

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE

17.1 OPENING AND CLOSING OF APPLICATION

Your application for the IPO Shares will be accepted from 10.00 a.m. on 11 May 2010 to 5.00 p.m. on 18 May 2010 or for such further period or periods as our Directors together with the Underwriter in their absolute discretion may mutually decide. **We will not accept late applications.**

17.2 METHODS OF APPLICATION

Your application for the IPO Shares may be made using any of the following ways:

- (i) Application Forms; or
- (ii) Electronic Share Applications; or
- (iii) Internet Share Applications.

17.3 GENERAL CONDITIONS FOR APPLICATION

Your applications shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.

(i) Application by the Malaysian Public

Applications for the 3,401,000 Public Issue Shares made available for application by the Malaysian Public must be made only on the **WHITE** Application Forms provided or by way of Electronic Share Application or Internet Share Application.

(ii) Application by Selected Investors By Way of Private Placement

Selected investors of the 11,920,000 K-Star Shares will be contacted directly by the Sole Placement Agent and are requested to follow the instructions as communicated by the Sole Placement Agent should they wish to accept the K-Star Shares offered to them. Application procedures and terms and conditions for the 11,920,000 K-Star Shares are set out in the separate letters/forms delivered to the respective selected investors. Application for the 11,920,000 K-Star Shares reserved for identified placees under the private placement must be made **ONLY** on the **BLUE** Application Forms provided and **not on any other Application Forms and not by way of Electronic Share Application or Internet Share Application.**

We will only consider one (1) Application Form from you and applications must be for 100 ordinary shares or multiples thereof. **Multiple applications will not be accepted. We wish to caution you that if you submit multiple applications in your own name or by using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and to a jail term of up to ten (10) years under Section 182 of the CMSA.**

The amount payable in full on application is RM2.15 per Share.

If you submit applications by way of Application Forms, you **may not** submit applications by way of Electronic Share Application or Internet Share Application and vice versa.

If you submit applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application, you **must have a CDS account.**

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Corporation or institution cannot apply for the Shares by way of Electronic Share Application or Internet Share Application.

IF YOU ARE AN INDIVIDUAL APPLICANT OTHER THAN A MEMBER OF THE ARMED FORCES OR POLICE, YOUR NAME AND YOUR NATIONAL REGISTRATION IDENTITY CARD NUMBER MUST BE EXACTLY THE SAME AS STATED IN:

- (i) (a) YOUR NATIONAL REGISTRATION IDENTITY CARD;
 - (b) YOUR RESIT PENGENALAN SEMENTARA ("JPN KP09") ISSUED PURSUANT TO PERATURAN 5(5), PERATURAN-PERATURAN PENDAFTARAN NEGARA 1990; OR
 - (c) ANY VALID TEMPORARY IDENTITY DOCUMENT AS ISSUED BY THE NATIONAL REGISTRATION DEPARTMENT FROM TIME TO TIME; AND
- (ii) THE RECORDS OF BURSA DEPOSITORY.

IF YOU ARE A MEMBER OF ARMED FORCES OR POLICE, YOUR NAME AND YOUR ARMED FORCES OR POLICE PERSONNEL NUMBER, AS THE CASE MAY BE MUST BE EXACTLY THE SAME AS THAT STATED IN YOUR AUTHORITY CARD.

IN THE CASE OF A CORPORATE/INSTITUTIONAL APPLICANT, YOUR NAME AND YOUR CERTIFICATE OF INCORPORATION NUMBER MUST BE EXACTLY THE SAME AS THAT STATED IN YOUR CERTIFICATE OF INCORPORATION.

We and/or MIH shall make no acknowledgement of the receipt of applications or application monies.

17.4 APPLICATIONS USING APPLICATION FORMS

(i) Types of Application Forms

The following Application Forms issued with the notes and instructions printed therein are accompanied by this Prospectus.

- (a) **WHITE** Application Forms form for application by Malaysian Public;
- (b) **BLUE** Application Forms for application by placees identified under the private placement.

WHITE Application Forms together with copies of this Prospectus may be obtained, subject to availability from PIVB, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and MIH.

(ii) Terms and Conditions of Applications Using Application Forms

Applications by way of Application Forms shall be made on, and subject to, the terms and conditions appearing below:

- (a) Applicant who is an individual must be a Malaysian Citizen residing in Malaysia with Malaysian address. Applicants must have a CDS account.
- (b) Applicant which is a corporation/institution incorporated in Malaysia, with a CDS account and are subject to the following:

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) If the corporation/institution has a share capital, more than half of your issued share capital (excluding preference share capital) is held by Malaysian citizens; and
- (ii) There is a majority of Malaysian citizens on the board of Directors/trustee.
- (c) Applicant which is a superannuation, co-operative, foundation, provident and pension fund established or operating in Malaysia and with a CDS account.
- (d) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations/institutions referred to in Section 17.4(ii)(b) and (c) above or the trustees thereof.
- (e) You can apply for the Shares using relevant Application Forms issued together with this Prospectus and you must complete the Application Form in accordance with the Notes and Instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232(2) of the CMSA, the Application Form together with the Notes and Instructions printed thereon are accompanied by this Prospectus. We will not accept your applications if they **do not strictly** conform to the terms of this Prospectus or Application Form or Notes and Instructions printed thereon or which are illegible.
- (f) EACH COMPLETED APPLICATION FORM MUST BE ACCOMPANIED BY REMITTANCES IN RINGGIT MALAYSIA FOR THE FULL AMOUNT PAYABLE EITHER BY:
 - BANKER'S DRAFT OR CASHIER'S ORDER purchased within Malaysia only and drawn on a bank in Kuala Lumpur; OR
 - MONEY ORDER OR POSTAL ORDER (for Applicants from Sabah and Sarawak only); OR
 - GUARANTEED GIRO ORDER ("GGO") from Bank Simpanan Nasional Malaysia Berhad; OR
 - ATM STATEMENT OBTAINED FROM ANY OF THE FOLLOWING FINANCIAL INSTITUTIONS:
 - Affin Bank Berhad;
 - Alliance Bank Malaysia Berhad;
 - AmBank (M) Berhad;
 - CIMB Bank Berhad;
 - EON Bank Berhad;
 - Hong Leong Bank Berhad;
 - Malayan Banking Berhad;
 - Public Bank Berhad; or
 - RHB Bank Berhad.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

MADE OUT IN FAVOUR OF

MIH SHARE ISSUE ACCOUNT NO. 479

AND CROSSED "A/C PAYEE ONLY" (EXCLUDING ATM STATEMENTS) AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND ADDRESS.

WE WILL NOT ACCEPT YOUR APPLICATION WHICH IS ACCOMPANIED BY MODE OF PAYMENT OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCE OR INAPPROPRIATE BANKER'S DRAFT/CASHIER'S ORDER/MONEY ORDERS OR POSTAL ORDER/ATM STATEMENT/GGO FROM BANK SIMPANAN NASIONAL BERHAD. DETAILS OF THE REMITTANCE MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE APPLICATION FORMS.

- (g) YOU MUST STATE YOUR CDS ACCOUNT NUMBER IN THE SPACE PROVIDED IN THE APPLICATION FORM.
- (h) YOUR NAME AND ADDRESS, MUST BE WRITTEN ON THE REVERSE SIDE OF THE BANKER'S DRAFT, CASHIER'S ORDER, ATM STATEMENT, MONEY ORDER, POSTAL ORDER OR GGO FROM BANK SIMPANAN NASIONAL BERHAD.
- (i) Our Directors reserve the right to require you, if you are successful in your application, to appear in person at the registered office of MIH within fourteen (14) days of the date of notice issued to you to ascertain the regularity or propriety of your application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (j) MIH, acting on the authority of our Directors reserves the right to reject applications which do not conform to these instructions or which are illegible or which are accompanied by remittances improperly drawn.
- (k) MIH, acting on the authority of our Directors reserves the right not to accept your application or to accept your application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allocating our Public Issue Shares to a reasonable number of Applicants with a view of establishing an adequate market for the shares.
- (l) Where your application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, without interest, will be returned and despatched to you within ten (10) market days from the date of the final ballot of the applications by ordinary post or registered post at your address maintained with Bursa Depository at your own risk.
- (m) You shall ensure that your personal particulars as stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (n) MIH, acting on the authority of our Directors reserves the right to bank in all application monies from unsuccessful Applicants and partially successful Applicants, which would subsequently be refunded without interest by registered post or ordinary post.
- (o) Each completed Application Form accompanied by the appropriate remittance and legible photocopy of the relevant documents must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn Bhd (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
P.O. Box 13269
50804 Kuala Lumpur
Malaysia

or **DELIVERED BY HAND AND DEPOSITED** in the Drop-in Boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia, so as to arrive not later than 5.00 p.m. on 18 May 2010, or such further period or periods as our Directors and the Underwriter in their absolute discretion may decide.

We will not accept late applications.

- (p) You are not a Director and employee of MIH and their immediate families as they are strictly prohibited from applying for our Shares.
- (q) **YOU MAY DIRECT ALL ENQUIRIES IN RESPECT OF THE WHITE APPLICATION FORM TO MIH.**

17.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

- (i) **Steps for Electronic Share Application through a Participating Financial Institution's ATM**
 - (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account;
 - (b) You **must** have a CDS account; and
 - (c) You can apply for our Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set out in Section 17.5 (ii) in respect of the terms and conditions for Electronic Share Applications. You have to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:
 - Personal Identification Number ("PIN");
 - **MIH Share Issue Account Number 479**;
 - CDS account number;
 - Number of the shares applied for and/or the RM amount to be debited from the account; and
 - Confirmation of several mandatory statements.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(d) Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- Bank Muamalat Malaysia Berhad;
- CIMB Bank Berhad;
- EON Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- OCBC Bank (Malaysia) Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

(ii) Terms and Conditions for Electronic Share Application

The procedures for Electronic Share Application at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("Steps"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in "Steps for Electronic Share Application through a Participating Financial Institution's ATM" in Section 17.5(i) of this Prospectus. The Steps set out the actions that the Applicant must take at the ATM to complete an Electronic Share Application.

Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "you" in the terms and conditions for Electronic Share Applications and the Steps shall mean the Applicant who applies for shares through an ATM of any of the Participating Financial Institutions.

Only an Applicant who is an individual with a CDS account is eligible to utilise the facility.

You must have an existing bank account with, and be an ATM cardholder of, one (1) of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of the Participating Financial Institutions. An ATM card issued by one (1) of the Participating Financial Institutions cannot be used to apply for shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("Transaction Record"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or MIH. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for our Shares on 18 May 2010 at 5.00 p.m. ("Closing Date and Time"), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers' applications for our Shares to MIH as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for our Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one (1) application.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

YOU MUST ENSURE THAT YOU USE YOUR OWN CDS ACCOUNT NUMBER WHEN MAKING AN ELECTRONIC SHARE APPLICATION. IF YOU OPERATE A JOINT ACCOUNT WITH ANY PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER YOUR OWN CDS ACCOUNT NUMBER WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR OWN NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below:

- (a) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and the Memorandum and Articles of Association of our Company.
- (b) You are required to confirm the following statements (by depressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given is true and correct:
 - You have attained eighteen (18) years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the Prospectus and understood and agreed with the terms and conditions of the application;
 - This is the only application that I am submitting; and
 - You thereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to MIH and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 97 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to MIH, or any relevant regulatory bodies.

- (c) **YOU CONFIRM THAT YOU ARE NOT APPLYING FOR SHARES AS NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC SHARE APPLICATION THAT YOU MAKE IS MADE BY YOU AS BENEFICIAL OWNER. YOU SHALL ONLY MAKE ONE (1) ELECTRONIC SHARE APPLICATION AND SHALL NOT MAKE ANY OTHER APPLICATION FOR THE SHARES, WHETHER AT THE ATMs OF ANY PARTICIPATING FINANCIAL INSTITUTION OR ON THE PRESCRIBED APPLICATION FORMS.**

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (d) You must have sufficient funds in your account with the relevant Participating Financial Institutions at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made will be rejected.
- (e) You agree and undertake to subscribe for or purchase and to accept the number of Shares applied for as stated on the Transaction Record or any lesser number of Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that our Company decides to allot or allocate any lesser number of such shares or not to allot or allocate any shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key on the ATM) of the number of Shares applied for shall signify, and shall be treated as, your acceptance of the number of Shares that may be allotted or allocated to you and to be bound by the Memorandum and Articles of our Company.
- (f) We reserve the right to reject any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the shares to a reasonable number of Applicants with a view to establishing an adequate market for our Shares.
- (g) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institutions will be informed of the non-successful or partially successful applications. Where your Electronic Share Application is not successful, the relevant Participating Financial Institutions will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. MIH shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two (2) market days after the balloting date. You may check your accounts on the fifth (5th) Market Day from the balloting day.

Where an Electronic Share Application is accepted in part only, the relevant Participating Financial Institutions will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two (2) market days after the receipt of confirmation from MIH. A number of applications will, however, be held in reserve to replace any successfully balloted applications which are subsequently rejected. For such applications which are subsequently rejected, the application monies without interest will be refunded to applicants by MIH by way of cheques issued by MIH. The cheques will be issued to you not later than ten (10) market days from the final ballot of the applications.

Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (h) You request and authorise us:
 - (i) to credit the Shares allotted or allocated to you into your CDS account; and
 - (ii) to issue share certificate(s) representing such Shares allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (i) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control, MIH or the Participating Financial Institutions, irrevocably agrees that if:

- (i) We or MIH do not receive your Electronic Share Application; or
- (ii) Data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or MIH,

you shall be deemed not to have made an Electronic Share Application and you shall have no claim whatsoever against us, MIH and the Participating Financial Institutions for the Shares applied for or for any compensation, loss or damage.

- (j) All your particulars in the records of the relevant Participating Financial Institutions at the time you make your Electronic Share Application shall be deemed to be true and correct and our Company, MIH and the Participating Financial Institutions shall be entitled to rely on the accuracy thereof.
- (k) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institutions are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered address last maintained with Bursa Depository.
- (l) By making and completing an Electronic Share Application, you agree that:
 - (i) in consideration of our Company agreeing to allow and accept the making of any application for the Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (ii) our Company, the Participating Financial Institutions, Bursa Depository and MIH shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (iii) notwithstanding the receipt of any payment by or on behalf of the Company, the acceptance of the offer made by you to subscribe for the Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allocation for prescribed securities, in respect of the said Shares;
 - (iv) you irrevocably authorises Bursa Depository to complete and sign on your behalf as transferee or renounee of any instrument of transfer and/or other documents required for the issue or transfer of the shares allocated to the Applicant; and

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (v) we agree that, in relation to any legal action or proceedings arising out of or in connection with the contract between the parties and/or the Electronic Share Application Scheme and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that we irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (m) Our Directors reserve the right to require you, if you are successful in your application, to appear in person at the registered office of MIH within fourteen (14) days of the date of the notice issued to you to ascertain the regularity or propriety of the application. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (n) Our Directors reserve the right to reject applications, which do not conform to these instructions.
- (o) A surcharge of RM2.50 per Electronic Share Application will be charged by the respective Participating Financial Institutions.

17.6 APPLICATIONS USING INTERNET SHARE APPLICATION

(i) Steps for Internet Share Application

The exact steps for Internet Share Application for the Shares are as set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the Shares using Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (a) Connect to the Internet financial services website of the Internet Participating Financial Institutions with which you have an account. You are advised not to apply for the Shares through any website other than the Internet financial services websites of the Internet Participating Financial Institution.
- (b) Log in to the Internet financial services facility by entering your user identification and PIN/password.
- (c) Navigate to the section of the website on applications in respect of initial public offerings.
- (d) Select the counter in respect of the Public Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (e) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions.
- (f) At the next screen, complete the online application form.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (g) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of Public Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (h) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (i) You are at least eighteen (18) years of age as at the closing date of the application for the Public Issue Shares.
 - (ii) You are a Malaysian citizen residing in Malaysia.
 - (iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.
 - (iv) You agree to all terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Public Issue Shares.
 - (v) The Internet Share Application is the only application that you are submitting for the Public Issue Shares.
 - (vi) You authorise the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from your account with the Authorised Financial Institution.
 - (vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority.
 - (viii) You are not applying for the Public Issue Shares as a nominee of other person and the application is made in your own name, as a beneficial owner and subject to the risks referred to in this Prospectus.
 - (ix) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the IPO, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the IPO. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.

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- (i) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application of the Public Issue Shares.
- (j) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment of the application of the Public Issue Shares is being made.
- (k) Subsequent to the above, the Internet Participating Financial Institutions shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website.
- (l) You are advised to print out the Confirmation Screen for reference and retention.

(ii) Terms and Conditions for Internet Share Application

Your application for the Public Issue Shares may be made through the Internet financial services websites of the Internet Participating Financial Institutions.

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- CIMB Investment Bank Berhad at www.eipocimb.com;
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- Affin Bank Berhad at www.affinOnline.com

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE PROCEDURES, TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE YOU MAKE AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF THE PUBLIC ISSUE SHARES ARE AS SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out below:

- (a) In order to make an Internet Share Application, you must:
 - (i) be an individual with a CDS account;

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(ii) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your user identification and PIN/password for the relevant Internet financial services facilities; and

(iii) be a Malaysian citizen and have a Malaysian address.

You are advised to note that the user identification and PIN/password by one of the Internet Participating Financial Institutions cannot be used to apply for the Public Issue Shares at Internet financial service websites of other Internet Participating Financial Institutions.

(b) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.

(c) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screens of the Internet financial services websites of the Internet Participating Financial Institutions) and to undertake that the following information given are true and correct:

(i) You have attained eighteen (18) years of age as at the date of the application for the Public Issue Shares.

(ii) You are Malaysian citizen residing in Malaysia.

(iii) You have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood.

(iv) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the Public Issue Shares.

(v) The Internet Share Application is the only application that you are submitting for the Public Issue Shares.

(vi) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the Public Issue Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution.

(vii) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 99 of the Banking and Financial Institutions Act, 1989 and Section 45 of the Securities Industry (Central Depositories) Act, 1991 to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to MIH and the Authorised Financial Institution, the SC and any other relevant authority.

(viii) You are not applying for the Public Issue Shares as a nominee of other person and the application is made in your own name, as a beneficial owner and subject to the risks referred to in this Prospectus.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

(ix) You authorise the Internet Participating Financial Institutions to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the Public Issue, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institutions, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Public Issue. Further, the Internet Participating Financial Institutions will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institutions in connection with the use of the Internet Share Application services.

(d) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the Internet financial services website displaying the Confirmation Screen.

For the purposes of this section of the Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Public Issue Shares applied for, which you can print out for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 17.6(ii)(c) above.

(e) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the Public Issue Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not strictly conform to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made, shall be rejected.

(f) You irrevocably agree and undertake to subscribe for and to accept the number of Public Issue Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted or allocated to you. In the event that we decide to allot any lesser amount of Public Issue Shares or not to allot any Public Issue Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of Public Issue Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:

- (i) your acceptance of the number of Public Issue Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (ii) your agreement to be bound by our Memorandum and Articles of Association.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (g) You are aware that multiple or suspected multiple Internet Share Applications for our Public Issue Shares will be rejected. MIH, on the authority of our Directors, reserve the right to reject or accept any Internet Share Application in whole or in part without assigning any reason. Due consideration will be given to the desirability of allotting the Public Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Public Issue Shares.
- (h) If your Internet Share Application is unsuccessful or partially successful, MIH shall inform the relevant Internet Participating Financial Institutions of the unsuccessful or partially successful Internet Share Application within two (2) Market Days after the balloting date. The Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it (as the case may be) in RM (without interest or any share of revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two (2) Market Days after receipt of written confirmation from MIH.

A number of applications will be reserved to replace any successfully balloted applications that are subsequently rejected. The application monies relating to these applications which are subsequently rejected, will be refunded (without interest or any share of revenue or other benefit arising therefrom) by MIH by way of cheques by registered post or ordinary post. The cheques will be issued within ten (10) Market Days from the date of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or only partially successful), the Internet Participating Financial Institutions will arrange for a refund of the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) within ten (10) Market Days from the day of the final ballot.

Except where MIH is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of your Internet Share Application in order to determine the status or exact number of Public Issue Shares allotted, if any, before trading of our shares on Bursa Securities.

- (i) Internet Share Application will be closed at 5.00 p.m. on Tuesday, 18 May 2010 or such other date(s) as our Directors and the Managing Underwriter may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is, when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

- (j) You irrevocably agree and acknowledge that the Internet Share Application is subject to electrical, electronic, technical, transmission and communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of MIH, the Internet Participating Financial Institutions and the Authorised Financial Institution. If we, MIH and/or the Internet Participating Financial Institutions and/or the Authorised Financial Institution do not receive your Internet Share Application and/or the payment, or if any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, MIH or the Internet Participating Financial Institutions and the Authorised Financial Institution in relation to the Public Issue Shares applied for or for any compensation, loss or damage arising from it.
- (k) All of your particulars in the records of the relevant Internet Participating Financial Institutions at the time of the Internet Share Application shall be deemed to be true and correct, and we, MIH, the Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particular as recorded by both Bursa Depository and the Internet Participating Financial Institutions are correct and identical, otherwise your Internet Share Application is liable to be rejected. The notification letter on successful allotment will be sent to your address last registered with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institutions and Bursa Depository of any changes in your personal particulars that may occur from time to time.

- (l) By making and completing an Internet Share Application, you are deemed to have agreed that:
- (i) in consideration of us making available the Internet Share Application facility to you, through the Internet Participating Financial Institutions acting as your agents, your Internet Share Application is irrevocable;
 - (ii) you have irrevocably requested and authorised us to register the Public Issue Shares allotted to you for deposit into your CDS account;
 - (iii) neither us nor the Internet Participating Financial Institutions, shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to MIH or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 17.6(ii)(j) herein or to any cause beyond our/their control;
 - (iv) you should hold the Internet Participating Financial Institutions harmless from any damages, claims or losses as a consequence of or arising from any rejection of your Internet Share Application by us, MIH, and/or the Internet Participating Financial Institutions for reasons of multiple applications suspected multiple applications, inaccurate and/or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institutions;

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

- (v) the acceptance of your offer to subscribe for and the purchase of the Public Issue Shares for which your Internet Share Application has been successfully completed shall be constituted by the issue of a notice by us or on our behalf for prescribed securities in respect of the Public Issue Shares, notwithstanding the receipt of any payment by us or on our behalf;
 - (vi) you are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - (vii) in making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Underwriters, the Adviser and any other person involved in the Public Issue shall not be liable for any information not contained in this Prospectus which you may have relied on in making the Internet Share Application; and
 - (viii) our acceptance of your Internet Share Application and the contract resulting from the Public Issue shall be governed by and construed in accordance with the laws of Malaysia, and you irrevocably submit to the jurisdiction of the courts of Malaysia.
- (m) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:
- (i) Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;
 - (ii) CIMB (www.eipocimb.com) – RM2.00 for payment via CIMB Bank or via Malayan Banking Berhad;
 - (iii) CIMB Bank (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB and RM2.50 for applicants with CDS accounts with other ADAs;
 - (iv) Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00.

17.7 APPLICATIONS AND ACCEPTANCES

MIH, acting on the authority of our Directors reserves the right not to accept any application, which does not strictly comply with the instructions, or to accept any application in part only without assigning any reason therefor.

THE SUBMISSION OF AN APPLICATION FORM DOES NOT NECESSARILY MEAN THAT THE APPLICATION WILL BE SUCCESSFUL.

APPLICATIONS MUST BE FOR 100 ORDINARY SHARES OR MULTIPLES THEREOF.

In the event of an over-subscription, acceptance of applications by the public shall be subject to ballot to be conducted in a fair and equitable manner and as approved by our Directors. Due consideration will be given to the desirability of distributing the IPO Shares to a reasonable number of Applicants with a view of broadening the shareholding base and establishing an adequate market in our shares.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

Pursuant to the Bursa Securities LR, we need to have at least 25% of the enlarged issued and paid-up share capital in the hands of public shareholders and a minimum of 1,000 public shareholders holding not less than 100 Shares each at the point of Listing. However, in the event that the above requirement is not met pursuant to this IPO, we may not be allowed to proceed with our listing plan. In the event thereof, monies paid in respect of all applications will be returned in full. The Applicants will be selected in a manner to be determined by our Directors.

Any of the Public Issue Shares not subscribed for under Section 3.4.1(i) may be made available to selected investors via private placement. Thereafter, any remaining re-offered Public Issue Shares that are not subscribed for will then be subscribed by the Underwriters based on the terms of the Underwriting Agreement dated 15 April 2010.

Directors and employees of MIH and their immediate families are strictly prohibited from applying for the IPO Shares.

WHERE AN APPLICATION IS NOT ACCEPTED OR PARTIALLY ACCEPTED, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY ORDINARY POST OR REGISTERED POST RESPECTIVELY, TO YOUR ADDRESS REGISTERED WITH BURSA DEPOSITORY AT YOUR OWN RISK.

MIH RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL AND PARTIALLY SUCCESSFUL APPLICANTS WHICH WOULD SUBSEQUENTLY BE REFUNDED WITHOUT INTEREST TO YOU WITHIN TEN (10) MARKET DAYS FROM THE DATE OF THE FINAL BALLOT OF THE APPLICATION BY REGISTERED POST TO YOUR ADDRESS REGISTERED WITH BURSA DEPOSITORY AT YOUR OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE HAVING BEEN PRESENTED FOR PAYMENT.

17.8 CDS ACCOUNTS

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed our securities as Prescribed Securities. In consequence thereof, the IPO Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the Securities Industry (Central Depositories) Act, 1991, all dealings in our securities including the IPO Shares will be by book entries through CDS accounts. No share certificates will be issued to successful Applicants.

Only an Applicant who has a CDS account can make an application by way of Application Form. You shall furnish your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to the CDS account to MIH or our Company. Where you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the IPO Shares. Failure to comply with these specific instructions as the Application Form requires or inaccuracy in the CDS account number may result in the application being rejected. If a successful Applicant fails to state his/her CDS account number, MIH under the instruction of our Company, will reject the application.

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Only an Applicant who has a CDS account can make an Electronic Share Application. You shall furnish your CDS account number to the Participating Financial Institutions by way of keying in your CDS account number if the instruction on the ATM screen at which you enter your Electronic Share Application requires you to do so. Failure to comply with these specific instructions as the Electronic Share Application requires or inaccuracy in the CDS account number arising from use of invalid, third party or nominees account, may result in your application being rejected.

In the case of an application by way of Internet Share Application, only an applicant who has a CDS account can make an Internet Share Application. In certain cases, only an applicant who has a CDS account opened with the Internet Participating Financial Institutions can make an Internet Share Application. Arising therewith, the applicant's CDS account number would automatically appear in the e-IPO online application form.

MIH, on the authority of our Directors, reserves the right to reject any incomplete and inaccurate application. Applications may also be rejected if your particulars provided in the Application Forms, or in the case of Electronic Share Application, if the records of the Participating Financial Institutions at the time of making the Electronic Share Application differ from those in Bursa Depository's records, such as the National Registration Identity Card number, name and nationality.

17.9 NOTICE OF ALLOTMENT

We will allot and credit the Shares to your CDS account if you are successful or partially successful in the application. A notice of allotment will then be despatched to you at your address last maintained with the Bursa Depository at your own risk prior to the listing of K-Star. For Electronic Share Application, the notice of allotment will be despatched to the successful or partially successful Applicant at your address last maintained with the Bursa Depository at your own risk prior to the listing of K-Star. This is the only acknowledgement of acceptance of the application.

If your address as stated in the Application Form or, in the case of an Electronic Share Application in the records of the Participating Financial Institutions, as the case may be, is different from the address registered with Bursa Depository, you must inform Bursa Depository of your updated address promptly by adhering to the certain rules and regulations of the Bursa Depository, failing which the notification letter on successful allotment shall be sent to your address last registered with Bursa Depository.

You may also check the status of your application by logging on to MIH's website at www.mih.com.my or by calling your respective ADAs at the telephone number as stated in Section 17.10 hereof or by calling MIH at telephone numbers 03-7841 8000 or 03-7841 8289, between five (5) to ten (10) market days (during office hours only) after the balloting date.

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17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

17.10 LIST OF ADAs

The list of ADAs and their respective broker codes are as follows:

Name	Address and telephone number	ADA Code
<u>Kuala Lumpur</u>		
A.A. ANTHONY SECURITIES SDN BHD	N3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No.: 03-62011155	078-004
AFFIN INVESTMENT BANK BERHAD	Ground, Mezzanine & 3rd Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-21438668	028-001
ALLIANCE INVESTMENT BANK BERHAD	17th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No.: 03-26976333	076-001
AMINVESTMENT BANK BERHAD	15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-20782788	086-001
BIMB SECURITIES SDN BHD	1 st & 2 nd Floor, Podium Block Bangunan AMDB No. 1, Jalan Lumut 50400 Kuala Lumpur Tel No.: 03-40433533	024-001
CIMB INVESTMENT BANK BERHAD	9 th Floor, Commerce Square Jalan Semantan Damansara Heights 50490 Kuala Lumpur Tel No.: 03-20849999	065-001
ECM LIBRA INVESTMENT BANK BERHAD	3 rd Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-21781888	052-001
ECM LIBRA INVESTMENT BANK BERHAD	Level 1, Avenue Building Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No.: 03-20891800	052-009

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Kuala Lumpur (Cont'd)</u>		
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	Level 8, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No.: 03-21681168	066-001
HWANGDBS INVESTMENT BANK BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr Ismail 60000 Kuala Lumpur Tel No.: 03-77106688	068-009
HWANGDBS INVESTMENT BANK BERHAD	No. 34-5, 36-5, 38-5, 40-5, 42-5 & 44-5 5 th Floor, Cheras Commercial Centre Jalan 5/101C, Off Jalan Kaskas 5 th Mile Cheras 56100 Kuala Lumpur Tel No.: 03-91303399	068-012
HWANGDBS INVESTMENT BANK BERHAD	7 th , 22 nd , 23 rd & 23A Floor Menara Keck Seng 203, Jalan Bukit Bintang 55100 Kuala Lumpur Tel No.: 03-271126888	068-014
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No.: 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No.: 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	Stesyen Minyak SHELL Jalan 1/116B, Off Jalan Kuchai Lama Kuchai Entrepreneur Park 58200 Kuala Lumpur Tel No.: 03-79818811	054-005
JUPITER SECURITIES SDN BHD	7 th - 9 th Floor, Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No.: 03-20341888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th - 14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No.: 03-21688800	053-001

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Name	Address and telephone number	ADA Code
<u>Kuala Lumpur (<i>Cont'd</i>)</u>		
KENANGA INVESTMENT BANK BERHAD	8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No.: 03-21649080	073-001
KENANGA INVESTMENT BANK BERHAD	No. 57-10, Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No.: 03-22871799	073-015
M & A SECURITIES SDN BHD	Level 1-2, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel No.: 03-22821820	057-002
MAYBANK INVESTMENT BANK BERHAD (<i>formerly known as Aseambankers Malaysia Berhad</i>)	5-13 Floor, MaybanLife Tower Dataran Maybank No.1, Jalan Maarof 59000 Kuala Lumpur Tel No.: 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No.: 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 11 & 12, Menara MIDF 82, Jalan Raja Chulan 50400 Kuala Lumpur Tel No.: 03-21738888	026-001
MIMB INVESTMENT BANK BERHAD	Level 18, Menara EON Bank 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No.: 03-26910200	061-001
OSK INVESTMENT BANK BERHAD	20 th Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No.: 03-23338333	056-001
OSK INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No.: 03-62575869	056-028

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Kuala Lumpur (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	Ground Floor No. M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No.: 03-42804798	056-054
OSK INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No.: 03-90587222	056-058
PM SECURITIES SDN BHD	Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50250 Kuala Lumpur Tel No.: 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Bangunan Public Bank No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No.: 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 9, Tower One, RHB Centre Jalan Tun Razak 50400 Kuala Lumpur Tel No.: 03-92873888	087-001
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No.: 03-20721277	058-003
<u>Selangor Darul Ehsan</u>		
AFFIN INVESTMENT BANK BERHAD	2 nd , 3 rd & 4 th Floor Wisma Amsteel Securities No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-33439999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77298016	028-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Selangor Darul Ehsan (Cont'd)</u>		
AMINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama No 2, Jalan SS 21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77106613	086-003
HWANGDBS INVESTMENT BANK BERHAD	16 th , 18 th -20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No.: 03-55133288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No.: 03-56356688	068-010
INTER-PACIFIC SECURITIES SDN BHD	No. 77 & 79, Jalan 2/3A Pusat Bandar Utara KM12, Jalan Ipoh Selayang 68100 Batu Caves Selangor Darul Ehsan Tel No.: 03-61371888	054-006
JF APEX SECURITIES BERHAD	6 th Floor, Menara Apex Off Jalan Semenyih Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No.: 03-87361118	079-001
JF APEX SECURITIES BERHAD	15 th & 16 th Floor, Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-76201118	079-002
KENANGA INVESTMENT BANK BERHAD	13 th Floor, Menara Yayasan Selangor No 18A, Jalan Persiaran Barat Off Jalan Timur 46000 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-79562169	073-005

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Selangor Darul Ehsan (Cont'd)</u>		
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma UEP Pusat Perniagaan USJ 10 Jalan USJ 10/1A 47620 Subang Jaya Selangor Darul Ehsan Tel No.: 03-80241682	073-006
KENANGA INVESTMENT BANK BERHAD	Room 7.02, Level 7, Menara ING Intan Millenium Square No. 68, Jalan Batai Laut 4 Taman Intan 41300 Klang Selangor Darul Ehsan Tel No.: 03-30057550	073-007
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77259095	073-016
OSK INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-78736366	056-011
OSK INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No.: 03-87363378	056-045
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No.: 03-60928916	056-047
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1 ½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No.: 03-33439180	056-048
PM SECURITIES SDN BHD	No. 157 & 159 Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No.: 03-80700773	064-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Selangor Darul Ehsan (Cont'd)</u>		
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No.: 03-33415300	064-007
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	1 st , 2 nd & 3 rd Floor Plaza Damansara Utama No.2, Jalan SS21/60 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No.: 03-77246888	066-002
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Tel No.: 03-51920202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No.: 03-80251880	058-005
<u>Melaka</u>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No.: 06-2898800	065-006
ECM LIBRA INVESTMENT BANK BERHAD	71A & 73A, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2881720	052-008
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM 9 Plaza Pandan Malim (Business Park) Balai Panjang P.O. Box 248 75250 Melaka Tel No.: 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No.: 06-2921898	093-003

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Melaka (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No.: 06-2825211	056-003
PM SECURITIES SDN BHD	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No.: 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	Lot 7-13 & 15, 1 st Floor Tabung Haji Building Jalan Bandar Kaba 75000 Melaka Tel No.: 06-2833622	087-002
<u>Perak Darul Ridzuan</u>		
A.A. ANTHONY SECURITIES SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6232328	078-009
ALLIANCE INVETMENT BANK BERHAD	No. 43 & 44, Ground Floor Taman Sentosa, Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6910910	076-008
ECM LIBRA INVESTMENT BANK BERHAD	No. 63, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2422828	052-002
ECM LIBRA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6222828	052-006
HWANGDBS INVESTMENT BANK BERHAD	Ground Floor, Level 1,2 & 3 21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8066688	068-003
HWANGDBS INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2559988	068-015

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Perak Darul Ridzuan (Cont'd)</u>		
M & A SECURITIES SDN BHD	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No.: 05-2419800	057-001
MAYBANK INVESTMENT BANK BERHAD (formerly known as Aseambankers Malaysia Berhad)	B-G-04 (Ground Floor) Level 1 & 2 No. 42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2453400	098-002
OSK INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2415100	056-002
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No.: 05-6236498	056-014
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No.: 05-6921228	056-016
OSK INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No.: 05-8088229	056-034
OSK INVESTMENT BANK BERHAD	No. 72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No.: 05-4651261	056-044
OSK INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No.: 05-7170888	056-052

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Perak Darul Ridzuan (Cont'd)</u>		
HONG LEONG INVESTMENT BANK BERHAD (formerly known as HLG Securities Sdn Bhd)	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No.: 05-2530888	066-003
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No.: 05-2531313	058-001
<u>Pulau Pinang</u>		
A.A. ANTHONY SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No.: 04-2299318	078-002
A.A. ANTHONY SECURITIES SDN BHD	Ground & 1 st Floor No 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5541388	078-003
ALLIANCE INVESTMENT BANK BERHAD	Suite 2.1 & 2.4, Level 2 Wisma Great Eastern No. 25, Lebuhraya Light 10200 Penang Tel No.: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	Mezzanine Floor & Level 3 No.37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2261818	086-004
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2385900	065-003
ECM LIBRA INVESTMENT BANK BERHAD	No. 111, Jalan Macalister 10400 Pulau Pinang Tel No.: 04-2281868	052-003
ECM LIBRA INVESTMENT BANK BERHAD	7 th Floor, Menara Boustead Penang 39 Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2283355	052-010

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Pulau Pinang (Cont'd)</u>		
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No.: 04-2636996	068-001
HWANGDBS INVESTMENT BANK BERHAD	No.2 & 4 Jalan Perda Barat 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5372882	068-006
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8 th Floor Mayban Trust Building 3, Penang Street 10200 Pulau Pinang Tel No.: 04-2690888	054-002
KENANGA INVESTMENT BANK BERHAD	Lot 1.02, Level 1 Menara KWSP 38, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2106666	073-013
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Seberang Prai Pulau Pinang Tel No.: 04-3322123	093-001
MERCURY SECURITIES SDN BHD	2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel No.: 04-26399118	093-004
OSK INVESTMENT BANK BERHAD	64, Bishop Street 20E, 20F & 20G, Penang Street 10200 Pulau Pinang Tel No.: 04-2634222	056-004
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Prai Pulau Pinang Tel No.: 04-3900022	056-005

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Pulau Pinang (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	Ground & Upper Floor 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No.: 04-5402888	056-015
OSK INVESTMENT BANK BERHAD	No. 834, Jalan Besar Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No.: 04-5831888	056-032
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5, 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No.: 04-6404888	056-042
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No.: 04-2273000	064-004
<u>Kedah Darul Aman</u>		
A.A. ANTHONY SECURITIES SDN BHD	Lot 4, 5 & 5A 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7322111	078-007
ALLIANCE INVESTMENT BANK BERHAD	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No.: 04-7317088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70A, B & C Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4256666	068-011

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Kedah Darul Aman (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No.: 04-4204888	056-017
OSK INVESTMENT BANK BERHAD	No. 35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No.: 04-4964888	056-019
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No.: 04-7209888	056-021
<u>Perlis Indera Kayangan</u>		
ALLIANCE INVESTMENT BANK BERHAD	2 nd Floor, Podium Block KWSP Building 01000 Kangar Perlis Indra Kayangan Tel No.: 04-9765200	076-003
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangsar Perlis Indra Kayangan Tel No.: 04-9793888	056-061
<u>Negeri Sembilan Darul Khusus</u>		
ECM LIBRA INVESTMENT BANK BERHAD	1C-1 & 1D-1, First Floor Jalan Tuanku Munawir 70000 Negeri Sembilan Tel No.: 06-7655998	052-013
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7612288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553188	068-013

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (*Cont'd*)

Name	Address and telephone number	ADA Code
<u>Negeri Sembilan Darul Khusus (<i>Cont'd</i>)</u>		
OSK INVESTMENT BANK BERHAD	Ground, 1st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7641641	056-024
OSK INVESTMENT BANK BERHAD	1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No.: 06-4421000	056-037
OSK INVESTMENT BANK BERHAD	1 st & 2 nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel No.: 06-4553014	056-040
OSK INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½ Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No.: 06-6461234	056-046
PM SECURITIES SDN BHD	1 st , 2 nd & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No.: 06-7623131	064-002
<u>Johor Darul Takzim</u>		
A.A ANTHONY SECURITIES SDN BHD	Level 6 & 7, Menara MSC Cyberport 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3332000	078-001
A.A ANTHONY SECURITIES SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No.: 07-6636658	078-005
A.A ANTHONY SECURITIES SDN BHD	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3513218	078-006

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Johor Darul Takzim (Cont'd)</u>		
A.A ANTHONY SECURITIES SDN BHD	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim	078-008
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No.: 07-7717922	076-006
AMINVESTMENT BANK BERHAD	2 nd & 3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4342282	086-002
AMINVESTMENT BANK BERHAD	18 th & 31 st Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No.: 07-3343855	086-006
ECM LIBRA INVESTMENT BANK BERHAD	No. 57, 59 & 61 Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9532222	052-004
ECM LIBRA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No.: 07-4678885	052-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2222692	068-004
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2231211	054-004

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Johor Darul Takzim (Cont'd)</u>		
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 06-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel No.: 07-9542711	073-008
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34, Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No.: 07-9333515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35, (Ground & 1 st Floor A & B) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No.: 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4 Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No.: 06-9782292	073-011
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17 Menara Pelangi No. 1, Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-3316992	093-005
MIMB INVESTMENT BANK BERHAD	Suite 25.02, Level 25, Menara Pelangi Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No.: 07-2227388	061-002

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Johor Darul Takzim (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No.: 07-2788821	056-006
OSK INVESTMENT BANK BERHAD	53, 53-A & 53-B Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4380288	056-009
OSK INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No.: 06-9538262	056-025
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No.: 07-5577628	056-029
OSK INVESTMENT BANK BERHAD	Ground & 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No.: 07-9321543	056-030
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 17, Jalan Manggis 86000 Kluang Johor Darul Takzim Tel No.: 07-7769655	056-031
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No.: 07-6626288	056-035
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No.: 06-9787180	056-038

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Johor Darul Takzim (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	1 st Floor, No. 2 & 4, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No.: 07-9256881	056-039
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 1 & 1-01, Jalan Rosmerah 2/11 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No.: 07-3522293	056-043
PM SECURITIES SDN BHD	Suite 5.1, Level 5, Menara Pelangi Jalan Kuning Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No.: 07-2781813	064-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No.: 07-4333608	064-008
<u>Kelantan Darul Naim</u>		
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 3953-H Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No.: 09-7430077	056-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No.: 09-7432288	058-004
<u>Pahang Darul Makmur</u>		
ALLIANCE INVESTMENT BANK BERHAD	A-397, A-399 & A-401 Taman Sri Kuantan III Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No.: 09-5660800	076-002

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Pahang Darul Makmur (Cont'd)</u>		
ECM LIBRA INVESTMENT BANK BERHAD	B62, Ground Floor Lorong Tun Ismail 8 Sri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5133289	052-007
OSK INVESTMENT BANK BERHAD	B2 & B34 Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No.: 09-5173811	056-007
OSK INVESTMENT BANK BERHAD	Ground Floor 98, Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No.: 09-2234943	056-022
OSK INVESTMENT BANK BERHAD	Ground Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No.: 05-4914913	056-041
<u>Terengganu Darul Iman</u>		
ALLIANCE INVESTMENT BANK BERHAD	No. 1D, Ground & Mezzanine No. 1E, Ground, Mezzanine, 1 st & 2 nd Floor, Jalan Air Jerneh 20300 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6238128	021-001
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No.: 09-8583109	056-027

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Terengganu Darul Iman (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No.: 09-6261816	056-055
<u>Sabah</u>		
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No. 28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No.: 088-328878	065-005
ECM LIBRA INVESTMENT BANK BERHAD	Aras 8, Wisma Great Eastern 68 Jalan Gaya 88000 Kota Kinabalu Sabah Tel No.: 088-236188	052-012
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 th Floor CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel No.: 088-311688	068-008
INNOSABAH SECURITIES BERHAD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No.: 088-234090	020-001
OSK INVESTMENT BANK BERHAD	5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel No.: 088-269788	056-010
OSK INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North road 91000 Sandakan Sabah Tel No.: 089-229286	056-057

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Sarawak</u>		
AMINVESTMENT BANK BERHAD	No.164, 166 & 168 1 st , 2 nd & 3 rd Floor Jalan Abell 93100 Kuching Sarawak Tel No.: 082-244791	086-005
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No.: 082-358606	065-004
HWANGDBS INVESTMENT BANK BERHAD	Lot 328, Jalan Abell 93100 Kuching Sarawak Tel No.: 082-236999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No.282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No.: 086-330008	068-016
KENANGA INVESTMENT BANK BERHAD	Level 5, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel No.: 082-338000	073-003
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No.: 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	No. 11-12, (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel No.: 084-313855	073-012
OSK INVESTMENT BANK BERHAD	Ground, 1 st & 6 th Floor Wisma Chinese Chambers Lot 357, Section 47 K.T.L.D. Jalan Bukit Mata Kuching 93100 Kuching Sarawak Tel No.: 082-422252	056-008

17. PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

Name	Address and telephone number	ADA Code
<u>Sarawak (Cont'd)</u>		
OSK INVESTMENT BANK BERHAD	Lot 1268, 1 st & 2 nd Floor Lot 1269, 2 nd Floor Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No.: 085-422788	056-012
OSK INVESTMENT BANK BERHAD	101 & 102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel No.: 084-329100	056-013
OSK INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No.: 084-654100	056-050
OSK INVESTMENT BANK BERHAD	Ground Floor No. 177, Taman Sri Dagang 97000 Bintulu Sarawak Tel No.: 086-311770	056-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No.: 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, (Bahagian Hadapan) Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel No.: 082-236333	058-006

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APPENDIX A SUMMARY OF SINGAPORE COMPANY AND TAX LAWS

SUMMARY OF SINGAPORE COMPANY AND TAX LAWS

Our Company is incorporated in the Republic of Singapore and, therefore, operates subject to Singapore law. Set out below is a summary of certain provisions of Singapore Company and Tax Laws, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Singapore company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

The summary below does not purport to be legal advice nor a comprehensive description of all the rights and obligations of shareholders conferred under Singapore Company Law or their liability under Singapore Tax Law. It should also be noted that the laws applicable to Singapore companies may change, whether as a result of proposed legislative reforms to Singapore Company or Tax Laws or otherwise. You should consult your legal or other professional adviser if you are in doubt as to your rights and privileges as a shareholder of the Company. Shareholders are also advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore:-

(a) Share capital

Under the Singapore Companies (Amendment) Act 2005, the concept of 'par value' is abolished for companies incorporated in Singapore, whether before or after the coming into effect of the amendment on 30 January 2006.

The Singapore Companies Act permits a company's share capital to be divided into different classes. Generally speaking, there are two broad classes of shares – ordinary shares and preference shares, that confer some preference on the holders of those shares. The rights attached to a particular class could be contained in the memorandum and articles of association or in the resolution of the company authorizing the issue of shares of that class.

The Singapore Companies Act contains 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 and articles of association of a company authorizing 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 is required. Holders of not less in the aggregate than five (5%) per cent of the shares of the class in question may apply to court to have a variation or abrogation of their rights cancelled. The alteration of any provision in the memorandum and 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 is deemed to be a variation or abrogation of the rights attached to the shares of that class.

(b) Membership

Under the Singapore Companies Act, a company shall have at least one member. The subscribers to the memorandum shall be deemed to have agreed to become members of the company and on the incorporation of the company shall be entered as members in its register of members, and every other person who agrees to become a member of a company and whose name is entered in its register of members shall be a member of the company.

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

Under the Singapore Companies Act, except as otherwise provided by the Singapore Companies Act, a company shall not:-

- (a) whether directly or indirectly, give any financial assistance for the purpose of, or in connection with –
 - (i) the acquisition by any person, whether before or at the same time as the giving of financial assistance, of shares or units of shares in the company or a holding company of the company; or
 - (ii) the proposed acquisition by any person of shares or units of shares in the company or a holding company of the company; or
- (b) whether directly or indirectly, in any way (i) acquire shares or units of shares in the company or (ii) purport to acquire shares or units of shares in a holding company of the company; or
- (c) whether directly or indirectly, in any way, lend money on the security of shares or units of shares in the company or a holding company of the company.

Financial assistance includes the giving of financial assistance by means of the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise.

Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include the payment of a dividend in good faith and in the ordinary course of commercial dealing, the payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act, the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company, and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by instalments.

The Singapore Companies Act further provides that a company can give financial assistance in certain circumstances:- (i) where the amount of financial assistance does not exceed 10.0% of the aggregate of the total paid-up capital and reserves of the company as disclosed in the most recent financial statements of the company and the company receives fair value in connection with the financial assistance; and (ii) where the financial assistance is approved unanimously by the shareholders of the company, if certain conditions and procedures under the Singapore Companies Act are complied with.

Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance.

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

A company may, under the Singapore Companies Act, purchase or otherwise acquire shares issued by it if it is expressly permitted to do so by its articles of association.

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Any purchases or acquisitions of shares may be made only if the company is solvent and out of the company's capital or profits. It is an offence for a director or manager of the company to approve or authorise the purchase or acquisition of shares, knowing that the company is not solvent.

Under the Singapore Companies Act, a company may choose to hold the purchased shares as treasury shares or to cancel them. Shares purchased or acquired by the company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the shares will expire on such cancellation) unless such shares are held by the company as treasury shares.

The company shall be registered as a member in respect of the treasury shares but shall not have any right to attend or vote at meetings and for the purpose of the Singapore Companies Act, the company shall be treated as having no right to votes and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets may be made, to the company in respect of the treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a smaller amount is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

Where shares are held as treasury shares, the company may at any time:

- (a) sell the treasury shares for cash;
- (b) transfer the treasury shares for the purposes of or pursuant to an employee's share scheme;
- (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (d) cancel the treasury shares; or
- (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister of Finance.

(e) Dividends and distributions

Under the Singapore Companies Act, no dividend shall be payable to the shareholders of any company except out of profits. Dividends may be paid otherwise than in cash (including in the form of shares or wholly or partly by the distribution of specific assets). However, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, to the company in respect of the treasury shares. Typically, the directors will recommend a particular rate of dividend, which is subject to shareholders' approval in a general meeting.

There is no unconditional right of members to receive dividends, unless specified in the articles of association, and how and when dividends are to be declared is determined by the articles of association.

(f) Protection of minority shareholders

Under Singapore law, the remedies open to members who feel that their interests are being prejudiced lie in common law and statutory derivative actions, and winding-up on

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just and equitable ground. Section 216 of the Singapore Companies Act may be invoked where there is 'oppression' of a member, where there is a resolution or act that 'unfairly discriminates' against or is 'otherwise prejudicial' to a member. Other situations where relief have been granted under Section 216 of the Singapore Companies Act include:

- (a) When the dominant members pursue a course of conduct designed by them to advance their own interests or other interests to the detriment of the company or the other shareholders.
- (b) When the dominant members run the company as if it were their own, disregarding the rights and interests of the other members.
- (c) Where the majority shareholders or directors abuse their voting powers by voting in bad faith and for a collateral purpose.

To commence a derivative action under common law, the aggrieved member must demonstrate that the case at hand comes within one of two exceptions to the rule in **Foss v Harbottle (1843) 2 Hare 461**, namely the ultra vires exception and the fraud on minority exception.

In addition to the common law derivative action, the Singapore Companies Act also makes provision for a statutory derivative action. This action is potentially available to any member of a company, the Minister of Finance (in certain cases), or any other person who in the discretion of the court is a proper person to make an application under the Companies Act. Any member of a company may apply to the court for leave to bring an action in the name and on behalf of the company or intervene in an action to which the company is a party for the purpose of prosecuting, defending or discontinuing the action on behalf of the company. The court will only grant leave if the court is satisfied that the member has given 14 days' notice to the directors of the company of the member's intention to apply for leave; the member is acting in good faith; and it appears to be prima facie in the interests of the company that the action be brought, prosecuted, defended or discontinued.

As regards the oppression remedy, the Singapore Companies Act provides that any member or holder of a debenture of the company, or the Minister of Finance in certain cases, may apply to the court for an order on the ground that the affairs of the company or the powers of the directors are being conducted in a manner oppressive to one or more of the members or holders of debentures, or in disregard of their interests as members, shareholders or holders of debentures of the company. A similar application may be made if an act of the company has been done or is threatened which unfairly discriminates against or is otherwise prejudicial to one or more of the members or holders of debentures. Where such an application is made, and the court after hearing the evidence is satisfied that the complaint is a valid one, the court may, with a view to bringing an end or remedying the matters complained of, make such order as it thinks fit. Such orders may include directing or prohibiting any act or canceling or varying any transaction or resolution; regulating the conduct of the affairs of the company in future; authorizing civil proceedings to be brought in the name of the company; providing for the purchase of the shares and debentures of the company by other members or holders of debentures or the company itself; or even winding up the company.

The Singapore Companies Act also provides that the company may be wound up by the court, if the court is of the opinion that it is just and equitable to do so.

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(g) Management

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 Singapore Companies Act or the memorandum and articles of the company require the company to exercise in general meeting.

The Singapore Companies Act stipulates that a director shall at all times act honestly and use reasonable diligence in the discharge of the duties of his office. It further stipulates that an officer or agent of a company shall not make improper use of any information acquired by virtue of his position as an officer or agent of the company to gain, directly or indirectly, an advantage for himself or for any other person or to cause detriment to the company.

The Singapore Companies Act also provides that a company incorporated in Singapore and has been admitted to the official list of a securities exchange in Singapore and has not been removed from the official list shall have an audit committee. An audit committee shall be appointed by the directors from among their number (pursuant to a resolution of the board of directors) and shall be composed of 3 or more members of whom a majority shall not be (a) executive directors of the company or any related corporation; (b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an executive director of the company or of any related corporation; or (c) any person having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the functions of an audit committee.

(h) Accounting and auditing requirements

The Singapore Companies Act requires a company and its directors and managers to keep 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, at the registered office of the company or at such other place as the directors think fit and shall at all times be open to inspection by the directors.

The company shall retain the accounting and other records for a period of not less than 5 years from the end of the financial year in which the transactions or operations to which those records relate are completed. If the accounting and other records are kept by the company at a place outside Singapore there shall be sent to and kept at a place in Singapore and be at all times open to inspection by the directors such statements and returns with respect to the business dealt with in the records so kept as will enable to be prepared true and fair profit and loss accounts and balance sheets and any documents required to be attached thereto.

The directors of every company shall, at a date not later than 18 months after the incorporation of the company and subsequently at least once in every calendar year at intervals of not more than 15 months, lay before the company at its annual general meeting a profit and loss account for the period since the preceding account (or in the case of the first account, since the incorporation of the company) made up to a date (a) in the case of a public company listed or quoted on a securities exchange in Singapore, not more than 4 months before the date of the meeting, (b) in the case of any other company, not more than 6 months before the date of the meeting. A balance sheet made up to the same date as the profit and loss account must also be laid before the meeting at the same time. The financial statements are to be presented in a form in accordance with the

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Singapore Financial Reporting Standards, and give a true and fair view of the profit and loss of the company for the period of accounting as shown in the accounting and other records of the company, or of the state of affairs of the company as at the end of the period to which it relates, as the case may be.

A copy of every profit and loss account and balance-sheet of a company or, in the case of a holding company, a copy of the consolidated accounts and balance-sheet (including every document required by law to be attached thereto), which is duly audited and which (or which, but for section 201C of the Singapore Companies Act) is to be laid before the company in general meeting accompanied by a copy of the auditor's report thereon shall —

- (a) not less than 14 days before the date of the meeting; or
- (b) if a resolution under section 175A of the Singapore Companies Act is in force, not less than 28 days before the end of the period allowed for the laying of those documents,

be sent to all persons entitled to receive notice of general meetings of the company.

A company shall be exempt from audit requirements if (a) it has been dormant from the time of its formation; or (b) it has been dormant since the end of the previous financial year. An exempt private company shall be exempt from audit requirements in respect of a financial year if its revenue in that year does not exceed the prescribed amount.

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, or consolidated accounts and balance-sheet) 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, or a copy of the consolidated accounts and balance-sheet, as the case may be (including every document required by the Singapore Companies Act to be attached thereto) together with a copy of the auditor's report thereon.

A public company admitted to the official list of a securities exchange in Singapore and has not been removed from that list may send a summary financial statement derived from the company's annual accounts and the directors' report. Every summary financial statement shall (a) state that it is only a summary of information in the company's annual accounts and the directors' report, and (b) contain a statement by the company's auditors of their opinion as to whether the summary financial statement is consistent with the accounts and the report and complies with the requirements and regulations provided in the Singapore Companies Act.

(i) Auditors

The directors of a company shall, within 3 months after incorporation 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 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 auditors or auditors of the company, and any auditor or auditors so appointed shall, subject to section 205 of the Singapore Companies Act, hold office until the conclusion of the next annual general meeting of the company.

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A person shall not be capable of being appointed auditor of a company at an annual general meeting unless he held office as auditor of the company immediately before the meeting or notice of his nomination as auditor was given to the company by a member of the company not less than 21 days before the meeting. Upon receipt of the notice of nomination, the company shall send a copy of the notice to the person nominated, to each auditor of the company and to each person entitled to received notice of general meetings of the company not less than 7 days before the annual general meeting.

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.

An auditor of a company may resign (a) if he is not the sole auditor of the company, or (b) at a general meeting of the company, but not otherwise. If an auditor gives notice in writing to the directors of the company that he desires to resign, the directors shall call a general meeting of the company as soon as is practicable for the purpose of appointing an auditor in place of the auditor who desires to resign and on the appointment of another auditor the resignation shall take effect.

(j) Exchange control

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:-

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by a company;
- (b) the remittance of dividends, interest or other payments to non-resident holders of the company's securities.

(k) Taxation

(a) Income tax

General

A person is subject to Singapore income tax on income that is accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore. There are however certain exceptions, such as:

- Singapore tax resident corporate taxpayers are exempt from income tax on foreign sourced dividends, branch profits and service income where certain prescribed conditions are met; and
- Individual taxpayers are exempt from income tax on all foreign sourced income, except that for individual taxpayers resident in Singapore, this exemption does not apply where the foreign sourced income is received through a partnership in Singapore.

Where foreign sourced income received in Singapore is not exempted from tax, tax credit for the foreign tax suffered on the foreign sourced income is available to Singapore tax residents against Singapore tax payable on that income. The double taxation relief is given either under an applicable double taxation agreement, or where no double taxation agreement is available, under Singapore's unilateral tax relief provisions. The amount of

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credit is restricted to the lower of Singapore tax payable or actual foreign tax suffered on the foreign sourced income.

In the 2009 Budget Statement, the tax exemption mentioned above for Singapore tax resident corporate taxpayers was temporarily liberalised to cover all foreign sourced income which accrued on or before 21 January 2009 and which was received in Singapore by such taxpayers between 22 January 2009 and 21 January 2010. The prescribed conditions for tax exemption were also lifted during this period. This one-year temporary amnesty has not been extended in the 2010 Budget Statement.

Residence

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he ordinarily resides in Singapore.

Direct Assessment

- *Companies*

The corporate tax rate in Singapore is 17% (with effect from year of assessment 2010). Three-quarters of up to the first S\$10,000 and one-half of up to the next S\$290,000 of a company's chargeable income is exempt from corporate tax. This partial tax exemption does not apply to Singapore dividends received by companies. The remaining chargeable income, after the mentioned partial tax exemption, is taxed at the rate of 17% (with effect from year of assessment 2010).

Under a tax exemption scheme for qualifying newly incorporated Singapore companies introduced from year of assessment 2005, with effect from year of assessment 2008, the first S\$100,000 of a qualifying newly incorporated Singapore company's normal chargeable income (excluding Singapore dividends) for each of its first 3 consecutive years of assessment is exempt from tax, while a further 50% exemption is available on the next S\$200,000 of the said chargeable income for these first 3 consecutive years of assessment.

- *Individuals*

Singapore tax resident individuals are subject to tax based on a progressive scale. The top marginal rate is currently 20% (with effect from year of assessment 2007) on income earned in or derived from Singapore (excluding Singapore dividends). Non-resident individuals are subject to tax at a flat rate of 20% on non-employment income.

Withholding Tax

Certain types of income derived by non-Singapore resident taxpayers from Singapore are subject to withholding tax. Generally, under domestic law, tax is to be withheld at the prevailing corporate tax rate, applied to the gross amount of the payment. This is 17% where the payment is due to the non-Singapore resident taxpayer on or after 1 January 2009.

Some exceptions to the general rule that the prevailing corporate tax rate applies are in the case of:

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- Qualifying royalties, where a reduced withholding tax rate of 10% is applicable;
- Interest, where a reduced withholding tax rate of 15% is applicable.

The reduced withholding tax rates of 10% and 15% apply provided the particular income is not derived by the non-resident taxpayer from any trade carried on in Singapore and which is effectively connected with any permanent establishment of the non-resident taxpayer in Singapore. Tax incentives or double taxation agreement may provide for exemption from withholding tax, or reduction of the above rates.

Dividend distributions

Singapore operates a "one-tier" corporate tax system, under which the tax collected on corporate profits is final and Singapore dividends are tax exempt in the hands of the shareholder. This is regardless of whether the shareholder is a corporate or individual shareholder, and whether the shareholder is a Singapore tax resident or not. There will be no tax credits attached to such dividends. There is no withholding tax on dividend payments to non-resident shareholders.

Gains on disposal of shares

Currently, Singapore does not impose tax on capital gains. Any profit from the disposal of shares is not taxable in Singapore unless the seller is regarded by the Inland Revenue Authority of Singapore ("IRAS") as having derived gains of an income nature which are sourced in Singapore.

However, there are no specific laws or regulations which deal with the characterisation of gains from disposal of shares. Share disposal gains may be construed to be of an income nature under certain circumstances and hence, subject to tax. The most common instance is where the gains arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

(b) Estate Duty

No estate duty is leviable in respect of deaths occurring on or after 15 February 2008.

(c) Goods and Services Tax ("GST")

The sale of shares of a Singapore company by a GST-registered person belonging in Singapore through the SGX-ST, to another person belonging in Singapore, would be an exempt supply not subject to GST. Where shares are sold by the GST-registered person under a contract with a person who belongs in a country outside Singapore and which directly benefits a person who belongs in a country other than Singapore and who is outside Singapore at the time the sale was made, the sale would generally be a taxable supply subject to GST at zero-rate.

GST incurred by a GST-registered person on taxable supplies made to him which is attributable to taxable supplies made by him in the course of or furtherance of business is available as a credit against GST chargeable by the said GST-registered person on taxable supplies made by him in the course of or furtherance of business carried on by him.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, holding of shares would be subject to GST at the current rate of 7.0%. Similar services rendered to an investor belonging outside Singapore and which directly

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benefits a person who belongs in a country other than Singapore and who is outside Singapore at the time the services were supplied would generally be subject to GST at zero-rate.

(l) Stamp duty

No stamp duty is payable on the issue of new ordinary shares of the Company. In the event that a register of shares is kept in Singapore and where an instrument of transfer is executed in respect of shares registered in such register, stamp duty may be payable on such instrument of transfer at the rate of S\$2.00 for every S\$1,000 or part thereof, computed based on the value of consideration or the market value of the shares registered in Singapore, whichever is higher. The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

(m) Loans to directors

Under the Singapore Companies Act, a company (other than an exempt private company) is prohibited from making a loan to a director of the company or a director of a related company (and to the spouse or natural, step or adopted children of any such director), and from giving a guarantee or providing any security in connection with such a loan, except in the following circumstances:-

- (a) (subject to, inter alia, the prior approval of the company in a general meeting) the provision of funds to such a director 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;
- (b) (subject to, inter alia, the prior approval of the company in a general meeting) a loan made to such a director who is engaged in the full-time employment of the company or a related company, as the case may be, for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director, except that not more than one such loan may be outstanding from the director at any one time;
- (c) any loan made to such a director who is engaged in the full-time employment of the company or a related company, as the case may be, where the company has at 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; or
- (d) a loan made to such director in the ordinary course of business of a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons 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 the Monetary Authority of Singapore ("MAS").

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

A company (the "first mentioned company") (other than an exempt private company) is also prohibited from making loans to persons connected with the directors or entering into

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any guarantee or providing any security in connection with a loan made to connected persons by a third-party. Persons connected with the directors of the first mentioned company include companies in which the director(s) (and his spouse or natural, step or adopted children) of the first mentioned company, individually or collectively, have an interest in 20% or more of the total number of equity shares in the other company (excluding treasury shares) (as determined in accordance with the Singapore Companies Act). This prohibition does not apply to:-

- (a) anything done by a company where the other company (whether that company is incorporated in Singapore or otherwise) is its subsidiary, holding company or a subsidiary of its holding company; or
- (b) 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 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 the MAS.

(n) Inspection of corporate records

The Singapore Companies Act provides members of the company the right to inspect the various registers and records that company is required to maintain. These include the register of members; the register of directors, secretaries, managers and auditors; the register of directors' shareholders; the register of substantial shareholders; the register of debenture holders; and the register of charges. Inspection of registers may be made free of charge while members of the public can inspect certain registers on payment of \$1.00 or such lesser sum as the company requires. A member may also inspect the minutes of the company's general meetings and request for copies of the minutes at nominal charge. A creditor or member may also inspect all instruments creating registrable charges in respect of the company's property without fee, while members of the public shall be entitled to inspect such register on payment of such fee not exceeding \$2. A member is entitled to receive notice of general meeting of the company is entitled to be sent, free of charge, a copy of the last audited profit and loss account and balance sheet (including consolidated accounts where applicable), a copy of the auditor's report and a copy of the director's report on the accounts not less than 14 days before the general meeting at which the accounts are to be presented, or where the company has dispensed with the holding of general meeting, not less than 28 days before the end of the period allowed for the laying of those documents. However, a member has no right of access to the accounting records of the company and access to such accounting records is available to directors and the auditors only.

(o) Winding up

Under the Singapore Companies Act, there are 2 forms of winding up, namely voluntary winding up and compulsory winding up by the court.

A voluntary winding up usually occurs where the company resolves to do so by a special resolution. In a voluntary winding up, the directors of the company must make a statement that the directors of the company are of the view that the company will be able to pay its debts in full within a period not exceeding 12 months after the commencement of the winding up. If the directors do so, the winding up will proceed as a members' voluntary winding up. In such circumstances, the shareholders will appoint one or more liquidators at a general meeting for the purpose of winding up the affairs and distributing the assets of the company. If the directors do not make such a statement, it will be a

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creditor's voluntary winding up, in which case the directors must call a meeting of creditors in order to appoint the liquidator.

A members' voluntary winding up may be converted into a creditors' voluntary winding up if the liquidator appointed by the members forms the opinion that the company will not be able to pay its debts in full within the period stated in the declaration made. The liquidator will then have to summon a meeting of creditors and lay before them a statement of the assets and liabilities of the company. The creditors may then appoint some other person to be the liquidator for the purpose of the winding up of the company.

In the case of a creditors' voluntary winding up of a company, the company must cause 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 proposed is to be 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 advertise such a notice in newspaper in Singapore.

In a voluntary winding up (whether members' or creditors'), the company shall, from the commencement of the winding up cease to carry on its business, except so far as in the opinion of the liquidator is required for the beneficial winding up thereof. On the appointment of a liquidator in a voluntary winding up, the powers of the directors generally cease. After the commencement of a voluntary winding up, no action shall be commenced or proceeded with against the company except by leave of the court.

A company may also be wound up by an order of court. A petition to the court to wind up the company may be presented by, inter alia, the company itself, a creditor, a contributory, the liquidator of the company, a judicial manager, the Minister on specified grounds or the Monetary Authority of Singapore (in the case of a company which is under the Monetary Authority of Singapore Act) carrying on or has carried on banking business.

Under section 254 of the Singapore Companies Act, the court may order the winding up of a company in certain circumstances, including:

- (i) the company has by special resolution resolved that it be wound up by the court;
- (ii) the company does not commence business within a year from its incorporation or suspends its business for a whole year;
- (iii) the company is unable to pay its debts;
- (iv) 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;
- (v) the court is of opinion that it is just and equitable that the company be wound up;
- (vi) the company has carried on multi-level marketing or pyramid selling in contravention of any written law that prohibits such activities;
- (vii) the company is being used for an unlawful purpose or for purposes prejudicial to public peace, welfare or good order in Singapore or against national security or interest.

(p) Singapore Code on Take-overs and Mergers

The Singapore Code on Take-overs and Mergers (the "Code") is issued by the Monetary Authority of Singapore pursuant to section 321 of the Securities and Futures Act of Singapore. The objective of the Code is fair and equal treatment of all shareholders in a take-over or merger situation in Singapore.

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APPENDIX A SUMMARY OF SINGAPORE COMPANY AND TAX LAWS (Cont'd)

The Code applies to corporations with a primary listing of their equity securities and business trusts with a primary listing of their units in Singapore, and Singapore-incorporated companies with a primary listing overseas. Unlisted public companies and unlisted registered business trusts with more than 50 shareholders or unitholders, as the case may be, and net tangible assets of \$5 million or more must also observe the letter and spirit of the general principles and rules set out in the Code. The Code does not apply to take-overs or mergers of other unlisted public companies and unlisted business trusts, or private companies.

The Code applies to all offerors, whether they are natural persons (be they resident in Singapore or not and whether citizens of Singapore or not), corporations or bodies unincorporate (be they incorporated or carrying on business in Singapore or not), and extends to acts done or omitted to be done in and outside Singapore.

Corporations and business trusts with a primary listing in Singapore, public companies and registered business trusts with a primary listing overseas as well as unlisted companies and unlisted registered business trusts with more than 50 shareholders, or unitholders, as the case may be, and net tangible assets of S\$5 million or more may apply to the Securities Industry Council to waive the application of the Code. In considering such applications, the Securities Industry Council would take into account, amongst others, the following factors:-

- (a) the number of Singapore shareholders or unitholders and the extent of trading in Singapore; and
- (b) the existence of protection available to Singapore shareholders or unitholders provided under any statute or code regulating take-overs and mergers outside Singapore.

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APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW

The following table sets out a summary of certain differences between the provisions of the laws of Singapore applicable to our Company (including the Companies Act (Cap. 50) of Singapore (the "Singapore Companies Act")) (the "Singapore Company Law") and the laws applicable to Malaysian companies (the Companies Act 1965 of Malaysia (the "Malaysian Companies Act")) (the "Malaysian Company Law") and their shareholders. Certain other Malaysian legislation excluding references to Table A of the Malaysian Companies Act (the "Malaysian Company Law") and their shareholders. The Securities Industry (Central Depositories) Act 1991 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 Singapore 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 Singapore Company Law as compared to the Malaysian Company Law that may be relevant to prospective investors. It should be noted that the laws stated in the comparisons are those that are currently in force and which are subjected to changes. In addition, the summaries below do not describe the regulations and requirements prescribed by the Bursa Securities. 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 Singapore, or a detailed explanation on the comparability and/or discrepancy of the relevant laws and regulations between Singapore and Malaysia or any other jurisdiction, you are recommended to seek independent legal advice.

Please note that definitions used in the Malaysian Companies Act and the Singapore Companies Act follow that of the Malaysian Companies Act and the Singapore Companies Act respectively.

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</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>		
Governing Provisions: Malaysian Companies Act	Section 131	Both the Singapore Companies Act and the Malaysian Companies Act requires the directors of a company to disclose the nature of his interest in which he is directly or indirectly interested or such transactions which conflict of interest may arise.
		Similar requirement is reflected in our Article 83(A).

KHAT
ADVOCATE

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Interested Director Not to Participate or Vote in Board's Proceedings</i>		
Governing Provisions: Section 131A(1) Malaysian Companies Act.	No equivalent provision.	The Singapore Companies Act does not have a provision that expressly prohibits or restricts an interested director from participating or voting in board proceedings. However, Article 102(A) of our M&A prohibits a director from voting in respect of any contract or arrangement in which he has personal material interest, whether directly or indirectly, except for the circumstances provided in Article 102(A).
<i>Director's Fiduciary Duties and Conflicts of Interest</i>		
Governing Provisions: Section 132 Malaysian Companies Act specifically Section 132 (1B), 132 (1C), 132 (1D), 132 (E), 132 (1E) .	Governing Provisions: Section 157 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act impose a fiduciary duty on a director to act in the interest of the company. 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

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APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
		<p>duties to act in good faith in the best interest of the company, as well as the statutory duties 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 and similarly with the Singapore Companies Act to act honestly and to use reasonable diligence in the discharge of the duties of his office at all times.</p> <p>The Singapore Companies Act however, does not provide any express provisions in respect of the responsibility of a "nominee director" as provided for under Section 132(1E) of the Malaysian Companies Act. Under the Singapore Companies Act, "director" is defined to include inter alia "any person occupying the position of director of a corporation by whatever name called". In this respect, we have provided in our Article 77 adopting the Malaysian provision with regards to the responsibility of a "nominee director".</p> <p>There is also the prohibition against the improper use of company's property, position, corporate opportunity or competing with the company under Section 132(2) of the Malaysian Companies Act in respect of which there is no equivalent provisions in the Singapore Companies Act or the Articles of our Company.</p>
<i>Related Party Transactions</i>		
Governing Provisions: Section 132E Malaysian Companies Act.	No equivalent provision.	Related party transaction is not provided for in the Singapore Companies Act. The compliance requirements imposed under the Listing Manual of the SGX-ST only applies to a company (regardless whether such company is incorporated in Singapore or elsewhere) listed on the SGX-ST.
The Malaysian Companies Act restricts transactions or arrangements between the directors or substantial shareholders of a company or its holding company, or persons connected (within the meaning of	The Singapore Companies Act does not impose compliance requirements relating to transactions with interested persons, which include directors of the issuer.	

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
Section 122(A) and the company.		In this regard, our Articles 112(C) – 112(F) makes similar provision to section 132E of the Malaysian Companies Act except Sections 132E(5) and (6). Sections 132E(5) and (6) of the Malaysian Companies Act is procedural in nature and provides for an application to court by a member and Section 132E(6) of the Malaysian Companies Act imposes a penalty on director or substantial shareholder who contravened the section.
<i>Loans to Directors</i>		
<p>Governing Provisions: Section 133 Malaysian Companies Act.</p> <p>In general loans (including guarantees) by a company to its directors are prohibited. The following loans to directors of the company or a related company are not prohibited: -</p> <p>(a) loans by private exempt company;</p> <p>(b) loans to provide funds to meet company expenses;</p> <p>(c) loans for purchasing a home; and</p> <p>(d) loans granted to such directors under employee loan schemes approved in general meeting.</p>	<p>Governing Provisions: Section 162 Singapore Companies Act.</p> <p>This provision in general prohibits loans (including guarantees) to a director of the company or of a corporation that is deemed to be related to the company.</p>	<p>Save for the circumstances provided under the provisions of the Singapore Companies Act, the Singapore Companies Act prohibits loans to a director of the company or of a corporation that is deemed to be related to the company.</p> <p>Save for the circumstances provided in Sections 133(1)(a) to (c), the Malaysian Companies Act prohibits loan to a director.</p> <p>The Malaysian Companies Act allows for loan to be made to its directors with consent of members in general meeting, for the purchase of home whereas the Singapore Companies Act contains no such provision. Our Article 10C reflects the Malaysian provisions.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
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		
<i>Remuneration of Directors</i>		
Governing Provisions: Section 128(7) and 137 Malaysian Companies Act.	Governing Provisions: Section 169 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act do not provide restriction or limitation to the remuneration of directors, so long as it has been approved by the members. The Articles of our Company (namely Article 79, 80(A), 80(B), 80(C), 81, 83(C) and 88) and the Listing Requirements contain provisions relating to remuneration and compensation for loss of office of director of the Company and its subsidiaries.
BORROWING POWERS EXERCISABLE BY DIRECTORS AND HOW SUCH POWERS MAY BE VARIED		
No specific provisions.	No specific provisions.	Both the Singapore Companies Act and the Malaysian Companies Act do not have any express direct provisions on the borrowing powers exercisable by directors but both the Singapore Companies Act and the Malaysian Companies Act provide that directors may exercise all the powers of the company except those that are required by the respective Acts and the Memorandum and Articles of Association to exercise by members of the company. Article 109 of our M&A provides for the same. The Listing Requirements however provide that the scope of the borrowing powers of the board of directors shall be expressed.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
QUALIFICATION, APPOINTMENT AND RETIREMENT OR NON-RETIREMENT OF DIRECTORS UNDER AN AGE LIMIT REQUIREMENT		
Governing Provisions: Section 122, 126 and 129 Malaysian Companies Act. Every company shall have at least two directors, who each has his principal or only place of residence within Malaysia.	Governing Provisions: Section 145, 152 and 153 Singapore Companies Act. Every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.	The general principles relating to the effect of appointment, retirement and age limit are similar. The Malaysian Companies Act provides for a minimum of 2 resident directors whereas the Singapore Companies Act only stipulates that there must be at least 1 director who is ordinarily resident in Singapore. Pursuant to paragraph 4A.09(b) of the Listing Requirements, a foreign corporation with a primary listing on Bursa Securities, which has predominantly foreign based operation must have at least 1 director whose principal or only place of residence is within Malaysia. This is provided for in Article 77.
DISQUALIFICATION, RESIGNATION AND REMOVAL OF DIRECTORS		
<i>Disqualification of Directors</i>		
Governing Provisions: Section 125 Malaysian Companies Act.	Governing Provisions: Sections 148 and 149 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act provide that an undischarged bankrupt shall not take part in the management of the corporation unless with leave of the court. However, the Singapore Companies Act also provides that an undischarged bankrupt may, with the written permission of the official assignee, act as a director. The Singapore Companies Act provides that a person may be disqualified as a director if he is a director of a company which is ordered to be wound up by the Singapore court on the ground that it is being used for the purposes against national security or interest. However the Malaysian Companies Act does not provide for this.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Resignation of Directors</i>		
<p>Governing Provisions: Section 122(6) Malaysian Companies Act.</p> <p>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>Governing Provisions: Section 145(5) Singapore Companies Act.</p> <p>A director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid.</p>	<p>The possible disqualifications of directors as specified in both the Malaysian Companies Act and the Listing Requirements have been substantially provided for in Article 90.</p> <p>The Malaysian Companies Act invalidates resignation if the number of directors of the company is reduced below the minimum of 2 directors, whereas the Singapore Companies Act allows for a minimum of 1 director.</p> <p>Our Article 77, in accordance to the Malaysian provisions, provides for a minimum 2 directors of which at least 1 must have his principal place of residence within Malaysia.</p>
<i>Removal of Directors</i>		
<p>Governing Provisions: Section 128 Malaysian Companies Act.</p>	<p>Governing Provisions: Section 152 Singapore Companies Act.</p>	<p>Both the Singapore Companies Act and the Malaysian Companies Act allow the removal of directors by ordinary resolution at general meeting and both require special notice for such removal.</p> <p>This is similar to our Article 90(e) which provides for such removal and Article 51(A) which provides that at least 14 days' notice of a general meeting shall be given to each member entitled to attend and vote thereat.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
		Both provisions further provides that where a director so removed was appointed to represent the interest of any particular class of shareholders or debenture holders, the resolution to remove that director shall not take effect until his successor has been appointed.
RIGHTS, PREFERENCES AND RESTRICTIONS ATTACHING TO EACH CLASS OF SHARES		
<i>Notice of Meetings and Business to be Concluded Thereat</i>		
Governing Provisions: Section 145 Malaysian Companies Act.	Governing Provisions: Section 177 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act provide that 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 14 days or such longer period as is provided in the articles. The Malaysian Companies Act further provides that the annual general meeting of a public company shall be called by a notice in writing of not less than 21 days before the annual general meeting or such longer period as is provided in the articles. This is provided for in Article 51(A) as stated in <i>Removal of Directors</i> above.
<i>Venues and technology for company meetings</i>		
Governing Provisions: Section 145A Malaysian Companies Act. 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.	No equivalent provision.	The Singapore Companies Act does not contain provision allowing company meetings to be held by telephonic or electronic means. Article 49(A) provides that general meetings shall be held in Malaysia for so long as the shares of the Company are listed on the Designated Stock Exchange and Article 64(B) allows members to participate in general meetings by means of communication facilities.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Rights attaching to shares</i>		
Governing Provisions: Section 55, 61 and 65 Malaysian Companies Act.	Governing Provisions: Section 64, 70, 74 and 75 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act contains provisions which set out the voting rights of equity shares (both ordinary and preference shares) and mechanism with regards to redeemable preference shares in certain companies. The provisions of the Malaysian Companies Act and the Singapore Companies Act on variation or abrogation of rights attached to any class of shares in a company are similar except for the percentage of holders (10% for Malaysia and 5% for Singapore) who may apply to the Courts to cancel the variation or abrogation to the rights attached to that class of shares. The Courts may, if satisfied that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation.
<i>Annual General Meetings</i>		
Governing Provisions: Section 143, 147 and 152A Malaysian Companies Act.	Governing Provisions: Section 175 and 175A Singapore Companies Act.	The Malaysian and Singapore provisions for annual general meetings are similar. Articles 49(A) and 49(B) contain provisions on annual general meetings. However, although the Singapore provisions allows a private company to dispense with holding of an annual general meeting by resolutions passed by all members entitled to vote at the meeting such does not extend to a public company. Although not expressly limited, it is uncertain as to whether the equivalent provision under Section 152A of the Malaysian Companies Act can apply to annual general meetings of a public company. Article 76 contains provisions on corporations acting by representatives.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Quorum for Meetings</i>		
Governing Provisions: Section 147 Malaysian Companies Act.	Governing Provisions: Section 179(1) Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act state that the quorum is 2 members personally present, subject to the articles of association not making other provision in that behalf. In this regards, the Articles (Article 56) provide that 2 members present in person or by proxy shall form a quorum.
<i>Special Resolutions</i>		
Governing Provisions: Section 152(1) Malaysian Companies Act.	Governing Provisions: Section 184(1) Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act provide for distinction between "ordinary resolution" and "special resolution". The Singapore Companies Act further provides a distinction in the notice period for convening general meeting in passing a special resolution for both private company and public company. A public company has to give not less than 21 days' written notice of its intention to pass a special resolution at a general meeting (compared to 14 days' written notice by a private company).
<i>Proxies</i>		
Governing Provisions: Section 149(1) Malaysian Companies Act.	Governing Provisions: Section 181 Singapore Companies Act	Both the Malaysian Companies Act and Singapore Companies Act have similar provisions on proxies. However, the Malaysian Companies Act further provides that a member shall not unless the articles otherwise provide 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. In this respect, Article 71(D) of our Articles provides that a proxy need not be a member of the Company.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Depositor as member</i>		
<p>Governing Provisions: Section 107B Malaysian Companies Act.</p> <p>A depositor whose name appears in the record of depositors maintained by Bursa Depository shall be deemed to be a member, debenture holder, interest holder or option holder as the case may be, of the company.</p>	<p>The equivalent provisions under the Singapore Companies Act are not applicable to a company where its securities are not deposited with the "Depository" as defined in the Singapore Companies Act.</p> <p>However, we have provided in our Article 11(A) that where our Shares are deposited with the Depository or its nominee, the Depository or its nominee (as the case may be) shall be a bare trustee of the Company and the persons named as Depositors in the Record of Depositors shall be members of the Company even though the Depositors' names are not entered in the Register.</p>	<p>The equivalent provisions under the Singapore Companies Act are not applicable to a company where its securities are not deposited with the "Depository" as defined in the Singapore Companies Act.</p> <p>However, we have provided in our Article 11(A) that where our Shares are deposited with the Depository or its nominee, the Depository or its nominee (as the case may be) shall be a bare trustee of the Company and the persons named as Depositors in the Record of Depositors shall be members of the Company even though the Depositors' names are not entered in the Register.</p>
<i>Transfer of Shares deposited with Bursa Securities</i>		
<p>Governing Provisions: Section 104 and 107(C) Malaysian Companies Act.</p> <p>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 such company shall be precluded from registering and effecting any transfer of securities or class of securities which have been deposited.</p> <p>However, the above does not apply to transfer of securities to a central depository or its nominee company.</p>	<p>Governing Provisions: Sections 127 and 130 Singapore Companies Act.</p> <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>Both the Singapore Companies Act and the Malaysian Companies Act provide for transfer of shares. However the Singapore provisions do not apply to companies listed on Bursa Securities.</p> <p>Article 30 provides for the transfer of forfeited or surrendered shares and Article 36 provides for the form and execution of transfer.</p> <p>Our Article 36 also stipulates that for so long as the Company is listed on Bursa Securities, the transfer of any Deposited Securities or class of Deposited Securities of the Company shall be made by way of book entry by the Depository in accordance with the Rules of the Depository, and the Company shall be precluded from effecting any transfer of listed securities other than through the Depository in accordance with the Rules of the Depository.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

Malaysian Company Law	Singapore Company Law	Comments on differences
<i>Power of Directors to Dispose of the Issuer's or any of its Subsidiaries' Assets</i>		
<p>Governing Provisions: Section 132C Malaysian Companies Act.</p> <p>In general, prior shareholders' approval must be obtained by a company before its directors can effect transactions (whether acquisition or disposal) of substantial value. The term 'substantial value' or 'substantial portion' shall mean the same value prescribed by the provisions in the Listing Requirements.</p>	<p>Governing Provisions: Section 160 Singapore Companies Act.</p> <p>Prior approval of the company at a general meeting is require before directors can carry into effect any proposals for disposing the whole or substantially the whole of the company's undertaking or property.</p>	<p>Both the Singapore Companies Act and the Malaysian Companies Act adopts similar provision in prohibiting the disposal of substantial portion of the company's undertaking or property by the director unless with the approval of members in general meeting. The Malaysian provisions also extend to acquisitions.</p> <p>Our Article 112G makes further reference to the requirements under the Listing Requirements in this regards.</p>
<i>Alterations of Memorandum and Articles of Association/Constituent Documents</i>		
<p>Governing Provisions: Section 21(1A), 28 and 62(1) Malaysian Companies Act.</p>	<p>Governing Provisions: Sections 26 and 33 Singapore Companies Act.</p>	<p>Both the Singapore Companies Act and the Malaysian Companies Act provide that a company's memorandum and articles of association may be altered by way of special resolution except that any entrenching provisions may be removed or altered only if all members of the company agree.</p> <p>Our Article 150 permits the Company to alter its articles of association with approval from the Board and confirmed by a special resolution of the members. It further states that special resolution is required for alteration of provisions of memorandum of association or to change the name of the company.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</i>		
Governing Provision: Section 67 Malaysian Companies Act	Governing Provision: Section 76 Singapore Companies Act	<p>Under both the Singapore Companies Act and the Malaysian Companies Act, a company is prohibited from financial assistance in connection with the acquisition of that company's own shares or that of its holding company. Financial Assistance includes the making of a loan, the giving of a guarantee, the provision of security, and the release of a debt or obligation.</p> <p>The exceptions to the provisions in the Malaysian Companies Act are found particularly in Sections 67(2) and 67A.</p> <p>The Singapore Companies Act also provides for certain exceptions. These include the payment of a dividend in good faith and in the ordinary course of commercial dealing.</p> <p>The Singapore Companies Act further provides that a company can give financial assistance if it complies with certain procedural requirements and, inter alia, a special resolution is passed approving the provision of the financial assistance.</p> <p>However, Section 67 of the Malaysian Companies Act is adopted in our Article 10C.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Disclosure of Substantial Shareholders</i>		
Governing Provisions: Section 69D, 69E, and 69F Malaysian Companies Act. A substantial shareholder (holding 5% or more of the voting shares) of a company is required to notify the company of his interest in the voting shares in the company within 7 days after becoming a substantial shareholder. This obligation extends to all natural persons (including bodies corporate) whether resident in or citizen of Malaysia or not and extends to acts outside Malaysia.	Governing Provisions: Sections 81, 82, 83 and 84 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act require the disclosure of shareholder ownership beyond the specified threshold. The Singapore Companies Act requires a substantial shareholder to give notice in writing to the company disclosing his shareholding interests and changes in his interests within 2 business days after he becomes aware of such a change whilst the Malaysian Companies Act provides for 7 days.
<i>Mergers and Similar Arrangements</i>		
Governing Provisions: Section 176 and 178 Malaysian Companies Act.	Governing Provisions: Sections 210, 212, 215 and 215A Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act allow for an application to the court by the company for a compromise or arrangement between the Company and its members or creditors. In essence, a scheme of arrangement must be approved by a majority in number representing three fourths in value of the members or class of member present and voting either in person or by proxy at the meeting. When the scheme approved by the members is sanctioned by the Court, it will be binding on all members or class of members (including the dissenting members) of the company.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Shareholders' Suits and Protection of Minority Shareholders</i>		
Governing Provisions: Section 181, 181A and 368A Malaysian Companies Act.	Governing Provisions: Section 216, 216A and 409A Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act provide for remedies for oppression in situations where: - (a) a company's affairs are being conducted or the power of the company's directors are being exercised in a manner oppressive to, or in disregard of the interest of, one or more of the members, shareholders or debenture holders; or (b) a company has done an act, or threatens to do an act, or the members or debenture holders have passed some resolution which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or debenture holders.
CHANGES IN CAPITAL		
<i>Power of Directors to Allot and Issue Shares</i>		
Governing Provisions: Section 132D Malaysian Companies Act.	Governing Provisions: Section 161 Singapore Companies Act.	Both the Singapore Companies Act and the Malaysian Companies Act provide that the directors may only allot and issue shares with the prior approval of the Company in general meeting. The Articles (Article 3 and 8) contain additional provisions referring to the Listing Requirements in respect of issuance of shares.
<i>Powers of Issuer to Purchase its Own Shares</i>		
Governing Provisions: Section 67A Malaysian Companies Act.	Governing Provisions: Section 76B to 76E and 76H to 76K (on dealings with treasury shares) Singapore Companies Act.	Although both the Singapore Companies Act and the Malaysian Companies Act generally prohibit against the acquisition (whether directly or indirectly) by a company of its own shares or shares in its holding company, both acts however, do provide for purchase by

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APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

Malaysian Company Law	Singapore Company Law	Comments on differences
<p>Except in relation to a special purpose acquisition company, a listed company can only buy-back its own shares through the Stock Exchange (i.e. Bursa Securities for our Company) on which the shares of the Company are quoted and in accordance with the relevant rules of the Stock Exchange.</p>	<p>Section 76K of the Singapore Companies Act further provides for circumstances on disposal and cancellation of treasury shares, which allows treasury shares held from a share buy-back can be (i) sold for cash, (ii) transferred for employees' share scheme purposes; (iii) transferred as consideration for the acquisition of shares in or assets of another company or assets of a person; (iv) cancelled; or (v) sold, transferred or otherwise used for any other purpose as the Minister may prescribe.</p>	<p>the company of its own shares these include purchase under court sanction, redemption of redeemable preference shares and shareholder repurchases.</p>
<p>Directors may resolve to either cancel the shares so purchased, or retain the shares so purchased as treasury or retained part of the shares as treasury shares and cancel the remainder. The directors may also distribute the treasury shares as dividends to shareholders or resell the treasury shares on the market of Bursa Securities on which the shares are quoted, in accordance with the relevant rules of Bursa Securities.</p>	<p>Section 76C further allows a company, whether or not it is listed on a securities exchange, to make a purchase or acquisition of its own shares otherwise than on a securities exchange (referred to in this section as an off-market purchase) if the purchase or acquisition is made in accordance with an equal access scheme authorised in advance by the company in general meeting.</p>	<p>The provisions of the Malaysian Companies Act and the Singapore Companies Act are however different in their treatment of "treasury shares" as well as the mechanism of shares buy back implementation.</p> <p>The Singapore provisions are broader than the Malaysian provisions in relation to treasury shares held pursuant to share buy back. The Singapore Companies Act also allows off-market purchase of securities or purchase of securities through contingency purchase contract, which is not provided for under our Malaysian Companies Act or the Listing Requirements.</p>
<p>Where there is any breach, an "officer" of the company will be guilty of an offence. An "officer" includes its director, secretary, and employee.</p>	<p>Section 76DA states that a company may, whether or not it is listed on a securities exchange, make a purchase or acquisition of its own shares under a contingent purchase contract if the proposed contingent purchase contract is authorised in advance by a special resolution of the company.</p>	<p>In view of the differences, we have provided in our Article 5 that treasury shares shall be dealt with in accordance with the Malaysian Companies Act and the Listing Requirements. We have further provided in our Article 10B that share buy back shall be conducted in compliance with the Malaysian Companies Act and Listing Requirements.</p> <p>Please also refer the comments under <i>Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares</i>.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<i>Power to Issue Shares at a Discount</i>		
Governing Provisions: Section 59 Malaysian Companies Act.	No equivalent provision.	The Malaysian Companies Act only permits issuance of shares at a discount if it is confirmed by an order of the Court. The Singapore Companies Act does not contain such provision. Further, Singapore has abolished the concept of "par value". Therefore, issuance of shares at a discount is irrelevant for our Company.
<i>Power to Issue Shares at a Premium</i>		
Governing Provisions: Section 60 (2) Malaysian Companies Act.	No equivalent provision.	The Malaysian Companies Act contains provision relating to issuance of shares at a premium and the application of premiums received. The Singapore Companies Act does not contain such provision. Further, Singapore has abolished the concept of "par value". Therefore, issuance of shares at a premium is irrelevant for our Company.
<i>Reduction of capital</i>		
Governing Provisions: Section 64 Malaysian Companies Act.	Governing Provisions: Section 78A Singapore Companies Act.	There is a need for a special resolution and confirmation from the court for the reduction of capital under the Malaysian Companies Act where there is no such requirement under the Singapore Companies Act except for the conditions stipulated under Division 3A, Part IV of the Singapore Companies Act. Our Article 10A provides that our Company may reduce its share capital by special resolution.

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
WINDING-UP		
<p>Governing Provisions: Section 181(2), 211, 217 Malaysian Companies Act.</p> <p>Provides amongst other, for appointment of receivers and administrators as well as winding up in insolvency and voluntary winding up of a company.</p>	<p>Governing Provisions: Section 216(2), 247, 253, 254 and 290 Singapore Companies Act.</p>	<p>Both the Malaysian Companies Act and Singapore Companies Act are similar in relation to the mode of winding up of a company in that the winding up of a company may be done, depending on whether a company is solvent, through the following: -</p> <ul style="list-style-type: none"> (a) members voluntary winding up; (b) creditors voluntary winding up; (c) court compulsory winding up; or (d) a court order made pursuant to oppression of minority shareholder interest.
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		
No such provisions.	No such provisions.	Both the Singapore Companies Act and the Malaysian Companies Act do not contain limitations on this matter.
CORPORATE GOVERNANCE		
<p>Governing Provisions: The Malaysian Code on Corporate Governance issued by the SC and Paragraph 15.25 of the Listing Requirements.</p> <p>The said code sets out the principles and best practices of good governance and on the structure and processes (such as board composition, recruitment of directors, directors' remuneration and use of board committees) that companies may use in their operations towards achieving optimal governance framework.</p>	<p>The Singapore Code on Corporate Governance does not apply to companies listed on Bursa Securities.</p>	<p>Since our Company will be listed on Bursa Securities, we are required to comply with the Malaysian Code on Corporate Governance failing which Bursa Securities may take action against our Company or our Directors pursuant to the Listing Requirements.</p> <p>Further we have provided in our Article 154 that for so long as the shares of the Company are listed on the Bursa Securities, the Company shall at all time observe and comply with the requirements of the Malaysian Code on Corporate Governance issued by the SC and the Corporate Governance Guide issued by the Bursa Securities from time to time.</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

Malaysian Company Law	Singapore Company Law	Comments on differences
<p>Under Paragraph 15.25 of the Listing Requirement, a listed issuer must ensure its board of directors makes statements (as required therein) in relation to its compliance with the Malaysian Code on Corporate Governance.</p>		
<p>TAKE-OVERS</p>		
<p>Governing Provisions: Division 2 of Part VI of the Capital Markets (excluding Section 222 to Section 225) and Services Act 2007 of Malaysia and the Malaysian Code on Take-overs and Mergers 1998 ("Malaysian Code").</p>	<p>Governing Provisions: Part VIII of the Securities and Futures Act (cap 289) of Singapore and the Singapore Code on Take-overs and Mergers ("Singapore Code").</p>	<p>Both Singapore and Malaysia has their respective regulations of general application which will require persons who acquire significant holdings in a company's shares to make take-over offers for a company's shares.</p>
<p>The Malaysian Code regulates the acquisition of ordinary shares of public companies (whether listed or not listed) in Malaysia and contains certain provisions that may delay, deter or prevent a take-over or change in control of such a public company.</p>	<p>The Singapore Code applies to corporations with a primary listing of their equity securities and business trusts with a primary listing of their units in Singapore, and Singapore-incorporated companies with a primary listing overseas.</p>	<p>The core difference between the Malaysian Code and the Singapore Code lies in the triggering point for mandatory take-overs.</p>
<p>The Malaysian Code does not apply to companies incorporated outside Malaysia.</p> <p>Under the Malaysian Code, the obligation to make a mandatory general offer is triggered when: -</p> <p>(a) any person or persons acting in</p>	<p>Under the Singapore Code, the obligation to make a mandatory general offer is triggered when: -</p> <p>(a) any person or persons acting in concert, acquires shares which carry 30% or more of the voting rights in a company; or</p> <p>(b) where such person or persons hold more than 30% but less than 50% of the voting shares of a company and</p>	<p>In addition, where Malaysian Code specifically provides that the SC may extend the time for compliance with any provision of the Malaysian Code. The Singapore Code is silent on this matter.</p> <p>Further the Singapore Code, unlike the Malaysian Code, is non-statutory in that it does not have the force of law. However, being incorporated in Singapore, the Malaysian Code does not apply to our Company.</p> <p>In view of our listing on Bursa Securities, we have however adopted the Malaysian Code pursuant to Article 153 which reads as follows:</p> <p>"For so long as the shares of the Company are listed on the Designated Stock Exchange, the provisions of Division 2 of Part VI of the Capital Markets and Services Act 2007(excluding Section 222 to Section 225) and the Malaysian Code on Take-overs and Mergers 1998 or their respective statutory modification or re-</p>

APPENDIX B SUMMARY COMPARISON OF SINGAPORE COMPANIES LAW AND MALAYSIAN COMPANIES LAW (Cont'd)

<u>Malaysian Company Law</u>	<u>Singapore Company Law</u>	<u>Comments on differences</u>
<p>concert, acquire, hold or control the exercise of more than 33% voting shares in a company; or</p> <p>(b) where such person or persons hold more than 33% but less than 50% of the voting shares of a company and acquires in any 6 month period more than 2% if the voting shares of the company.</p> <p>Any person triggering the general offer must, except with the consent of the SC, extend a takeover offer for the remaining voting shares in accordance with the provisions of the Malaysian Code.</p> <p>The SC may extend time for compliance with any provision of the Malaysian Code.</p>	<p>acquires in any 6 month period more than 1% if the voting shares of the company.</p> <p>Any person triggering the general offer, must, unless the Securities Industry Council in Singapore grants a waiver, extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code.</p>	<p>enactment or successor for the time being in force shall apply, mutatis mutandis, to all take-over offers for the Company.</p> <p>The provisions of Division 2 of Part VI of the Capital Markets and Services Act 2007 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.</p> <p>The Singapore Code on Take-overs and Mergers or its statutory modification or re-enactment or successor for the time being in force shall, in the absence of a waiver of its application to the Company by the Securities Industry Council of Singapore, apply to the Company. In the event the said waiver is not granted by the Securities Industry Council of Singapore and should there be any conflicting rule(s) between the Singapore Code on Take-overs and Mergers and the Malaysian Code on Take-overs and Mergers 1998, the Singapore Code on Take-overs and Mergers shall prevail, and the Company shall use its best efforts to comply with the stricter of the two codes."</p> <p>Therefore, our Article 153 requires us to make an application to the Securities Industry Council of Singapore ("SIC") for seek for waiver of application of the Singapore Code. In the absence of such waiver, we shall use our best endeavour to comply with both the Malaysian Code and Singapore Code.</p> <p>We have on 8th January 2010 received the approval from SIC whereby SIC waives the application of the Singapore Code in respect of the Company for so long as the Company remain listed on the Exchange.</p> <p>Notwithstanding the above, in the event that the waiver approval is revoked for whatsoever reason, the provisions under our Article 153 shall be applicable.</p>

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS

SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS

PRC LEGAL SYSTEM

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations and directives. Decided court cases do not constitute binding precedents. The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret, enact and amend laws other than those required to be enacted by the NPC. The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders enacted by the State Council. The State Council also has the power to annul such directives, orders and regulations issued by its ministries and commissions.

At the regional level, the people's congresses of provinces and municipalities and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local laws and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council. Rules, regulations or directives may be enacted or issued at the provincial or municipal level or by the State Council of the PRC or its ministries and commissions in the first instance for experimental purposes. After sufficient experience has been gained, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全国人民代表大会常务委员会关于加强法律解释工作的决议) passed on 10 June 1981, the Supreme People's Court has the power to give general interpretation on application of laws in judicial proceedings apart from its power to issue specific interpretation in specific cases. The State Council and its ministries and commissions are also vested with the power to give interpretation of the rules and regulations which they promulgated. At the regional level, the power to give interpretation of regional laws is vested in the regional legislative and administration organs which promulgate such laws. All such interpretations carry legal effect.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

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JUDICIAL SYSTEM

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution (中华人民共和国宪法) and the Law of Organisation of the People's Courts of the People's Republic of China (中华人民共和国人民法院组织法), the People's Courts comprise the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts are divided into civil, criminal, administrative and economic divisions. The intermediate people's courts have divisions similar to those of the basic people's courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of People's Courts at lower levels are subject to supervision of the People's Courts at higher levels. The people's procuratorates also have the right to exercise legal supervision over the proceedings of People's Courts of the same and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the People's Courts of all levels.

The People's Courts adopt a two-tier final appeal system. A party may before the taking effect of a judgment or order appeal against the judgment or order of the first instance of a local people's court to the People's Court at the next higher level. Judgments or orders of the second instance at the next higher level are final and binding. Judgments or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a People's Court at a higher level finds an error in a final and binding judgment which has taken effect in any People's Court at a lower level, or the presiding judge of a People's Court finds an error in a final and binding judgment which has taken effect in the court over which he presides, a retrial of the case may be conducted according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the People's Republic of China (中华人民共和国民事诉讼法) (the "**Civil Procedure Law**") adopted on 9 April 1991 and amended on 28 October 2007. The Civil Procedure Law contains regulations on the institution of a civil action, the jurisdiction of the People's Courts, the procedures in conducting a civil action, trial procedures and procedures for the enforcement of a civil judgment or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement by the parties to a contract provided that the jurisdiction of the People's Court so selected has some actual connection with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or implemented in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. A foreign national or foreign enterprise is accorded the same litigation rights and obligations as a citizen or legal person of the PRC. If any party to a civil action refuses to comply with a judgment or order made by a People's Court or an award made by an arbitration body in the PRC, the aggrieved party may apply to the People's Court to enforce the judgment, order or award. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months. According to the amendment dated 28 October 2007, the time limit for application of enforcement by both individuals and entities will be unified to two years with effect from 1 April 2008.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

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A party seeking to enforce a judgment or order of a People's Court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgment or order. A foreign judgment or ruling may also be recognised and enforced according to PRC enforcement procedures by the People's Courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the People's Court considers that the recognition or enforcement of the judgment or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARDS

The Arbitration Law of the PRC (中华人民共和国仲裁法) (the "Arbitration Law"), which was promulgated by the Standing Committee of the NPC on 31 August, 1994, came into effect on 1 September 1995 and was revised on August 27, 2009. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided arbitration as a method for dispute resolution, the parties are not permitted to institute legal proceedings in a People's Court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party to the award may apply to the People's Court for enforcement. A People's Court may refuse to enforce an arbitral award made by an arbitration committee if there were mistakes, an absence of material evidence or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee. A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty or bilateral treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award ("New York Convention") adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement is made. It was declared by the Standing Committee of the NPC at the time of the accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

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disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

COMPANY LAW

On 29 December 1993, the Standing Committee of the Eighth National People's Congress adopted the Company Law, which came into effect on 1 July 1994 and was amended for the first time on 25 December 1999, the second time on 28 August 2004 and the third time on 27 October 2005. The newly amended Company Law of PRC (hereinafter referred to as the "Company Law") has been promulgated and became effective from 1 January 2006.

"Company" is a corporate legal person, which possesses the status of a legal person in PRC and be liable for its debts to the extent of all its assets. The term "company" as mentioned in the PRC Company Law refers to a limited liability company (the "LLC") or a joint stock limited company (the "JSLC"). For a LLC, the shareholders bear the responsibility to the company within their capital contributions. For a JSLC, whose registered capital is divided into shares of equal par value, the shareholders bear responsibility to the shares held by them.

Incorporation

The minimum registered capital for a LLC is RMB30,000 while the registered capital threshold for setting up a JSLC is RMB 5 million. However, if any specific laws or regulations other than the Company Law prescribe a relatively higher amount of minimum registered capital, such provisions shall prevail.

The amount of the initial capital contributions made by all shareholders shall be no less than 20% of the registered capital (provided that the first capital contribution for a LLC cannot be less than the required minimum registered capital (i.e. RMB30,000)) and the rest shall be paid off by the shareholders within 2 years as of the incorporation day; as for an investment company, it may be paid off within 5 years.

A shareholder may make capital contributions in currency, in kind or intellectual property right, land use right or other "non-cash assets" that are transferable and can be monetarily valued. The amount of the capital contributions in currency shall be no less than 30% of the registered capital of the LLC.

Corporate governance

The shareholders' meeting, which comprises all the shareholders, is the authority of the company and is the meeting of the company's shareholders to elect the company's directors and supervisors, or review reports on the company's business results, prospects, and plans. Generally, the shareholders exercise their voting rights at the shareholders' meeting based on the shares held by them.

The Board of Directors is a body of elected or appointed persons who jointly oversee the activities of a company and is responsible for the shareholders' meeting. As for a LLC with relatively few shareholders or is relatively small, it may have an executive director assuming the duties of the board to replace the Board of Directors. The executive director may concurrently hold the post of the company's manager.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

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The Board of Supervisors is a body of elected or appointed persons who jointly check the financial affairs of the company and supervise the acts of the directors and senior managers. No director or senior manager is permitted to concurrently hold the post as a supervisor. The board of supervisors shall include representatives of shareholders and representatives of the employees. A LLC, which has relatively few shareholders or is relatively small, may have 1 or 2 supervisors, and does not have to establish a Board of Supervisors.

Directors, supervisors, and senior managers shall owe the company a duty of care and loyalty. Directors and senior managers should not, by taking advantage of their powers, accept bribes or other unlawful incomes, or misappropriate the company's property. Further, directors, supervisors and senior managers would be liable for compensation, if they violate PRC laws and regulations or the company's articles of association in performance of their duties and thus cause loss to the company.

Financial allocations

Pursuant to the Company Law, the company's profit, after paying enterprise income tax and allocating 10% of after-tax profits to the statutory reserve, are available for profits distribution. The allocation may cease when the statutory reserve exceeds 50% of registered capital. The profit distribution shall not be conducted unless the losses of previous fiscal years have been made up.

Protection of shareholders

The Company Law aims to enhance the protection of shareholders, especially minority shareholders. Set out below is a brief summary of certain provisions with regard to the rights and remedies of shareholders.

(a) Company's Books and Records.

Shareholders are entitled to check and copy the company's articles of association, financial reports, minutes of the shareholders' meetings, and resolutions of the board of directors and the supervisory board. Shareholders of a LLC are also entitled to inspect the company's accounting books and records.

(b) Shareholders' Meetings and Resolutions.

Shareholders holding at least 10% of the voting rights of the company are entitled to convene a shareholders' meeting themselves if both the board and the supervisory board are unable to convene such a meeting or if they fail to do so. The Company Law also grants the shareholders the right to revoke any shareholders' or board resolution by an application to the court if either (i) the convening procedures or voting methods adopted in the relevant meeting violate the law or the company's articles of association; or (ii) the resolution itself runs counter to the company's articles of association.

(c) Exit right of LLC Shareholders

The Company Law makes it much easier for a shareholder of a LLC to transfer his or her share to an external party. Such shareholder is only required to obtain consent from 50% of the existing shareholders. Other shareholders who do not respond within 30

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

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days are deemed to have agreed on the share transfer. If over 50% of the rest of the shareholders disagree with the share transfer, those disagreeing shareholders would need to purchase the shares. If the disagreeing shareholders refuse the share purchase, they will be deemed to have agreed on the transfer.

On the other hand, shareholders of LLC are entitled to ask the company to repurchase their shares at a reasonable price if they oppose: (i) the company's decision not to distribute dividends for five consecutive profit-making years; (ii) any merger or spin-off of the company or the disposition of the company's major assets; or (iii) the renewal of the company's term of operation upon its expiration or the amendment to the company's articles of association upon the occurrence of any reason for dissolution as specified in the articles.

(d) Right to dissolve a company

When a company meets serious difficulty during its operation, if the continued existence of the difficulty will cause heavy loss to shareholder's interest, and such difficulty cannot be solved by other means, the shareholders holding at least 10% of the voting rights of the company are entitled to plead the court for dissolving the company.

(e) Derivative Suits

Any shareholder of a LLC or shareholders of a JSLC holding more than 1% of the shares for more than 180 consecutive days may bring legal proceedings in their own name in behalf of the company against (i) directors, supervisors, or senior managers who fail to comply with the laws and regulations or the company's articles of association in the course of performing their duties, causing loss to the company; or (ii) third parties infringing the company's rights and interests, causing loss to the company.

WFOE

WFOEs are governed by the Law of the People's Republic of China Concerning Enterprises with Sole Foreign Investments, which was promulgated on 12 April 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12 December 1990 which was amended on 12 April 2001 (collectively the "**Foreign Enterprises Law**").

Procedures for establishment of a WFOE

The establishment of a WFOE will have to be approved by the Ministry of Commerce ("MOFCOM") (or its delegated authorities). If two (2) or more foreign investors jointly apply for the establishment of a WFOE, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its approval and record. A WFOE must also obtain a business licence from State Administration of Industry and Commerce ("SAIC") (or its delegated authorities) before it can commence business.

Nature

A WFOE 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

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

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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 MOFCOM (or its delegated authorities) in accordance with relevant regulations.

Profit distribution

The Foreign Enterprises Law provides that after payment of taxes, a WFOE must make contributions to a reserve fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. At least 10.0% of the after tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50.0% of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

Subject to compliance with relevant exchange rules and regulations, a WOFE may remit out of the PRC profits that are lawfully earned in the PRC.

TAXATION

The applicable income tax laws, regulations, notices and decisions (collectively referred to as "**Applicable Foreign Enterprises Tax Law**") related to FIEs and their investors include the following:

- (a) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中华人民共和国外商投资企业和外国企业所得税法) adopted by the National People's Congress of the PRC ("NPC") on 9 April 1991 and invalidated from 1 January 2008;
- (b) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中华人民共和国外商投资企业和外国企业所得税法实施细则) promulgated by the State Council, which came into effect on 1 July 1991 and invalidated from 1 January 2008;
- (c) 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 (国家税务总局关于外商投资企业、外国企业和外籍个人取得股票(股权)转让收益和股息所得 税收问题的通知) promulgated by State Tax Bureau on 21 July 1993;
- (d) Notice on Relevant Policies Concerning Individual Income Tax (关于个人所得税若干政策问题的通知) issued by Ministry of Finance and the State Tax Bureau on 13 May 1994;
- (e) Notice on Reduction of Income Tax in Relation to Interests and Gains Derived by Foreign Enterprises from the PRC (国务院关于外国企业来源于我国境内的利息等

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 *Grandall*

所得减征所得税问题的通知), promulgated by the State Council on 18 November 2000;

- (f) The Income Tax Law Applicable to Individuals of the PRC (中华人民共和国个人所得税法) promulgated by the Standing Committee of NPC on 10 September 1980, which was amended by the Standing Committee of NPC on 31 October 1993, 30 August 1999, 27 October 2005, 29 June 2007 and 29 December 2007;
- (g) The PRC Enterprises Income Tax Law (中华人民共和国企业所得税法) promulgated by the NPC on 16 March 2007 which came into effect from 1 January 2008 (“**New Income Tax Law**”);
- (h) Implementing Regulations of the PRC Enterprises Income Tax Law (中华人民共和国企业所得税法实施条例) promulgated by the State Council on 6 December 2007 which came into effect from 1 January 2008 (“**Implementing Regulations of New Income Tax Law**”); and
- (i) Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period (国务院关于实施企业所得税过渡优惠政策的通知) effective on 1 January 2008 (“**Circular**”).

Income Tax on FIEs

According to the Applicable Foreign Enterprises Tax Law, before 1 January 2008, FIEs (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and WFOEs established in the territory of the PRC) were 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.

An 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 (“**Two-year Exemption and Three-year 50% Reduction**”). The income tax concession for FIEs 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 FIEs 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%, 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.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

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 an FIE engaged in an industry or a project encouraged by the State.

Pursuant to the New Income Tax Law, FIEs are required to pay an income tax at a rate of 25% of their taxable income. Enterprises set up with approval prior to the promulgation of the New Income Tax Law that enjoy low preferential tax rate in accordance with the tax laws and administrative regulations at the current period may, pursuant to the provisions of the State Council, gradually transit to the tax rate provided herein within five years of the implementation of this Law. Where such enterprises enjoy regular tax exemption and reduction, the treatment continues to apply until expiry after the implementation of this law. However, those that fail to be entitled to this treatment by reason of not making any profits, the preferential period shall be calculated from the year when this law is implemented.

Pursuant to the Circular, an enterprise which enjoyed preferential treatment shall gradually transit to the rate of 25%, i.e. an enterprise that used to enjoy the preferential enterprise income tax of 24% should be subject to the enterprise income tax of 25% from 1 January 2008 whilst an enterprise that used to enjoy the preferential enterprise income tax of 15% should be subject to the enterprise income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. For the enterprise enjoying preferential policy of Two-year Exemption and Three-year 50% Reduction will continue such enjoyment until its preferential period is completed according to the original PRC laws, administrative regulations and provisions. However, regarding those enterprises that have not enjoyed the aforesaid preferential policy due to them not being profit-making, the preferential period shall commence from 1 January 2008.

According to Notice of the Ministry of Finance and State Administration of Taxation on Several Preferential Policies in Respect of Enterprise Income Tax (财政部、国家税务总局关于企业所得税若干优惠政策的通知)(hereinafter referred to as the "FM&SAT Notice") announced on 22 February 2008, other than the preferential policies provided by the New Income Tax Law, the Implementation Regulations of New Income Tax Law, the Circular, the Notice of State Council concerning the Transitional Preferential Tax on the High-tech Enterprises Newly Incorporated in Special Economic Zones and Shanghai Pudong New District (国务院关于经济特区和上海浦东新区新设立高新技术企业实行过渡性税收优惠的通知) and the FM&SAT Notice, all the preferential policies on enterprise income tax implemented before 1 January 2008 are annulled. None of the various regions or departments shall exceed the power to issue preferential policies on enterprise income tax.

Value Added Tax

The Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例) adopted by the State Council on December 13, 1993 and revised on November 10, 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例实施细则), 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.

The value-added tax rates shall be as follows:

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 *Grandall*

1. The tax rate for goods sold or imported by taxpayers other than the goods set forth in Items 2 and 3 below shall be 17.0%.
2. The tax rate for sale or import of the following goods by taxpayers shall be 13.0%:
 - (a) grain, edible vegetable oil;
 - (b) tap water, central heating, air-conditioning, hot water, coal gas, liquid petroleum gas, natural gas, methane, and coal products for use by residents;
 - (c) books, newspapers, magazines;
 - (d) feed, chemical fertiliser, agrochemicals, agricultural machinery, agricultural film; and
 - (e) other goods specified by the State Council.
3. The tax rate for goods exported by taxpayers shall be zero, except where otherwise determined by the State Council.
4. The tax rate for processing and repair and replacement services provided by taxpayers shall be 17.0%.
5. The tax rate for the small-scale taxpayers shall be 3.0%.

Business Tax

The Provisional Regulations of the People's Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例) adopted by the State Council on 13 December 1993 and revised on 5 November 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例实施细则), businesses that provide services (including entertainment business), assign intangible assets or sell immovable property are liable to business tax at a rate ranging from 3.0% to 20.0%, of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be. The formula for calculation of the amount of tax payable is set forth below:

Amount of tax payable = amount of business \times tax rate

The amount of tax payable shall be calculated in RMB. Taxpayers that settle their amounts of business income in foreign exchange shall convert the amounts into RMB at the foreign exchange market rate.

Tax on Dividends from PRC Enterprise With Foreign Investment

Before the enforcement of the New Income Tax Law, the dividends paid by FIEs to their foreign investors are exempted from withholding tax. However, following the enforcement of the New Income Tax Law from 1 January 2008, dividends for the year 2008 and the years afterwards distributed from FIEs to foreign investors shall be subject to the Enterprise

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

Income Tax. The New Income Tax Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the Implementing Regulations of New Income Tax Law reduced the rate from 20% to 10%, effective from 1 January 2008.

The PRC and Singapore signed an Arrangement between the PRC and Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (中国和新加坡关于对所得税避免双重征税和防止偷漏税的安排) on 11 July 2007 (the “Arrangement”) which becomes effective from 1 January 2008. According to the Arrangement, no more than the 5% withholding tax rate applies to dividends paid by a PRC company to a Singapore resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Singapore resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

Income tax on Non-Resident Enterprises' Equity Transfer Income

Capital gains realized by shareholders from sales of shares in the PRC are subject to PRC income tax. Pursuant to the Circular of the State Administration of Taxation on Strengthening Administration of Enterprise Income Tax on Non-Resident Enterprises' Equity Transfer Income (关于加强非居民企业股权转让所得企业所得税管理的通知) effective on January 1, 2008 (“Circular 698”), when a foreign investor (the actual controlling party) transfers a Chinese resident enterprise equity indirectly, if the actual tax rate is lower than 12.5% in the country (region) where the transferred offshore holding company is located or the country (region) does not levy income tax to its resident on overseas income, then the enterprise needs to provide the documents in accordance with the Circular 698 to the local tax authority where the Chinese resident enterprise registered with within 30 days after the signing of the equity transfer contract.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Several Issues regarding Corporate Income Tax Treatment of Corporate Restructuring Transactions (财政部、国家税务总局关于企业重组业务企业所得税处理若干问题的通知) effective on January 1, 2008 (“Circular 59”), enterprises engaged in cross-border equity transfer may benefit from the special tax treatment provided that they satisfy the criteria set forth in the Circular 59.

Custom duties

According to the Customs Law of the PRC, the consignee of the imports, the consignor of exports and the owner of the imports and the exports are the persons obligated to pay customs duties (generally speaking, exports are not subject to customs duties). The Customs is the authorities in charge of the collection of customs duties.

The customs duties in the PRC mainly fall under ad valorem duties, i.e. the price of import / export commodities is the basis for the calculation of the duties. When calculating the customs duties, import / export commodities shall be classified under appropriate tax items in accordance with the category provisions of the Customs Import and Export Tariff and shall be subject to tax levies pursuant to relevant tax rates.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

Under the laws of the PRC, raw materials, supplementary materials, parts, components, accessories and packing materials imported for processing and assembling finished products for foreign parties or for manufacturing products for export shall be exempt from import duties pursuant to the actual amount of goods processed for export; or import duties may be levied upfront on import materials and parts and subsequently refunded pursuant to the actual amount of goods processed for export.

To encourage the introduction of foreign investment, as of 1992, the PRC exercised exemption and reduction of customs duties on the import of machinery, equipment, parts and other materials within the total investment of foreign investment companies. But after the adjustment of policies as of 1 April 1996, such exemption and reduction has been terminated, while the foreign investment companies incorporated before then can still continue to enjoy such preferential treatment within the grace period.

As from 1 January 1998, according to the Notice of the State Council regarding the Adjustment of Taxation Policy of Import Equipment, in respect of the foreign investment projects that fall under Encouraging Category and Restricted B Category of the Industrial Guidance Catalogue of Foreign Investment and also involve the transfer of technology, the equipment imported for its own use within the total investment can be exempt from the customs duties, except for the commodities listed in the Catalogue of the Non-tax-exemption Import Commodity of Foreign Investment Projects.

FOREIGN EXCHANGE CONTROL

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

The People's Bank of China ("PBOC"), with the authorities of the State Council, issued on 28 December 1993, the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的通知) and on 26 March 1994 the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理暂行规定) which came into effect on 1 April 1994 respectively. On 29 January 1996, the State Council promulgated the PRC Foreign Exchange Administration Regulations (中华人民共和国外汇管理条例) which took effect on 1 April 1996 and was revised on 14 January 1997 and 1 August 2008. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定) instead of the above Provisional Regulations, which took effect on 1 July 1996. On 25 October 1998, the PBOC and the State Administration for Foreign Exchange issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

These regulations contain detailed provision 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 PBOC on Reforming the RMB Exchange Rate Regime ("the Announcement") (完善人民币汇率形成机制改革有关事宜公告) was

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

promulgated by 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 such 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.

In accordance with the new Foreign Exchange Administration Regulations of PRC promulgated on 5 August 2008, all organisations and individuals, includes FIEs, within the PRC can remit their foreign exchange earnings back to the PRC or deposit them abroad. The terms and conditions for such remittance / deposit are prescribed by the State Administration for Foreign Exchange ("SAFE") (or its delegated authorities) in accordance with the PRC's international balance of payments and foreign exchange management needs. In relation to PRC enterprises, their foreign exchange earnings under current account can be retained or exchanged through financial institutions that have foreign exchange settlement, sale and payment operations. Before retaining the foreign exchange income under capital account or selling it to any designated financial institution, the approval of the SAFE (or its delegated authorities) shall be obtained, unless it is otherwise provided by the state.

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities and payment of staff remuneration may purchase foreign exchange from foreign exchange settlement and sales operations of financial institutions, subject to the production of relevant supporting documents without the need for any prior approvals of the State Administration of Foreign Exchange.

In addition, where an enterprise requires any foreign exchanges 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 investment party, 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 where the amount of the funds in foreign exchange is insufficient, the enterprise may purchase additional foreign exchange from financial institutions that have foreign exchange settlement, sale and payment operations upon the presentation of the resolutions of the board of directors on the profit distribution plan of the enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval or registration procedure of SAFE (or its designated authorities) is still required before a PRC enterprise may borrow a loan in foreign currency or provide any foreign exchange guarantee. To make any direct investment outside of the PRC or engage in business of distribution and trading for securities and derivative products outside PRC, registration is required from SAFE (or its designated authorities). Further, the approval from the relevant authorities may be required before registration can be made effective with SAFE (or its designated authorities).

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre (中国外汇交易中心) (“CFETC”) was formally established and came into operation in April 1994. CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, enterprises with foreign investment may at their own choice enter into exchange transactions through Swap Centre or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap Centres became restricted to conducting foreign exchange transaction between authorised banks and inter-bank lending between PRC banks.

LABOUR LAW

Pursuant to Labour Law of the PRC (中华人民共和国劳动法), companies must enter into employment contracts with their employees, based on the principles of equality, consent and agreement through consultation. Companies must establish and effectively implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, prevent work-related accidents and reduce occupational hazards. Companies must also pay for their employees’ social insurance premium.

The principal regulations governing the employment contract is the PRC Employment Contracts Law (中华人民共和国劳动合同法) (the “**Employment Contracts Law**”), which was promulgated by the Standing Committee of the NPC on 29 June 2007 and came into effect on 1 January 2008. Pursuant to the Employment Contracts Law employers shall establish employment relationship with employees on the date that they start employing the employees, or least, within one month thereafter, otherwise the employer should pay the employee twice the salary every month. To establish employment, a written employment contract shall be concluded, or employers will be liable for the illegal actions. The labour contract may be of a fixed term, indefinite term, or a term until completion of certain work. Unless otherwise stated by the employee, an indefinite labour contract should be established between the employer and the employee i) who has worked for the employer for more than ten consecutive years; ii) who has worked for the employer for more than ten consecutive years and is less than ten years from the statutory retirement age, in case of an employer implementing the labour contract system for the first time or immediately reshuffled from a state-owned enterprises; iii) who has consecutively entered into the labour contract of fixed term twice; and iv) with whom the employer signs no written contract within one year after commencement of employment. An employer which should have entered into a labour contract of indefinite term but failed to do so should pay the employee twice the salary every month from the date when the employer should have done so. No damages payable by the employee to the employer under a labour contract should be valid unless such damages: i) is stipulated as compensation for expenses on certain technical training in a written agreement under which the employer finances the employee for such training while the employee promises to work for the employer for a particular term; and ii) is stipulated in the labour contract or a separated confidentiality agreement under which the employee is obliged to keep confidential the trade secrets and intellectual property-related secrets, and to observe the

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

non-competition clause, while the employer should compensate the employee on a monthly basis within such non-competition period. Furthermore, the probation period and liquidated damages are restricted by the law to safeguard employees' rights and interests.

ENVIRONMENTAL PROTECTION REGULATIONS

The Ministry of Environmental Protection (环境保护部) is responsible for the overall supervision and control of environmental protection in the PRC. It formulates national standards for the discharging of waste materials, environmental protection and monitors the PRC's environmental protection system. Environmental protection bureaus at the county level and above are responsible for environmental protection within their respective areas of jurisdiction.

Pursuant to the Environmental Protection Law of the PRC (中华人民共和国环境保护法) adopted by the Standing Committee of the NPC on 26 December 1989, the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

Any company or enterprise which causes environmental pollution and discharges polluting materials that endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production, construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during the operation of construction, production and other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fees imposed for the discharge. A fee may also be imposed on the company for the cost of any work required to restore the environment to its original state. Companies which cause severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and / or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time will either be penalised or have their business licences terminated. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the danger and effects of the pollution, as well as to compensate for any losses or damages suffered as a result of such environmental pollution.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

Under the Law of the PRC on the Prevention and Treatment of the Water Pollution (中华人民共和国水污染防治法) (the “**Water Pollution Prevention Law**”) promulgated by the NPC on 11 May 1984, which was revised on 28 February 2008 and subsequently effective on 1 June 2008, companies which discharge pollutants directly or indirectly into bodies of water must register with the environmental protection department of the local government at county level or above in the area where they are situated. Such companies must provide information on their facilities which discharge such pollutants, their treatment plants, the type, amount and concentration of the pollutants discharged under normal business operations, in accordance with regulations set by the Administration Supervisory Department of Environmental Protection of the State Council. If there are significant changes to the type, amount or concentration of pollutants being discharged, such changes must be reported immediately. The dismantling or non-usage of pollution treatment plants also require the approval of the environmental protection department of the local government at county level or above. Companies discharging polluted wastes into water should pay the prescribed waste discharge fees. If the discharges exceed the standard, they should pay the fines and be responsible for cure.

Where the provisions of the Water Pollution Prevention Law are violated, the environmental protection administrative and supervisory authority shall impose penalties, subject to individual cases, such as decisions to impose deadlines for cure, fines, orders to suspend operations or even orders to close down, to enterprises which have violated the provisions. Companies having caused the water pollution hazards shall be responsible to get rid of the hazards and compensate any victims of such contamination.

The Law of the PRC on the Prevention and Control of the Atmospheric Pollution (中华人民共和国大气污染防治法) (the “**Atmospheric Pollution Prevention Law**”) promulgated by the NPC on 5 September 1987, which was last revised on 29 April 2000, established the provisions of the prevention, treatment and management of the atmospheric pollution. New construction project, expansion, or reconstruction project that discharges pollutions into the air shall comply with the Atmospheric Pollution Prevention Law and other relevant regulations on environmental protection. Enterprises that discharge pollutants into the atmosphere must report to the local administrative department of environmental protection its existing discharge and treatment facilities for pollutants and the categories, quantities and concentrations of pollutants discharged under normal operation conditions and submit to the same department relevant technical data concerning the prevention and control of atmospheric pollution.

The Laws of the PRC on the Prevention and Control of the Noise Pollution (中华人民共和国环境噪声污染防治法) (the “**Noise Pollution Prevention Law**”) promulgated by the Standing Committee of NPC on 29 October 1996 established the provisions of the prevention, treatment and management of noise pollution. New construction project, expansion, or reconstruction project that discharges noise which may disturb the surrounding living environment shall comply with the Noise Pollution Prevention Law. Enterprises that make noise pollution must report to the local administration department of environmental protection the categories and quantities of its existing facilities which create and abate noise and the noise level emitted under normal operation conditions, and also submit to the same department relevant technical data concerning the prevention and control of noise pollution.

APPENDIX C SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS (Cont'd)

国浩 Grandall

The Laws of the PRC on the Prevention and Control of the Solid Waste Pollution (中华人民共和国固体废物污染环境防治法) (the “**Solid Waste Pollution Prevention Law**”) promulgated by the Standing Committee of NPC on 30 October 1995 and revised on 29 December 2004, establishes the provisions of the prevention, treatment and management of solid pollution within the Chinese territory. “**Solid waste**” means articles and substances in solid, semi-solid state or gaseity in containers that are produced in the production, living and other activities and have lost their original use values or are discarded or abandoned though haven’t yet lost use values, and articles and substances that are subject to the management of solid wastes as stipulated by the laws and administrative regulations. New construction project, expansion, or reconstruction project that discharges solid pollutants shall comply with the Solid Waste Pollution Prevention Law and other state regulations on environmental protection. Enterprises that discharge solid pollutants must report to the local administration department of environmental protection its existing discharge and treatment facilities for pollutants and the categories, quantities and concentrations of pollutants discharged under normal operation conditions and submit to the same department relevant technical data concerning the prevention and control of solid waste pollution.

The environmental protection administrative department of the State Council shall, pursuant to state environmental quality standards and state economic and technical conditions, formulate state technical standards on the prevention and control of environmental pollution by solid wastes in collaboration with the relevant administrative departments of the State Council. The environmental protection administrative department of the State Council shall establish a system for monitoring environmental pollution by solid wastes, formulate unified monitoring standards and, in conjunction with relevant departments, set up a monitoring network.

Government authorities shall impose different penalties against persons or enterprises in violation of the Solid Waste Pollution Prevention Law depending on the individual circumstances and extent of contamination. Such penalties include orders to stop illegal acts, fines, decisions to impose deadlines for cure, orders to suspend production, orders to re-install contamination prevention and cure facilities which have been removed or left unused, imposition of administrative actions against relevant responsible persons, or orders to close down those enterprises or authorities. Any of the above penalties together with fines may be imposed by government authorities. Where the violation committed is serious, persons in violation may be required to pay damages to victims. Persons directly responsible may be subject to criminal liability.

Regulations on the Administration of Construction Project Environmental Protection (建设项目环境保护管理条例) was promulgated on November 29, 1998. According to the regulations, state standards and local standards for the discharge of pollutants must be complied with in building construction projects that generate pollution; requirements for aggregate control of discharge of major pollutants must be met in areas under aggregate control of discharge of major pollutants. The state practises the construction project environmental impact evaluation system. The work of construction project environmental impact evaluation shall be undertaken by qualified units.

APPENDIX D OPINION FROM KHATTARWONG ON FOREIGN INVESTMENT POLICIES,
REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO
SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS,
REPRESENTATIONS AND UNDERTAKINGS UNDER SINGAPORE LAWS

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Partnership in Practice

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Our ref : LSO/CLG/CHU/80010425/mtc

- 7 APR 2010

- (1) **Board of Directors**
K-Star Sports Limited ("Company")
c/o Dixing Shoes Plastics Co., Ltd
Jiangtou Industrial Area
Jingjiang City, Fujian Province,
People's Republic of China

Attention: Mr Ding Jianping

- (2) **Public Investment Bank Berhad ("Adviser")**
25th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Malaysia

Attention: Mr Phang Siew Loong / Mr Ku Mun Fong / Mr Seow Chin Hui

- (3) **Messrs Teh & Lee ("Legal Adviser for the IPO")**
A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Malaysia

Attention: Mr Billy Lee / Ms Aw Ee Leng

Dear Sirs,

**LEGAL OPINION ON FOREIGN INVESTMENT POLICIES, TAXATION, EXCHANGE CONTROL,
REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES IN SINGAPORE UNDER
SINGAPORE LAW**

1. INTRODUCTION

We are Singapore legal counsel to K-Star Sports Limited (the "**Company**") in connection with the conduct of legal due diligence on the Company in connection with the proposed listing and quotation of its shares on the Main Market of Bursa Malaysia Securities Berhad ("**Listing**").

2. SCOPE OF OPINION

We understand that this opinion may be used for inclusion in the prospectus dated **11 MAY 2010** to be published by the Company in connection with the Listing.

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APPENDIX D OPINION FROM KHATTARWONG ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER SINGAPORE LAWS
(Cont'd)

We express no opinion on the laws of jurisdiction other than Singapore. This opinion is to be governed by and construed in accordance with the laws of Singapore and is given on the basis of the current law in Singapore.

This opinion is being addressed to the Adviser and the Legal Adviser to the IPO at their request subject to the condition that nothing in this letter shall be seen in any way as giving rise to a solicitor-client relationship between ourselves and the Adviser or the Legal Adviser to the IPO or any other party and upon which they may act. This opinion may be provided to the relevant Malaysian governmental authority or the Bursa Malaysia Securities Berhad, if so required in connection with the Listing only. This opinion is addressed only to the Company and may not, without our prior written consent be relied on by any other person or for any other purpose.

This opinion is not to be read as conclusive of all legal matters in areas mentioned nor does it extend by implication to any other matter in connection with the Company or otherwise.

3. POLICIES ON FOREIGN INVESTMENTS

In general, there is no restriction on foreign investments in Singapore so long as there is no breach of any rule for international monitoring for countering money-laundering and terrorism. Foreign investors are allowed to invest in Singapore and may hold shares in Singapore companies without any restrictions or approvals from any government authorities in Singapore.

However, companies operating in certain specific sectors are required to obtain prior approval from the relevant regulators when foreign or local shareholders invest in the regulated sector directly or indirectly. We understand that the Company is not engaged in any excluded sectors.

4. TAXATION

Income tax

A person is subject to Singapore income tax on income that is accrued in or derived from Singapore and on foreign income received or deemed received in Singapore. There are however certain exceptions. For example, a Singapore tax resident corporate taxpayer is exempt from income tax on foreign sourced dividends, branch profits and service income where certain prescribed conditions are met.

In the 2009 Budget Statement, the tax exemption mentioned above for Singapore tax resident corporate taxpayers was temporarily liberalised to cover all foreign sourced income which accrued on or before 21 January 2009 and which was received in Singapore by such taxpayers between 22 January 2009 and 21 January 2010. The prescribed conditions for tax exemption were also lifted during this period. This one-year temporary amnesty has not been extended in the 2010 Budget Statement. For foreign sourced income received after 21 January 2010, a Singapore tax resident corporate taxpayer is exempt from income tax only on foreign sourced dividends, branch profits and service income and only where certain prescribed conditions are met.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore and is subject to income tax at a flat rate on its chargeable income.

Dividend distributions

Singapore operates a "one-tier" corporate tax system, under which the tax collected on corporate profits is final and Singapore dividends are tax exempt in the hands of the

APPENDIX D OPINION FROM KHATTARWONG ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER SINGAPORE LAWS
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shareholder. This is regardless of whether the shareholder is a corporate or individual shareholder, and whether the shareholder is a Singapore tax resident or not.

Foreign shareholders should consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Gains on disposal of shares

Currently, Singapore does not impose tax on capital gains. Any profit from the disposal of shares is not taxable in Singapore unless the seller is regarded as having derived gains of an income nature which are sourced in Singapore. However, there are no specific laws or regulations which deal with the characterisation of gains from disposal of shares. Share disposal gains may be construed to be of an income nature and subject to tax especially if they arise from activities which the Inland Revenue Authority of Singapore regards as the carrying on of a trade in Singapore.

5. EXCHANGE CONTROL, REPATRIATION OF PROFITS AND EXPECTED TIME FRAME FOR REPATRIATION OF PROFITS

Save for legislation on acts against public interest, such as Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Cap 65A) and Terrorism (Suppression of Financing) Act (Cap 325),

- (1) there are no specific laws that may affect the import or export of capital, the availability of cash and cash equivalents for use by a company, or the remittance of dividends, interest or other payments to non-resident holders of the Company's securities; and
- (2) there is no restriction on the repatriation of profits, whether in the form of dividends or interest, by a Singapore incorporated company to its shareholders outside Singapore. No dividends shall be payable except out of profits.

We are not able to specify a certain expected timeframe for repatriation of profits out of Singapore. The timeframe required would depend on a variety of factors, including but not limited to the operations of a particular bank.

6. OWNERSHIP OF TITLE TO SECURITIES/ASSETS IN SINGAPORE

There is no limitation under Singapore law on the rights of owners of the shares of a limited liability company incorporated in Singapore to hold or vote their shares solely by reason that they are non-Singaporeans.

7. SINGAPORE CODE ON TAKE-OVERS AND MERGERS

The Singapore Code on Take-overs and Mergers (the "**Code**") is issued by the Monetary Authority of Singapore pursuant to section 321 of the Securities and Futures Act of Singapore. The objective of the Code is fair and equal treatment of all shareholders in a take-over or merger situation in Singapore.

The Code applies to corporations with a primary listing of their equity securities and business trusts with a primary listing of their units in Singapore, and Singapore-incorporated companies with a primary listing overseas. Hence, in the absence of a waiver of its application to the Company by the Securities Industry Council ("**Council**"), the Code applies to the Company when it is admitted to the Official List of Bursa Malaysia Securities Berhad and its equity securities are listed and quoted thereon.

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Unlisted public companies and unlisted registered business trusts with more than 50 shareholders or unitholders, as the case may be, and net tangible assets of \$5 million or more must also observe the letter and spirit of the general principles and rules set out in the Code. The Company became a public limited company on 14 September 2009. The Code does not apply to the Company when it is an unlisted public company with not more than 50 shareholders.

The Code does not apply to take-overs or mergers of other unlisted public companies and unlisted business trusts, or private companies. The Code does not apply to the Company's acquisition of Fujian Jinjiang Dixin Shoes Plastics Co., Ltd.

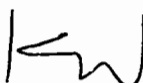
The Code applies to all offerors, whether they are natural persons (be they resident in Singapore or not and whether citizens of Singapore or not), corporations or bodies unincorporate (be they incorporated or carrying on business in Singapore or not); and extends to acts done or omitted to be done in and outside Singapore.

Corporations and business trusts with a primary listing in Singapore, public companies and registered business trusts with a primary listing overseas as well as unlisted companies and unlisted registered business trusts with more than 50 shareholders, or unitholders, as the case may be, and net tangible assets of S\$5 million or more may apply to the Council to waive the application of the Code. In considering such applications, the Council would take into account, amongst others, the following factors:-

- (a) the number of Singapore shareholders or unitholders and the extent of trading in Singapore; and
- (b) the existence of protection available to Singapore shareholders or unitholders provided under any statute or code regulating take-overs and mergers outside Singapore.

The Company has on 8th January 2010 obtained the approval from the Council pursuant to which the Council waived the application of the Code to the Company upon its Listing, provided that the Company (a) states clearly in its prospectus at the time of initial public offering that it is subject to the Malaysian Code on Take-overs and Mergers 1998 and not the Code, (b) remains listed in Malaysia, and (c) consults the Council on the application of the Code if it were to seek a listing in Singapore.

Yours faithfully



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(Cont'd)**

KHATTARWONG

Partnership in Practice

Writer's contact

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Our ref : LSO/CLG/CHL/80010425/mtc

- 7 APR 2010

- (1) **Board of Directors**
K-Star Sports Limited ("Company")
c/o Dixing Shoes Plastics Co., Ltd
Jiangtou Industrial Area
Jingjiang City, Fujian Province,
People's Republic of China

Attention: Mr Ding Jianping

- (2) **Public Investment Bank Berhad ("Adviser")**
25th Floor, Menara Public Bank
146, Jalan Ampang
50450 Kuala Lumpur
Malaysia

Attention: Mr Phang Siew Loong / Mr Ku Mun Fong/ Mr Seow Chin Hui

- (3) **Messrs Teh & Lee ("Legal Adviser for the IPO")**
A-3-3 & A-3-4, Northpoint Offices
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Malaysia

Attention: Mr Billy Lee / Ms Aw Ee Leng

Dear Sirs,

**LEGAL OPINION ON THE ENFORCEABILITY OF CONTRACTS, REPRESENTATIONS AND
UNDERTAKINGS IN CONNECTION WITH THE PROPOSED LISTING AND QUOTATION OF THE
COMPANY'S SHARES ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("PROPOSED LISTING")**

1. INTRODUCTION

We are Singapore legal counsel to K-Star Sports Limited (the "**Company**") in connection with the conduct of legal due diligence on the Company in connection with the proposed listing and quotation of its shares on the Main Market of Bursa Malaysia Securities Berhad ("**Listing**").

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(Cont'd)

2. DOCUMENTS REVIEWED

For the purposes of giving this opinion, we have examined the following documents ("Agreements"):-

- (1) a copy of a Restructuring Agreement dated 9 September 2009 entered into between Wing Shun Trading (H.K.) Company, K-Star Sports International Limited and the Company;
- (2) a copy of a Right of First Refusal Agreement dated 9 September 2009 entered into between Chan Kai-Fly, Ding Jianping and the Company;
- (3) a copy of a Supplementary Investment Agreement dated 30 August 2009 entered into between Ding Jianping, Fujian Dixing Shoes Plastics Co., Ltd., Fortune United Investment Limited, Ng Der Sian, the Company and Chan Kai Fly;
- (4) a copy of the Convertible Loan Agreement dated 18 September 2009 entered into between K-Star Sports International Limited, the Company and Ng Chin Nam;
- (5) a copy of the Convertible Loan Agreement dated 18 September 2009 entered into between K-Star Sports International Limited, the Company and Golden Eagle Resources Sdn Bhd;
- (6) a copy of the Convertible Loan Agreement dated 18 September 2009 entered into between K-Star Sports International Limited, the Company and Skylitech Resources Sdn Bhd; and
- (7) a copy of the Supplemental Agreement to the Right of First Refusal Agreement dated 26 November 2009 entered into between Chan Kai Fly, Ding Jianping and the Company.

3. SCOPE OF OPINION

We understand that this opinion may be used for inclusion in the prospectus to be published by the Company in connection with the Listing.

We express no opinion on the laws of jurisdiction other than Singapore. This opinion is to be governed by and construed in accordance with the laws of Singapore and is given on the basis of the current law in Singapore.

This opinion is being addressed to the Adviser and the Legal Adviser for the IPO at their request subject to the condition that nothing in this letter shall be seen in any way as giving rise to a solicitor-client relationship between ourselves and the Adviser or the Legal Adviser for the IPO or any other party and upon which they may act. This opinion may be provided to the relevant Malaysian governmental authority or the Bursa Malaysia Securities Berhad, if so required in connection with the Listing only. This opinion is addressed only to the Company and may not, without our prior written consent be relied on by any other person or for any other purpose.

Our opinion relates solely to the Agreements under the laws of Singapore in force as at the date hereof and we express no opinion on other matters under laws, rules or regulations of any other jurisdiction.

This opinion is not to be read as conclusive of all legal matters in areas mentioned nor does it extend by implication to any other matter in connection with the Company or otherwise.

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APPENDIX D OPINION FROM KHATTARWONG ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER SINGAPORE LAWS
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4. ASSUMPTIONS

This opinion is based upon the following assumptions:-

- (1) each of the corporate entities entering into the Agreements (except the Company) was duly incorporated in their respective place of incorporation and has complied with all legal obligations under the laws of their respective place of incorporation since its incorporation;
- (2) genuineness of all signatures, stamps and seals, the complete conformity to the originals of all documents supplied to us as certified or photostatic or faxed copies and the authenticity of the originality of such documents and the completeness and accuracy of the information disclosed in all documents examined;
- (3) where the documents have been reviewed by us in draft form, it will be executed in the same form of that draft, and where a number of drafts of documents have been examined by us all changes thereto have been marked and specifically drawn to our attention;
- (4) due authorization, execution and delivery of the Agreements was made by each of the parties thereto (except the Company) and the performance thereof by each of the parties thereto (except the Company) will be within the capacity and powers of each of them including but not limited to ownerships;
- (5) all authorizations, approvals, consents, licenses, exemptions required by and all other requirements in relation to each of the parties to the Agreements (except the Company) for the legality, validity and enforceability of transactions contemplated under the Agreements were duly obtained and fulfilled and will remain in full force and effect;
- (6) the absence of any other arrangements between the parties to the Agreements which modify or supersede any of the terms of the Agreements;
- (7) there is nothing in the applicable laws, rules or regulations of any jurisdiction (other than Singapore law) which would affect the opinion hereinafter appearing;
- (8) the Resolutions (as defined hereafter) were duly passed and remain in full force and effect and have not been rescinded or varied;
- (9) that the information disclosed by the search has not since the date of the search been materially altered and that the search did not fail to disclose any material information which has been delivered for filing or registration or should otherwise have been disclosed, as the case may be, but did not appear on the public file of the Company at the time of the search;
- (10) relevant share transfer forms and contract notes will be duly executed by relevant parties to the Agreements and they will be timely stamped and all stamp duty required to be paid will be paid and will be registered by the Company;
- (11) that if a party ("**non-Singapore party**") to any of the Agreements is an entity incorporated under the law of a jurisdiction outside Singapore or is an individual domiciled in a jurisdiction outside Singapore, the obligations of that non-Singapore party as set out in the Agreements constitute legal, valid and binding obligations of that non-Singapore party, enforceable against that non-Singapore party in accordance with their respective terms under the laws of the place of incorporation or the laws of the place of domicile (as the case may be) of that non-Singapore party;

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- (12) that no change has been made to the Memorandum and Articles of Association of the Company as submitted to us;
- (13) there exists no circumstance which is not in our knowledge and which may render the Agreements invalid or unenforceable;
- (14) the Resolutions were duly signed by the directors and shareholders of the Company; and
- (15) accuracy and completeness of all factual information, representations and warranties given under all documents provided to us.

Also for the purpose of this opinion, we assume that the directors of the Company have acted reasonably and in the best commercial interest and for the corporate benefits of the Company in relation to the entering into of the Agreements and that they are not in breach of any fiduciary duty in entering into the Agreements.

5. OPINION

Based on our review of the Agreements and documents set out in **Schedule 1** to this legal opinion and subject to the foregoing assumptions and subsequent qualifications, we are of the opinion that as far as the laws of Singapore are concerned:-

- (1) The Company was duly incorporated and existing in Singapore under the laws of Singapore as a private company limited by shares and with effect from 14 September 2009 was converted to a public company limited by shares.
- (2) The Company has taken all corporate actions required to authorise its execution, delivery and performance of the Agreements. The terms and provisions of the Agreements do not violate any applicable law or regulation in Singapore.
- (3) Save as disclosed in sub-clause (4) in this section, upon execution and delivery of the Agreements, the Agreements shall constitute valid and enforceable obligations of the Company in accordance with the terms and provisions thereof.
- (4) In respect of the Convertible Loan Agreements referred to in paragraphs 2(4), 2(5), and 2(6) above, there are rules in the Companies Act of Singapore regarding maintenance of capital, including restrictions against a company acquiring its own shares. Certain provisions in the Convertible Loan Agreements, which require the Company to repay monies to the investors after the Company has issued and allotted shares to these investors, will not be enforceable against the Company.

This opinion is subject to the following qualifications:-

- a) We have not conducted searches on the Company other than a company search at the Accounting & Corporate Regulatory Authority of Singapore.
- b) Under Singapore law, the availability of certain equitable remedies, such as injunction and specific performance, will be at the discretion of the court and subject to general legal and equitable principles and a court might make an award of damages where specific performance of an obligation or some other equitable remedy is sought.
- c) The courts of Singapore will not enforce a judgment to an extent that the same may be illegal or contrary to public policy in Singapore.

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- d) Enforcement of the obligations of the parties to the Agreements in a Singapore court may be limited by prescription or lapse of time or by bankruptcy, insolvency, liquidation, winding-up, reorganization, moratorium, reconstruction or similar law affecting creditor's right generally.
- e) Any provision in the Agreements providing that certain calculation and/or certificates will be conclusive and binding will not be effective if such calculation or certificates are erroneous on their face or fraudulent and will not necessarily prevent judicial enquiry into the merits of any claim by an aggrieved party.
- f) Clauses under the Agreements relating to any payment (including default interest) may not be enforceable in Singapore if it is construed as being a penalty. A Singapore court may order payment of interest after judgment at a rate which differs from that provided for in the default interests provision of any of Agreements.
- g) The severability of provisions of any of the Agreements which are illegal, invalid or unenforceable is, as a matter of Singapore law, at the discretion of the court, accordingly, we express no opinion as to the enforceability or validity of any such clause of the Agreements.
- h) Proceedings in a Singapore court may be stayed if concurrent proceedings are being brought elsewhere.
- i) The legal status of the Company has not been altered and that the Company is not insolvent or in liquidation and has not entered into any compromise, arrangement or is not affected by similar laws of general application affecting creditors' rights at time of execution of the Agreements.
- j) The binding effect of the Agreements may be limited by insolvency, bankruptcy, liquidation, compromise, arrangement, reorganisation, reconstruction or similar laws of general application affecting creditors' rights and by limitation of action by lapse of time.
- k) Where the obligations of the relevant parties under the Agreements are to be performed or observed in jurisdictions outside Singapore, the same may not be enforceable under the laws of Singapore to the extent that such performance would be illegal or contrary to public policy under the law of such jurisdiction.
- l) The courts of Singapore may refuse to give effect to a purported contractual obligation imposed upon a party in the Agreements to pay the costs of any unsuccessful litigation brought against the other party.
- m) Provisions in the Agreements prohibiting or restricting modifications, amendments or waivers may not be effective insofar as they suggest that oral or other modifications, amendments or waivers could not effectively be agreed upon or granted between or by the parties or their duly authorised representatives.
- n) Under the laws of Singapore, the choice of the laws of Singapore to govern the Agreements will be a valid choice of law and will be applied by the Singapore courts if the choice is *bona fide* and legal and there are no public policy grounds for avoiding the choice. Our examination of the Agreements has revealed nothing to lead us to believe that the choice of the laws of Singapore made by the relevant parties would be avoided.
- o) Under the laws of Singapore, the courts of Singapore have jurisdiction over those parties who voluntarily submit or have agreed to submit to the jurisdiction of the courts of Singapore. Although the courts have discretion to refuse to hear a case on the ground of *forum non conveniens*, a burden is imposed on the party seeking to

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(Cont'd)**

stay the proceedings in the courts of Singapore, where it has agreed to submit to the jurisdiction of Singapore courts.

- p) We express no view as to the commercial suitability of the Agreements or of the provisions therein or the general compliance with market practice or any commercial aspects of such Agreements.
- q) This opinion is confined to circumstances and facts existing and known to us as at the date hereof.

Yours faithfully



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**APPENDIX D OPINION FROM KHATTARWONG ON FOREIGN INVESTMENT POLICIES,
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(Cont'd)**

SCHEDULE 1

1. Results of searches from the Accounting and Corporate Regulatory Authority of Singapore conducted on 5 March 2010;
2. Copy of Board resolutions passed by the directors of the Company on 9 September 2009 in relation to the entering of the Restructuring Agreement dated 9 September 2009;
3. Copy of Board resolutions passed by the directors of the Company on 9 September 2009 in relation to the entering of the Right of First Refusal Agreement dated 9 September 2009;
4. Copy of Board resolutions passed by the directors of the Company on 26 November 2009 in relation to the entering of the Supplemental Agreement to the Right of First Refusal Agreement dated 26 November 2009;
5. Copy of Board resolutions passed by the directors of the Company on 30 August 2009 in relation to the entering of the Supplementary Investment Agreement dated 30 August 2009;
6. Copy of Board resolution passed by the directors of the Company on 18 September 2009 in relation to the entering of the Convertible Loan Agreement with Golden Eagle Resources Sdn Bhd dated 18 September 2009;
7. Copy of Board resolution passed by the directors of the Company on 18 September 2009 in relation to the entering of the Convertible Loan Agreement with Skylitech Resources Sdn Bhd dated 18 September 2009; and
8. Copy of Board resolution passed by the directors of the Company on 18 September 2009 in relation to the entering of the Convertible Loan Agreement with Ng Chin Nam dated 18 September 2009 (collectively with resolutions mentioned in paragraphs 2, 3, 4, 5, 6 and 7 of this schedule, the "**Resolutions**").

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APPENDIX E OPINION FROM GRANDALL LEGAL GROUP (GUANGZHOU) ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER PRC LAWS

国浩律师集团(广州)事务所

Grandall Legal Group (Guangzhou)

中国 • 广州 体育西路189号城建大厦9楼

9/F, CHENG JIAN BUILDING, 189 TI YU XI ROAD, GUANGZHOU, PRC

电话/TEL: 86 20 3879 9345

传真/FAX: 86 20 3879 9335

Date: April 19, 2010

The Board Of Directors
K-Star Sports Ltd.

Dear Sirs,

K-STAR SPORTS LTD. (THE “LISTCO”) – LEGAL OPINION ON FUJIAN JINJIANG DIXING SHOES PLASTICS CO., LTD. (“DIXING”) IN RELATION TO THE OWNERSHIP OF TITLE TO SECURITIES/ASSETS IN THE PEOPLE’S REPUBLIC OF CHINA (“PRC”), ENFORCEABILITY OF AGREEMENTS, PERMITS FOR OPERATION AND OTHER MATTERS UNDER THE LAWS OF PRC

1. Introduction

We have acted as PRC legal counsel to the Listco in connection with the initial public offering of Listco in conjunction with their proposed listing on the Main Market of Bursa Malaysia Securities Berhad (“**Proposed Listing**”). We have been asked to issue this legal opinion (“**Opinion**”) in relation to securities/assets held by Dixing and the enforceability of agreements entered into by Dixing, under the laws of PRC.

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 and as such are qualified to issue this Opinion on the laws of the PRC.

We understand that this Opinion or excerpts from this Opinion, may be used for inclusion in the prospectus to be published by the Listco in connection with the Proposed Listing (“**Prospectus**”). This Opinion is prepared for inclusion in the Prospectus.

2. Documents Examined and Searches

For the purpose of giving this Opinion, we have examined the original or certified true copies of the documents set out in Schedule 1 to this Opinion (“**Documents**”).

APPENDIX E OPINION FROM GRANDALL LEGAL GROUP (GUANGZHOU) ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER PRC LAWS (Cont'd)

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We have also examined the original or copies of such corporate records of Dixing, governmental authorizations or orders, laws, treaties, certificates of public officials and/or officers of Dixing 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 Opinion. Further we have made such other investigations and inquiries as we have considered necessary or appropriate. Details are provided in our Due Diligence Report.

3. Assumptions and Qualifications

In giving this Opinion, we have assumed and this Opinion is given on the basis that:

- (a) the genuineness, completeness and correctness of all information stated in the Documents, search result documents, and the certificates provided by the relevant governmental authorities;
- (b) the genuineness of all signatures, chops and seals on all documents and the completeness, and the conformity to original documents, of all copies submitted to us;
- (c) all the documents have been duly authorized, executed and delivered by and on behalf of each of the parties thereto;
- (d) all the information that may influence this Opinion has been provided and/or disclosed to us without any concealment, omission or misleading statement;
- (e) the search result documents, the certificates and other professional's reports dated earlier than the date hereof and on which we have expressed reliance remain accurate and valid; and
- (f) up to the date of this Opinion, there have been no amendments to the Documents since they were provided to us.

4. Status of Opinion

This Opinion is strictly limited to matters regarding the PRC laws effective as at the date hereof. We have not investigated and we do not express or imply any opinion whatsoever with respect to the laws of any other jurisdiction, and we have assumed that no such other laws would affect the opinion stated herein.

5. Opinion

5.1 Establishment of the Company

APPENDIX E OPINION FROM GRANDALL LEGAL GROUP (GUANGZHOU) ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER PRC LAWS (Cont'd)

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(1) The Company Law of PRC

The principal statute governing the formation and operation of a PRC company is the Company Law of PRC which was adopted by the Standing Committee of the National People's Congress on 29 December 1993 and revised on 25 December 1999, 28 August 2004 and 27 October 2005. "Company" is a corporate legal person, which possesses the status of a legal person in PRC and be liable for its debts to the extent of all its assets. The term "company" as mentioned in the Company Law refers to a limited liability company (the "LLC") or a joint stock limited company (the "JSLC"). For a LLC, the shareholders bear the responsibility to the company within their capital contributions. For a JSLC, whose registered capital is divided into shares of equal par value, the shareholders bear responsibility to the shares held by them.

(2) Establishment of Dixin

Dixin is 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 its own name under the laws of PRC.

5.2 Ownership of Securities/Assets

(1) Summary of Ownership of Securities/Assets in the PRC

Basically, foreign investors can legally own title to securities in Foreign Investment Enterprises ("FIE") and assets in PRC. Over the last decade, the Chinese government has reiterated this ground and formulated regulations and rules to protect foreign investors' ownerships and interests.

In light of Article 18 of the PRC Constitution, China "permits foreign enterprises, other foreign economic organizations and individual foreigners to invest in China and to enter into various forms of economic cooperation with Chinese enterprises and other Chinese economic organizations in accordance with the laws of the PRC. Their lawful rights and interests are protected by the laws of the PRC". Similar wordings could also be found in the Law of the PRC on Sino-foreign Equity Joint Venture Enterprises, the Law of the PRC on Sino-foreign Co-operative Enterprises and the Law of the PRC on Wholly Foreign-owned Enterprises.

Apart from these domestic statutes, Chinese government also have made oral and written commitments, including a series of international investment treaties to ensure that the state will not nationalize or requisition any FIEs, save and except for special circumstances where public interest is required to

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be safeguarded. In such an event, the FIEs shall be requisitioned under legal procedures and appropriate compensation shall be made.

(2) Ownership of Securities/Real Properties of Dixing

Dixing has good and marketable title to all the landed property, personal property and all such other assets owned by Dixing as set out in Part I of Schedule 1, in each case free and clear of all liens, encumbrances and defects which would have a material adverse effect on Dixing, except for pledges, charges and mortgages as described in the respective items in Part I of Schedule 1; and any real property and buildings held under lease by Dixing are held by it under valid, existing and enforceable lease contracts.

As disclosed in our Due Diligence Report, Dixing is in the process of applying for the land-use-right certificates and property ownership certificates for two plots of land located in Jiangtou Village, Chendai town, Jinjiang City, Fujian Province, PRC, one of which lies within Factory A of Dixing with an approximate land area of 2,581 square meters and the other with an approximate land area of 3,100 square meters where Dixing's Factory B was erected.

The Listco is the legal and beneficial owner of the registered capital of Dixing.

5.3 Enforceability of Agreement, Representation and Undertaking

(1) Summary of Enforceability of Agreements, Representations and Undertakings under the Law of PRC

The principal laws and regulations of the PRC addressing contractual and non-contractual civil activities, such as agreements, representations and undertakings are the Contract Law of the PRC, the General Principles of the Civil Law of the PRC and their interpretations issued by the Supreme People's Court. Autonomy, fairness, honesty and good faith are the footstones of these statutes, as well as the benchmark to decide whether an agreement, representation or undertaking is enforceable in China.

Accordingly, the above laws provide detailed articles to articulate the situations causing an agreement, representation and undertaking null and void. Articles 52 and 54 of Contract Law read:

“A contract shall be null and void under any of the following circumstances: (a) either party enters into the contract by means of fraud or coercion and impairs the State's interests; (b) there is malicious conspiracy causing damage to the interests of the State, of the collective or of a third party; (c) there is an

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attempt to conceal illegal goals under the disguise of legitimate forms; (d) harm is done to social and public interests; or (e) mandatory provisions of laws and administrative regulations are violated.

Either party has the right to request a people's court or an arbitration institution to alter or rescind any of the following contracts: (a) any contract which is made under substantial misunderstanding; or (b) any contract the making of which lacks fairness. ”

Therefore, agreements, representations and undertakings that are unlikely to encompass any of the above situations are considered as valid and enforceable and binding on contracting parties.

(2) Validity and Enforceability of Material Agreements and Contracts

The material agreements and contracts, which have been set out in Section 2.1 Part II of Schedule 1, are governed by and interpreted in accordance with the PRC laws and regulations. The above-mentioned contracts and/or undertakings are valid, binding and enforceable according to the PRC laws.

As far as the Equity Transfer Agreement as set out in Section 2.2 Part II of Schedule 1 is concerned, the agreement, which was approved by Jinjiang Commerce Bureau on 19 August 2009, is valid, binding and enforceable under the PRC laws, and the Notice on Issues Concerning Foreign Exchange Management in Financing By PRC Residents Through Overseas Special Purpose Vehicle (“SPV”) and Return-Investments (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) (“Notice 75”) promulgated by State Administration of Foreign Exchange of the PRC which came into force on 1 November 2005 is not applicable as the controlling shareholder of the Listco is not a PRC resident.

5.4 Permits for Operation

Dixing has obtained the necessary government permits, approvals, consents, authorizations and licenses required for the business operation as set out in Part III of Schedule 1, all of which are valid, effective and in subsistence as at the date of this Opinion.

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Yours faithfully,
For and on behalf of
Grandall Legal Group (Guangzhou)





David Y. Shen
Partner

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Schedule 1 List of Relevant Documents

I Documents in relation to the properties owned / leased by Dixing

1.1 A summary of land and properties owned by Dixing are as follows:

b. Land

Certificate No.	Tenure	Land Area (Sq.m)	Description/ Location	Mortgage	Use of property
晋国用(2006)第01913号	20/10/2006 - 20/10/2056	2,675	Jiangtou Village, Chendai Town, Jinjiang City, Fujian Province	Mortgaged in favor of China Construction Bank, Jinjiang Branch	Industrial land

c. Properties

Certificate No.	Description/ Location	Date of Registration	Mortgage	Occupied Area (Sq.m)	Build-Up Area (Sq.m)	Use of Property
晋房权证陈埭字第06-200116-002号	Jiangtou Village, Chendai Town, Jinjiang City, Fujian Province	July 15, 2009	Mortgaged in favor of China Construction Bank, Jinjiang Branch	1246.69	10,383.67	Workshop

1.2 A summary of the land and buildings leased by Dixing as follows:

Description/ Location	Parties	Tenure	Build-Up Area (Sq.m)	Monthly Rent	Use of Property
Wudai Industry Zone, Chendai Town, Jinjiang City, Fujian Province (福建省晋江市陈埭镇梧埭工业区)	Lessor: Fujian Jinjiang Liangxing Shoe Plastics Co., Ltd. (福建省晋江市梁兴鞋塑有限公司)	01/03/2008 - 28/02/2010	2,000	RMB25,000	Factory
	Lessee: Dixing	01/03/2010 - 28/02/2012		RMB50,000	
Jiangtou Industry Zone, Chendai Town, Jinjiang City, Fujian Province (福建省晋江市陈埭)	Lessor: Jinjiang Saifeite Shoes Plastics Co., Ltd. (晋江市赛飞特鞋塑有限公司)	01/11/2008 - 30/09/2009	2,144.15	0	Office

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镇江头工业区)	Lessee: Dixing	01/10/2009		RMB64,324.5	
		-			
		30/09/2012			

II Agreements entered into by or related to Dixing as follows:

2.1 Material agreements entered into by Dixing

Dixing entered into a construction contract with Jinjiang Chengguan Construction Co., Ltd. (晋江城关建筑有限公司) on January 1, 2007, under which Jinjiang Chengguan Construction Co., Ltd. shall build a workshop for Dixing and Dixing shall pay Jinjiang Chengguan Construction Co., Ltd. RMB5,934,000.

Dixing entered into a construction contract with Jinjiang Chengguan Construction Co., Ltd. on July 1, 2007, under which Jinjiang Chengguan Construction Co., Ltd. shall build an office building for Dixing and Dixing shall pay Jinjiang Chengguan Construction Co., Ltd. RMB11,200,000.

Dixing entered into an interior decoration contract with Quanzhou Huayi Decoration Co., Ltd. (泉州市华亿装璜有限公司) on November 15, 2007, under which Quanzhou Huayi Decoration Co., Ltd. shall decorate the office building of Dixing and Dixing shall pay Quanzhou Huayi Decoration Co., Ltd. RMB9,600,000. On December 29, 2008, Dixing signed a supplementary agreement, under which Quanzhou Huayi Decoration Co., Ltd. shall carry out the Phase II of the decoration project of the office building for Dixing and the construction fee shall be increased to RMB14,000,000.

Dixing entered into a construction contract with Wuyi Chunping Construction Projection Co., Ltd. (武夷春屏建筑工程公司) on January 5, 2009, under which Wuyi Chunping Construction Projection Co., Ltd. shall build an employees' dormitory for Dixing and Dixing shall pay RMB3,840,000.

Dixing signed a granted land-use-right agreement with Jinjiang State-owned Land Resource Bureau on December 1, 2006, under which Jinjiang State-owned Land Resource Bureau shall grant Dixing a piece of land located at Jiangtou Village, Chendai Town, Jinjiang City, Fujian Province with a land area of 2,675 square meters at the land price amounting to RMB170,849.

Dixing entered into an export contract with Xiamen Waitu Export & Import Co., Ltd. (厦门外图进出口有限公司) and Lin Rong Yang (林荣阳) on June 6, 2008, which stipulated that Dixing should sell shoes to Lin Rong Yang through Xiamen Waitu Export & Import Co., Ltd. with a consideration of RMB4,057,760.

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Dixing entered into an export contract with Xiamen Huayu Export and Import Co., Ltd. (厦门桦煜进出口有限公司) and Lin Rong Yang on July 5, 2008, which stipulated that Dixing should sell shoes to Lin Rong Yang through Xiamen Huayu Export and Import Co., Ltd. with a consideration of RMB6,738,700.

Dixing entered into an acceptance agreement with China Construction Bank, Jinjiang Branch in 2009, under which the bank shall accept to make payment for the bills of exchange with a total amount of RMB4,650,000 on the conditions as stipulated in the agreement. Pursuant to the agreement, before the maturity date of the accepted bills of exchange, Dixing shall deposit the amount of money equivalent to the fund payable in the bank and the bank shall make payment for the accepted bills of exchange upon the maturity date unconditionally.

Dixing entered into an acceptance agreement with China Construction Bank, Jinjiang Branch on May 19, 2009, under which the bank shall accept to make payment for the bills of exchange with a total amount of RMB5,000,000 on the conditions as stipulated in the agreement. Pursuant to the agreement, before the maturity date of the accepted bills of exchange, Dixing shall deposit the amount of money equivalent to the fund payable in the bank and the bank shall make payment for the accepted bills of exchange upon the maturity date unconditionally.

Dixing entered into a maximum mortgage agreement with China Construction Bank, Jinjiang Branch, under which Dixing shall mortgage its real properties with a build-up area of 2,793.06 square meters as stipulated in the agreement with a total value of RMB3,820,000 to China Construction Bank, Jinjiang Branch for securing the loan facilities granted to Dixing within a term from January 21, 2008 to January 21, 2010 up to RMB3,820,000.

Dixing entered into a maximum mortgage agreement with China Construction Bank, Jinjiang Branch, under which Dixing shall mortgage its real properties with a build-up area of 10383.67 square meters to China Construction Bank, Jinjiang Branch for securing the loan facilities granted to Dixing within a term from December 2009 to December 2011.

Dixing entered into a loan agreement with China Minsheng Banking Group., Ltd. Xiamen Branch on July 11, 2007, under which the bank shall grant a loan amounting to RMB20,000,000 to Dixing from July 12, 2007 to July 11, 2008.

Dixing entered into a loan agreement with China Construction Bank, Jinjiang Branch on January 10, 2008, under which the bank shall grant a loan amounting to RMB3,900,000 to Dixing from January 10, 2008 to January 10, 2009.

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Dixing entered into a loan agreement with China Construction Bank, Jinjiang Branch on January 6, 2009, under which the bank shall grant a loan amounting to RMB6,000,000 to Dixing from January 6, 2009 to January 6, 2010.

Dixing entered into a loan agreement with China Construction Bank, Jinjiang Branch on February 18, 2009, under which the bank shall grant a loan amounting to RMB2,000,000 to Dixing from February 18, 2009 to February 18, 2010.

Dixing entered into a loan agreement with China Construction Bank, Jinjiang Branch on July 17, 2009, under which the bank shall grant a loan amounting to RMB2,000,000 to Dixing from July 17, 2009 to July 17, 2010.

Dixing entered into a loan agreement with China Construction Bank, Jinjiang Branch on December 25, 2009, under which the bank shall grant a loan amounting to RMB7,300,000 to Dixing from December 25, 2009 to December 25, 2010.

Dixing entered into a loan agreement with China Construction Bank, Jinjiang Branch on February 24, 2010, under which the bank shall grant a loan amounting to RMB2,000,000 to Dixing from February 24, 2010 to February 24, 2011.

Dixing entered into a brand ambassador agreement with Beijing ZhongqianLongde Culture Development Co., Ltd. (北京中乾龙德文化发展有限公司) and Tian Liang (田亮) on June 8, 2008, under which Dixing shall entrust Tian Liang as Dixing's advertising ambassador from July 1, 2008 to July 1, 2010 with a consideration amounting to RMB3,000,000.

Dixing entered into a purchase and sale agreement with Zhuzhou Lusong District Huihuang Shoes Shop (株洲市芦淞辉煌鞋业行) on September 15, 2009, under which Dixing shall sell sport shoes to Zhuzhou Lusong District Huihuang Shoes Shop and Zhuzhou Lusong District Huihuang Shoes Shop shall pay Dixing RMB4,099,140.

Dixing entered into a purchase and sale agreement with Zhuzhou Lusong District Huihuang Shoes Shop on October 21, 2009, under which Dixing shall sell sport shoes to Zhuzhou Lusong District Huihuang Shoes Shop and Zhuzhou Lusong District Huihuang Shoes Shop shall pay Dixing RMB3,782,100.

Dixing entered into a purchase and sale agreement with Xiamen Waitu Export & Import Co., Ltd. on September 15, 2009, under which Dixing shall sell sport shoes to Xiamen Waitu Export & Import Co., Ltd. and Xiamen Waitu Export & Import Co., Ltd. shall pay Dixing RMB4,489,800.

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Dixing entered into a purchase and sale agreement with Xiamen Huayu Export and Import Co., Ltd. on September 26, 2009, under which Dixing shall sell sport shoes to Xiamen Huayu Export and Import Co., Ltd. and Xiamen Huayu Export and Import Co., Ltd. shall pay Dixing RMB5,219,400.

Dixing entered into a purchase and sale agreement with Xiamen Baifu Trading Co., Ltd. (厦门百孚贸易有限公司) on September 26, 2009, under which Dixing shall sell sport shoes to Xiamen Baifu Trading Co., Ltd. and Xiamen Baifu Trading Co., Ltd. shall pay Dixing RMB4,444,800.

Dixing entered into a purchase and sale agreement with Mr. Tu Xiang Rong (涂相荣) on October 8, 2009, under which Dixing shall sell sport shoes to Mr. Tu Xiang Rong and Mr. Tu Xiang Rong shall pay Dixing RMB3,788,400.

Dixing entered into a purchase and sale agreement with Mr. Liu Liang Xi (刘良喜) on October 21, 2009, under which Dixing shall sell sport shoes to Mr. Liu Liang Xi and Mr. Liu Liang Xi shall pay Dixing RMB4,737,960.

Dixing entered into a purchase and sale agreement with Wuhan Jiangnan District Yajiali Sports Shoes Shop (武汉江汉区雅嘉利休闲运动鞋经营部) on October 21, 2009, under which Dixing shall sell sport shoes to Wuhan Yajiali Sports Shoes Shop and Wuhan Yajiali Sports Shoes Shop shall pay Dixing RMB4,219,560.

Dixing entered into a purchase and sale agreement with Chengdu Jinniu District Chaoliu Shoes Shop (成都金牛区潮流皮鞋经营部) on October 21, 2009, under which Dixing shall sell sport shoes to Chengdu Jinniu District Chaoliu Shoes Shop and Chengdu Jinniu District Chaoliu Shoes Shop shall pay Dixing RMB4,245,360.

Dixing entered into a purchase and sale agreement with Mr. Wan Lin Jie (万林杰) on November 1, 2009, under which Dixing shall sell sport shoes to Mr. Wan Lin Jie and Mr. Wan Lin Jie shall pay Dixing RMB3,936,240.

Dixing entered into a purchase and sale agreement with Mr. Xiao Lian Sheng (肖连生) on November 1, 2009, under which Dixing shall sell sport shoes to Mr. Xiao Lian Sheng and Mr. Xiao Lian Sheng shall pay Dixing RMB4,102,620.

Dixing entered into a purchase and sale agreement with Mr. Lin Jiang Zhi (林江治) on November 1, 2009, under which Dixing shall sell sport shoes to Mr. Lin Jiang Zhi and Mr. Lin Jiang Zhi shall pay Dixing RMB5,059,920.

Dixing entered into a purchase and sale agreement with Qingdao DoubleStar Mingren Co., Ltd. (青岛双星名人实业股份有限公司) on November 17, 2009,

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under which Dixing shall sell sport shoes to Qingdao DoubleStar Mingren Co., Ltd. and Qingdao DoubleStar Mingren Co., Ltd. shall pay Dixing RMB6,474,040.

Dixing entered into a purchase and sale agreement with Qingdao DoubleStar Mingren Co., Ltd. on November 26, 2009, under which Dixing shall sell sport shoes to Qingdao DoubleStar Mingren Co., Ltd. and Qingdao DoubleStar Mingren Co., Ltd. shall pay Dixing RMB7,571,100.

Dixing entered into a purchase and sale agreement with Mr. Sun Qiao (孙乔) on November 26, 2009, under which Dixing shall sell sport shoes to Mr. Shun Qiao and Mr. Shun Qiao shall pay Dixing RMB4,984,440.

Dixing entered into a purchase and sale agreement with Mr. He Jin Hua (贺进华) on November 26, 2009, under which Dixing shall sell sport shoes to Mr. He Jin Hua and Mr. He Jin Hua shall pay Dixing RMB3,861,540.

Dixing entered into a purchase and sale agreement with Mr. Si Zhi Tong (司志同) on December 9, 2009, under which Dixing shall sell sport shoes to Mr. Si Zhi Tong and Mr. Si Zhi Tong shall pay Dixing RMB4,036,860.

2.2 Equity transfer agreement related to Dixing

Equity transfer agreement dated August 10, 2009 between Hong Kong Wing Shun Trading Company (香港永信贸易公司) and the Listco under which Hong Kong Wing Shun Trading Company shall transfer 100% shares of Dixing to the Listco for a nominal consideration of HK\$ 1.00.

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III Licenses of Dixing:

Licenses	Issuing Authority	Certificate No.	Issuing Date	Validity Period	Material Conditions Imposed	Status of Compliance
Business License	Quanzhou AIC	350500400012391	September 9, 2009	30 years commencing from November 7, 1992	(1)Subject to annual review; (2)To apply for re-issuance of license in the event of variation of registered information	Yes
Foreign Investment Certificate	Fujian Provincial People's Government	商外资闽泉外 资 字 [1992]1410 号	September 2, 2009	N.A.	(1)Subject to annual review; (2)To apply for re-issuance of license in the event of variation of registered information	Yes
Enterprise Technical Code Certificate	Quanzhou Quality & Technology Supervision Bureau	组 代 管 350500-067298	June 11, 2009	4 years commencing from June 11, 2009	(1)Subject to annual review; (2)To apply for re-issuance of license in the event of variation of registered information	Yes
Tax Registration Certificate	Fujian Jinjiang National Tax Bureau, Jinjiang Local Tax Bureau	闽国税登字 350582611538870 号	October 16, 2006	N.A.	(1)Subject to annual review; (2)To apply for re-issuance of license in the event of variation of registered information	Yes

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Licenses	Issuing Authority	Certificate No.	Issuing Date	Validity Period	Material Conditions Imposed	Status of Compliance
Certificate of Foreign Exchange Registration	SAFE, Jinjiang Branch	00027461	N.A.	1 year upon annual review	(1)Subject to annual renewal; (2) To apply for re-issuance of license in the event of variation of registered information	Yes
Approval of Bank Account Opening	People's Bank of China, Jinjiang Branch	3910-00350723	August 1, 2008	N.A.	Nil.	Yes
Loan Card	People's Bank of China, Jinjiang Branch	350520000018780303	N.A.	N.A.	(1)Subject to annual review; (2)To apply for re-issuance of license in the event of variation of registered information	Yes
Pollutant Discharge Permit	Jinjiang Environment Protection Bureau	晋环[2009]证字第Y063号	August 13, 2009	3 year commencing from August 13, 2009	(1)Subject to annual review and the pollutant discharge standard stipulated in the pollutant discharge permit; (2)To apply for re-issuance of license in the event of variation of registered information	Yes

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电话/TEL: 86 20 3879 9345

传真/FAX: 86 20 3879 9335

Date: April 19, 2010

The Board Of Directors
K-Star Sports Ltd.

Dear Sirs,

POLICIES GOVERNING FOREIGN INVESTMENTS, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS OUT OF THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

We are the PRC legal counsel to K-Star Sports Ltd. ("Listco") in connection with the initial public offering of Listco in conjunction with their proposed listing on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

We understand that this Opinion or excerpts from this Opinion, may be used for inclusion in the prospectus to be published by the Listco in connection with the Proposed Listing ("Prospectus"). This Opinion was prepared for inclusion in the Prospectus.

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 qualified to issue this Opinion.

Based on the foregoing, the following is a brief summary of the PRC's laws, regulations and policies on foreign investments, including foreign investment administration, taxation, foreign exchange control and repatriation of profits.

I. SUMMARY OF PRC FOREIGN INVESTMENT LAWS

Investment in PRC conducted by foreign investors and foreign-owned enterprise is governed by the Guidance Catalogue of Industries for Foreign Investment ("外商投资产业指导目录") ("Catalogue"), which was amended and promulgated by the Ministry of Commerce and the National Development and Reform Commission of PRC on 31 October 2007. The Catalogue is a long-standing tool that PRC policymakers have used to manage and direct foreign investment. Similar to the 2002 and 2004 editions, the Catalogue divides industries into three basic categories:

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encouraged, restricted and prohibited. Industries not listed in the Catalogue are generally open to foreign investment unless specially barred in other PRC regulations. Foreign invested enterprises in encouraged industries are often permitted to establish Wholly Foreign Owned Enterprises (“WFOEs”). Some of the industries in the restricted category may be limited to equity or contractual joint ventures, in some cases with the Chinese partners as the majority shareholder. Restricted category projects are also subject to higher-level government approvals. Industries in the prohibited category are closed to foreign investment.

WFOEs are governed by the Law of the People’s Republic of China Concerning Enterprises with Sole Foreign Investments, which was promulgated on 12 April 1986 and amended on 31 October 2000, and its Implementation Regulations promulgated on 12 December 1990 which was amended on 12 April 2001 (collectively the “Foreign Enterprises Law”).

Procedures for Establishment of a WFOE

The establishment of a WFOE will have to be approved by the Ministry of Commerce (“MOFCOM”) (or its delegated authorities). If two or more foreign investors jointly apply for the establishment of a WFOE, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its approval and record. A WFOE must also obtain a business licence from State Administration of Industry and Commerce (“SAIC”) (or its delegated authorities) before it can commence business.

Nature

A WFOE 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 MOFCOM (or its delegated authorities) in accordance with relevant regulations.

Repatriation of Profits

The Foreign Enterprises Law provides that after payment of taxes, a WFOE must make contributions to a reserve fund and an employee bonus and welfare fund. The allocation ratio for the employee bonus and welfare fund may be determined by the enterprise. However, at least 10.0% of the after-tax profits must be allocated to the reserve fund. If the cumulative total of allocated reserve funds reaches 50.0% of an enterprise’s registered capital, the enterprise will not be required to make any

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additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up. A WOFE may make profit distribution after payment of taxes and allocation of statutory funds.

Repatriation of the dividends declared requires submission to, inspections and examinations of relevant documents by designated banks. The examination is merely administrative provided all the requisite documents are complete and in order (e.g. written board resolution authorizing such distribution/repatriation, audited annual report, tax returns, foreign exchange registration certificate, capital verification report and other documents required by the State Administration of Foreign Exchange). Dividends will be converted into foreign exchange for repatriation out of PRC by making withdrawals from their foreign exchange accounts or purchasing the necessary foreign exchange at designated foreign exchange banks.

Repatriation of profits can be effected by designated banks in due course after the above-mentioned inspections and examinations and the expected time frame for repatriation of profits out of PRC will vary depending on the designated banks.

Repatriation of Capital

Foreign investors are not allowed to repatriate the capital of foreign investment enterprises ("FIEs") out of PRC unless the repatriation of the capital has been duly approved by MOFCOM (or its delegated authorities) under the capital change or liquidation situations. The repatriation of the capital is further subject to the approval of the State Administration for Foreign Exchange ("SAFE") (or its delegated authorities).

II. SUMMARY OF PRC TAXATION LAWS

The applicable income tax laws, regulations, notices and decisions (collectively referred to as "**Applicable Foreign Enterprises Tax Law**") related to FIEs and their investors include the following:

- (a) Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中华人民共和国外商投资企业和外国企业所得税法) adopted by the National People's Congress of the PRC ("NPC") on 9th April, 1991 and invalidated from 1 January 2008;
- (b) Implementing Rules of the Income Tax Law of the PRC on Foreign Investment Enterprises and Foreign Enterprises (中华人民共和国外商投资企业和外国企业所得税法实施细则) promulgated by the State Council, which came into effect on 1 July 1991 and invalidated from 1 January 2008;

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- (c) 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 (国家税务总局关于外商投资企业、外国企业和外籍个人取得股票(股权)转让收益和股息所得税收问题的通知) promulgated by State Tax Bureau on 21 July 1993;
- (d) Notice on Relevant Policies Concerning Individual Income Tax (关于个人所得税若干政策问题的通知) issued by Ministry of Finance and the State Tax Bureau on 13 May 1994;
- (e) Notice on Reduction of Income Tax in Relation to Interests and Gains Derived by Foreign Enterprises from the PRC (国务院关于外国企业来源于我国境内的利息等所得减征所得税问题的通知), promulgated by the State Council on 18 November 2000;
- (f) The Income Tax Law Applicable to Individuals of the PRC (中华人民共和国个人所得税法) promulgated by the Standing Committee of NPC on 10 September 1980, which was amended by the Standing Committee of NPC on 31 October 1993, 30 August 1999, 27 October 2005, 29 June 2007 and 29 December 2007;
- (g) The PRC Enterprises Income Tax Law (中华人民共和国企业所得税法) promulgated by the NPC on 16 March 2007 which came into effect from 1 January 2008 ("**New Income Tax Law**");
- (h) Implementing Regulations of the PRC Enterprises Income Tax Law (中华人民共和国企业所得税法实施细则) promulgated by the State Council on 6 December 2007 which came into effect from 1 January 2008 ("**Implementing Regulations of New Income Tax Law**"); and
- (i) Circular concerning Implementation of Preferential Policy of Enterprise Income Tax in Transition Period (国务院关于实施企业所得税过渡优惠政策的通知) effective on 1 January 2008 ("**Circular**").

Income Tax on FIEs

According to the Applicable Foreign Enterprises Tax Law, before 1 January 2008, FIEs (including sino-foreign equity joint ventures, sino-foreign co-operative joint ventures and WFOEs established in the territory of the PRC) were 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.

An 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 ("**Two-year**

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Exemption and Three-year 50% Reduction”). The income tax concession for FIEs 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 FIEs 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%, 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 an FIE engaged in an industry or a project encouraged by the State.

Pursuant to the New Income Tax Law, FIEs are required to pay an income tax at a rate of 25% of their taxable income. Enterprises set up with approval prior to the promulgation of the New Income Tax Law that enjoy low preferential tax rate in accordance with the tax laws and administrative regulations at the current period may, pursuant to the provisions of the State Council, gradually transit to the tax rate provided herein within five years of the implementation of this Law. Where such enterprises enjoy regular tax exemption and reduction, the treatment continues to apply until expiry after the implementation of this law. However, those that fail to be entitled to this treatment by reason of not making any profits, the preferential period shall be calculated from the year when this law is implemented.

Pursuant to the Circular, an enterprise which enjoyed preferential treatment shall gradually transit to the rate of 25%, i.e. an enterprise that used to enjoy the preferential enterprise income tax of 24% should be subject to the enterprise income tax of 25% from 1 January 2008 whilst an enterprise that used to enjoy the preferential enterprise income tax of 15% should be subject to the enterprise income tax rates of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 respectively. For the enterprise enjoying preferential policy of Two-year Exemption and Three-year 50% Reduction will continue such enjoyment until its preferential period is completed according to the original PRC laws, administrative regulations and provisions. However, regarding those enterprises that have not enjoyed the aforesaid preferential policy due to them not being profit-making, the preferential period shall commence from 1 January 2008.

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According to Notice of the Ministry of Finance and State Administration of Taxation on Several Preferential Policies in Respect of Enterprise Income Tax (财政部、国家税务总局关于企业所得税若干优惠政策的通知)(hereinafter referred to as the “FM&SAT Notice”) announced on 22 February 2008, other than the preferential policies provided by the New Income Tax Law, the Implementation Regulations of New Income Tax Law, the Circular, the Notice of State Council concerning the Transitional Preferential Tax on the High-tech Enterprises Newly Incorporated in Special Economic Zones and Shanghai Pudong New District (国务院关于经济特区和上海浦东新区新设立高新技术企业实行过渡性税收优惠的通知) and the FM&SAT Notice, all the preferential policies on enterprise income tax implemented before 1 January 2008 are annulled. None of the various regions or departments shall exceed the power to issue preferential policies on enterprise income tax.

Value Added Tax

The Provisional Regulations of the People’s Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例) adopted by the State Council on 13 December 1993 and revised on 10 November 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People’s Republic of China Concerning Value Added Tax (中华人民共和国增值税暂行条例实施细则), 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.

The value-added tax rates shall be as follows:

1. The tax rate for goods sold or imported by taxpayers other than the goods set forth in Items 2 and 3 below shall be 17.0%.
2. The tax rate for sale or import of the following goods by taxpayers shall be 13.0%:
 - (a) grain, edible vegetable oil;
 - (b) tap water, central heating, air-conditioning, hot water, coal gas, liquid petroleum gas, natural gas, methane, and coal products for use by residents;
 - (c) books, newspapers, magazines;
 - (d) feed, chemical fertiliser, agrochemicals, agricultural machinery, agricultural film; and
 - (e) other goods specified by the State Council.

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3. The tax rate for goods exported by taxpayers shall be zero, except where otherwise determined by the State Council.
4. The tax rate for processing and repair and replacement services provided by taxpayers shall be 17.0%.
5. The tax rate for the small-scale taxpayers shall be 3.0%.

Business Tax

The Provisional Regulations of the People's Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例) adopted by the State Council on 13 December 1993 and revised on 5 November 2008. Under these regulations and the newly amended Implementing Rules of the Provisional Regulations of the People's Republic of China Concerning Business Tax (中华人民共和国营业税暂行条例实施细则), businesses that provide services (including entertainment business), assign intangible assets or sell immovable property are liable to business tax at a rate ranging from 3.0% to 20.0%, of the charges of the services provided, intangible assets assigned or immovable property sold, as the case may be. The formula for calculation of the amount of tax payable is set forth below:

Amount of tax payable = amount of business × tax rate

The amount of tax payable shall be calculated in RMB. Taxpayers that settle their amounts of business income in foreign exchange shall convert the amounts into RMB at the foreign exchange market rate.

Tax on Dividends from PRC Enterprise With Foreign Investment

Before the enforcement of the New Income Tax Law, the dividends paid by FIEs to their foreign investors are exempted from withholding tax. However, following the enforcement of the New Income Tax Law from 1 January 2008, dividends for the year 2008 and the years afterwards distributed from FIEs to foreign investors shall be subject to the Enterprise Income Tax. The New Income Tax Law prescribes a standard withholding tax rate of 20% on dividends and other China-sourced passive income of non-resident enterprises. However, the Implementing Regulations of New Income Tax Law reduced the rate from 20% to 10%, effective from 1 January 2008.

The PRC and Singapore signed an Arrangement between the PRC and Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (中国和新加坡关于对所得税避免双重征税和防止偷漏税的安排) on 11 July 2007 (the "Arrangement") which becomes effective from 1 January 2008. According to the Arrangement, no more than the 5% withholding tax rate applies to dividends paid by a PRC company to a Singapore resident, provided that

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the recipient is a company that holds at least 25% of the capital of the PRC company. The 10% withholding tax rate applies to dividends paid by a PRC company to a Singapore resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

Income tax on Non-Resident Enterprises' Equity Transfer Income

Capital gains realized by shareholders from sales of shares in the PRC are subject to PRC income tax. Pursuant to the Circular of the State Administration of Taxation on Strengthening Administration of Enterprise Income Tax on Non-Resident Enterprises' Equity Transfer Income (关于加强非居民企业股权转让所得企业所得税管理的通知) effective on January 1, 2008 ("Circular 698"), when a foreign investor (the actual controlling party) transfers a Chinese resident enterprise equity indirectly, if the actual tax rate is lower than 12.5% in the country (region) where the transferred offshore holding company is located or the country (region) does not levy income tax to its resident on overseas income, then the enterprise shall provide the documents in accordance with the Circular 698 to the local tax authority where the Chinese resident enterprise registered with within 30 days after the signing of the equity transfer contract.

Pursuant to the Circular of the Ministry of Finance and the State Administration of Taxation on Several Issues regarding Corporate Income Tax Treatment of Corporate Restructuring Transactions (财政部、国家税务总局关于企业重组业务企业所得税处理若干问题的通知) effective on January 1, 2008 ("Circular 59"), enterprises engaged in cross-border equity transfer may benefit from the special tax treatment provided that they satisfy the criteria set forth in the Circular 59.

Generally, when a foreign enterprise transfers its equity interest in a Chinese enterprise, the foreign enterprise shall pay PRC income tax for its capital gains (if any) under the New Income Tax Law, the Implementing Regulations of New Income Tax Law and the above-mentioned Circulars.

III. FOREIGN EXCHANGE CONTROL

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

The People's Bank of China ("PBOC"), with the authorities of the State Council, issued on 28 December 1993, the Notice on the Further Reform of the Foreign Exchange Control System (中国人民银行关于进一步改革外汇管理体制的通知) and on 26 March 1994 the Provisional Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理暂行规定) which came into effect on 1 April 1994 respectively. On 29 January 1996, the State Council

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promulgated the PRC Foreign Exchange Administration Regulations (中华人民共和国外汇管理条例) which took effect on 1 April 1996 and was revised respectively on 14 January 1997 and 1 August 2008. On 20 June 1996, the PBOC issued the Administration Regulations on the Settlement, Sale and Payment of Foreign Exchange (结汇、售汇及付汇管理规定) to replace the above Provisional Regulations, which took effect on 1 July 1996. On 25 October 1998, the People's Bank of China and the State Administration for Foreign Exchange ("SAFE") issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business which stated that from 1 December 1998, all foreign exchange transactions for FIEs may only be conducted through authorised banks.

These regulations contain detailed provision 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 PBOC on Reforming the RMB Exchange Rate Regime (the "Announcement") (完善人民币汇率形成机制改革有关事宜公告) was promulgated by 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 such 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.

In accordance with the new Foreign Exchange Administration Regulations of PRC promulgated on 5 August 2008, the RMB exchange rate regime is a managed floating exchange rate regime based on market supply and demand. All domestic entities and individuals, including FIEs, may remit their foreign exchange income to the PRC or retain their foreign exchange income outside the PRC. Foreign exchange earnings under current account may be retained or be sold to designated financial institutions. Before retaining the foreign exchange income under capital account or selling it to any designated financial institution, the approval of the competent SAFE branch shall be obtained, unless it is otherwise provided by the state.

At present, control on the purchase of foreign exchange is being relaxed. Enterprises which require foreign exchange for their current activities such as trading activities

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and payment of staff remuneration may purchase foreign exchange from designated banks, subject to the production of relevant supporting documents without the need for any prior approvals of the State Administration of Foreign Exchange.

In addition, where an enterprise requires any foreign exchanges for the payment of dividends that are payable in foreign currencies under applicable regulations, such as the distribution of profits by an FIE to its foreign investment party, 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 where 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 the enterprise.

Despite the relaxation of foreign exchange control over current account transaction, the approval or registration procedure at SAFE (or its designated authorities) is still required for a PRC enterprise before it borrows a loan in foreign currency or provides 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.

When conducting actual foreign exchange transactions, the designated banks may, based on the exchange rate published by the PBOC and subject to certain limits, freely determine the applicable exchange rate.

The China Foreign Exchange Trading Centre (中国外汇交易中心) ("CFETC") was formally established and came into operation in April 1994. CFETC has set up a computerised network with sub-centres in several major cities, thereby forming an interbank market in which designated PRC banks can trade in foreign exchange and settle their foreign currency obligations. Prior to 1 December 1998, FIEs may at their own choice enter into exchange transactions through Swap Centre or through designated PRC banks. From 1 December 1998 onwards, exchange transactions will have to be conducted through designated banks. Swap Centres became restricted to conducting foreign exchange transaction between authorised banks and inter-bank lending between PRC banks.

This Opinion is not to be read as conclusive of all legal matters in aforementioned areas nor does it extend by any implication to any other matter in connection with Listco or otherwise.

APPENDIX E OPINION FROM GRANDALL LEGAL GROUP (GUANGZHOU) ON FOREIGN INVESTMENT POLICIES, REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER PRC LAWS (Cont'd)

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Yours faithfully,
For and on behalf of
Grandall Legal Group (Guangzhou)





David Y. Shen
Partner

**APPENDIX F THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP
FOR THE FYE 2006, FYE 2007, FYE 2008 AND FYE 2009 (Cont'd)**

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Independent auditor's report on the Consolidated Financial Statements of the Group for the financial years ended 31 December 2006, 2007, 2008 and 2009

19 March 2010

The Board of Directors
K-Star Sports Limited
8 Cross Street
#11-00 PWC Building
Singapore 048424

Dear Sirs

We have audited the accompanying consolidated financial statements of K-Star Sports Limited (the "Company") and its subsidiary (collectively the "Group"), which comprise the consolidated statement of financial position of the Group as at 31 December 2006, 2007, 2008 and 2009, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial years ended 31 December 2006, 2007, 2008 and 2009 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes (the "Consolidated Financial Statements").

Management's responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Consolidated Financial Statements in accordance with International Financial Reporting Standards ("IFRS"). This responsibility include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the Consolidated 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.

Auditor's responsibility

Our responsibility is to express an opinion on these Consolidated 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 on whether the Consolidated Financial Statements are free from material misstatement.

**APPENDIX F THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP
FOR THE FYE 2006, FYE 2007, FYE 2008 AND FYE 2009 (Cont'd)**

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Independent auditor's report on the Consolidated Financial Statements of the Group for the financial years ended 31 December 2006, 2007, 2008 and 2009 (cont'd)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated 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 Consolidated Financial Statements.

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

Opinion

In our opinion, the Consolidated Financial Statements, for the purpose of this report and prepared on the basis set out in Note 2 to the Consolidated Financial Statements, presents fairly, in all material respects, the Group's consolidated results, consolidated changes in equity and consolidated cash flows for the Relevant Periods, and of the Group's financial positions as at 31 December 2006, 2007, 2008 and 2009 and has been properly prepared in accordance with IFRS.

Yours faithfully



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

Partner: Tei Tong Huat

**APPENDIX F THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP
FOR THE FYE 2006, FYE 2007, FYE 2008 AND FYE 2009 (Cont'd)**

**K-Star Sports Limited
and its subsidiary**

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Consolidated Statement of Comprehensive Income
for the financial years ended 31 December 2006, 2007, 2008 and 2009

		Year ended 31 December			
	Note	2006	2007	2008	2009
		RMB'000	RMB'000	RMB'000	RMB'000
Revenue	4	156,729	300,519	501,069	571,063
Cost of sales		(122,902)	(227,540)	(374,486)	(431,852)
Gross profit		33,827	72,979	126,583	139,211
Other income	4	41	230	57	112
Selling and distribution expenses		(4,908)	(9,122)	(15,331)	(9,502)
Administrative expenses		(4,269)	(5,216)	(7,978)	(10,426)
Finance costs	5	(454)	(969)	(843)	(565)
Profit before taxation	6	24,237	57,902	102,488	118,830
Income tax expense	7	(5,724)	(15,370)	(25,249)	(30,522)
Net profit and total comprehensive income attributable to equity holders of the Company		18,513	42,532	77,239	88,308
Earnings per share (RMB cents)	8				
- Basic		30.77	70.70	128.39	146.79
- Diluted		30.77	70.70	127.71	132.16

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

**APPENDIX F THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP
FOR THE FYE 2006, FYE 2007, FYE 2008 AND FYE 2009 (Cont'd)**

**K-Star Sports Limited
and its subsidiary**

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**Consolidated Statement of Financial Position
as at 31 December 2006, 2007, 2008 and 2009**

		As at 31 December			
	Note	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	9	30,896	44,899	53,494	62,570
Land use rights	10	9,639	9,442	9,245	9,048
		40,535	54,341	62,739	71,618
Current assets					
Inventories	11	5,357	7,785	19,407	11,006
Trade and other receivables	12	16,941	44,106	91,369	172,111
Other current asset	13	3,025	3,893	10,939	25,025
Cash and cash equivalents	14	13,338	5,013	13,661	35,542
		38,661	60,797	135,376	243,684
Total assets		79,196	115,138	198,115	315,302
Current liabilities					
Trade and other payables	15	30,767	21,488	34,236	26,421
Borrowings	16	5,900	10,600	10,891	42,932
Dividend payables	17	-	32,037	-	-
Corporate income tax payable	7	1,813	4,379	4,687	8,027
Total liabilities		38,480	68,504	49,814	77,380
Net assets		40,716	46,634	148,301	237,922
EQUITY					
Share capital	18	15,112	15,112	15,112	189,268
Merger reserve		-	-	-	(174,156)
Equity component - convertible loan	19	-	-	154	1,467
Statutory reserve	20	3,839	7,556	7,556	7,556
Retained earnings		21,765	23,966	125,479	213,787
Total equity		40,716	46,634	148,301	237,922

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

**APPENDIX F THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP
FOR THE FYE 2006, FYE 2007, FYE 2008 AND FYE 2009 (Cont'd)**

**K-Star Sports Limited
and its subsidiary**

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Consolidated Statement of Changes in Equity

for the financial years ended 31 December 2006, 2007, 2008 and 2009

	Attributable to equity holders of the Company					Total equity RMB'000
	Share capital RMB'000 (Note 18)	Merger reserve RMB'000	Equity component - convertible loan RMB'000 (Note 19)	Statutory reserve RMB'000 (Note 20)	Retained earnings RMB'000	
Balance at 1 January 2006	4,000	-	-	1,988	5,103	11,091
Total comprehensive income for the year	-	-	-	-	18,513	18,513
Capital contribution	11,112	-	-	-	-	11,112
Transfer to statutory reserve	-	-	-	1,851	(1,851)	-
Balance at 31 December 2006	15,112	-	-	3,839	21,765	40,716
Total comprehensive income for the year	-	-	-	-	42,532	42,532
Transfer to statutory reserve	-	-	-	3,717	(3,717)	-
Dividends (note 17)	-	-	-	-	(36,614)	(36,614)
Balance at 31 December 2007	15,112	-	-	7,556	23,966	46,634
Total comprehensive income for the year	-	-	-	-	77,239	77,239
Equity component of convertible loan	-	-	154	-	-	154
Dividends (note 17)	-	-	-	-	(62,103)	(62,103)
Dividends waived (note 17)	-	-	-	-	86,377	86,377
Balance at 31 December 2008	15,112	-	154	7,556	125,479	148,301
Total comprehensive income for the year	-	-	-	-	88,308	88,309
Share capital contribution	189,268	-	-	-	-	189,268
Equity component of convertible loan	-	-	1,313	-	-	1,313
Adjustment arising from Restructuring						
Exercise (Note 2)	(15,112)	(174,156)	-	-	-	(189,268)
Balance at 31 December 2009	189,268	(174,156)	1,467	7,556	213,787	237,922

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

**APPENDIX F THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP
FOR THE FYE 2006, FYE 2007, FYE 2008 AND FYE 2009 (Cont'd)**

**K-Star Sports Limited
and its subsidiary**

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Consolidated Statement of Cash Flows for the financial years ended 31 December 2006, 2007, 2008 and 2009

		Year ended 31 December			
		2006	2007	2008	2009
	Note	RMB'000	RMB'000	RMB'000	RMB'000
Cash Flows from Operating Activities					
Profit before taxation		24,237	57,902	102,488	118,830
Adjustments for:					
Interest income		(41)	(230)	(57)	(73)
Interest expense		454	969	843	565
Depreciation of property, plant and equipment	9	1,930	2,249	2,497	2,918
Property, plant and equipment written off		-	-	33	-
Gain on disposal of property, plant and equipment		-	-	-	(36)
Amortisation of land use rights	10	194	197	197	197
Operating profit before working capital changes		26,774	61,087	106,001	122,401
Decrease/(increase) in inventories		1,251	(2,428)	(11,622)	8,401
Increase in trade and other receivables		(10,006)	(27,165)	(47,263)	(73,542)
Increase in other current assets		(3,025)	(868)	(7,046)	(14,086)
(Decrease)/increase in trade and other payables		(8,065)	(9,279)	12,748	(7,815)
Cash generated from operations		6,929	21,347	52,818	35,359
Interest received		41	230	57	73
Interest paid		(454)	(969)	(843)	(565)
Income tax paid	7	(4,605)	(12,983)	(24,941)	(27,182)
Tax refund	7	187	179	-	-
Net cash generated from operating activities		2,098	7,804	27,091	7,685
Cash Flows from Investing Activities					
Purchase of property, plant and equipment		(2,646)	(16,252)	(11,125)	(12,038)
Downpayment for purchase of land		-	-	-	(7,200)
Proceed from disposal of property, plant and equipment		-	-	-	80
Acquisition of land use rights		(9,384)	-	-	-
Net cash used in investing activities		(12,030)	(16,252)	(11,125)	(19,158)

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**Consolidated Statement of Cash Flows (cont'd)
for the financial years ended 31 December 2006, 2007, 2008 and
2009**

		Year ended 31 December			
		2006	2007	2008	2009
Note		RMB'000	RMB'000	RMB'000	RMB'000
Cash Flows from Financing Activities					
Proceeds from bank borrowings		9,800	10,600	8,000	19,300
Repayment of bank borrowings		(3,900)	(5,900)	(10,600)	(12,000)
Proceed from convertible loan		-	-	3,045	26,054
Proceeds from capital contribution		11,112	-	-	-
(Increase)/decrease of fixed deposit pledged		(2,910)	6,220	(830)	2,320
Dividends paid		-	(4,577)	(7,763)	-
Net cash generated from/(used in) financing activities		14,102	6,343	(8,148)	35,674
Net increase/(decrease) in cash and cash equivalents		4,170	(2,105)	7,818	24,201
Cash and cash equivalents at beginning of financial year		558	4,728	2,623	10,441
Cash and cash equivalents at end of financial year	14	4,728	2,623	10,441	34,642

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

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Notes to the Consolidated Financial Statements for the financial years ended 31 December 2006, 2007, 2008 and 2009

1 THE COMPANY

The Company was incorporated in Singapore under the Singapore Companies Act on 3 November 2008 as a private limited company under the name of K-Star Sports Pte Ltd. On 14 September 2009, the Company was converted to a public limited company and renamed K-Star Sports Limited.

The Company has two registered offices. The registered offices of the Company are located in 8 Cross Street, #11-00 PWC Building, Singapore 048424 and Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia. The principal place of business of the Company is located at Jiangtou Industrial Area, Jinjiang City, Fujian Province, the People's Republic of China (the "PRC"). The Company does not have a place of business in Singapore or Malaysia at the date of this report.

The principal activity of the Company is that of an investment holding and the principal activity of the Company's subsidiary, Fujian Jinjiang Dixin Shoes Plastics Co., Ltd ("Fujian Dixin" or the "subsidiary"), is the manufacture of footwear products (excluding plastic slippers).

As at the date of this report, 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 and streamline the business operations and corporate structure for an initial public offering (the "Reorganisation"). The details of the Group's corporate restructuring exercise are as follows:

(a) Incorporation of the Company

On 3 November 2008, the Company was incorporated in Singapore with an initial issued and paid-up share capital of SGD1 comprising 1 ordinary share held by K-Star Sports International Limited.

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2 THE REORGANISATION AND BASIS OF PRESENTATION (CONT'D)

(b) Sale of the 100% equity interest in Fujian Dixing to the Company

On 9 September 2009, Wing Sun Trading (H.K.) Holdings, who was the sole shareholder of Fujian Dixing, entered into a restructuring agreement with the Company and K-Star Sports International Limited, wherein the Company acquired Fujian Dixing for an aggregate consideration of SGD39,670,573 based on the net tangible assets of Fujian Dixing as at 30 June 2009 and at an exchange rate of RMB1:SGD0.2096. The transfer consideration was satisfied by the issuance and allotment of 60,158,999 new ordinary shares in the Company to a nominee of Wing Sun Trading (H.K.) Holdings, K-Star Sports International Limited.

As part of the Reorganisation, the acquisition of the subsidiary by the Company created a new legal parent. However the Consolidated Financial Statements are prepared as a continuation of the combined entities of the Group. 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 shareholder 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 shareholder 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 financial statements for the years ended 31 December 2006, 2007 and 2008 have been prepared on the basis of merger accounting and comprise the financial statements of the subsidiary which was under common control of the ultimate shareholder and directors that existed prior to the Reorganisation during the Relevant Periods.

The Consolidated Financial Statements of the Group for the year ended 31 December 2009 are presented as if the Group has been in existence throughout the reported financial period notwithstanding the fact that the last financial period of the Group is less than 12 months from the date of completion of the acquisition of the subsidiary as in substance, the combined entities continue to trade as before but with a new legal parent.

The Consolidated Financial Statements have been prepared based on the audited financial statements for the financial years ended 31 December 2006, 2007, 2008 and 2009. The management of the respective entities of the Group are responsible for preparing these audited financial statements for the financial years ended 31 December 2006, 2007, 2008 and 2009. The Consolidated Financial Statements for the financial years ended 31 December 2006, 2007, 2008 and 2009 are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiary.

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**Notes to the consolidated financial statements
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3 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") including related interpretations, and have been consistently applied throughout the financial years ended 31 December 2006, 2007, 2008 and 2009.

Basis of preparation of Consolidated Financial Statements

The Group has early adopted IFRS and interpretations which are effective for accounting periods after 1 January 2006 for the preparation of these Consolidated Financial Statements of the Group since 1 January 2006. IFRS 1, First-time Adoption of Financial Reporting Standards, has been applied in preparing these Consolidated Financial Statements. These Consolidated Financial Statements are the first set of financial statements prepared in accordance with IFRS by the Group.

The Consolidated Financial Statements have been prepared under the historical cost convention. The measurement bases are fully described in the accounting policies set out below and have been applied consistently to all periods presented in these Consolidated Financial Statements and in preparing an opening IFRS balance sheet as at 1 January 2006 for the purpose of the first set of IFRS financial statements. The accounting policies have been applied consistently by the Group.

On 1 January 2009, the Group adopted the new or amended IFRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective accounting standards. The following are the relevant accounting standards adopted by the Group:

- IAS 1 (Revised 2008) affects the presentation of owner changes in equity and introduces a 'Statement of comprehensive income'. This standard has been applied retrospectively. The adoption of the standard does not affect the financial position or profits of the Group but gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged, however some items that were reported directly in equity are now reported in other comprehensive income.
- IAS 23 (Revised) (Borrowing Costs) requires the capitalization of interest on borrowings made to acquire, construct or produce a qualifying asset. The amendments are to be applied for annual periods beginning on or after 1 January 2009.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of preparation of Consolidated Financial Statements (cont'd)

- Amendments to IAS 27 Consolidated and Separate Financial Statements and Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" dealt with the measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting International Financial Reporting Standards (IFRSs) for the first time. The amendments to IAS 27 and IFRS 1 are effective for annual periods beginning on or after 1 January 2009. The adoption of the amendments did not result in a material impact on the Group's financial statements.
- The Group also adopted IFRS 8 Operating Segments, which replaces IAS 14 Segment Reporting. The standard was applied retrospectively. The adoption of this standard has not affected the identified operating segments for the Group. However, the accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In contrast, IAS 14 required the Group to identify two sets of segments (business and geographical) based on risks and rewards of the operating segments. The adoption of the accounting standard did not result in any material changes to the operating segments disclosed.
- The IASB published Amendments to IFRS 7 (Financial Instruments: Disclosures) Improving Disclosures about Financial Instruments. These amendments to IFRS 7 require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurement by level of a fair value measurement hierarchy. These amendments are to be applied for annual periods beginning on or after 1 January 2009. The adoption of the amendment resulted in additional disclosures but did not have an impact on the accounting policies and measurement bases adopted by the Group.
- In May 2008 the IASB published amendments – mainly of a terminological or editorial nature – to a number of International Financial Reporting Standards as part of its "Annual Improvements" project. The amendments are to be applied for the first time for annual periods beginning on or after 1 January 2009. The adoption of these amendments did not result in any material changes to the way the operating segments are disclosed.

At the date of preparation of the Consolidated Financial Statements, certain new or revised accounting standards were issued and effective for financial period beginning after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting these accounting standards that are relevant to the Group is set out below:

- IFRIC 17 (Distributions of Non-cash Assets to Owners) defines when an obligation to distribute a non-cash dividend is to be recognized and specifies that it must be measured at fair value and that the difference between the dividends paid and the carrying amount of the net assets distributed must be recognized in profit or loss at the distribution date. The Group will apply IFRIC 17 from 1 January 2010 but it is not expected to result in any material impact to the financial statements.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of preparation of Consolidated Financial Statements (cont'd)

- IFRS 3 (Revised 2009) requires non-controlling interest to be measured either at fair value (i.e. including goodwill) or at the proportionate share of the identifiable net assets of the entity. In the case of a step acquisition, the acquirer must remeasure its previously held interest at fair value on the date on which it gains control of the acquiree and recognize the resulting gain or loss in income. The difference between the (remeasured) carrying amount of the interest in the subsidiary and the acquirer's remeasured proportionate share of the net assets of the subsidiary must be recognized as goodwill. Liabilities recognized as of the acquisition date for the purpose of future purchase price adjustments in light of future events can no longer be offset against goodwill in subsequent periods. Ancillary acquisition costs must be recognized in income. The Group will apply IFRS 3 (Revised 2009) prospectively to all business combinations from 1 January 2010.
- IAS 27 (Revised 2009) requires reduction in the equity interest held in a subsidiary that does not result in a loss of control by the parent to be accounted for as an equity transaction. If a reduction in the equity interest held in a subsidiary involves a loss of control, the assets and liabilities of the subsidiary must be derecognized in their entirety. The remaining interest in the company is to be recognized at fair value. The difference between the remaining carrying amounts and the fair values must be recognized in income. Non-controlling interests that become negative due to incurred losses must be recognized at their net negative amounts. The Group will apply IAS 27 (Revised 2009) prospectively to transactions with minority interests from 1 January 2010.

The directors are in the process of assessing the impact of other IFRS upon initial application. So far, the directors have preliminary concluded that the initial application of these IFRS are unlikely to have a significant impact on the Group's results and financial position.

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. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates and assumptions. 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:

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Key sources of estimation uncertainty

Income taxes

The Group has exposure to income tax arising from their operations 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 expense and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 December 2006, 2007, 2008 and 2009 amounted to RMB1,813,000, RMB4,379,000, RMB4,687,000 and RMB8,027,000 respectively.

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 amount of the Group's property, plant and equipment as at 31 December 2006, 2007, 2008 and 2009 is approximately RMB30,896,000, RMB44,899,000, RMB53,494,000 and RMB62,570,000 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. A 5% difference in the expected useful lives of the property, plant and equipment would not result in a significant change to the Group's net profit for the respective financial years.

Critical judgment 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 judgments which are expected to have a significant effect on the amounts recognised in the Consolidated Financial Statements.

Allowance for bad and doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgments and estimates. Where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debts expenses in the period in which such estimate has been changed.

Allowance for inventory obsolescence

The Group reviews the ageing analysis of inventories at each reporting date, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for sale. The net realisable value for such inventories are estimated based primarily on the latest invoice prices and current market conditions. Possible changes in these estimates could result in revisions to the valuation of inventories.

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**Notes to the consolidated financial statements
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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical judgment made in applying accounting policies (cont'd)

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Consolidation

The Consolidated Financial Statements of the Group include the financial statements of the Company and its subsidiary made up to the end of the financial year. Information on its subsidiary is given in Note 27.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the Consolidated Financial Statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the profit or loss from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date 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 their fair values at the acquisition date, irrespective of the extent of any minority interest.

Where accounting policies of a subsidiary do not conform with those of the Company, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

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 described in Note 2 to the Consolidated 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 Consolidated 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 Consolidated 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.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Common control business combination (cont'd)

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 Consolidated 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. Any difference between the paid-up capital of the Company and the amount of share capital acquired is adjusted against equity. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the Consolidated Financial Statements of the Group.

Subsidiary

Subsidiary is an entity 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 there is control.

Shares in a subsidiary are stated at cost less allowance for impairment losses, if any, on an individual subsidiary basis. The purchase method of accounting is used to account for the acquisition of subsidiary. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of minority interest.

For acquisition of subsidiary 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.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation (cont'd)

Buildings	20 years
Plant and machinery	10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 -10 years
Renovation	5 years

No depreciation is provided on construction-in-progress.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

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

Land use rights

Land use rights are recognised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss, using the straight-line method, so as to write off the cost of land use rights, over the lease term of the land of 50 years.

The amortisation period and amortisation methods for land use rights are reviewed and adjusted as appropriate at each statement of financial position date.

Land use rights represent up-front payments to acquire long-term interests in the usage of land.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Individual assets or cash-generating units that include other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro rata to the assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

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**Notes to the consolidated financial statements
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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, 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 profit or loss is not revocable.

All financial assets are recognised on their trade date - the date on which the Group commit to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each financial position date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

Other than loans and receivables, the Group does not have other categories of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the financial position date. These are classified as non-current assets.

Loans and receivables include trade and other receivables. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or writeback is recognised in the income statement.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and dividend payable.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance cost" in the income statement. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at the 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 taken to the income statement over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the balance sheet are included in current borrowings in the balance sheet even though the original terms was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the financial position date. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than 12 months after the financial position date are included in non-current borrowings in the balance sheet.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

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

When convertible loans are issued at fair value, the fair value of the liability portion is determined using a market interest rate for an equivalent non-convertible loan; this amount is recorded as a non-current liability on an amortised cost basis until extinguished on conversion or maturity of the loan. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity. The carrying amount of the conversion option is not changed in subsequent periods.

When a conversion option is exercised, the carrying amount of the conversion option will be taken to share capital. When the conversion option is allowed to lapse, the carrying amount of the conversion option will be taken to retained profits.

Dividend distributions to shareholders are included in current financial liabilities when the dividends are payable.

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained profit, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Provisions

Provisions are recognised when the Company and the Group have 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 the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The provision is based on the best estimate of the direct expenditures to be incurred which are both necessarily entailed by the restructuring and not associated with the on-going activities of the Group.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Provisions (cont'd)

The directors review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of the time is recognised as finance costs.

Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue excludes goods and services taxes and is arrived at after deduction of trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of buildings. This includes those costs on borrowings acquired specifically for the construction of buildings, as well as those in relations to general borrowings used to finance the construction of buildings.

Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction expenditures that are financed by general borrowings.

Employee benefits - 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 subsidiary located in the PRC is 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 subsidiary located in the PRC. 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 profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Income tax

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the financial position date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- i. at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the date of the financial position; and
- ii. based on the tax consequence that will follow from the manner in which the Group expects, at the date of the financial position, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Value-added tax ("VAT")

The Group's sale of goods in the PRC are subject to VAT at the applicable tax rate of 17% for the PRC domestic sales. Input VAT on purchases can be deducted from output VAT. The net amount of VAT recoverable from, or payable to, the tax authority is included as part of "other receivables" or "other payables" in the consolidated statements of financial position.

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

- (i) where the VAT incurred on a purchase of assets or services is not recoverable from the tax 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
- (ii) receivables and payables that are stated with the amount of VAT included.

Functional currencies

Functional and presentation currency

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

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the financial position date are recognised in the income statement, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the Consolidated Financial Statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have functional currencies different from the presentation currency are translated into the presentation currency as follows:

- (1) Assets and liabilities are translated at the closing exchange rates at the reporting dates;
- (2) Income and expenses are translated at average exchange rates (unless the 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 using the exchange rates at the dates of the transactions); and
- (3) All resulting currency translation differences are recognised in the currency translation reserve in equity.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities

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 or products which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Operating leases

Rentals on operating leases are charged to income statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income statement when incurred.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management who is responsible for allocating resources and assessing performance of the operating segments.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

Retained earnings include all current and prior period results as determined in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank deposits pledged.

4 REVENUE AND OTHER INCOME

The Group's revenue and other income are as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Revenue</u>				
Sale of goods	156,729	300,519	501,069	571,063
<u>Other income</u>				
Gain on disposal of property, plant and equipment	-	-	-	36
Interest income	41	230	57	73
Others	-	-	-	3
	41	230	57	112

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5 FINANCE COSTS

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expense on bank borrowings	454	969	843	565

6 PROFIT BEFORE TAXATION

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
The Group's profit before taxation is arrived at after charging/(crediting):				
Cost of inventories recognised as expenses	97,241	190,622	308,011	359,837
Depreciation of property, plant and equipment charged in:				
- Cost of goods sold	1,360	1,449	1,695	1,726
- Administrative expenses	570	800	802	1,192
Amortisation of land use rights	194	197	197	197
Property, plant and equipment written off	-	-	33	-
Gain on disposal of property, plant and equipment	-	-	-	(36)
Directors' remuneration				
- salaries and related cost	216	140	437	1,101
- retirement scheme contribution	15	10	16	52
Key management personnel (other than directors):				
- salaries and related cost	72	232	281	440
- retirement scheme contribution	10	15	15	14
Other than directors and key management personnel:				
- salaries and related cost	18,309	27,228	29,116	29,916
- retirement scheme contribution	79	94	100	998
Product launching and related expenses	1,700	1,850	1,929	2,019
Advertisement expenses	2,258	6,632	11,972	5,690
Research and development expenses	-	-	113	95
Operating lease expense	-	-	250	493

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7 INCOME TAX EXPENSE

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax on profit arising from operations in the PRC	5,911	15,549	25,249	30,522
Overprovision in prior financial years	(187)	(179)	-	-
	5,724	15,370	25,249	30,522

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 at the reporting dates.

Reconciliation between tax expense and profit before taxation at the PRC's statutory tax rates is as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Profit before taxation	24,237	57,902	102,488	118,830
Tax calculated at the tax rate of 25% (2008 - 25%, 2006 and 2007 - 27%)	6,544	15,633	25,622	29,708
Expenses not deductible for tax purposes	-	-	192	814
Income not subject to tax	(633)	(84)	(565)	-
	5,911	15,549	25,249	30,522

No provision for Singapore income tax has been made as the Group had no assessable profit arising from or derived in Singapore during the Relevant Periods.

The Group is subject to the PRC income tax on profit arising or derived from the tax jurisdiction in which a subsidiary of the Group, Fujian Jinjiang Dixing Shoes Plastics Co., Ltd. (the "subsidiary"), operates and is domiciled. The provision for the PRC income tax on profits arising from operations in the PRC is calculated based on statutory income tax rate of 27% in accordance with the PRC relevant income tax rules and regulations for the relevant financial periods, which included a reduced rate of 24% state income tax and 3% local income tax. Pursuant to a new Enterprise Income Tax Law of the PRC which was promulgated on 16 March 2007 and went into effect on 1 January 2008, the income tax for both domestic and foreign-invested enterprise will be unified and reduced to 25%.

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7 INCOME TAX EXPENSE (CONT'D)

Movement in income tax payable is as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of financial year	507	1,813	4,379	4,687
Current year tax expenses on profit	5,724	15,370	25,249	30,522
Income tax paid	(4,605)	(12,983)	(24,941)	(27,182)
Income tax refund	187	179	-	-
End of financial year	1,813	4,379	4,687	8,027

8 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the pre-invitation number of ordinary shares before adjusting for the effects of the conversion of the convertible loan (Note 19). The Company's pre-invitation share capitals of 60,159,000 ordinary shares were assumed to be in issue throughout the respective financial years presented.

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit attributable to equity holders of the Company (RMB'000)	18,513	42,532	77,239	88,308
Pre-invitation number of ordinary shares ('000)	60,159	60,159	60,159	60,159
Basic earnings per share (RMB cents)	30.77	70.70	128.39	146.79

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8 EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and the pre-invitation number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares shall be deemed to have been converted into ordinary shares at the beginning of the financial period or, if later, the date of the issue of the potential ordinary shares.

	Year ended 31 December			
	2006 RMB'000	2007 RMB'000	2008 RMB'000	2009 RMB'000
Net profit attributable to equity holders of the Company (RMB'000)	18,513	42,532	77,239	88,308
Pre-invitation number of ordinary shares ('000)	60,159	60,159	60,159	60,159
Effect of dilutive potential ordinary shares:				
- Adjustments for assumed conversion of convertible loan ('000)	-	-	320	6,660
	60,159	60,159	60,479	66,819
Diluted earnings per share (RMB cents)	30.77	70.70	127.71	132.16

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9 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Renovation RMB'000	Construction -in-progress RMB'000	Total RMB'000
Cost							
At 1 January 2006	25,532	5,808	239	1,780	-	-	33,359
Additions	-	2,646	-	-	-	-	2,646
At 31 December 2006	25,532	8,454	239	1,780	-	-	36,005
Additions	5,973	-	9	270	-	10,000	16,252
At 31 December 2007	31,505	8,454	248	2,050	-	10,000	52,257
Additions	121	294	291	6	580	9,833	11,125
Written off	-	(59)	-	-	-	-	(59)
At 31 December 2008	31,626	8,689	539	2,056	580	19,833	63,323
Additions	-	49	136	2,259	254	9,340	12,038
Disposal	-	(18)	-	(305)	-	-	(323)
Transfer	25,333	-	-	-	-	(25,333)	-
At 31 December 2009	56,959	8,720	675	4,010	834	3,840	75,038
Accumulated depreciation							
At 1 January 2006	1,986	667	109	417	-	-	3,179
Depreciation charge	1,149	523	43	215	-	-	1,930
At 31 December 2006	3,135	1,190	152	632	-	-	5,109
Depreciation charge	1,194	761	43	251	-	-	2,249
At 31 December 2007	4,329	1,951	195	883	-	-	7,358
Depreciation charge	1,435	766	46	163	87	-	2,497
Written off	-	(26)	-	-	-	-	(26)
At 31 December 2008	5,764	2,691	241	1,046	87	-	9,829
Depreciation charge	1,638	784	58	344	94	-	2,918
Disposal	-	(4)	-	(275)	-	-	(279)
At 31 December 2009	7,402	3,471	299	1,115	181	-	12,468
Net book value							
At 31 December 2006	22,397	7,264	87	1,148	-	-	30,896
At 31 December 2007	27,176	6,503	53	1,167	-	10,000	44,899
At 31 December 2008	25,862	5,998	298	1,010	493	19,833	53,494
At 31 December 2009	49,557	5,249	376	2,895	653	3,840	62,570

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9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All property, plant and equipment held by the Group are located in the PRC.
- (b) Construction-in-progress is transferred to "Buildings" when completed.
- (c) Bank borrowings are secured on a building of the Group with carrying amount of approximately RMB2,972,000, RMB2,778,000, RMB2,583,000 and RMB2,389,000 at the respective reporting dates (Note 16).
- (d) Motor vehicles with carrying amount of approximately RMB1,058,000, RMB1,128,000, RMB970,000 and RMB2,663,000 were held in trust by employees of the Company at the respective reporting dates.

10 LAND USE RIGHTS

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of the financial year				
Cost	450	9,834	9,834	9,834
Accumulated amortisation	(1)	(195)	(392)	(589)
Net book amount	449	9,639	9,442	9,245
For the financial year				
Opening net book amount	449	9,639	9,442	9,245
Additions	9,384	-	-	-
Amortisation	(194)	(197)	(197)	(197)
Closing net book amount	9,639	9,442	9,245	9,048
End of the financial year				
Cost	9,834	9,834	9,834	9,834
Accumulated amortisation	(195)	(392)	(589)	(786)
Net book amount	9,639	9,442	9,245	9,048

Land use rights are rights acquired for the land located in Jiangtou Village, Chendai Town, Jinjiang City, Fujian Province, the PRC.

Bank borrowings are secured on land use rights of the Group with carrying amounts of approximately RMB3,192,000 and RMB3,124,000 as at 31 December 2008 and 2009 respectively (Note 16).

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11 INVENTORIES

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	52	207	1,947	291
Work-in-progress	3,511	7,578	3,465	2,302
Finished goods	1,794	-	13,995	8,413
	5,357	7,785	19,407	11,006

12 TRADE AND OTHER RECEIVABLES

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	16,300	44,052	85,196	164,858
Advances to suppliers	-	-	3,968	-
Other receivables	641	54	2,205	7,253
	16,941	44,106	91,369	172,111

Trade receivables are non-interest bearing and have credit terms of between 60 to 90 days.

Advances to suppliers are downpayment for purchase of goods from suppliers. Advances to suppliers are unsecured and non-interest bearing.

Included in other receivables was an amount due from a shareholder amounting to approximately RMB2,120,000 as at 31 December 2008. Amount due from a shareholder was unsecured, interest-free and was repaid on 15 September 2009.

Other receivables as at 31 December 2009 included a downpayment for the purchase of land amounting to RMB7,200,000.

Trade receivables and other receivables are denominated mainly in Renminbi.

13 OTHER CURRENT ASSET

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	3,025	3,893	10,939	25,025

The prepayments consist of prepaid operating lease and other miscellaneous expenses.

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14 CASH AND CASH EQUIVALENTS

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	622	373	434	364
Cash at bank	4,106	2,250	10,007	34,278
Bank deposits	8,610	2,390	3,220	900
	13,338	5,013	13,661	35,542

The cash at bank bears effective interest rate of 0.72%, 0.72%, 0.81% and 0.36% per annum at the respective reporting dates.

Bank deposits have an average maturity of six months and bears effective interest rate of 2.25%, 3.25%, 3.05% and 0.36% per annum at the respective reporting dates. The bank deposits are pledged to secure partially the bills payables issued (Note 15).

Included in cash and cash equivalents are currency denominated in Renminbi amounting to approximately RMB13,338,000, RMB5,013,000, RMB13,661,000 and RMB15,017,000 at the respective reporting dates, which are not freely remissible for use by the Group because of currency exchange restrictions.

For the purpose of presenting the consolidated statements of cash flows, the cash and cash equivalents comprise the following:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances (as above)	13,338	5,013	13,661	35,542
Less: Bank deposits pledged	(8,610)	(2,390)	(3,220)	(900)
Cash and cash equivalents per consolidated statements of cash flows	4,728	2,623	10,441	34,642

Cash and cash equivalents are denominated in the following currencies:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Malaysia Ringgit	-	-	-	42
United State Dollar	-	-	-	20,483
Renminbi	13,338	5,013	13,661	15,017
	13,338	5,013	13,661	35,542

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15 TRADE AND OTHER PAYABLES

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	4,293	5,228	19,515	18,076
Bills payables	17,110	6,300	7,950	3,000
Other payables	7,409	7,684	363	2,503
Accrued operating expenses	1,955	2,276	6,408	2,842
	30,767	21,488	34,236	26,421

Trade payables generally have credit terms ranging from 30 days to 90 days and are expected to be repaid within 12 months from the reporting dates.

Bills payables are bills of exchange. Bills payables are secured by the Group's bank deposits (Note 14), interest-free and matured within 6 months from the reporting dates.

Included in other payables are advances from a director amounting to approximately RMB7,409,000 and RMB7,612,000 as at 31 December 2006 and 2007 respectively. Advances from a director are unsecured, interest-free and subsequently repaid after the reporting date.

The carrying amounts of trade and other payables at the reporting dates approximate their fair value due to the short duration of maturity.

Trade and other payables are denominated mainly in Renminbi.

16 BORROWINGS

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings (secured)	5,900	10,600	8,000	15,300
Convertible loan (Note 19)	-	-	2,891	27,632
	5,900	10,600	10,891	42,932

Bank borrowings are secured by a first mortgage over the land use right (Note 10) and building (Note 9(c)) of the Group and jointly guaranteed by a director of the Company and a third party corporation.

The bank borrowings are repayable within one year and bears effective interest rate of 6.73%, 7.04%, 8.13% and 6.29% per annum at the respective reporting dates.

Bank borrowings are denominated in Renminbi.

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17 DIVIDEND PAYABLES

Dividends for the applicable financial years represent dividends declared to the equity holders of the Group. The rates of dividends and number of shares ranking for dividends are not presented as such information are not meaningful.

In accordance with a deed of waiver dated 16 June 2008, the rights and entitlement to payment of the final dividend of RMB32,037,000 and RMB54,340,000 declared by the Group in respect of financial year ended 31 December 2007 and 2008 respectively, was irrevocably waived by a shareholder.

18 SHARE CAPITAL

The share capital as at 31 December 2006 and 2007 represents the registered capital of the subsidiary. The share capital as at 31 December 2008 represents the aggregate issued share capital of the Company and its subsidiary.

As at the date of incorporation, the Company's share capital comprises fully paid-up 1 ordinary shares amounting to a total of SGD1 (equivalent to approximately RMB5).

The share capital was subsequently increased to 60,159,000 ordinary shares by the issuance of additional 60,158,999 ordinary shares for an aggregate consideration of SGD39,670,573 based on the net tangible assets of Fujian Dixing as at 30 June 2009 and at an exchange rate of RMB1 : SGD0.2096 pursuant to the Reorganisation (Note 2). The share capital balances as at 31 December 2009 represent the issued share capital of the Company.

On 10 March 2010, the share capital was further increased to 73,479,000 ordinary shares by the allotment of additional 13,320,000 ordinary shares for an aggregate consideration of SGD6,104,579 (equivalent to approximately RMB29,728,000) when the convertible loans (Note 19) were converted into ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares will rank pari passu with respects to the Company's residual assets.

19 CONVERTIBLE LOAN

The subsidiary entered into an investment agreement (the "Agreement I") with Fortune United Investment Limited and Mr. Ng Der Sian (collectively, the "Investors I") on 26 October 2008.

Pursuant to the Agreement I, the Investors I granted an unsecured loan of SGD1,500,000 (equivalent to approximately RMB7,039,000) to the subsidiary. Agreement I was subsequently assumed by the Company in accordance with the terms of the investment agreement dated 26 October 2008 and supplementary investment agreement dated 30 August 2009. In consideration of the loan from the Investors I, the Company will issue such number of shares to the Investors I based on the principal amount of the loan upon the successful listing of the Company before 30 June 2009 subject to the terms and conditions of the Agreement I.

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19 CONVERTIBLE LOAN (CONT'D)

In the event that the Company is not successfully listed on the Singapore Exchange before 30 June 2009, the Company shall repay the Investors I the principal amount and interests calculated based on an annual rate of 5% from the date of disbursement.

In the event that the Company elects to abort the listing exercise or if the proposed listing exercise fails due to reasons not attributable to the Company, the Investors I may either (i) convert the loan into equity of the Company at a value equivalent to the principal amount or (ii) require the Company to repay the principal amount plus interest of 5% per annum and a compensation calculated based on 50% of the principal amount.

Pursuant to the supplementary investment agreement between the Company and the Investors I dated 30 August 2009, the period for the successful listing of the Company is subsequently amended from 30 June 2009 to 30 June 2010 and the proposed listing exercise to be carried out in the Singapore Exchange is subsequently amended to the Main Market of Bursa Malaysia Securities Berhad.

The Company entered into separate convertible loan agreements (the "Agreement II") with Skylitech Resources Sdn Bhd, Golden Eagle Resources Sdn Bhd (now known as A1 Capital Sdn Bhd) and Mr. Ng Chin Nam on 18 September 2009.

Pursuant to the Agreement II, Skylitech Resources Sdn Bhd, Golden Eagle Resources Sdn Bhd (now known as A1 Capital Sdn Bhd) and Mr. Ng Chin Nam (collectively, the "Investors II") granted an unsecured loan of RM4,950,000, RM4,950,000 and RM1,100,000 respectively, amounting to a total of RM11,000,000 (equivalent to approximately RMB21,739,000) to the Company. In consideration of the loan from the Investors II, the Company will allot and issue such number of shares to the Investors II based on the principal amount of the loan upon the successful listing of the Company before 30 June 2010 subject to the terms and conditions of the Agreement II.

In the event that the Company is not successfully listed on the Main Market of Bursa Malaysia Securities Berhad before 30 June 2010, the Investors II is entitled to require the Company to repay the principal amount.

In the event that the Company elects to abort the listing exercise, the Investors II may either (i) continued to hold the shares allotted and issued to them or (ii) require the Company to repay the principal amount.

In the event that the proposed listing exercise fails due to reasons not attributable to the Company, the Company shall repay the principal amount to the Investors II.

The fair value of the liability component is calculated using a market interest rate of 5.31% for an equivalent non-convertible loan at the date of issue. The residual amount representing the value of the equity component of the convertible loan is included in equity. As at 31 December 2009, the Company has undrawn loan amount of Nil (2008 - RMB 3,994,000).

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19 CONVERTIBLE LOAN (CONT'D)

The carrying amount of the liability component of the convertible loan at the reporting dates is derived as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Principal amounts	-	-	3,045	29,099
Equity component - convertible loan	-	-	(154)	(1,467)
Liability component at end of financial year	-	-	2,891	27,632

On 10 March 2010, Investor I and Investor II executed the conversion rights and 13,320,000 ordinary shares were allotted and issued to Fortune United Investment Limited, Mr. Ng Der Sian, Skylitech Resources Sdn Bhd, Golden Eagle Resources Sdn Bhd (now known as A1 Capital Sdn Bhd) and Mr. Ng Chin Nam comprising 3,552,000, 888,000, 4,400,000, 4,400,000 and 80,000 ordinary shares respectively.

20 STATUTORY RESERVE

In accordance with the relevant laws and regulations of the PRC, the subsidiary of the Group established in the PRC are required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the subsidiary subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage.

21 COMMITMENTS

(a) Operating lease commitments

The Group leases office premises and billboard space from non-related parties under operating lease agreement. The future minimum lease payables under operating lease contracted for at the reporting dates but not recognised as liabilities are as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Not later than one year	-	-	300	822
Between one and five years	-	-	50	1,351
	-	-	350	2,173

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21 COMMITMENTS (CONT'D)

(b) Capital commitments

Capital expenditure contracted for at the reporting dates but not recognised in the Consolidated Financial Statements are as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment				
- Buildings	-	10,951	5,520	-

22 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk, credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Group's financial performance.

The board of directors provides guidance for overall risk management as well as policies covering specific areas. Management analyses and formulates measures to manage the Group's exposure to financial risk in accordance with the objectives and underlying principles approved by the board of directors. Generally, the Group employs a conservative strategy regarding its risk management. As the Group's exposures to market risk and financial risk are kept at a minimum level, the Group has not used any derivatives or other financial instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

(i) Market risk - 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 has currency exposures arising from balances that are denominated in a currency other than the functional currency, primarily Singapore Dollar ("SGD"), United States Dollar ("USD") and Malaysia Ringgit ("RM").

The Group has no significant currency exposure for the financial year ended 31 December 2006 and 2007.

The Group's currency exposure for the financial year ended 31 December 2008 arises from the convertible loan which was denominated in SGD and amounted to RMB 3,045,000.

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22 FINANCIAL RISK MANAGEMENT (CONT'D)

(i) Market risk - currency risk (cont'd)

The Group's currency exposure for the financial year ended 31 December 2009 arises from the convertible loans and bank balances which are denominated in SGD, USD and RM. The currency exposures of the net financial liabilities denominated in SGD and RM are RMB7,185,000 and RMB21,873,000 respectively; and the currency exposure of the net financial assets denominated in USD is RMB 20,483,000.

Sensitivity analysis for currency risk

If SGD, USD and RM change against the Renminbi by 10% (FY2008 - 10%) with other variables being held constant, the effects to the Group's net profit arising from the net financial liability/ asset position will be as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group and Company</u>				
SGD against RMB				
- Strengthened	-	-	305	841
- Weakened	-	-	(304)	(619)
USD against RMB				
- Strengthened	-	-	-	(2,042)
- Weakened	-	-	-	2,053
RM against RMB				
- Strengthened	-	-	-	2,209
- Weakened	-	-	-	(2,170)

(ii) Market risk -interest rate risk

The Group is exposed to interest rate risk primarily from its interest-bearing borrowings. The Group ensures that it is not exposed to significant fluctuation in future cash flows arising from changes in market interest rates by maintaining its borrowings largely in fixed-rate instruments.

The Group has no significant interest-bearing assets except deposits with financial institution. The Group monitors the interest rates and ensures favourable rates are obtained from the deposits with financial institution.

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22 FINANCIAL RISK MANAGEMENT (CONT'D)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations. Credit risk of the Group arises primarily from the Group's trade receivables.

The Group's exposure to credit risks is restricted by credit limits that are approved by the general manager. The Group typically allows the existing customer credit terms of up to 3 months. 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 performs on-going credit evaluation of its customers' financial position. The concentration of credit risk from the Group's trade receivables is 60% (comprising 5 customers), 47% (comprising 5 customers), 35% (comprising 5 customers) and 29% (comprising 5 customers) as at 31 December 2006, 2007, 2008 and 2009 respectively.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the consolidated statements of financial position.

The Group's major classes of financial assets are bank deposits, trade and other receivables.

There is no receivable that is past due and /or impaired. No impairment loss was recognised in the profit or loss as most of the receivables were subsequently received.

Bank deposits are mainly deposits with reputable banks. Trade receivables are mainly customers of good credit- standing

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's financial liabilities are expected to mature within 1 year from the reporting dates, except for convertible loans, which are expected to mature within 2 years from the reporting dates. The contractual undiscounted cash flows of the financial liabilities approximate their carrying amounts.

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23 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in the Consolidated Financial Statements, the Group had the following transactions with related parties at agreed terms:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Advances from a director	11,745	5,143	112	26
Repayment of advances from a director	4,981	4,939	7,750	-
Advances from a shareholder	3,830	1,500	9,770	-
Repayment of advances from a shareholder	3,830	1,500	9,770	-
Advances to a shareholder	-	-	2,120	-
Repayment of advances to a shareholder	-	-	-	2,120

24 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to support the Group's stability and growth so as to maximise shareholders' returns and stakeholders' benefits.

To achieve its objectives, the Group ensures an optimal capital structure is maintained. The Group actively and regularly reviews its capital structure by taking into consideration the future capital requirements of the Group, capital efficiency, prevailing and projected profitability, projected operating cash flows, projected expenditures and projected strategic investment opportunities. As part of managing the capital structure, the Group may adjust the amount of dividend payment, obtain new borrowings or sell assets to reduce borrowings.

There were no changes in the Group's approach to capital management during the year.

The Group is not subjected to any externally imposed capital requirements.

25 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group has adopted the Amendments to IFRS 7 (Financial Instruments: disclosure) which requires the disclosure of fair value measurements by different levels as defined below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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25 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

The fair value of the liability component of the convertible loan is estimated by discounting an equivalent non-convertible loan by the market interest rate. This financial liability is classified under Level 3 of the fair value measurement hierarchy. The Group has no other financial instruments with fair value measurements.

The changes in Level 3 instruments for the reporting periods are as follows:

	Year ended 31 December			
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Beginning of financial year	-	-	-	2,891
Convertible loan - liability component	-	-	2,891	24,741
End of financial year	-	-	2,891	27,632

The carrying amounts of the financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

The Group does not anticipate that the carrying amounts recorded at statement of financial position date would be significantly different from the values that would eventually be received or settled.

26 SEGMENT INFORMATION

Company determined the segment information based on internal management reports reviewed by the Management that are used to make strategic decisions. These reports used by Management present the business as a single operation engaged in the manufacture and sale of footwear products (excluding plastic slippers) and in a single geographical area, which is the PRC. Other operation of the Group comprises investment holding which is not included in the reports provided to the Management.

Performance is measured based on profit before income tax, as included in the internal management reports that are reviewed by the Management. The amounts provided to the Management with respect to the total assets and liabilities are measured in a manner consistent with that of the Consolidated Financial Statements.

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27 SUBSIDIARY

Details of the subsidiary are as follows:

<u>Name of Company</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>				<u>Principal activities</u>
		2006	2007	2008	2009	
Fujian Jinjiang Dixin Shoes Plastics Co., Ltd	The People's Republic of China	-	-	-	100%	Manufacture of footwear products (excluding plastic slippers)

28 EVENTS AFTER FINANCIAL POSITION DATE

Other than the events disclosed in Note 18 and Note 19, no other item, transaction or event of a material or unusual nature has arisen in the interval between 31 December 2009 and the date of the report from the independent auditor.

29 AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Group for the financial years ended 31 December 2006, 2007, 2008 and 2009 were approved by the Board of Directors on 19 March 2010.