certificate No. 晋国用(2005)第 00775 we obtained from Jinjiang State Land and Resources Bureau in the property search conducted on 26 February 2009;
 - 2.11 Land Registration Card in relation to the land use right under the State-owned Land Use Right Certificate No. 晋集 (2000) 01789 号 we obtained from Jinjiang State Land and Resources Bureau in the property search conducted on 26 February 2009;
 - 2.12 Buildings Ownership Registration Information Searching Result Statement (房屋权属登记信息查询结果证明) dated 26 February 2009 in relation to the building under the the Building Ownership Certificate No. 晋房权证陈埭字第 06-200067-001 号 we obtained from Jinjiang Urban Construction Files House (晋江市城市建设档案室); and
 - 2.13 Buildings Ownership Registration Information Searching Result Statement (房屋权属登记信息查询结果证明) dated 26 February 2009 in relation to the building under the the Building Ownership Certificate No. 晋房权证陈埭字第 06-200068 号 we obtained from Jinjiang Urban Construction Files House.
- 3. Agreements entered into by or related to the PRC Companies**
- 3.1 Equity Interest Transfer Agreement dated 8 April 2008 entered into between Ms Ng Sio Peng and Cheng Tai Xin Holdings Limited ("Cheng Tai Xin");
 - 3.2 Equity Transfer Agreement dated 8 April 2008 entered into between Mr lao leok Chon and Cheng Tai Xin;

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- 3.3 Equity Transfer Agreement dated 20 May 2008 entered into between Addnice (International) Co., Ltd. and Cheng Tai Xin;
- 3.4 Equity Transfer Agreement dated 22 March 2002 entered into between Wu Lianfa and the Villager Committee of Yanshang Village;
- 3.5 Equity Transfer Agreement dated 16 January 2008 entered into between Wu Lianfa, Wu Shihu and Addnice Sports;
- 3.6 Equity Transfer Agreement dated 3 August 2008 entered into between Wu Lianfa, Wu Shihu and Fujian Sports;
- 3.7 Supplemental Equity Transfer Agreement (股权转让补充协议) dated 22 August 2008 entered into between Ms Ng Sio Peng and Chen Tai Xin;
- 3.8 Supplemental Equity Transfer Agreement (股权转让补充协议) dated 22 August 2008 entered into between Mr lao leok Chon and Chen Tai Xin;
- 3.9 Supplemental Equity Transfer Agreement (股权转让补充协议) dated 22 August 2008 entered into between Addnice (International) Co., Ltd. and Chen Tai Xin;
- 3.10 Lease Agreement (租赁合同) dated 10 March 2006 entered into between Addnice China and Xingquan Plastics;
- 3.11 Property General Risk Insurance Policy No. PQZA200835150200000207 issued by Jinjiang PICC;
- 3.12 Property General Risk Insurance Policy No. PQZB200935150200000056 issued by Jinjiang PICC;
- 3.13 Property General Risk Insurance Policy No. PQZB200935150200000057 issued by Jinjiang PICC;
- 3.14 Property General Risk Insurance Policy No. PQZB200935150200000058 issued by Jinjiang PICC;
- 3.15 Property General Risk Insurance Policy No. PQZB20085150200000007 issued by Jinjiang PICC;
- 3.16 Short Term Health Insurance and Accident Injury Insurance for the employees issued by Ping An Property & Casualty Insurance Company of China, Ltd.;
- 3.17 Confidentiality and Non-competition Agreements (保密及竞业限制合同) entered into between Addnice Sports and its senior managers Wu Qingquan, Fan Donggui, Zhang Xiangyou;
- 3.18 Confidentiality and Non-competition Agreements (保密及竞业限制合同) entered into between Xingquan Plastics and its senior managers Wu Lianfa, Wu Xiangdong and Cai Ningtai;
- 3.19 Contract of the Grant of the State-owned Land Use Right (国有土地使用权出让合同) dated 8 September 2006 entered into between Addnice Sports and Jinjiang State Land Resources Bureau;
- 3.20 Contract of the Grant of the State-owned Land Use Right dated 1 July 2008 entered into between Xingquan Plastics and Jinjiang State Land Resources

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Bureau;

- 3.21 Contract of the Grant of the State-owned Land Use Right dated 18 May 2005 entered into between Xingquan Footwear and Jinjiang State Land Resources Bureau;
- 3.22 Letter of Intention on the Investment Project in Chengnan Chuangye Park (惠安城南创业园投资项目意向书) dated on 15 July 2008 entered into between Addnice China and Huian Chengnan Centre Industry Park Development Co., Ltd. (惠安城南中心工业区开发发展有限公司);
- 3.23 Lease Agreement (租赁协议) dated 25 December 2007 entered into between Addnice Sports and Villager Committee of Yanshang Village, Chendai Town, Jinjiang City (晋江陈埭镇奄上村委会);
- 3.24 Lease Agreement dated 1 January 2009 between Cai Ningtai and Addnice Sports;
- 3.25 Workshop Lease Agreement (厂房租赁协议) dated 30 June 2005 entered into between Addnice Sports and Villager Committee of Yanshang Village, Chendai Town, Jinjiang City ;
- 3.26 Lease Agreement (租赁合同) dated 1 September 2007 entered into between Xingquan Plastics and Chen Zhigang (陈志刚);
- 3.27 Workshop Lease Agreement (厂房租赁协议) dated 1 February 2000 entered into between Xingquan Plastics and Villager Committee of Yanshang Village, Chendai Town, Jinjiang City;
- 3.28 Workshop Lease Agreement (厂房租赁协议) dated 1 February 2000 entered into between Xingquan Plastics and Xingquan Footwear;
- 3.29 Short-term Loan Agreement (人民币短期借款合同) No.1345320018-2008-2 dated 3 March 2008 entered into between Xingquan Plastics and Industrial Bank, Jinjiang Chendai Branch (兴业银行陈埭支行) ("Chendai Industrial Bank");
- 3.30 Short-term Loan Agreement (人民币短期借款合同) No.1345320018-2008-3 dated 10 March 2008 entered into between Xingquan Plastics and Chendai Industrial Bank;
- 3.31 Short-term Loan Agreement (人民币短期借款合同) No.1345320018-2008-5 dated 7 November 2008 entered into between Xingquan Plastics and Chendai Industrial Bank;
- 3.32 Short-term Loan Agreement (人民币短期借款合同) No.1345320018-2008-6 dated 16 December 2008 entered into between Xingquan Plastics and Chendai Industrial Bank;
- 3.33 Loan Agreement (人民币借款合同) No. 2008 泉银贷字 000114 dated 3 September 2008 entered into between Xingquan Plastics and China Citic Bank, Jinjiang Quanzhou Branch ("Quanzhou Citic Bank");
- 3.34 Loan Agreement (人民币借款合同) No. 2008 泉银贷字 000121 dated 10 September 2008 entered into between Xingquan Plastics and Quanzhou Citic Bank;

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- 3.35 Loan Agreement (人民币借款合同) No. 2008 泉银贷字 000169 dated 24 October 2008 entered into between Xingquan Plastics and Quanzhou Citic Bank;
- 3.36 Loan Agreement (人民币资金借款合同) No.2008 年建泉国贷字 2 号 dated 14 January 2008 entered into between Addnice Sports and China Construction Bank, Quanzhou Branch ("Quanzhou Construction Bank");
- 3.37 Loan Agreement (人民币资金借款合同) No.2008 年建泉国贷字 9 号 dated 7 April 2008 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.38 Loan Agreement (人民币资金借款合同) No.2008 年建泉国贷字 19 号 dated 19 May 2008 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.39 Loan Agreement (人民币资金借款合同) No.2008 年建泉国贷字 26 号 dated 27 June 2008 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.40 Loan Agreement (人民币资金借款合同) No.2008 年建泉国贷字 29 号 dated 23 July 2008 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.41 Loan Agreement (人民币资金借款合同) No.2008 年建泉国贷字 36 号 dated 7 October 2008 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.42 Loan Agreement (人民币资金借款合同) No.2009 年建泉国贷字 1 号 dated 5 January 2009 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.43 Loan Agreement (人民币资金借款合同) No.2009 年建泉国贷字 2 号 dated 12 January 2009 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.44 Loan Agreement (人民币资金借款合同) No.2009 年建泉国贷字 3 号 dated 21 January 2009 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.45 Loan Agreement (人民币资金借款合同) No.2009 年建泉国贷字 3 号 dated 13 February 2009 entered into between Addnice Sports and Quanzhou Construction Bank;
- 3.46 Loan Agreement (抵押借款合同) No. 20080880091-043001 dated 24 December 2008 entered into between Addnice Sports, Xingquan Footwear and Fujian Jinjiang Country Cooperation Bank, Meiling Branch (福建省晋江农村合作银行梅岭支行);
- 3.47 Loan Agreement (保证借款合同) No. 20080880312-122401 dated 24 December 2008 entered into between Addnice Sports, Wu Qingquan and Fujian Jinjiang Country Cooperation Bank, Meiling Branch;
- 3.48 Maximum amount Guarantee Agreement (最高额保证合同) No. 2008 泉银信高保字第 2008027-1 dated 27 August 2008 entered into between Quanzhou Baoshu Packing Co., Ltd (泉州宝树包装有限公司) and Quanzhou Citic Bank;

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- 3.49 Maximum amount Guarantee Agreement (最高额保证合同) No. 2008 泉银信高保字第 2008027-2 dated 27 August 2008 entered into between Wu Qingquan and Quanzhou Citic Bank;
- 3.50 Maximum amount Guarantee Agreement (最高额保证合同) dated 20 June 2008 entered into between Quanzhou Baoshu Packing Co., Ltd and Quanzhou Construction Bank;
- 3.51 Maximum amount Guarantee Agreement (最高额抵押借款合同) dated 19 December 2008 entered into between Addnice Sports, Xingquan Footwear and Fujian Jinjiang Country Cooperation Bank, Meiling Branch (福建省晋江农村合作银行梅岭支行);
- 3.52 Maximum amount Guarantee Agreement (最高额保证合同) dated 21 October 2008 entered into between Qiangyuan (Fujian) Shoes Co., Ltd (强源(福建)鞋业有限公司) and Chendai Industrial Bank;
- 3.53 Maximum amount Guarantee Agreement (最高额抵押合同) dated 15 October 2007 entered into between Xingquan Footwear and Chendai Industrial Bank;
- 3.54 Maximum amount Guarantee Agreement (最高额保证合同) dated 3 February 2008 entered into between Xingquan Plastics and Agricultural Bank of China, Jinjiang Branch(中国农业银行陈埭支行);
- 3.55 Maximum amount Guarantee Agreement (最高额保证合同) dated 24 August 2008 and dated 20 August 2007 respectively entered into between Xingquan Plastics and Quanzhou City Commercial Bank (泉州市商业银行);
- 3.56 Maximum amount Guarantee Agreement (最高额保证合同) dated 26 August 2008 entered into between Xingquan Plastics and China Construction Bank, Jinjiang Branch;
- 3.57 Loan agreement (人民币资金借款合同) No. 2009年建泉国贷字11号 dated 7 April 2009 entered into between China Construction Bank, Quanzhou Branch and Addnice Sports for a loan of RMB2,700,000 from 7 April 2009 to 7 April 2010;
- 3.58 Loan agreement (人民币短期借款合同) No. 134520018-2009-2 dated 9 March 2009 entered into between Industrial Bank, Jinjiang Chendai Branch ("**Chendai Industrial Bank**") and Xingquan Plastics for a loan of RMB4,500,000 from 9 March 2009 to 8 March 2010;
- 3.59 Loan agreement (人民币短期借款合同) No. 134520018-2009-3 dated 13 March 2009 entered into between Chendai Industrial Bank and Xingquan Plastics for a loan of RMB4,000,000 from 13 March 2009 to 12 March 2010;
- 3.60 Standard form of Regional Distributor Agreement (区域总代理商合作协议) provided by Addnice Sports;
- 3.61 Standard form of Product Sales Agreement for domestic sales (产品销售协议);
- 3.62 Standard form of Products Sales Contract for export sales (产品销售合同)
- 3.63 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the

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- trademark No.1613318;
- 3.64 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.1657154;
- 3.65 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3757403;
- 3.66 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3757404;
- 3.67 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3757405;
- 3.68 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3757406;
- 3.69 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3845329;
- 3.70 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3847096;
- 3.71 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3847098;
- 3.72 Trademark license Agreement dated 15 March 2008 entered into between Addnice China and Xingquan Plastics in relation to the trademark licence of the trademark No.3959584;
- 3.73 Trademark license Agreement dated 12 January 2004 entered into between Addnice Sports and Xingquan Plastics in relation to the trademark licence of the trademark No.1613318.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009

AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEARS ENDED 30 JUNE 2006, 2007 AND 2008

The Board of Directors
Xingquan International Sports Holdings Limited
Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

26th March 2009

Dear Sirs

We have audited the accompanying combined financial statements of the Company and its subsidiaries (collectively the "Group"), on pages 3 to 47, which comprises the combined balance sheets of the Group as at 30 June 2006, 2007 and 2008, the combined income statements, combined statements of changes in equity and combined cash flow statements of the Group for each of the years ended 30 June 2006, 2007 and 2008 (the "Relevant Periods") and a summary of significant accounting policies and other explanatory notes (the "Combined Financial Statements"). The Combined Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), are the responsibility of the management of the Company. Our responsibility is to express an opinion on the Combined Financial Statements based on our audit.

Management's responsibility for the Combined Financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Combined Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Combined Financial Statements.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

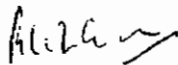
AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEARS ENDED 30 JUNE 2006, 2007 AND 2008 (Continued)

Opinion

In our opinion, the Combined Financial Statements, for the purpose of this report and prepared on the basis set out in Note 2 of this report, presents fairly, in all material respects, the Group's combined results, combined changes in equity and combined cash flows for the Relevant Periods, and of the Group's financial positions as at 30 June 2006, 2007 and 2008 and has been properly prepared in accordance with IFRS.

Without qualifying our opinion, we draw attention that at the date of this report, the Combined Financial Statements did not incorporate the financial statements of Xingquan International Sports Holdings Limited, the proposed listed company. Xingquan International Sports Holdings Limited was not included in the Combined Financial Statements as the share swap arrangement with Addnice Holdings Limited has not been completed at the date of this report (Note 2(e) & (f)).

Yours faithfully



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

Partner: Wong Kian Kok

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

**COMBINED INCOME STATEMENTS
 FOR THE FINANCIAL YEARS ENDED 30 JUNE 2006, 2007 AND 2008**

	Notes	Year ended 30 June		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
Revenue	4	289,246	438,520	636,810
Cost of sales		(201,670)	(296,983)	(422,698)
Gross profit		87,576	141,537	214,112
Other income	4	515	835	5,942
Selling and distribution expenses		(18,270)	(32,496)	(54,745)
Administrative expenses		(8,076)	(10,908)	(14,351)
Finance costs		(1,744)	(3,060)	(3,550)
Profit before taxation	5	60,001	95,908	147,408
Income tax expense	6	(11,222)	(7,556)	(17,974)
Profit after taxation		48,779	88,352	129,434
Attributable to:				
Equity holders		48,779	88,352	129,438
Minority interests		-	-	(4)
		48,779	88,352	129,434
Earnings per share - Basic (RMB cents) #	7	22.67	41.07	60.17

These combined earnings per share were computed based on the profit attributable to shareholders and the pre-Invitation number of shares of 215,130,000 shares (Note 7).

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

**COMBINED BALANCE SHEETS
AS AT 30 JUNE 2006, 2007 AND 2008**

	Notes	As at 30 June		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	8	47,336	56,467	65,288
Land use rights	9	-	9,145	9,066
		47,336	65,612	74,354
Current assets				
Inventories	10	22,467	29,273	28,885
Trade and other receivables	11	78,651	134,062	160,923
Cash and bank balances	12	51,985	94,910	98,065
		153,103	258,245	287,873
Current liabilities				
Trade and other payables	13	70,294	105,503	113,147
Interest-bearing bank borrowings	14	41,500	49,200	49,900
Corporate income tax payable		1,693	2,251	5,959
		113,487	156,954	169,006
Net current assets		39,616	101,291	118,867
Net assets		86,952	166,903	193,221
EQUITY				
Share capital	15	24,742	66,341	67,242
Reserves	16	62,210	100,562	125,000
		86,952	166,903	192,242
Minority interests		-	-	979
Total equity		86,952	166,903	193,221

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

**COMBINED STATEMENTS OF CHANGES IN EQUITY
 FOR THE FINANCIAL YEARS ENDED 30 JUNE 2006, 2007 AND 2008**

Equity attributable to the Company's Shareholders

	Notes	Share Capital RMB'000 (Note 15)	Statutory Reserve RMB'000 (Note 16)	Retained Profits RMB'000	Total RMB'000	Minority Interests RMB'000	Total Equity RMB'000
Balance at 30 June 2005		14,127	4,513	43,918	62,558	-	62,558
Issue of shares		10,615	-	-	10,615	-	10,615
Net profit for the year		-	-	48,779	48,779	-	48,779
Transfer to statutory reserve		-	2,014	(2,014)	-	-	-
Dividends	17	-	-	(35,000)	(35,000)	-	(35,000)
Balance at 30 June 2006		24,742	6,527	55,683	86,952	-	86,952
Issue of shares		41,599	-	-	41,599	-	41,599
Net profit for the year		-	-	88,352	88,352	-	88,352
Transfer to statutory reserve		-	5,844	(5,844)	-	-	-
Dividends	17	-	-	(50,000)	(50,000)	-	(50,000)
Balance at 30 June 2007		66,341	12,371	88,191	166,903	-	166,903
Issue of shares		901	-	-	901	-	901
Net profit for the year		-	-	129,438	129,438	(4)	129,434
Acquisition of subsidiary		-	-	-	-	983	983
Dividends	17	-	-	(105,000)	(105,000)	-	(105,000)
Balance at 30 June 2008		67,242	12,371	112,629	192,242	979	193,221

The annexed notes form an integral part of and
 should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

**COMBINED CASH FLOW STATEMENTS
 FOR THE FINANCIAL YEARS ENDED 30 JUNE 2006, 2007 AND 2008**

	Notes	Year ended 30 June		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
Cash flows from operating activities				
Profit before taxation		60,001	95,908	147,408
Adjustments for :				
Depreciation of property, plant and equipment	5/8	6,882	8,473	10,101
Amortisation of land use rights	5/9	-	171	186
Interest expenses on bank borrowings		1,744	3,060	3,550
Negative goodwill	4	-	-	(4,720)
Interest income	4	(515)	(835)	(1,222)
Operating profit before working capital changes		68,112	106,777	155,303
(Increase)/Decrease in inventories		(7,511)	(6,806)	388
Increase in trade and other receivables		(21,266)	(17,411)	(32,618)
Increase in trade and other payables		27,994	35,209	7,173
Cash generated from operations		67,329	117,769	130,246
Interest paid		(1,744)	(3,060)	(3,550)
Income tax paid		(12,365)	(6,998)	(14,266)
Interest received		515	835	1,222
<i>Net cash generated from operating activities</i>		53,735	108,546	113,652
Cash flows from investing activities				
Acquisition of subsidiary	12	-	-	(3,764)
Acquisition of property, plant and equipment		(13,441)	(17,604)	(9,112)
Acquisition of land use rights		-	(9,316)	(44)
<i>Net cash used in investing activities</i>		(13,441)	(26,920)	(12,920)

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

COMBINED CASH FLOW STATEMENTS (Continued)
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2006, 2007 AND 2008

	Notes	Year ended 30 June		
		2006 RMB'000	2007 RMB'000	2008 RMB'000
<i>Cash flows from financing activities</i>				
Issue of shares		10,615	41,599	901
Dividend paid	17	(35,000)	(50,000)	(105,000)
Bank loan obtained		54,800	53,200	49,900
Repayment of bank loan		(34,300)	(45,500)	(49,200)
Fixed deposit pledged with bank		(5,588)	(9,112)	4,550
Advances (to)/from shareholders		(11,200)	(38,000)	5,822
<i>Net cash used in financing activities</i>		(20,673)	(47,813)	(93,027)
<i>Net increase in cash and cash equivalents</i>		19,621	33,813	7,705
<i>Cash and cash equivalents at beginning of the financial year</i>		13,376	32,997	66,810
<i>Cash and cash equivalents at end of the financial year</i>	12	32,997	66,810	74,515

The annexed notes form an integral part of and should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements

1. THE COMPANY

The Company (Registration No. 42756) was incorporated in Bermuda on 15 December 2008 under the Bermuda Companies Act as an exempted company with limited liability under the name of Xingquan International Sports Holdings Limited. As at the date of incorporation, the authorised share capital of the Company was US\$10,000 divided into 10,000 ordinary shares of US\$1 each.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business of the Company is located at Houyang Industrial Zone, Yanshang Village, Chendai Town, Jinjiang City, Quanzhou City, Fujian Province, the People's Republic of China ("PRC") 362211.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in Note 2 to the Combined Financial Statements.

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

2. THE REORGANISATION AND BASIS OF PRESENTATION

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

- (a) Acquisition of Fujian Province Jinjiang Xingquan Footwear Material Co., Ltd ("Xingquan Footwear")

Pursuant to an equity transfer agreement dated 16 January 2008 entered into between the Executive Director, Mr Wu Lianfa, and Mr Wu Shihu, of the one part, and Fujian Aidinai Sports Goods Co., Ltd ("Addnice Sports") of the other part, Addnice Sports acquired approximately 32.5% and 57.5% of the equity in Xingquan Footwear, from Mr Wu Lianfa and Mr Wu Shihu, respectively. Mr Wu Shihu is the father of the Executive Chairman and CEO, Mr Wu Qingquan, and the Executive Director, Mr Wu Lianfa. The aggregate consideration for the said transfer was for the sum of RMB4,122,000, which was based on the paid-up capital of Xingquan Footwear and was satisfied by the payment of RMB1,483,920 and RMB2,638,080 to Mr Wu Lianfa and Mr Wu Shihu, respectively. The transfer of the 90.0% equity in Xingquan Footwear to Addnice Sports was approved by the Jinjiang Administration for Industry and Commerce on 30 January 2008. The sale and purchase of the shares was completed on 30 January 2008.

The balance 10.0% equity in Xingquan Footwear held by Mr Wu Shihu was subsequently transferred to Addnice Sports pursuant to an equity transfer agreement dated 3 August 2008 between Mr Wu Shihu and Addnice Sports for a consideration of RMB 458,000 based on the paid-up capital of Xingquan Footwear. The transfer of the 10.0% equity in Xingquan Footwear to Addnice Sports was approved by the Jinjiang Administration for Industry and Commerce on 12 August 2008. The transfer was completed on 2 September 2008.

ANNEXURE F. **THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)**

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(b) Acquisition of Addnice Sports

Pursuant to an equity transfer agreement dated 8 April 2008 entered into between the Director, Mdm Ng Sio Peng, and Addnice Holdings Limited ("Addnice HK"), Addnice HK acquired 100% of the equity in Addnice Sports for a consideration of HK\$15,000,000 based on the paid-up capital of Addnice Sports. The transfer of the equity in Addnice Sports to Addnice HK was approved by the Jinjiang Ministry of Commerce on 18 August 2008 (Note 25 (d)).

(c) Acquisition of Xingquan (Fujian) Shoes Plastics Co., Ltd ("Xingquan Plastics")

Pursuant to an equity transfer agreement dated 8 April 2008 entered into between the Executive Chairman and CEO, Mr Wu Qingquan's brother-in-law, Mr lao leok Chon and Addnice HK, Addnice HK acquired 100% of the equity in Xingquan Plastics for a consideration of HK\$8,500,000 based on the paid-up capital of Xingquan Plastics. The transfer of the equity in Xingquan Plastics was approved by the Jinjiang Ministry of Commerce on 18 August 2008 (Note 25(e)).

(d) Acquisition of Addnice (China) Co., Ltd ("Addnice China")

Pursuant to an equity transfer agreement dated 20 May 2008 entered into between Addnice (International) Company Ltd and Addnice HK, Addnice HK acquired 100% of the equity in Addnice China for a consideration of HK\$41,500,000 based on the paid-up capital of Addnice China. The transfer of the equity in Addnice China to Addnice HK was approved by the Jinjiang Ministry of Commerce on 18 August 2008 (Note 25(f)).

(e) Incorporation of the Company

On 15 December 2008, the Company was incorporated in Bermuda as the investment holding company of the Group with an initial issued and paid-up capital of USD10,000 comprising 10,000 ordinary shares held by Mdm Ng Sio Peng and Mr lao leok Chon in the proportion of 65.0% and 35.0% respectively.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(f) Proposed acquisition by the Company

(i) Details of the proposed acquisition

The Company proposes to acquire the entire issued and paid-up share capital of Addnice HK comprising 1 share of HKD1.00 each from Sheng Xiang Shun Holdings Limited ("Sheng Xiang Shun") for a consideration of USD21.503 million (equivalent to RM70.26 million based on the exchange rate of USD1:RM3.2674) to be satisfied entirely by the issuance of 21.503 million new shares at an issue price of USD1.00 per share ("Consideration Shares").

The purchase consideration payable to Sheng Xiang Shun and the mode of settlement are set out as follows:

Vendor	Interest acquired %	No. of Addnice Holdings Shares to be acquired	Purchase consideration USD	Issue price per Share USD	No. of new Shares to be issued
Sheng Xiang Shun	100.0	1	21,503,000	1.00	21,503,000

The total purchase consideration of USD21.503 million was arrived at on a willing buyer-willing seller basis after taking into consideration the unaudited net tangible asset of Addnice HK as at 31 December 2008 of USD21.503 million.

The Company is currently in the midst of finalising the audited Combined Financial Statements for the 6 month financial period ending 31 December 2008. In the event the audited net tangible asset varies from the unaudited net tangible asset by more than 5%, the Company will adjust the purchase consideration accordingly.

The paid-up capital of Addnice HK will be acquired free from all claims, charges, liens, encumbrances and equities, together with all rights attached thereto.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(f) Proposed acquisition by the Company (Continued)

(ii) Nomination of Consideration Shares by Sheng Xiang Shun to Tai Zhen Xiang Holdings Limited ("Tai Zhen Xiang")

In conjunction with the proposed acquisition, Sheng Xiang Shun proposes to nominate Tai Zhen Xiang to receive all the Consideration Shares receivable by Sheng Xiang Shun under the proposed acquisition to consolidate and establish a single point of control over the shares via Tai Zhen Xiang, as the ultimate shareholders of Tai Zhen Xiang, namely Ng Sio Peng and lao leok Chon are also the ultimate shareholders of Sheng Xiang Shun.

Accordingly, on completion of the proposed acquisition, the Company will issue and allot the Consideration Shares directly to Tai Zhen Xiang.

Shareholders	No. of shares receivable under the proposed acquisition	No. of shares nominated to Tai Zhen Xiang	Shares held after the Proposed Nomination			
			Direct		Indirect	
				%		%
Sheng Xiang Shun	21,503,000	-	-	-	-	-
Tai Zhen Xiang	-	21,503,000	21,503,000	100.0	-	-
Ng Sio Peng	-	-	-	-	21,503,000	100.0
lao leok Chon	-	-	-	-	21,503,000	100.0

(ii) Proposed share split

The Company proposes to implement a share split of every 1 ordinary share into 10 ordinary shares.

Upon completion of the proposed share split, the number of ordinary shares in the Company shall increase from 21,513,000 ordinary shares to 215,130,000 ordinary shares.

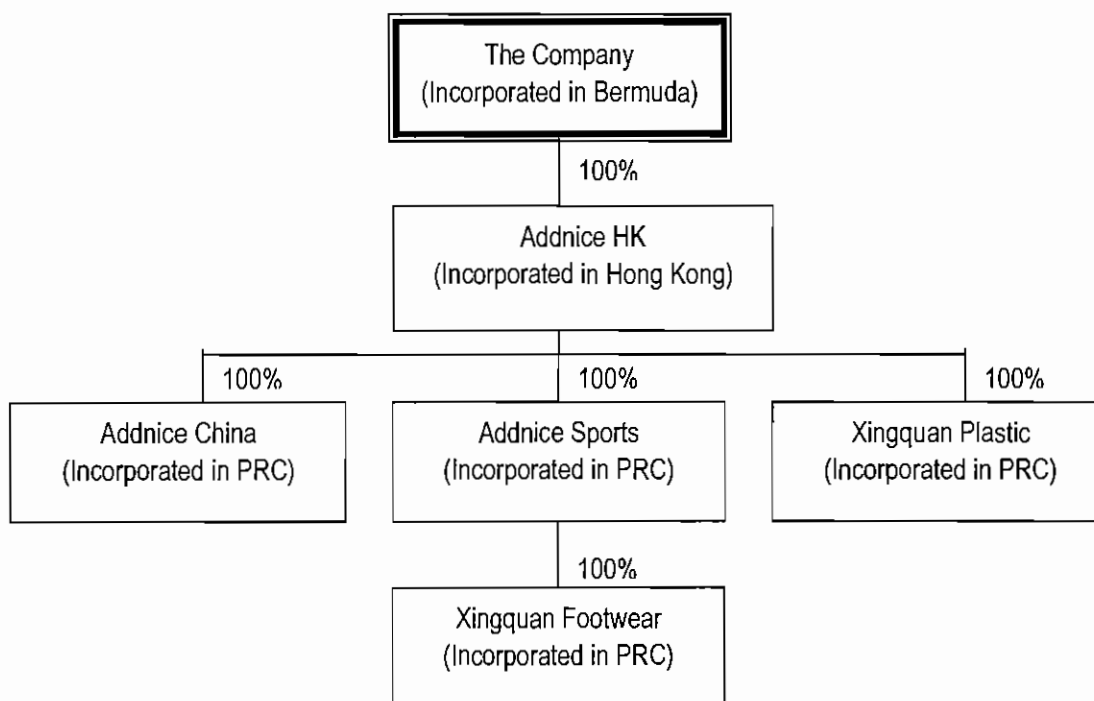
ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

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

The Group structure is shown as follows:



Pursuant to the Reorganization, the Company will have direct interests in the following wholly-owned subsidiaries and there are no other subsidiaries or associated companies of the Group.

Name of subsidiaries	Jurisdiction of incorporation / establishment	Principal activities	Equity interest held	Registered capital and paid-up capital	Note
Addnice HK	20 March 2008 Hong Kong	Investment holding	100%	HK\$1.00	(a)
Addnice China	7 March 2006 PRC	Inactive	100%	HK\$42,500,000	(b)

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

Name of subsidiaries	Jurisdiction of incorporation / establishment	Principal activities	Equity interest held	Registered capital and paid-up capital	Note
Addnice Sports	1 August 2003 PRC	Manufacturing of shoes and sale of shoes, apparels and accessories	100%	HK\$15,000,000	(c)
Xingquan Plastics	31 January 2000 PRC	Manufacture and sale of shoe soles	100%	HK\$8,500,000	(d)
Xingquan Footwear	8 February 1999 PRC	Lease of factory and land	100%	RMB 4,580,000	(e)

- (a) The financial statements for the year ended 31 December 2008 was not audited as Addnice HK was only incorporated on 20 March 2008 and there is no statutory audit requirement for the financial year ended 30 June 2008 in Hong Kong SAR.
- (b) The statutory financial statements for the years ended 31 December 2006 and 2007 were audited by Quanzhou MingChen Associated Certified Public Accountant, PRC. The statutory financial statements were unqualified for these two financial years.
- (c) The statutory financial statements for the years ended 31 December 2005, 2006 and 2007 were audited by Quanzhou MingChen Associated Certified Public Accountant, PRC. The statutory financial statements were unqualified for these three financial years.
- (d) The statutory financial statements for the years ended 31 December 2005, 2006 and 2007 were audited by Quanzhou MingChen Associated Certified Public Accountant, PRC. The statutory financial statements were unqualified for these three financial years.
- (e) There is no statutory audit requirement as the company is a PRC domestic company.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

The Group is regarded as a continuing entity resulting from the Reorganisation since the management of all the entities which took part in the Reorganisation was controlled by the same directors and under common shareholders before and immediately after the Reorganisation. Consequently, immediately after the Reorganisation, there was a continuation of the control over the entities' financial and operating policy decision and risk and benefits to the ultimate shareholders that existed prior to the Reorganisation. The Reorganisation has been accounted for as a Reorganisation under common control in a manner similar to pooling of interests. Accordingly, the Combined Financial Statements for the years ended 30 June 2006, 2007 and 2008 have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiaries which were under common control of the ultimate shareholders and directors that existed prior to the Reorganisation during the Relevant Periods or since their respective dates of incorporation.

The Combined Financial Statements have been prepared based on the audited financial statements for the years ended 30 June 2006, 2007 and 2008, and where appropriate, unaudited management accounts of all companies comprising the Group during the Relevant Periods. The management of the respective companies of the Group at the years ended 30 June 2006, 2007 and 2008 are responsible for preparing these audited financial statements and the unaudited management accounts of the subsidiaries comprising the Group for the years ended 30 June 2006, 2007 and 2008. The audited financial statements for the years ended 30 June 2006, 2007 and 2008 give a true and fair view.

For the purpose of this report, the auditors have examined the aforementioned management accounts for the years ended 30 June 2006, 2007 and 2008 and have carried out independent audit procedures as are necessary for the auditors to give an opinion on the Combined Financial Statements of the Group.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Combined Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") including related interpretations, and have been consistently applied throughout the years ended 30 June 2006, 2007 and 2008.

Basis of preparation of Combined Financial Statements

The Group has early adopted IFRSs and interpretations which are effective for accounting periods beginning on or after 1 January 2007 for the preparation of these Combined Financial Statements of the Group since 1 July 2005. IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Combined Financial Statements. These Combined Financial Statements are the first set of financial statements prepared in accordance with IFRS by the Group.

The accounting policies set out below have been applied consistently to all periods presented in these Combined Financial Statements and in preparing an opening IFRS balance sheet as at 1 July 2005 for the purpose of the first set of IFRS financial statements. The accounting policies have been applied consistently by the Group.

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

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

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

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of Combined Financial Statements (Continued)

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

The management does not anticipate that the adoption of the above IFRSs (including consequential amendments) and interpretations will result in any material impact to the financial statements in the period of initial application, except for IAS 1 (Revised) and IFRS 8 as indicated below.

IAS 1 (Revised)

The revised Standard requires:

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

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

**ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)**

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of Combined Financial Statements (Continued)

IAS 1 (Revised) (Continued)

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

IFRS 8

IFRS 8 replaces IAS 14 Segment Reporting. In doing so it extends the scope of segment reporting. It requires the identification of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. It requires amongst others, reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity's financial statements and an explanation of how segment profit or loss and segment assets are measured for each reportable segment.

The Group will apply IFRS 8 from 1 January 2009 and provide comparative information that conforms to the requirements of IFRS 8. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under IFRS 8.

The Combined Financial Statements have been prepared in accordance with the significant accounting policies set out below and these accounting policies are in accordance with IFRS.

The preparation of the Combined Financial Statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the application of accounting policies as disclosed below, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial years.

Critical accounting estimates and judgement

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgement (Continued)

Key sources of estimation uncertainty

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 5 to 20 years. The carrying amounts of the Group's property, plant and equipment as at 30 June 2006, 2007 and 2008 were RMB 47,336,000, RMB 56,467,000 and RMB 65,288,000 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Income tax

The Group has exposure to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgement made in applying accounting policies

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

Impairment of trade receivables

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

Subsidiaries and Combined Financial Statements

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully combined from the date on which control is transferred to the Group. They are excluded from the date that control ceases.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries and Combined Financial Statements (Continued)

(i) Subsidiaries (Continued)

For acquisition of subsidiaries under common control, the identifiable assets and liabilities were accounted for at their carrying values, in a manner similar to the pooling-of-interest method of consolidation.

For acquisition of subsidiaries that is not under common control, the purchase method of accounting is adopted. The cost of such acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value on the date of the acquisition, irrespective of the extent of minority interest. Please refer to the paragraph "Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

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

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

(ii) Basis of preparation under common control business combination

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries and Combined Financial Statements (Continued)

(ii) Basis of preparation under common control business combination (Continued)

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

A single uniform set of accounting policies is adopted by the Group. Therefore, the Group recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts as if such Combined Financial Statements had been prepared by the controlling party, including adjustments required for conforming to the Group's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the Combined Financial Statements of the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the fair value of identifiable net assets of the subsidiary.

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Where the cost of an acquisition is less than the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference ("negative goodwill") is recognised directly in the income statement.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

Plant & Machinery	5 -10 years
Furniture, Fixtures and Office Equipment	5 -10 years
Mould Equipment	5 years
R&D Equipment	5 -10 years
Buildings	20 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

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

Impairment of non-financial assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of the Group's property, plant and equipment and intangible assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the period in which it arises unless the asset is carried at revalued amount, in which case, such impairment loss is charged to equity.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit to which the asset belongs.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the income statement in the period in which it arises.

Financial assets

Financial assets which are under the scope of IAS 39, other than hedging instruments, can be divided into the following categories: financial assets at fair value through income statement, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through income statement is not revocable.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. At each of the balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised.

Other than loans and receivables, the Group does not have any financial assets at fair value through income statement, held-to-maturity investments or available-for-sale financial assets.

Trade and other receivables

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

The Group's financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. All interest related charges are recognised as "finance costs" in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Trade and other payables

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

Borrowings

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

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Net realisable value is calculated as the actual or estimated selling prices less all further costs of completion and the estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

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

**ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)**

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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

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

Recognition of revenue

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

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

Income tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Corporate income tax is provided at rates applicable to an enterprise in the PRC on income for financial reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The Group's sale of goods in the PRC is subjected to Value-added tax ("VAT") at the applicable tax rate of 17% for PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the balance sheet.

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

Retirement benefits scheme

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries of the Company in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Foreign currencies

- (i) Functional and presentation currency

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

Related parties

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

- (i) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled, or is under common control with, the Company/Group; (2) has an interest in the Company that gives it significant influence over the Company/Group; or (3) has joint control over the Company/Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

Key management personnel

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

Operating leases

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

Financial instruments

Financial instruments carried on the balance sheets include cash and cash equivalents, all receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management are provided in Note 21.

Equity

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

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

Cash and cash equivalents

For the purpose of the combined cash flow statements, cash and cash equivalents comprise cash on hand and in banks and fixed deposits with a short maturity period of generally at three months, less bank overdrafts which are repayable on demand.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

A segment is a distinguishable component of the Group to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and related revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group.

Research and development costs

Research costs are expensed as incurred, except for development costs which relates to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged so as to write off the cost of land use rights, using the straight-line method, over the period of the grant of 50 years, which is the lease term. Land use rights represent up-front payments to acquire long-term interests in the usage of land.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

4. REVENUE AND OTHER INCOME

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

	Year ended 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Sale of goods	289,246	438,520	636,810
Negative goodwill (Note 12)	-	-	4,720
Interest income from bank	515	835	1,222
	<u>515</u>	<u>835</u>	<u>5,942</u>

5. PROFIT BEFORE TAXATION

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

	Year ended 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Cost of inventories recognised as expense	131,170	204,437	306,188
Depreciation of property, plant and equipment	6,882	8,473	10,101
Amortisation of land use rights	-	171	186
Directors' remuneration			
- salaries and related cost	344	395	449
Key management personnel (other than directors)			
- salaries and related cost	322	366	465
- retirement scheme contribution	25	29	32
Other than directors and key management personnel			
- salaries and related cost	41,541	56,616	71,226
- retirement scheme contribution	4,168	5,785	7,262
- staff welfare	1,495	2,485	3,591
Research and development costs	2,851	3,339	5,249
Advertisement expenses	8,357	14,899	27,192
Operating lease expense	2,583	2,924	3,204

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

5. PROFIT BEFORE TAXATION (Continued)

Depreciation expenses of approximately RMB6,734,000, RMB8,269,000 and RMB9,757,000 have been charged in cost of sales on the face of the Combined Income Statement for the years ended 30 June 2006, 2007 and 2008.

Depreciation expenses of approximately RMB138,000, RMB191,000 and RMB332,000 have been charged in administrative expenses on the face of the Combined Income Statement for the years ended 30 June 2006, 2007 and 2008.

Depreciation expenses of approximately RMB10,000, RMB13,000 and RMB12,000 have been charged in selling and distribution expenses on the face of the Combined Income Statement for the years ended 30 June 2006, 2007 and 2008.

6. INCOME TAX EXPENSE

	Year ended 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Current year provision:			
PRC income tax	11,222	7,556	17,794

No deferred tax has been provided as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability as at 30 June 2006, 2007 and 2008.

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

	Year ended 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Profit before taxation	60,001	95,908	147,408
Tax at the applicable tax rate of 27%/25%	16,200	25,895	38,275
Income exempt from tax	(4,978)	(18,339)	(19,112)
Non-taxable income	-	-	(1,275)
Others	-	-	86
	11,222	7,556	17,974

Pursuant to the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises", the provision for PRC income tax for the foreign investment enterprises of production nature established in the Coastal Economic Open Zone is calculated based on statutory income tax at a rate of 27% for the relevant period, which included a 24% enterprise income tax and a 3% local income tax.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic enterprises and foreign investment enterprises are unified at 25% and was effective from 1 January 2008.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

6. INCOME TAX EXPENSE (Continued)

Based on the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises", Addnice Sports and Addnice China are entitled to full exemption from income tax for the first two years and a 50% reduction in income tax for the next three years starting from its first profitable year of operations. Xingquan Footwear is a PRC domestic company and is not entitled to tax exemption under the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises".

The first profitable year of Addnice Sports is the calendar year ended 31 December 2006 for the purpose of determining the tax holiday period. Addnice Sports has obtained written confirmation from the relevant PRC tax authorities confirming that its 5 year tax holiday period commenced from 1 January 2006 and that the first profit making year was the calendar year ended 31 December 2006. Addnice China was inactive during the financial years ended 30 June 2006, 2007 and 2008. Pursuant to the PRC Enterprise Income Tax law passed by the Tenth National People's Congress on 16 March 2007, Addnice China's 5 year tax holiday period has commenced on 1 January 2008.

7. EARNINGS PER SHARE

Basic earning per share is calculated based on profit attributable to equity holders of the Company for the respective years and the pre-invitation share capital of the Company. The Company's pre-invitation share capital of 215,130,000 shares were assumed to be in issue throughout the entire periods presented.

As there are no dilutive potential ordinary shares during each of the years covered in this report, no diluted earning per share is presented.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

8. PROPERTY, PLANT AND EQUIPMENT

	Plant & Machinery RMB'000	Furniture, Fixtures and Office Equipment RMB'000	Mould Equipment RMB'000	R&D Equipment RMB'000	Buildings RMB'000	Total RMB'000
At 1 July 2005						
Cost	36,743	302	15,123	5	-	52,669
Accumulated depreciation	(5,093)	(17)	(6,733)	(49)	-	(11,892)
Net book amount	31,650	285	8,390	452	-	40,777
Year ended 30 June 2006						
Opening net book amount	31,650	285	8,390	452	-	40,777
Additions	5,587	872	6,401	581	-	13,441
Depreciation charge	(3,768)	(147)	(2,882)	(85)	-	(6,882)
Closing net book amount	33,469	1,010	11,909	948	-	47,336
At 30 June 2006 and 1 July 2006						
Cost	42,330	1,174	21,524	1,082	-	66,110
Accumulated depreciation	(8,861)	(164)	(9,615)	(134)	-	(18,774)
Net book amount	33,469	1,010	11,909	948	-	47,336
Year ended 30 June 2007						
Opening net book amount	33,469	1,010	11,909	948	-	47,336
Additions	9,705	307	7,289	303	-	17,604
Depreciation charge	(4,444)	(234)	(3,685)	(110)	-	(8,473)
Closing net book amount	38,730	1,083	15,513	1,141	-	56,467
At 30 June 2007 and 1 July 2007						
Cost	52,035	1,481	28,813	1,385	-	83,714
Accumulated depreciation	(13,305)	(398)	(13,300)	(244)	-	(27,247)
Net book amount	38,730	1,083	15,513	1,141	-	56,467
Year ended 30 June 2008						
Opening net book amount	38,730	1,083	15,513	1,141	-	56,467
Additions	1,831	5	6,776	-	500	9,112
Acquisition of subsidiary	-	-	-	-	9,810	9,810
Depreciation charge	(5,040)	(267)	(4,519)	(125)	(150)	(10,101)
Closing net book amount	35,521	821	17,770	1,016	10,160	65,288
At 30 June 2008						
Cost	53,866	1,486	35,589	1,385	10,310	102,636
Accumulated depreciation	(18,345)	(665)	(17,819)	(369)	(150)	(37,348)
Net book amount	35,521	821	17,770	1,016	10,160	65,288

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

Certain of the Group's property, plant and equipment with a net book value of approximately RMB 9,667, 000 were pledged as securities to secure the Group's bank loans at 30 June 2008 (Note 14).

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

9. LAND USE RIGHTS

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
At beginning of the year			
Cost	-	-	9,316
Accumulated amortisation	-	-	(171)
Net book amount	-	-	9,145
For the year			
Opening net book amount	-	-	9,145
Additions	-	9,316	44
Acquisition of subsidiary	-	-	63
Amortisation	-	(171)	(186)
Closing net book amount	-	9,145	9,066
At end of the year			
Cost	-	9,316	9,423
Accumulated amortisation	-	(171)	(357)
Net book amount	-	9,145	9,066

The land use rights of the Group refer to land located in the PRC.

Certain of the Group's land use rights with a net book value of approximately RMB 63,000 were pledged as securities to secure the Group's bank loans at 30 June 2008 (Note 14).

Amortisation expenses of approximately RMB171,000 and RMB186,000 have been charged in administrative expenses on the face of the Combined Income Statement for the years ended 30 June 2007 and 2008.

10. INVENTORIES

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
At cost			
Raw materials	8,157	10,162	11,984
Finished goods	9,953	13,482	11,542
Work in progress	4,357	5,629	5,359
	22,467	29,273	28,885

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

11. TRADE AND OTHER RECEIVABLES

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Trade receivables	48,971	73,713	103,769
Amounts due from shareholders	19,700	57,700	51,878
Deposits	7,755	200	190
Prepayments	2,225	2,449	5,086
	<u>78,651</u>	<u>134,062</u>	<u>160,923</u>

Trade receivables are non-interest bearing and generally have credit terms of 60 days.

Deposits mainly consist of rental deposits and deposit for the acquisition of land use rights in FY2006.

Amount due from shareholders are unsecured, interest free and have no fixed terms of repayment. The amounts due from shareholders were subsequently declared as dividends on 1 September 2008.

Prepayments mainly consist of prepaid rental and advertising expenses.

The carrying amounts of trade and other receivables are denominated in Renminbi ("RMB").

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

12. CASH AND BANK BALANCES

	As at 30 June		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Cash on hand	87	209	126
Cash at bank	32,910	66,601	74,389
Fixed deposits – pledged	18,988	28,100	23,550
	<u>51,985</u>	<u>94,910</u>	<u>98,065</u>

The Renminbi is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The cash at bank bear effective interest rates of 0.72%, 0.72% and 0.72% per annum during the years ended 30 June 2006, 2007 and 2008 respectively.

Fixed deposits with financial institutions have varying maturity dates of between 3 to 6 months. Fixed deposits bear effective interest rates of 2.07%, 2.16% and 2.92% per annum for the financial years ended 30 June 2006, 2007 and 2008 respectively.

Cash and bank balances are denominated in the following currencies:

	As at 30 June		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Renminbi	51,985	94,910	98,065
Others	-*	-*	-*
	<u>51,985</u>	<u>94,910</u>	<u>98,065</u>

* Amount less than RMB 1,000

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

12. CASH AND BANK BALANCES (Continued)

For the purpose of the combined cash flow statements, the cash and cash equivalents comprise the following:

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Cash and bank balances (as above)	51,985	94,910	98,065
Less: Fixed deposits – pledged	(18,988)	(28,100)	(23,550)
Cash and cash equivalents per combined cash flow statements	32,997	66,810	74,515

On 30 January 2008, Addnice Sports acquired 90% of equity interest of Xingquan Footwear for a cash consideration of RMB4,122,000.

The fair value of identifiable net assets of Xingquan Footwear at the date of acquisition amounted to RMB9,825,000, resulting in a negative goodwill on acquisition of RMB4,720,000.

Xingquan Footwear contributed revenue of RMBNil and net loss of RMB149,000 to the Group for the period from 1 February 2008 to 30 June 2008. Xingquan Footwear's assets and liabilities as at 30 June 2008 were RMB10,146,000 and RMB359,000 respectively. If the acquisition had occurred on 1 July 2007, the Group's revenue would have been RMB636,810,000 and total profit would have been RMB129,121,000.

The aggregate effects of the acquisition of Xingquan Footwear on the cashflows of the Group were:

	At fair value RMB'000	Carrying amount in Xingquan's books RMB'000
<u>Identifiable assets and liabilities</u>		
Property, plant and equipment	9,810	4,434
Land use right	63	63
Trade and other receivables	65	65
Cash and cash equivalents	358	358
Accruals and other payables	(471)	(471)
Net assets	9,825	4,449
Identifiable net assets	9,825	
Less: Minority interests	(983)	
Identifiable net assets acquired	8,842	
Negative goodwill	(4,720)	
Cash consideration paid	4,122	
Less: Cash and cash equivalents in subsidiary acquired	(358)	
Net cash outflow on acquisition	3,764	

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

13. TRADE AND OTHER PAYABLES

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Trade payables	19,734	19,895	12,179
Bills payable	37,400	65,600	73,900
VAT payable	1,798	3,279	5,309
Salary payable	4,160	5,533	6,579
Deposits from distributors	1,100	1,400	1,450
Accruals	6,102	9,796	13,730
	<u>70,294</u>	<u>105,503</u>	<u>113,147</u>

Trade payables generally have credit terms of 60 days.

Bill payables are secured by fixed deposits placed with financial institutions.

Accruals mainly comprise accrued marketing expenses, accrued sales rebates and payables for property plant and equipment.

The carrying amounts of trade and other payables are denominated in Renminbi.

14. INTEREST-BEARING BANK BORROWINGS

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Short term bank loans – secured	41,500	49	49,900

The Group's interest-bearing bank borrowings are guaranteed by external parties and a director, and secured on certain Group's properties, plant and equipment (Note 8). Bank loans bear effective interest rates of 5.52%, 6.09% and 6.89% per annum during the years ended 30 June 2006, 2007 and 2008 respectively.

The carrying amounts of interest-bearing bank borrowings are denominated in Renminbi.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

15. SHARE CAPITAL

The Company was incorporated in Bermuda on 15 December 2008 under the Bermuda Companies Act as an exempted company. At the date of incorporation, the Company had an authorised share capital of US\$10,000 comprising 10,000 ordinary shares of US\$1.00 each of which 10,000 ordinary shares of US\$1 each was issued nil-paid to Tai Zhen Xiang.

The share capital balances as at 30 June 2006 and 2007 represent the issued share capital of Addnice China, Addnice Sports and Xingquan Plastics. The share capital balance as at 30 June 2008 represents the issued share capital of Addnice HK, Addnice China, Addnice Sports and Xingquan Plastics.

16. RESERVES

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Company established in the PRC are required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

17. DIVIDENDS

Dividend declared during the Relevant Periods represented dividends declared and paid by Xingquan Plastics and Addnice Sports to their equity owners. The rates of dividends and number of shares ranking for dividends are not presented as such information are not meaningful.

18. COMMITMENTS

(a) Operating lease commitments

The Group leases offices, warehouses and factory under non-cancellable operating lease arrangements. The leases have varying terms and the total future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	As at 30 June		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Not later than one year	2,924	3,316	3,403
Later than one year and not later than five years	14,168	15,139	14,202
Later than five years	20,439	16,752	11,855
Total	37,531	35,207	29,460

Lease payments after 1 January 2010 for certain factory leases will be revised to reflect market rentals.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

18. COMMITMENTS (Continued)

(b) Capital commitments

As at 30 June 2008, the Group has unpaid capital contribution in Addnice China amounting to HKD57,500,000 (approximately RMB50,859,000).

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Rental paid to a former related party	530	583	529
Sales of goods to a Company in which a director has an interest in	-	-	109

Former related party refers to Xingquan Footwear which was acquired by Addnice Sports in FY2008.

20. SEGMENT INFORMATION

Business segment

The Group's primary format for reporting segment information is business segments, with each segment representing a product category. The Group's business segments are organised as follows:

(i) Design, manufacture and sale of shoe soles

Design, manufacture and sale of shoe soles products which comprise athletic shoe sole products designed for specific sporting activities such as running, tennis, basketball and mountain climbing as well as leisure footwear.

(ii) Design, manufacture and sale of sports and leisure footwear

Design, manufacture and sale of sports and leisure footwear which comprise athletic footwear designed for specific sporting activities such as running, tennis, basketball and mountain climbing as well as leisure footwear, marketed under the "Addnice" brand.

(iii) Design and sale of sports of sports apparels and accessories

Sports apparels and accessories comprise apparels for specific sporting activities such as running, tennis, basketball and mountain climbing and leisure; functional apparels such as t-shirts, polo shirts and windbreakers; and accessories such as sport bags, caps, socks, protective guards and basketballs, marketed under the "Addnice" brand.

Geographical segment

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operation is presented.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

20. SEGMENT INFORMATION (Continued)

Year ended 30 June 2006

Business Segments

	Design, manufacture and sale of shoe soles	Design, manufacture and sale of sports and leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
- external sales	84,589	164,014	40,643	289,246
- inter-segment sales	29,312	-	-	29,312
	<u>113,901</u>	<u>164,014</u>	<u>40,643</u>	<u>318,558</u>
Elimination				(29,312)
				<u>289,246</u>
Segment results	13,211	41,592	6,427	61,230
Other income				515
Finance costs				(1,744)
Profit before taxation				60,001
Income tax expense				(11,222)
Profit after taxation				<u>48,779</u>
Other information				
Capital expenditure	8,362	5,079	-	13,441
Depreciation of property, plant and equipment	4,854	2,028	-	6,882
Segment assets	119,732	48,815	8,105	176,652
Unallocated corporate assets				23,787
Total assets				<u>200,439</u>
Segment liabilities	79,544	11,079	2,930	93,553
Unallocated corporate liabilities				19,934
Total liabilities				<u>113,487</u>

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

20. SEGMENT INFORMATION (Continued)

Year ended 30 June 2007

Business Segments

	Design, manufacture and sale of shoe soles	Design, manufacture and sale of sports and leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
- external sales	97,973	263,006	77,541	438,520
- inter-segment sales	51,779	-	-	51,779
	149,752	263,006	77,541	490,299
Elimination				(51,779)
				438,520
Segment results	16,990	70,232	10,911	98,133
Other income				835
Finance costs				(3,060)
Profit before taxation				95,908
Income tax expense				(7,556)
Profit after taxation				88,352
Other information				
Capital expenditure	11,296	6,308	-	17,604
Depreciation of property, plant and equipment	6,332	2,141	-	8,473
Amortisation of land use rights	-	171	-	171
Segment assets	149,344	81,271	13,868	244,483
Unallocated corporate assets				79,374
Total assets				323,857
Segment liabilities	103,458	16,315	4,810	124,583
Unallocated corporate liabilities				32,371
Total liabilities				156,954

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

20. SEGMENT INFORMATION (Continued)

Year ended 30 June 2008

Business Segments

	Design, manufacture and sale of shoe soles	Design, manufacture and sale of sports and leisure footwear	Design and sale of sports apparels and accessories	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
- external sales	131,516	367,294	138,000	636,810
- inter-segment sales	64,245	-	-	64,245
	<u>195,761</u>	<u>367,294</u>	<u>138,000</u>	<u>701,055</u>
Elimination				<u>(64,245)</u>
				<u>636,810</u>
Segment results	27,939	97,973	19,301	145,213
Other income				5,942
Unallocated expenses				(197)
Finance costs				<u>(3,550)</u>
Profit before taxation				147,408
Income tax expense				<u>(17,974)</u>
Profit after taxation				<u>129,434</u>
Other information				
Capital expenditure	8,609	503	-	9,112
Depreciation of property, plant and equipment	7,425	2,637	39	10,101
Amortisation of land use rights	-	186	-	186
Negative goodwill				4,720
Segment assets	140,827	90,637	25,072	256,536
Unallocated corporate assets				105,691
Total assets				<u>362,227</u>
Segment liabilities	94,028	21,175	7,956	123,159
Unallocated corporate liabilities				45,800
Total liabilities				<u>168,959</u>

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2006, 2007 and 2008, the Group's financial instruments mainly consist of cash and bank balances, trade receivables, other receivables, trade payables, bills payables, accrued liabilities, other payables and borrowings.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group typically gives the existing customers credit terms of 60 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new customers, the sales and marketing department will prepare credit proposals for approval by the general manager. The Group has significant concentration of credit risk as the Group's top ten customers in aggregate formed 25.1%, 25.3% and 32.3% of the trade receivables balance as at 30 June 2006, 2007 and 2008 respectively.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The provision for impairment loss is based upon a review of the expected collectibles of all trade and other receivables.

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

	As at 30 June		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Past due less than 30 days	541	731	1,962
Past due 31 to 60 days	3	-	53
	544	731	2,015

There is no impairment loss recognised in the combined income statements as all the receivables were subsequently received.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirement in the short and long term. The bank borrowings for the years ended 30 June 2006, 2007 and 2008 have maturity period of less than 1 year from the respective balance sheet date.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group carries out its business in the PRC and most of the transactions are denominated in Renminbi. Accordingly, the Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from short-term bank borrowings. The Group does not have investment in other financial assets. The Group's policy is to maintain all its borrowings on a fixed rate basis.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(iii) Market risk (Continued)

Interest rate risk (Continued)

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

	Within 1 year RMB'000	Total RMB'000	Effective interest rate
As at 30 June			
2006			
Interest bearing bank borrowings	41,500	41,500	5.52%
2007			
Interest bearing bank borrowings	49,200	49,200	6.09%
2008			
Interest bearing bank borrowings	49,900	49,900	6.89%

Bank borrowings subject to fixed interest rates are contractually repriced at intervals of 12 months. The other financial instruments of the Group are not subject to significant interest rate risk.

Fluctuations in the interest rate of bank borrowings will not have an impact on the Group's net profit for the years ended 30 June 2006, 2007 and 2008.

22. CONTINGENT LIABILITIES

The Group issued corporate guarantees to financial institutions for bank borrowings of third parties as follows:

	As at 30 June		
	2006 RMB'000	2007 RMB'000	2008 RMB'000
Corporate guarantees	28,000	42,900	66,900

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns to shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected investment opportunities. The Group currently does not adopt any formal dividend policy.

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

24. FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

25. SUBSEQUENT EVENTS

Except for the events disclosed in Notes 1 and 2 and below, no other item, transaction or event of a material or unusual nature has arisen in the interval between 30 June 2008 and the date of the report from the auditors:

- (a) Addnice China entered into an agreement with 惠安城南中心工业区开发发展有限公司 on 15th July 2008 for the acquisition of land use right for the construction of the Group's new factory at 惠安城南创业园. The cost of the land use right amounted to RMB 14,000,000.
- (b) Xingquan Plastics and Xingquan Footwear issued corporate guarantees amounting to RMB 37,000,000 to financial institutions for the bank borrowings of third parties.
- (c) The balance 10.0% equity in Xingquan Footwear held by Mr Wu Shihu was subsequently transferred to Addnice Sports pursuant to an equity transfer agreement dated 3 August 2008 between Mr Wu Shihu and Addnice Sports for a consideration of RMB 458,000 based on the paid-up capital of Xingquan Footwear. The transfer of the 10.0% equity in Xingquan Footwear to Addnice Sports was approved by the Jinjiang Administration for Industry and Commerce on 12 August 2008. The transfer was completed on 12 August 2008.

**ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)**

Notes to the combined financial statements (Continued)

25. SUBSEQUENT EVENTS (Continued)

- (d) Pursuant to the supplemental equity transfer agreement dated 22nd August 2008 in respect of the restructuring exercise (Note 2 (b)) entered into between the Director, Mdm Ng Sio Peng, and Addnice HK, Addnice HK acquired 100% of the equity in Addnice Sports for a consideration of HK\$1.00. The transfer was completed on 2 September 2008.
- (e) Pursuant to the supplemental equity transfer agreement dated 22nd August 2008 in respect of the restructuring exercise (Note 2(c)) entered into between the Executive Chairman and CEO, Mr Wu Qingquan's brother-in-law, Mr lao leok Chon and Addnice HK, Addnice HK acquired 100% of the equity in Xingquan Plastics for a consideration of HK\$1.00. The transfer was completed on 2 September 2008.
- (f) Pursuant to the supplemental equity transfer agreement dated 22nd August 2008 in respect of the restructuring exercise (Note 2(d)) entered into between Addnice (International) Company Ltd and Addnice HK, Addnice HK acquired 100% of the equity in Addnice China for a consideration of HK\$1.00. The transfer was completed on 2 September 2008.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2008

The Board of Directors
Xingquan International Sports Holdings Limited
Clarendon House, 2 Church Street,
Hamilton HM 11, Bermuda

1 June 2009

Dear Sirs

We have audited the accompanying combined financial statements of the Company and its subsidiaries (collectively the "Group"), on pages 3 to 49, which comprises the combined balance sheet of the Group as at 31 December 2008, the combined income statement, combined statement of changes in equity and combined cash flow statement of the Group for six months financial period ended 31 December 2008 and a summary of significant accounting policies and other explanatory notes (the "Combined Financial Statements"). The Combined Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), are the responsibility of the management of the Company. Our responsibility is to express an opinion on the Combined Financial Statements based on our audit.

Management's responsibility for the Combined Financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Combined Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the Combined Financial Statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Combined Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Combined Financial Statements.

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

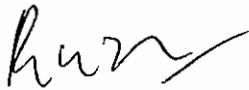
**ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)**

**AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX
MONTHS FINANCIAL PERIOD ENDED 31 DECEMBER 2008 (Continued)**

Opinion

In our opinion, the Combined Financial Statements, for the purpose of this report and prepared on the basis set out in Note 2 of this report, presents fairly, in all material respects, the Group's combined results, combined changes in equity and combined cash flows for the six months financial period ended 31 December 2008, and of the Group's financial position as at 31 December 2008 and has been properly prepared in accordance with IFRS.

Yours faithfully



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

Partner: Wong Kian Kok

1 JUN 2009

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

**COMBINED INCOME STATEMENTS
 FOR THE SIX MONTHS FINANCIAL PERIODS ENDED 31 DECEMBER 2007
 AND 2008**

	Notes	Six months period ended 31 December	
		2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Revenue	4	405,880	302,562
Cost of sales		(250,370)	(196,889)
Gross profit		155,510	105,673
Other income	4	1,287	534
Selling and distribution expenses		(36,246)	(30,406)
Administrative expenses		(10,633)	(8,482)
Finance costs		(2,171)	(1,723)
Profit before taxation	5	107,747	65,596
Income tax expense	6	(17,935)	(5,957)
Profit for the period		89,812	59,639
Attributable to:			
Equity holders		89,815	59,639
Minority interests		(3)	-
		89,812	59,639
Earnings per share - Basic (RMB cents) #	7	41.75	27.72

These combined earnings per share were computed based on the profit attributable to shareholders and the pre-Invitation number of shares of 215,130,000 shares (Note 7).

The annexed notes form an integral part of and
 should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

COMBINED BALANCE SHEETS
AS AT 30 JUNE 2008 AND 31 DECEMBER 2008

	Notes	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	8	63,955	65,288
Land use rights	9	8,972	9,066
		72,927	74,354
Current assets			
Inventories	10	33,828	28,885
Trade and other receivables	11	135,078	160,923
Cash and bank balances	12	105,807	98,065
		274,713	287,873
Current liabilities			
Trade and other payables	13	141,967	113,147
Interest-bearing bank borrowings	14	51,400	49,900
Corporate income tax payable		9,220	5,959
		202,587	169,006
Net current assets		72,126	118,867
Net assets		145,053	193,221
EQUITY			
Share capital	15	*	67,242
Reserves	16	145,053	125,000
		145,053	192,242
Minority interests		-	979
Total equity		145,053	193,221

* Amount less than RMB 1,000

The annexed notes form an integral part of and
 should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

**COMBINED STATEMENTS OF CHANGES IN EQUITY
 FOR THE SIX MONTHS FINANCIAL PERIODS ENDED 31 DECEMBER 2007
 AND 2008**

		Equity attributable to the equity holders of the Company							
		Share	Statutory	Merger	Currency	Retained		Minority	
		Capital	Reserve	Reserve	Translation	Profits	Total	Interests	Total Equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Note 15)	(Note 16)	(Note 16)	(Note 16)				
Notes									
	Balance at 1 July 2007	66,341	12,371	-	-	88,191	166,903	-	166,903
	Issue of shares	901	-	-	-	-	901	-	901
	Net profit for the year	-	-	-	-	129,438	129,438	(4)	129,434
	Acquisition of subsidiary	-	-	-	-	-	-	983	983
	Dividends	17	-	-	-	(105,000)	(105,000)	-	(105,000)
	Balance at 30 June 2008 (Audited)	67,242	12,371	-	-	112,629	192,242	979	193,221
	Translation differences relating to foreign currency financial statements recognised directly in equity	-	-	-	(4)	-	(4)	-	(4)
	Net profit for the period	-	-	-	-	89,815	89,815	(3)	89,812
	Total recognised income and expenses for the period	-	-	-	(4)	89,815	89,811	(3)	89,808
	Issue of shares	*	-	-	-	-	*	-	*
	Arising from restructuring exercise	(67,242)	-	67,242	-	-	-	-	-
	Acquisition of minority interests	-	-	-	-	-	-	(976)	(976)
	Dividends	17	-	-	-	(137,000)	(137,000)	-	(137,000)
	Balance at 31 December 2008 (Audited)	*	12,371	67,242	(4)	65,444	145,053	-	145,053
	Balance at 1 July 2007	66,341	12,371	-	-	88,191	166,903	-	166,903
	Net profit for the period	-	-	-	-	59,639	59,639	-	59,639
	Dividends	17	-	-	-	(105,000)	(105,000)	-	(105,000)
	Balance at 31 December 2007 (Unaudited)	66,341	12,371	-	-	42,830	121,542	-	121,542

* Amount less than RMB 1,000

The annexed notes form an integral part of and
 should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

**COMBINED CASH FLOW STATEMENTS
 FOR THE SIX MONTHS FINANCIAL PERIODS ENDED 31 DECEMBER 2007
 AND 2008**

	Notes	Six months period ended 31 December	
		2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Cash flows from operating activities			
Profit before taxation		107,747	65,596
Adjustments for :			
Depreciation of property, plant and equipment	5/8	5,713	4,890
Amortisation of land use rights	5/9	94	93
Interest expenses on bank borrowings		2,171	1,723
Negative goodwill	4	(518)	-
Interest income	4	(761)	(534)
Operating profit before working capital changes		114,446	71,768
Increase in inventories		(4,943)	(3,398)
Increase in trade and other receivables		(26,033)	(12,491)
Increase in trade and other payables		17,694	5,659
Cash generated from operations		101,164	61,538
Interest paid		(2,171)	(1,723)
Income tax paid		(14,674)	(5,209)
Interest received		761	534
<i>Net cash generated from operating activities</i>		85,080	55,140
Cash flows from investing activities			
Acquisition of minority interests	12	(458)	-
Acquisition of property, plant and equipment		(4,380)	(4,296)
<i>Net cash used in investing activities</i>		(4,838)	(4,296)

The annexed notes form an integral part of and
 should be read in conjunction with these combined financial statement

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

COMBINED CASH FLOW STATEMENTS (Continued)
FOR THE SIX MONTHS FINANCIAL PERIODS ENDED 31 DECEMBER 2007
AND 2008

	Notes	Six months period ended	
		31 December	
		2008	2007
		RMB'000	RMB'000
		(Audited)	(Unaudited)
<i>Cash flows from financing activities</i>			
Issue of shares		*	-
Dividend paid	17	(125,878)	(105,000)
Bank loan obtained		35,700	21,500
Repayment of bank loan		(34,200)	(25,000)
Fixed deposit pledged with bank		(370)	500
Advances from shareholders		51,878	53,000
<i>Net cash used in financing activities</i>		(72,870)	(55,000)
<i>Net increase /(decrease) in cash and cash equivalents</i>		7,372	(4,156)
<i>Cash and cash equivalents at beginning of the financial period</i>		74,515	66,810
<i>Cash and cash equivalents at end of the financial period</i>	12	81,887	62,654

* Amount less than RMB 1,000

The annexed notes form an integral part of and
 should be read in conjunction with these combined financial statements

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements

1. THE COMPANY

The Company (Registration No. 42756) was incorporated in Bermuda on 15 December 2008 under the Bermuda Companies Act as an exempted company with limited liability under the name of Xingquan International Sports Holdings Limited. As at the date of incorporation, the authorised share capital of the Company was US\$10,000 divided into 10,000 ordinary shares of US\$1 each.

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The principal place of business of the Company is located at Houyang Industrial Zone, Yanshang Village, Chendai Town, Jinjiang City, Quanzhou City, Fujian Province, the People's Republic of China ("PRC") 362211.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in Note 2 to the Combined Financial Statements.

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

2. THE REORGANISATION AND BASIS OF PRESENTATION

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

- (a) Acquisition of Fujian Province Jinjiang Xingquan Footwear Material Co., Ltd ("Xingquan Footwear")

Pursuant to an equity transfer agreement dated 16 January 2008 entered into between the Executive Director, Mr Wu Lianfa, and Mr Wu Shihu, of the one part, and Fujian Aidinaisi Sports Goods Co., Ltd ("Addnice Sports") of the other part, Addnice Sports acquired approximately 32.5% and 57.5% of the equity in Xingquan Footwear, from Mr Wu Lianfa and Mr Wu Shihu, respectively. Mr Wu Shihu is the father of the Executive Chairman and CEO, Mr Wu Qingquan, and the Executive Director, Mr Wu Lianfa. The aggregate consideration for the said transfer was for the sum of RMB4,122,000, which was based on the paid-up capital of Xingquan Footwear and was satisfied by the payment of RMB1,483,920 and RMB2,638,080 to Mr Wu Lianfa and Mr Wu Shihu, respectively. The transfer of the 90.0% equity in Xingquan Footwear to Addnice Sports was approved by the Jinjiang Administration for Industry and Commerce on 30 January 2008. The sale and purchase of the shares was completed on 30 January 2008.

The balance 10.0% equity in Xingquan Footwear held by Mr Wu Shihu was subsequently transferred to Addnice Sports pursuant to an equity transfer agreement dated 3 August 2008 between Mr Wu Shihu and Addnice Sports for a consideration of RMB458,000 based on the paid-up capital of Xingquan Footwear. The transfer of the 10.0% equity in Xingquan Footwear to Addnice Sports was approved by the Jinjiang Administration for Industry and Commerce on 12 August 2008. The transfer was completed on 12 August 2008.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(b) Acquisition of Addnice Sports

Pursuant to an equity transfer agreement dated 8 April 2008 entered into between the Director, Mdm Ng Sio Peng, and Addnice Holdings Limited ("Addnice HK"), Addnice HK acquired 100% of the equity in Addnice Sports for a consideration of HK\$15,000,000 based on the paid-up capital of Addnice Sports. The transfer of the equity in Addnice Sports to Addnice HK was approved by the Jinjiang Ministry of Commerce on 18 August 2008.

Pursuant to the supplemental equity transfer agreement dated 22 August 2008 entered into between the Director, Mdm Ng Sio Peng, and Addnice HK, Addnice HK acquired 100% of the equity in Addnice Sports for a consideration of HK\$1.00. The transfer was completed on 2 September 2008.

(c) Acquisition of Xingquan (Fujian) Shoes Plastics Co., Ltd ("Xingquan Plastics")

Pursuant to an equity transfer agreement dated 8 April 2008 entered into between the Executive Chairman and CEO, Mr Wu Qingquan's brother-in-law, Mr lao leok Chon and Addnice HK, Addnice HK acquired 100% of the equity in Xingquan Plastics for a consideration of HK\$8,500,000 based on the paid-up capital of Xingquan Plastics. The transfer of the equity in Xingquan Plastics was approved by the Jinjiang Ministry of Commerce on 18 August 2008.

Pursuant to the supplemental equity transfer agreement dated 22 August 2008 entered into between the Executive Chairman and CEO, Mr Wu Qingquan's brother-in-law, Mr lao leok Chon and Addnice HK, Addnice HK acquired 100% of the equity in Xingquan Plastics for a consideration of HK\$1.00. The transfer was completed on 2 September 2008.

(d) Acquisition of Addnice (China) Co., Ltd ("Addnice China")

Pursuant to an equity transfer agreement dated 20 May 2008 entered into between Addnice (International) Company Ltd and Addnice HK, Addnice HK acquired 100% of the equity in Addnice China for a consideration of HK\$41,500,000 based on the paid-up capital of Addnice China. The transfer of the equity in Addnice China to Addnice HK was approved by the Jinjiang Ministry of Commerce on 18 August 2008.

Pursuant to the supplemental equity transfer agreement dated 22 August 2008 entered into between Addnice (International) Company Ltd and Addnice HK, Addnice HK acquired 100% of the equity in Addnice China for a consideration of HK\$1.00. The transfer was completed on 2 September 2008.

(e) Incorporation of the Company

On 15 December 2008, the Company was incorporated in Bermuda as the investment holding company of the Group. 10,000 ordinary shares of USD1.00 each were issued by the Company to Tai Zhen Xiang Holdings Limited and were issued nil paid on 6 February 2009. The shares were fully paid on 10 February 2009 by Tai Zhen Xiang Holdings Limited.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(f) Acquisition by the Company

(i) Details of the acquisition

The Company acquired the entire issued and paid-up share capital of Addnice HK comprising 1 share of HKD1.00 each from Sheng Xiang Shun Holdings Limited ("Sheng Xiang Shun") for a consideration of USD21.503 million (equivalent to RM75.14 million based on the exchange rate of USD1:RM3.4942) on 1 June 2009 which was satisfied entirely by the issuance of 21.503 million new shares at an issue price of USD1.00 per share ("Consideration Shares").

The purchase consideration payable to Sheng Xiang Shun and the mode of settlement are set out as follows:

Vendor	Interest acquired	No. of Addnice Holdings Shares to be acquired	Purchase consideration	Issue price per Share	No. of new Shares to be issued
	%		USD	USD	
Sheng Xiang Shun	100.0	1	21,503,000	1.00	21,503,000

The total purchase consideration of USD21.503 million was arrived at on a willing buyer-willing seller basis after taking into consideration the unaudited net tangible asset of Addnice HK as at 31 December 2008 of USD21.503 million.

The paid-up capital of Addnice HK will be acquired free from all claims, charges, liens, encumbrances and equities, together with all rights attached thereto.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

(f) Acquisition by the Company (Continued)

(ii) Nomination of Consideration Shares by Sheng Xiang Shun to Tai Zhen Xiang Holdings Limited ("Tai Zhen Xiang")

In conjunction with the acquisition, Sheng Xiang Shun will nominate Tai Zhen Xiang to receive all the Consideration Shares receivable by Sheng Xiang Shun under the acquisition to consolidate and establish a single point of control over the shares via Tai Zhen Xiang, as the ultimate shareholders of Tai Zhen Xiang, namely Ng Sio Peng and lao leok Chon are also the ultimate shareholders of Sheng Xiang Shun.

Accordingly, on completion of the acquisition, the Company will issue and allot the Consideration Shares directly to Tai Zhen Xiang.

Shareholders	No. of shares receivable under the proposed acquisition	No. of shares nominated to Tai Zhen Xiang	← Shares held after the Proposed Nomination →			
			← Direct →		← Indirect →	
				%		%
Sheng Xiang Shun	21,503,000	-	-	-	-	-
Tai Zhen Xiang	-	21,503,000	21,503,000	100.0	-	-
Ng Sio Peng	-	-	-	-	21,503,000	100.0
lao leok Chon	-	-	-	-	21,503,000	100.0

(iii) Share split

The Company will implement a share split of every 1 ordinary share into 10 ordinary shares.

Upon completion of the share split, the number of ordinary shares in the Company shall increase from 21,513,000 ordinary shares to 215,130,000 ordinary shares.

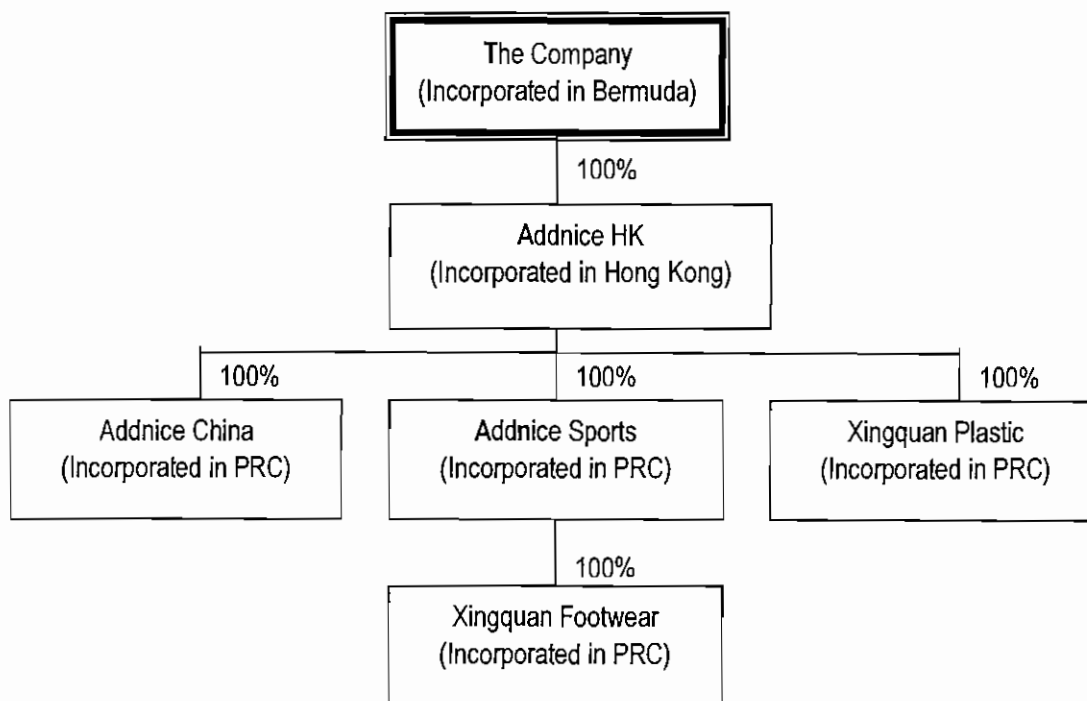
ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

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

The Group structure is shown as follows:



Pursuant to the Reorganization, the Company will have direct interests in the following wholly-owned subsidiaries and there are no other subsidiaries or associated companies of the Group.

Name of subsidiaries	Jurisdiction of incorporation / establishment	Principal activities	Equity interest held	Registered capital and paid-up capital	Note
Addnice HK	20 March 2008 Hong Kong	Investment holding	100%	HK\$1.00	(a)
Addnice China	7 March 2006 PRC	Inactive	100%	HK\$42,500,000	(b)

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

Name of subsidiaries	Jurisdiction of incorporation / establishment	Principal activities	Equity interest held	Registered capital and paid-up capital	Note
Addnice Sports	1 August 2003 PRC	Manufacturing of shoes and sale of shoes, apparels and accessories	100%	HK\$15,000,000	(c)
Xingquan Plastics	31 January 2000 PRC	Manufacture and sale of shoe soles	100%	HK\$8,500,000	(d)
Xingquan Footwear	8 February 1999 PRC	Lease of factory and land	100%	RMB 4,580,000	(e)

- (a) The statutory financial statements for the six months period ended 31 December 2008 was audited by S.W.Chan & Co., Certified Public Accountant, Hong Kong. The statutory financial statements was unqualified for the six months period ended 31 December 2008.
- (b) The statutory financial statement for the year ended 31 December 2007 was audited by Quanzhou MingChen Associated Certified Public Accountant, PRC. The statutory financial statement was unqualified for this financial year. The statutory financial statement for the year ended 31 December 2008 was not audited at the date of this report.
- (c) The statutory financial statement for the year ended 31 December 2007 was audited by Quanzhou MingChen Associated Certified Public Accountant, PRC. The statutory financial statement was unqualified for this financial year. The statutory financial statement for the year ended 31 December 2008 was not audited at the date of this report.
- (d) The statutory financial statement for the year ended 31 December 2007 was audited by Quanzhou MingChen Associated Certified Public Accountant, PRC. The statutory financial statement was unqualified for this financial year. The statutory financial statement for the year ended 31 December 2008 was not audited at the date of this report.
- (e) There is no statutory audit requirement as the company is a PRC domestic company.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 (Cont'd)

Notes to the combined financial statements (Continued)

2. THE REORGANISATION AND BASIS OF PRESENTATION (Continued)

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

The Combined Financial Statements have been prepared based on the audited financial statements for the six months financial period ended 31 December 2008, and where appropriate, unaudited management accounts of all companies comprising the Group during the Relevant Period. The management of the respective companies of the Group for the six months financial period ended 31 December 2008 are responsible for preparing the audited financial statements and the unaudited management accounts of the subsidiaries comprising the Group for the six months financial period ended 31 December 2008. The audited financial statements for the six months financial period ended 31 December 2008 gives a true and fair view.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Combined Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRSs") including related interpretations.

Basis of preparation of Combined Financial Statements

The Group has early adopted IFRSs and interpretations which are effective for accounting periods beginning on or after 1 January 2007 for the preparation of these Combined Financial Statements of the Group for the six months financial period ended 31 December 2008. IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Combined Financial Statements.

The accounting policies set out below have been applied consistently to all periods presented in these Combined Financial Statements. The accounting policies have been applied consistently by the Group.

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

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

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

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of Combined Financial Statements (Continued)

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

The management does not anticipate that the adoption of the above IFRSs (including consequential amendments) and interpretations will result in any material impact to the financial statements in the period of initial application, except for IAS 1 (Revised) and IFRS 8 as indicated below.

IAS 1 (Revised)

The revised Standard requires:

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of preparation of Combined Financial Statements (Continued)

IAS 1 (Revised) (Continued)

The Group will apply the revised standard from 1 January 2009 and provide comparative information that conforms to the requirements of the revised standard. The key impact of the application of the revised standard is the presentation of an additional primary statement, that is, the statement of comprehensive income.

IFRS 8

IFRS 8 replaces IAS 14 Segment Reporting. In doing so it extends the scope of segment reporting. It requires the identification of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. It requires amongst others, reconciliations of total reportable segment revenues, total profit or loss, total assets, and other amounts disclosed for reportable segments to corresponding amounts in the entity's financial statements and an explanation of how segment profit or loss and segment assets are measured for each reportable segment.

The Group will apply IFRS 8 from 1 January 2009 and provide comparative information that conforms to the requirements of IFRS 8. The Group expects the new operating segments to be significantly different from business segments currently disclosed and expects more information to be disclosed under IFRS 8.

The Combined Financial Statements have been prepared in accordance with the significant accounting policies set out below and these accounting policies are in accordance with IFRS.

The preparation of the Combined Financial Statements in conformity with IFRS requires the use of judgements, estimates and assumptions that affect the application of accounting policies as disclosed below, reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year and the financial period.

Critical accounting estimates and judgement

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Critical accounting estimates and judgement (Continued)

Key sources of estimation uncertainty

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 5 to 20 years. The carrying amounts of the Group's property, plant and equipment as at 30 June 2008 and 31 December 2008 were RMB65,288,000 and RMB63,955,000 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Income tax

The Group has exposure to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgement made in applying accounting policies

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

Impairment of trade receivables

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

Subsidiaries and Combined Financial Statements

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully combined from the date on which control is transferred to the Group. They are excluded from the date that control ceases.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries and Combined Financial Statements (Continued)

(i) Subsidiaries (Continued)

For acquisition of subsidiaries under common control, the identifiable assets and liabilities were accounted for at their carrying values, in a manner similar to the pooling-of-interest method of consolidation.

For acquisition of subsidiaries that is not under common control, the purchase method of accounting is adopted. The cost of such acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value on the date of the acquisition, irrespective of the extent of minority interest. Please refer to the paragraph "Goodwill" for the accounting policy on goodwill on acquisition of subsidiaries.

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

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the Group. They are measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the minorities' share of losses in a subsidiary exceeds its interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minorities are attributed to the equity holders of the Company, unless the minorities have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minorities' share of losses previously absorbed by the equity holders of the Company are fully recovered.

On acquisition of minority interest, the difference between the consideration and fair value of the share of the net assets acquired is recognised as goodwill or negative goodwill.

(ii) Basis of preparation under common control business combination

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsidiaries and Combined Financial Statements (Continued)

(ii) Basis of preparation under common control business combination (Continued)

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

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

A single uniform set of accounting policies is adopted by the Group. Therefore, the Group recognised the assets, liabilities and equity of the combining entities or businesses at the carrying amounts as if such Combined Financial Statements had been prepared by the controlling party, including adjustments required for conforming to the Group's accounting policies and applying those policies to all periods presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the Combined Financial Statements of the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recognised in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the Group's incremental share of the fair value of identifiable net assets of the subsidiary.

Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiaries at the date of acquisition.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Where the cost of an acquisition is less than the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the subsidiary acquired, the difference ("negative goodwill") is recognised directly in the income statement.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

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

Plant & Machinery	5 -10 years
Furniture, Fixtures and Office Equipment	5 -10 years
Mould Equipment	5 years
R&D Equipment	5 -10 years
Buildings	20 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

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

Impairment of non-financial assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of the Group's property, plant and equipment and intangible assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the income statement in the period in which it arises unless the asset is carried at revalued amount, in which case, such impairment loss is charged to equity.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit to which the asset belongs.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the income statement in the period in which it arises.

Financial assets

Financial assets which are under the scope of IAS 39, other than hedging instruments, can be divided into the following categories: financial assets at fair value through income statement, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the assets were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through income statement is not revocable.

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

De-recognition of financial assets occurs when the rights to receive cash flows from the instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. At each of the balance sheet date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised.

Other than loans and receivables, the Group does not have any financial assets at fair value through income statement, held-to-maturity investments or available-for-sale financial assets.

Trade and other receivables

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

The Group's financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. All interest related charges are recognised as "finance costs" in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Trade and other payables

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

Borrowings

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

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in first-out method. Net realisable value is calculated as the actual or estimated selling prices less all further costs of completion and the estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

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

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

Recognition of revenue

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

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

Income tax

Income tax for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Corporate income tax is provided at rates applicable to an enterprise in the PRC on income for financial reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes.

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The Group's sale of goods in the PRC is subjected to Value-added tax ("VAT") at the applicable tax rate of 17% for PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of "other receivables" or "other payables" in the balance sheet.

Revenues, expenses and assets are recognised net of the amount of VAT except:

- where the VAT incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

Retirement benefits scheme

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries of the Company in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries of the Company. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

Foreign currencies

(i) Functional and presentation currency

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

Related parties

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

- (i) directly, or indirectly through one or more intermediaries, the party (1) controls, is controlled, or is under common control with, the Company/Group; (2) has an interest in the Company that gives it significant influence over the Company/Group; or (3) has joint control over the Company/Group;
- (ii) the party is an associate;
- (iii) the party is a jointly-controlled entity;
- (iv) the party is a member of the key management personnel of the Company or its parent;

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

Key management personnel

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

Operating leases

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

Financial instruments

Financial instruments carried on the balance sheets include cash and cash equivalents, all receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

Disclosures on financial risk management are provided in Note 21.

Equity

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

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

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For the purpose of the combined cash flow statements, cash and cash equivalents comprise cash on hand and in banks and fixed deposits with a short maturity period of generally at three months, less bank overdrafts which are repayable on demand.

Segment reporting

A segment is a distinguishable component of the Group to a particular industry (business segment) which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income-earning assets and related revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. In presenting information on the basis of business segments, segment revenue and segment assets are based on the nature of the products or services provided by the Group.

Research and development costs

Research costs are expensed as incurred, except for development costs which relates to the design and testing of new or improved materials, products or processes which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Land use rights

Land use rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged so as to write off the cost of land use rights, using the straight-line method, over the period of the grant of 50 years, which is the lease term. Land use rights represent up-front payments to acquire long-term interests in the usage of land.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

4. REVENUE AND OTHER INCOME

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

	Six months period ended 31 December	
	2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Sale of goods	405,880	302,562
Negative goodwill (Note 12)	518	-
Interest income from bank	761	534
Others	8	-
	<u>1,287</u>	<u>534</u>

5. PROFIT BEFORE TAXATION

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

	Six months period ended 31 December	
	2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Cost of inventories recognised as expense	184,171	142,050
Depreciation of property, plant and equipment (Note 8)	5,713	4,890
Amortisation of land use rights (Note 9)	94	93
Directors' remuneration		
- salaries and related cost	248	209
Key management personnel (other than directors)		
- salaries and related cost	520	185
- retirement scheme contribution	16	16
Other than directors and key management personnel		
- salaries and related cost	39,198	32,926
- retirement scheme contribution	4,119	3,276
- staff welfare	3,948	3,591
Research and development costs	3,117	3,107
Advertisement expenses	14,167	15,313
Operating lease expense	2,054	1,658

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

5. PROFIT BEFORE TAXATION (Continued)

Depreciation expenses of approximately RMB4,793,000 and RMB5,174,000 have been charged in cost of sales on the face of the Combined Income Statement for the six months financial periods ended 31 December 2007 and 2008 respectively.

Depreciation expenses of approximately RMB91,000 and RMB533,000 have been charged in administrative expenses on the face of the Combined Income Statement for the six months financial periods ended 31 December 2007 and 2008 respectively.

Depreciation expenses of approximately RMB6,000 and RMB6,000 have been charged in selling and distribution expenses on the face of the Combined Income Statement for the six months financial periods ended 31 December 2007 and 2008 respectively.

6. INCOME TAX EXPENSE

	Six months period ended 31 December	
	2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Current year provision:		
PRC income tax	17,935	5,957

No deferred tax has been provided as the Group did not have any significant temporary differences which gave rise to a deferred tax asset or liability as at 31 December 2008 and 30 June 2008.

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

	Six months period ended 31 December	
	2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Profit before taxation	107,747	65,596
Tax at the applicable tax rate of 25%/27%	26,937	17,711
Non-deductible expenses	75	-
Income exempt from tax	(8,957)	(11,781)
Non-taxable income	(130)	-
Others	10	27
	17,935	5,957

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND IH 2009 *(Cont'd)*

Notes to the combined financial statements (Continued)

6. INCOME TAX EXPENSE (Continued)

Pursuant to the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises", the provision for PRC income tax for the foreign investment enterprises of production nature established in the Coastal Economic Open Zone is calculated based on statutory income tax at a rate of 27% for the relevant period, which included a 24% enterprise income tax and a 3% local income tax.

Pursuant to the PRC Enterprise Income Tax Law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic enterprises and foreign investment enterprises are unified at 25% and was effective from 1 January 2008.

Based on the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises", Addnice Sports and Addnice China are entitled to full exemption from income tax for the first two years and a 50% reduction in income tax for the next three years starting from its first profitable year of operations. Xingquan Footwear is a PRC domestic company and is not entitled to tax exemption under the "Income Tax Law of the PRC for Enterprises with Foreign Investments and Foreign Enterprises".

The first profitable year of Addnice Sports is the calendar year ended 31 December 2006 for the purpose of determining the tax holiday period. Addnice Sports has obtained written confirmation from the relevant PRC tax authorities confirming that its 5 year tax holiday period commenced from 1 January 2006 and that the first profit making year was the calendar year ended 31 December 2006. Addnice China was inactive during the six months financial periods ended 31 December 2007 and 2008. Pursuant to the PRC Enterprise Income Tax law passed by the Tenth National People's Congress on 16 March 2007, Addnice China's 5 year tax holiday period has commenced on 1 January 2008.

7. EARNINGS PER SHARE

Basic earnings per share is calculated based on profit attributable to equity holders of the Company for the respective years and the pre-invitation share capital of the Company. The Company's pre-invitation share capital of 215,130,000 shares were assumed to be in issue throughout the entire periods presented.

As there are no dilutive potential ordinary shares during each of the periods covered in this report, no diluted earning per share is presented.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

8. PROPERTY, PLANT AND EQUIPMENT

	Plant & Machinery RMB'000	Furniture, Fixtures and Office Equipment RMB'000	Mould Equipment RMB'000	R&D Equipment RMB'000	Buildings RMB'000	Total RMB'000
At 1 July 2007						
Cost	52,035	1,481	28,813	1,385	-	83,714
Accumulated depreciation	(13,305)	(398)	(13,300)	(244)	-	(27,247)
Net book amount	38,730	1,083	15,513	1,141	-	56,467
Year ended 30 June 2008						
Opening net book amount	38,730	1,083	15,513	1,141	-	56,467
Additions	1,831	5	6,776	-	500	9,112
Acquisition of subsidiary	-	-	-	-	9,810	9,810
Depreciation charge	(5,040)	(267)	(4,519)	(125)	(150)	(10,101)
Closing net book amount	35,521	821	17,770	1,016	10,160	65,288
At 30 June 2008 and 1 July 2008						
Cost	53,866	1,486	35,589	1,385	10,310	102,636
Accumulated depreciation	(18,345)	(665)	(17,819)	(369)	(150)	(37,348)
Net book amount (Audited)	35,521	821	17,770	1,016	10,160	65,288
Period ended 31 December 2008						
Opening net book amount	35,521	821	17,770	1,016	10,160	65,288
Additions	1,080	-	3,300	-	-	4,380
Depreciation charge	(2,610)	(133)	(2,465)	(63)	(442)	(5,713)
Closing net book amount	33,991	688	18,605	953	9,718	63,955
At 31 December 2008						
Cost	54,946	1,486	38,889	1,385	10,310	107,016
Accumulated depreciation	(20,955)	(798)	(20,284)	(432)	(592)	(43,061)
Net book amount (Audited)	33,991	688	18,605	953	9,718	63,955

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

Certain of the Group's property, plant and equipment with a net book value of approximately RMB9,667,000 and RMB9,236,000 were pledged as securities to secure the Group's bank loans at 30 June 2008 and 31 December 2008 respectively (Note 14).

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

9. LAND USE RIGHTS

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
At beginning of the period/ year		
Cost	9,423	9,316
Accumulated amortisation	(357)	(171)
Net book amount	9,066	9,145
For the period/ year		
Opening net book amount	9,066	9,145
Additions	-	44
Acquisition of subsidiary	-	63
Amortisation	(94)	(186)
Closing net book amount	8,972	9,066
At end of the period/ year		
Cost	9,423	9,423
Accumulated amortisation	(451)	(357)
Net book amount	8,972	9,066

The land use rights of the Group refer to land located in the PRC.

Certain of the Group's land use rights with a net book value of approximately RMB62,000 and RMB63,000 were pledged as securities to secure the Group's bank loans at 31 December 2008 and 30 June 2008 respectively (Note 14).

Amortisation expenses of approximately RMB93,000 and RMB94,000 and have been charged in administrative expenses on the face of the Combined Income Statement for the six months financial periods ended 31 December 2007 and 2008 respectively.

10. INVENTORIES

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
At cost		
Raw materials	12,392	11,984
Finished goods	16,191	11,542
Work in progress	5,245	5,359
	33,828	28,885

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

11. TRADE AND OTHER RECEIVABLES

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Trade receivables	126,509	103,769
Amounts due from shareholders	-	51,878
Deposits	4,190	190
Prepayments	4,379	5,086
	135,078	160,923

Trade receivables are non-interest bearing and generally have credit terms of 60 days.

Deposits mainly consist of rental deposits and deposit for the acquisition of land use rights.

Amounts due from shareholders were unsecured and interest free. The amounts due from shareholders were subsequently declared as dividends on 1 September 2008.

Prepayments mainly consist of prepaid rental and advertising expenses.

The carrying amounts of trade and other receivables are denominated in Renminbi ("RMB").

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

12. CASH AND BANK BALANCES

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Cash on hand	38	126
Cash at bank	81,849	74,389
Fixed deposits – pledged	23,920	23,550
	105,807	98,065

The Renminbi is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The cash at bank bear effective interest rates of 0.72% and 0.72% per annum for the six months financial period ended 31 December 2008 and the year ended 30 June 2008 respectively.

Fixed deposits with financial institutions have varying maturity dates of between 3 to 6 months. Fixed deposits bear effective interest rates of 3.78% and 2.92% per annum for the six months financial period ended 31 December 2008 and the year ended 30 June 2008 respectively.

Cash and bank balances are denominated in the following currencies:

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Renminbi	105,770	98,065
Others	37	*
	105,807	98,065

* Amount less than RMB 1,000

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

12. CASH AND BANK BALANCES (Continued)

For the purpose of the combined cash flow statements, the cash and cash equivalents comprise the following:

	As at 31 December 2008 RMB'000 (Audited)	As at 31 December 2007 RMB'000 (Unaudited)
Cash and bank balances	105,807	90,254
Less: Fixed deposits – pledged	(23,920)	(27,600)
Cash and cash equivalents per combined cash flow statements	81,887	62,654

Acquisition of minority interest

On 3 August 2008, Addnice Sports acquired an additional 10% interest in Xingquan Footwear for a cash consideration of RMB458,000.

The fair value of minority interest's share of identifiable net assets of Xingquan Footwear at the date of acquisition amounted to RMB976,000, resulting in negative goodwill on acquisition of RMB518,000.

13. TRADE AND OTHER PAYABLES

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Trade payables	21,131	12,179
Bills payable	64,750	73,900
VAT payable	6,014	5,309
Salary payable	6,639	6,579
Deposits from distributors	1,450	1,450
Amount due to shareholders	11,122	-
Accruals	30,861	13,730
	141,967	113,147

Trade payables generally have credit terms of 60 days.

Bill payables are secured by fixed deposits placed with financial institutions (Note 12).

Amount due to shareholders relates to the dividends declared on 1 September 2008 which subsequently paid off in January 2009.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

13. TRADE AND OTHER PAYABLES (Continued)

Accruals mainly comprise accrued marketing expenses, accrued sales rebates, payables for property plant and equipment and staff welfare.

The carrying amounts of trade and other payables are denominated in Renminbi.

14. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Short term bank loans – secured	51,400	49,900

The Group's interest-bearing bank borrowings are guaranteed by external parties and a director, and secured on certain Group's properties, plant and equipment (Note 8) and land use right (Note 9). Bank loans bear effective interest rates of 8.64% and 6.89% per annum for the six months financial period ended 31 December 2008 and the year ended 30 June 2008 respectively.

The carrying amounts of interest-bearing bank borrowings are denominated in Renminbi.

15. SHARE CAPITAL

The Company was incorporated in Bermuda on 15 December 2008 under the Bermuda Companies Act as an exempted company. At the date of incorporation, the Company had an authorised share capital of US\$10,000 comprising 10,000 ordinary shares of US\$1.00 each of which 10,000 ordinary shares of US\$1 each was issued nil-paid to Tai Zhen Xiang.

The share capital balance as at 30 June 2008 represents the issued share capital of Addnice China, Addnice Sports and Xingquan Plastics. The share capital balance as at 31 December 2008 represents the issued share capital of Addnice HK.

16. RESERVES

Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiaries of the Company established in the PRC are required to transfer 10% of its profit after taxation prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the respective registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of these subsidiaries, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.
 currency.

Merger Reserve

The merger reserve arises from the difference between the nominal value of shares issued by Addnice HK and the nominal value of shares of subsidiaries acquired under the pooling interest method of accounting.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

16. RESERVES (Continued)

Currency translation reserve

Currency translation reserve represents translation differences arising from translation of foreign currency financial statements into presentation

17. DIVIDENDS

Dividend declared represented dividends declared and paid by Xingquan Plastics and Addnice Sports to their equity owners. The rates of dividends and number of shares ranking for dividends are not presented as such information are not meaningful.

18. COMMITMENTS

(a) Operating lease commitments

The Group leases offices, warehouses and factory under non-cancellable operating lease arrangements. The leases have varying terms and the total future minimum lease payments of the Group under non-cancellable operating leases are as follows:

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Not later than one year	3,961	3,403
Later than one year and not later than five years	15,514	14,202
Later than five years	10,372	11,855
Total	29,847	29,460

Lease payments after 1 January 2010 for certain factory leases will be revised to reflect market rentals.

(b) Capital commitments

As at 30 June and 31 December 2008, the Group has unpaid capital contribution in Addnice China amounting to HKD57,500,000 (approximately RMB50,629,000).

As at 31 December 2008, the Group has unpaid capital commitment in respect of the acquisition of land use rights for the construction of the Group's new factory at 惠安城南创业园 amounting to RMB10,000,000.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

19. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Six months period ended 31 December	
	2008 RMB'000 (Audited)	2007 RMB'000 (Unaudited)
Rental paid to a former related party	-	305
Sales of goods to a company in which a director has an interest in	97	-

Former related party refers to Xingquan Footwear which was acquired by Addnice Sports in FY2008.

20. SEGMENT INFORMATION

Business segment

The Group's primary format for reporting segment information is business segments, with each segment representing a product category. The Group's business segments are organised as follows:

(i) Design, manufacture and sale of shoe soles

Design, manufacture and sale of shoe soles products which comprise athletic shoe sole products designed for specific sporting activities such as running, tennis, basketball and mountain climbing as well as leisure footwear.

(ii) Design, manufacture and sale of sports and leisure footwear

Design, manufacture and sale of sports and leisure footwear which comprise athletic footwear designed for specific sporting activities such as running, tennis, basketball and mountain climbing as well as leisure footwear, marketed under the "Addnice" brand.

(iii) Design and sale of sports of sports apparels and accessories

Sports apparels and accessories comprise apparels for specific sporting activities such as running, tennis, basketball and mountain climbing and leisure; functional apparels such as t-shirts, polo shirts and windbreakers; and accessories such as sport bags, caps, socks, protective guards and basketballs, marketed under the "Addnice" brand.

Geographical segment

As the business of the Group is engaged entirely in the PRC, no reporting by geographical location of operation is presented.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

20. SEGMENT INFORMATION (Continued)

Six months period ended 31 December 2008 (Audited)

Business Segments

	Design, manufacture and sale of shoe soles RMB'000	Design, manufacture and sale of sports and leisure footwear RMB'000	Design and sale of sports apparels and accessories RMB'000	Total RMB'000
Revenue				
- external sales	87,100	219,012	99,768	405,880
- inter-segment sales	41,989	-	-	41,989
	<u>129,089</u>	<u>219,012</u>	<u>99,768</u>	<u>447,869</u>
Elimination				<u>(41,989)</u>
				<u>405,880</u>
Segment results	20,370	70,180	18,895	109,445
Other income				1,287
Unallocated expenses				(814)
Finance costs				(2,171)
Profit before taxation				<u>107,747</u>
Income tax expense				<u>(17,935)</u>
Profit after taxation				<u>89,812</u>
Other information				
Capital expenditure	4,380	-	-	4,380
Depreciation of property, plant and equipment	4,008	1,570	135	5,713
Amortisation of land use rights	-	94	-	94
Negative goodwill				<u>518</u>
Segment assets	122,040	110,000	32,794	264,834
Unallocated corporate assets				<u>82,806</u>
Total assets				<u>347,640</u>
Segment liabilities	94,130	29,866	13,605	137,601
Unallocated corporate liabilities				<u>64,986</u>
Total liabilities				<u>202,587</u>

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

20. SEGMENT INFORMATION (Continued)

Year ended 30 June 2008 (Audited)

Business Segments

	Design, manufacture and sale of shoe soles RMB'000	Design, manufacture and sale of sports and leisure footwear RMB'000	Design and sale of sports apparels and accessories RMB'000	Total RMB'000
Other information				
Capital expenditure	8,609	503	-	9,112
Segment assets	140,827	90,637	25,072	256,536
Unallocated corporate assets				105,691
Total assets				<u>362,227</u>
Segment liabilities	94,028	21,175	7,956	123,159
Unallocated corporate liabilities				45,847
Total liabilities				<u>169,006</u>

Six months period ended 31 December 2007 (Unaudited)

	Design, manufacture and sale of shoe soles RMB'000	Design, manufacture and sale of sports and leisure footwear RMB'000	Design and sale of sports apparels and accessories RMB'000	Total RMB'000
Revenue				
- external sales	61,525	180,586	60,451	302,562
- inter-segment sales	34,721	-	-	34,721
	<u>96,246</u>	<u>180,586</u>	<u>60,451</u>	<u>337,283</u>
Elimination				(34,721)
				<u>302,562</u>
Segment results	12,932	47,423	6,430	66,785
Other income				534
Finance costs				(1,723)
Profit before taxation				65,596
Income tax expense				(5,957)
Profit after taxation				<u>59,639</u>

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
 GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

20. SEGMENT INFORMATION (Continued)

Six months period ended 31 December 2007 (Unaudited) (Continued)

Business Segments (Continued)

	Design, manufacture and sale of shoe soles RMB'000	Design, manufacture and sale of sports and leisure footwear RMB'000	Design and sale of sports apparels and accessories RMB'000	Total RMB'000
Other information				
Depreciation of property, plant and equipment	3,631	1,259	-	4,890
Amortisation of land use rights	-	93	-	<u>93</u>

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 30 June 2008 and 31 December 2008, the Group's financial instruments mainly consist of cash and bank balances, trade receivables, other receivables, trade payables, bills payables, accrued liabilities, other payables and borrowings.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group typically gives the existing customers credit terms of 60 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new customers, the sales and marketing department will prepare credit proposals for approval by the general manager. The Group has significant concentration of credit risk as the Group's top ten customers in aggregate formed 30.0% and 32.3% of the trade receivables balance as at 31 December 2008 and 30 June 2008 respectively.

The Group performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The provision for impairment loss is based upon a review of the expected collectibles of all trade and other receivables.

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

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Past due less than 30 days	515	1,962
Past due 31 to 60 days	-	53
	515	2,015

There is no impairment loss recognised in the combined income statements as all the receivables were subsequently received.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserve of cash to meet its liquidity requirement in the short and long term. The bank borrowings for the year ended 30 June 2008 and six months financial period ended 31 December 2008 have maturity period of less than 1 year from the respective balance sheet date.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group carries out its business in the PRC and most of the transactions are denominated in Renminbi. Accordingly, the Group's exposure to risk resulting from changes in foreign currency exchange rates is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from short-term bank borrowings. The Group does not have investment in other financial assets. The Group's policy is to maintain all its borrowings on a fixed rate basis.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES – POLICIES (Continued)

(iii) Market risk (Continued)

Interest rate risk (Continued)

The following table sets out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk.

	Within 1 year RMB'000	Total RMB'000	Effective interest rate
As at 31 December 2008			
Interest bearing bank borrowings	51,400	51,400	8.64%
As at 30 June 2008			
Interest bearing bank borrowings	49,900	49,900	6.89%

Bank borrowings subject to fixed interest rates are contractually repriced at intervals of 12 months. The other financial instruments of the Group are not subject to significant interest rate risk.

Fluctuations in the interest rate of bank borrowings will not have an impact on the Group's net profit for the year ended 30 June 2008 and six months financial period ended 31 December 2008.

22. CONTINGENT LIABILITIES

The Group issued corporate guarantees to financial institutions for bank borrowings of third parties as follows:

	As at 31 December 2008 RMB'000 (Audited)	As at 30 June 2008 RMB'000 (Audited)
Corporate guarantees	37,000	66,900

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

23. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (a) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns to shareholders and benefits for other stakeholders;
- (b) To support the Group's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected investment opportunities. The Group currently does not adopt any formal dividend policy.

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

24. FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at balance sheet date would be significantly different from the values that would eventually be received or settled.

25. SUBSEQUENT EVENTS

Except for the events disclosed in Notes 1 and 2 and below, no other item, transaction or event of a material or unusual nature has arisen in the interval between 31 December 2008 and the date of this report.

- i. The Company had on 10 February 2009 received the sum of US\$10,000 in cash from Tai Zhen Xiang Holdings Limited as the payment for the 10,000 ordinary shares of US\$1.00 each in the capital of the Company issued by the Company to Tai Zhen Xiang Holdings Limited on 6 February 2009.
- ii. On 1 June 2009, the Company acquired the entire issued and paid-up share capital of Addnice HK comprising 1 share of HKD1.00 each from Sheng Xiang Shun for a consideration of USD21.503 million which are satisfied entirely by the issuance of 21.503 million new shares at an issue price of USD1.00 per share.

ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

Notes to the combined financial statements (Continued)

25. SUBSEQUENT EVENTS (Continued)

Arising from the above restructuring exercise, the combined statement of changes in equity for the six months financial period ended 31 December 2008, assuming the restructuring exercise had occurred on 31 December 2008 would be as follows:

	Equity attributable to the equity holders of the Company					
	Share Capital RMB'000	Statutory Reserve RMB'000	Merger Reserve RMB'000	Currency Translation Reserve RMB'000	Retained Profits RMB'000	Total Equity RMB'000
Balance at 31 December 2008 (Audited)	*	12,371	67,242	(4)	65,444	145,053
Issue of shares	68	-	-	-	-	68
Arising from restructuring exercise	147,044	(12,371)	(69,233)	4	(65,444)	-
	147,112	-	(1,991)	-	-	145,121

* Amount less than RMB 1,000

- iii. Subsequent to the financial period ended 31 December 2008, the Group discharged corporate guarantees amounting to RMB5,000,000. The balance of RMB32,000,000 relate to a repayment guarantee provided to Quanzhou Commercial Bank, Jinjiang branch ("Quanzhou Bank") by Xingquan Plastics for the maximum facility of RMB10,000,000 from 20 August 2007 to 20 August 2009 and RMB4,000,000 from 24 August 2008 to 24 August 2009 provided by Quanzhou Bank to Fujian Kebi Sports Products Co., Ltd ("Fujian Kebi") and RMB18,000,000 from 26 August 2008 to 26 February 2010 provided by China Construction Bank, Jingjiang branch ("China Construction Bank") to Quanzhou Baoshu Packing Co.,Ltd ("Baoshu"). The potential exposure to Xingquan Plastics is RMB32,000,000. As Xingquan Plastics was unable to procure the discharge of these repayment guarantees as at the date of the audited report, Fujian Kebi and Baoshu have each placed with Xingquan Plastics a sum equal to the sum currently drawdown by them respectively pursuant to their respective facilities granted by Quanzhou Bank and China Construction Bank to cover any potential call on the guarantees of such sum by Quanzhou Bank and China Construction Bank. In addition, Xingquan Plastics has obtained from Fujian Kebi and Baoshu and their respective banks as mentioned above irrevocable undertakings not to drawdown or allow a drawdown, respectively, without the written consent of Xingquan Plastics, the balance available pursuant to their respective facilities. Xingquan Plastics has also obtained an indemnity from the major shareholders of the Company ie. Tai Zhen Xiang, Ng Sio Peng and Iao leok Chon should any payments be required to be made by Xingquan Plastics pursuant to these repayment guarantees as a result of a breach of the undertakings procured from Fujian Keb, Baoshu and/or their respective banks.

**ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)**

Notes to the combined financial statements (Continued)

26. COMPARATIVES

For the purpose of this report, the comparative figures for the combined income statement, combined statement of changes in equity and combined cashflow statement of the Group for the six months financial period ended 31 December 2007 were based on the unaudited combined management financial information and we have not carried out an audit of those financial information. The unaudited combined management financial information of the Group for the six months financial period ended 31 December 2007 is the responsibility of the management of the Company.

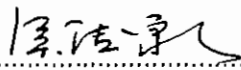
ANNEXURE F. THE AUDITED COMBINED FINANCIAL STATEMENTS OF THE
GROUP FOR FYE 2006, FYE 2007, FYE 2008 AND 1H 2009 (Cont'd)

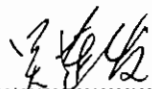
STATEMENT BY DIRECTORS

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In the opinion of the directors, the accompanying combined balance sheet, combined income statement, combined statement of changes in equity and the combined cash flow statement, together with the notes thereon, are drawn up so as give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the results of the business, changes in equity and cash flows of the Group for the six months financial period ended on that date and at the date of this statement there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the Directors


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Wu Qingquan


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Wu Lianfa

01 JUN 2009