

APPENDIX B OPINION FROM HAIHUA YONGTAI LAW FIRM ON FOREIGN INVESTMENTS POLICIES, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE PRC LAWS (Cont'd)

such other investigations and inquiries as we have considered necessary or appropriate. Details are provided in the Due Diligence Report dated 10 December 2009.

II. ASSUMPTION AND QUALIFICATION

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

- (a) the genuineness, completeness and correctness of all information stated in the Documents and search result documents, 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 Legal 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 expressly relied upon remain accurate and valid; and
- (f) up to the date of this Legal Opinion, there have been no amendments to the Documents since they were provided to us .

III. CONFIDENTIALITY AND RELIANCE

This Legal 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.

APPENDIX B OPINION FROM HAIHUA YONGTAI LAW FIRM ON FOREIGN INVESTMENTS POLICIES, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE PRC LAWS (Cont'd)

IV. Opinion

Based on and subject to the foregoing, we are of the opinion that:

(A) Ownership of Securities/Assets

Summary of Ownership of Securities/Assets in the PRC

Along with the reform of economic system, the PRC government has always attached great importance to protect foreign investors' ownerships and interests.

Since 1970s the PRC government has promulgated and implemented the Law of the PRC on Sino-foreign Equity Joint Venture Enterprises, the Law of the PRC on Sino-foreign Cooperative Enterprises and Law of the PRC on Wholly Foreign-owned Enterprises and their Implementing Rules. Foreign investment enterprises shall be subject to and under the protection of PRC Laws and regulations. The state shall not nationalize or requisition any foreign investment enterprise. Under special circumstances, when public interest requires, foreign investment enterprises may be requisitioned by legal procedures and appropriate compensation shall be made.

While improving domestic legislations, the PRC government also actively joined a series of international treaties concerning foreign investment protection.

At present, a full-fledged legal system for foreign investment protection that suits the PRC reality and conforms to international rules has taken shape.

Ownership of Securities/Real Properties of Zhenxing Shoes

Zhenxing Shoes is entitled to use the piece of land measuring 626 square meters as set out in **Section 1 of Schedule 1** in accordance with PRC laws and Zhenxing Shoes may, within the term of land use, transfer, lease, or mortgage the land use rights or use it for other economic activities, and the lawful rights and interests shall be protected by the relevant PRC laws.

As at the date of this Legal Opinion, Zhenxing Shoes has submitted an application to the Real Estate and Land Management Bureau of Jinjiang City for the issuance of the land use rights certificate on the piece of land measuring 15,318 square meters as set out in **Section 1 of Schedule 1**. Zhenxing Shoes has also submitted application to the Planning and Construction and Housing Management Bureau of Jinjiang City for the issuance of the property ownership certificates for both pieces of lands set out in **Section 1 of Schedule 1** hereof.

APPENDIX B OPINION FROM HAIHUA YONGTAI LAW FIRM ON FOREIGN INVESTMENTS POLICIES, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE PRC LAWS (Cont'd)

Premised on the confirmation from the Real Estate and Land Management Bureau of Jinjiang City and the Planning and Construction and Housing Management Bureau of Jinjiang City dated 10 May 2010, respectively, we are not aware of any legal restriction which would prevent Zhenxing Shoes from obtaining the relevant land use rights certificate and building ownership certificates and there are no restrictions for Zhenxing Shoes to occupy and use the abovementioned land and buildings for their business operations.

There were no breaches of any property or land use conditions and/or material non compliance with the current statutory requirements, building regulations and environmental requirements.

The Company is the 100% legal shareholder of Zhenxing Shoes.

(B) Enforceability of Agreements, Representations and Undertakings

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

The principle 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 (《中华人民共和国合同法》), the General Principles of the Civil Law of the PRC (《中华人民共和国民法通则》) and their judicial interpretations issued by the Supreme People's Court.

According to the Contract Law of the PRC, the parties shall abide by the laws and administrative regulations, and observe social ethics in concluding and performing a contract. As soon as a contract is established in accordance with the law, it shall be legally binding on the parties. The parties shall perform their respective obligations in accordance with the terms of the contract. Neither party may unilaterally modify or rescind the contract.

Any agreements, representations and undertakings shall be null and void under any of the following circumstances:

- (a) A contract is concluded through the use of fraud or coercion by one party to damage the interests of the State;
- (b) Malicious collusion is conducted to damage the interests of the State, a collective or a third party;
- (c) An illegitimate purpose is concealed under the guise of legitimate acts;
- (d) Damaging the public interests; and

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(e) Violating the compulsory provisions of the laws and administrative regulations.

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

Any agreements, representations and undertakings concluded by one party against the other party's true intentions through the use of fraud, coercion or exploitation of the other party's unfavourable position, the injured party shall have the right to request the People's Court or an arbitration institution to modify or revoke it.

Validity and Enforceability of Material Agreements and Contracts entered into by Zhenxing Shoes

The material agreement and contracts entered into by Zhenxing Shoes, including the Memorandum of Understanding, Termination Agreement and Equity Transfer Agreement which have been set out in **Section 2 of Schedule 1**, are governed by and interpreted in accordance with the PRC laws and regulations. The above-mentioned contracts are legal, valid, binding and enforceable under the PRC laws and regulations.

(C) Permits, Approvals and Licenses for Operation

Zhenxing Shoes has obtained all the relevant government permits, approvals, consents, authorizations and licenses required for its operations as set out in **Section 3 of Schedule 1**, all of which are valid, effective and in subsistence as at the date of this Legal Opinion.

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

Yours faithfully

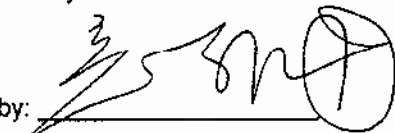
Signed by:

Name: YAN Xuehai (颜学海)

Designation: Chief Partner

For and on behalf of

Haihua Yongtai Law Firm



APPENDIX B OPINION FROM HAIHUA YONGTAI LAW FIRM ON FOREIGN INVESTMENTS POLICIES, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE PRC LAWS (Cont'd)

Schedule 1

List of the Documents

1. Documents In relation to the properties owned by Zhenxing Shoes

1.1 A summary of the land use rights owned by Zhenxing Shoes is as follows :

Land Use Right

Land Certificate Number	Location	Purpose	Area (sq.m)	Restrictions in Interest/ Encumbrances	Expiry Date
晋国用 (2006)第 01688号	Zhushuxia district, Meiling Street, Jinjiang City ⁽¹⁾	Industrial Use	626	Encumbrances: Fujian Jinjiang Rural Cooperative Bank, Meiling Branch to secure the loan facilities provided to Zhenxing Shoes with an amount principal of RMB 2,100,000.	30/03/2056
In the process of obtaining the certificate	Zhushuxia Industrial Zone, Jinjiang City, Fujian Province, PRC ⁽²⁾	Factory and dormitory building	15,318	-	-

Note:

(1) Zhenxing Shoes has obtained the certificate of land use rights for the said land issued by the Real Estate and Land Management Bureau of Jinjiang City on 14 October 2006.

(2) By a letter dated 15 December 2009, the Villagers Committee of Zhushuxia Village, Jinjiang City ("Villagers Committee") confirmed that Zhenxing Shoes has paid the compensation for the use of the said land, and consequently, the Villagers Committee agrees to allow Zhenxing Shoes to apply for the relevant land use rights certificate. The Real Estate and Land Management Bureau of Jinjiang City had vide its letter dated 15 December 2009 confirmed that Zhenxing Shoes had submitted an application for the issuance of the certificate of land use rights for the said land. Further, the Real Estate and Land Management Bureau of Jinjiang City had vide its letter dated 10 May 2010 confirmed that it has accepted and is in the midst of processing the application for issuance of the said land use rights certificate and there are no

APPENDIX B OPINION FROM HAIHUA YONGTAI LAW FIRM ON FOREIGN INVESTMENTS POLICIES, TAXATION, FOREIGN EXCHANGE CONTROL AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES/ASSETS AND ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS UNDER THE PRC LAWS (Cont'd)

legal obstacles for Zhenxing Shoes to complete the procedure for the issuance of the land use rights certificate.

Property Ownership

As at the Latest Practicable Date, Zhenxing Shoes use the following buildings for its production purpose situated on both pieces of land mentioned in section 1.1 hereof:

Location	Total floors	Floor Area (M ²)	Usage
Zhushuxia Industrial Zone ,Meiling Street, Jinjiang City	2	1220.00	warehouse
	5	7500.00	plant
	4	2693.20	plant
	5	1454.80	dormitory
	6	2244.00	dormitory
	9	3184.20	dormitory

Note:

The Planning and Construction and Housing Management Bureau of Jinjiang City had via its letter dated 15 December 2009 confirmed that Zhenxing Shoes had submitted an application for the issuance of property ownership certificates for the 6 blocks of buildings mentioned above. Further, the Planning and Construction and Housing Management Bureau of Jinjiang City had vide its letter dated 10 May 2010 confirmed that it has accepted and is in the midst of processing the application for issuance of the property ownership certificates to Zhenxing Shoes upon it obtaining the relevant land use rights certificate and there are no legal obstacles for Zhenxing Shoes to complete the procedure for issuance of the said property ownership certificates.

2. Material agreements entered into by or related to Zhenxing Shoes

- (1) Memorandum of Understanding dated 5 April 2008 between Zhenxing Shoes and Fujian Province Jinjiang City Shuhui Shoes Materials Ltd (福建省晋江市树辉鞋材有限公司) ("Shuhui"), under which Zhenxing Shoes intended to acquire all the assets of Shuhui, under which ZHENXING SHOES would pay RMB 40,000,000 to Shuhui as a performance bond.
- (2) Termination Agreement dated 8 November 2009 between Zhenxing Shoes and Shuhui, under which the parties were mutually agreed to terminate the proposed assets acquisition under the Memorandum of Understanding dated 5 April 2008. Shuhui should refund RMB38,000,000 to Zhenxing Shoes within forty five (45) days from the date of the Termination Agreement. Zhenxing Shoes has on 11 December 2009 received the refund of RMB38,000,000 from Shuhui.

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- (3) Equity Transfer Agreement dated 20 November 2009 between Jiayi International Holdings Private Limited(加怡国际控股私人有限公司) ("Jiayi") and the Company, under which the Company would purchase the whole equity interest in Zhenxing Shoes held by Jiayi at the consideration of USD 1.

3. Corporate Documents of Zhenxing Shoes

Type of license or certificate/Name of issuing authority	Date of approval	Expiry date	Awarded to	Major conditions imposed	Status of compliance
Business License (Registration No. 350500400009750)/AICQZ	02/12/2009	23/06/2029	Zhenxing Shoes	Subject to annual review	complied
Foreign Investment Certificate(商外资闽泉外资字[1999]C0186)/Fujian Province People's Government	15/06/1999	None	Zhenxing Shoes	Subject to annual review	complied
Organization Code Certificate (61160746-9)/ Quanzhou Quality & Technology Supervision Bureau	07/06/2007	07/06/2011	Zhenxing Shoes	Subject to annual review	complied
Tax Registration Certificate (350582611607469)/Jinjiang National Tax Bureau, Jinjiang Local Tax Bureau	20/10/2006	None	Zhenxing Shoes	Subject to annual review	complied
Certificate of Foreign Exchange Registration (350582010080/SAFE Jinjiang Branch	21/05/2001	None	Zhenxing Shoes	Subject to annual review	complied
Bank Account Opening Permission No. 3910-00356995/ Fujian Jinjiang Rural Cooperative Bank, Meiling Branch	12/02/2009	None	Zhenxing Shoes	None	complied
Registration certificate of customs declaration/ Shishi Customs Registration No. 3505944336	03/09/2001	21/04/2011	Zhenxing Shoes	None	complied



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Company No.877480-X)
(Incorporated in Malaysia)

**Financial Statements for the
Financial Period Ended 30 June 2010
and the Statement by Director
and the Independent Auditors' Report Thereon**

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)

Company No. 877480-X

MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010
AND THE STATEMENT BY DIRECTOR AND THE INDEPENDENT AUDITORS'
REPORT THEREON**

CONTENTS	PAGE
STATEMENT BY DIRECTORS	1
STATUTORY DECLARATION	2
INDEPENDENT AUDITORS' REPORT	3-4
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF COMPREHENSIVE INCOME	6
STATEMENTS OF CHANGES IN EQUITY	7 – 8
STATEMENTS OF CASH FLOW	9 – 10
NOTES TO THE FINANCIAL STATEMENTS	11 – 41

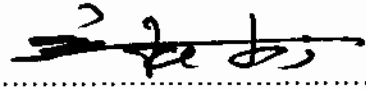
Company No. 877480-X

MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, **LI KWAI CHUN (李桂真)** and **XIE ZHENAN(谢振安)**, being two of the directors of **MAXWELL INTERNATIONAL HOLDINGS BERHAD**, do hereby state that in my opinion, the financial statements as set out on pages 5 to 40 are properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2010 and of the results and cash flows of the Group and of the Company for the financial period from 1 January 2010 to 30 June 2010.


.....
LI KWAI CHUN (李桂真)
Director


.....
XIE ZHENAN(谢振安)
Director

Date: 13 SEP 2010

Company No. 877480-X

MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION

I, **TAN SWEE SONG**, being the officer primarily responsible for the financial management of **MAXWELL INTERNATIONAL HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 5 to 41 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



.....
TAN SWEE SONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory
on

13 SEP 2010

Before me,



.....
Commissioner for Oaths



149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

Company No. 877480-X



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MAXWELL INTERNATIONAL HOLDINGS BERHAD**
(Incorporated in Malaysia)

Monteiro & Heng Chambers
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Report on the financial statements

We have audited the accompanying financial statements of **MAXWELL INTERNATIONAL HOLDINGS BERHAD** ("the Company"), which comprise the statements of financial position as at 30 June 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group and of the Company for the financial period from 1 January 2010 to 30 June 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 41.

Director's responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards and the provisions of the Companies Act, 1965 ("the Act") in Malaysia. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)**Company No. 877480-X****Opinion**

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards and the provisions of the Act in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and of their financial performance and cash flows for the financial period from 1 January 2010 to 30 June 2010.

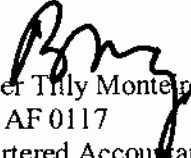
Report on other legal and regulatory requirements

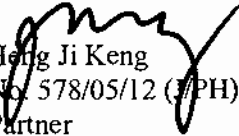
In accordance with the requirements of the Act in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.
- (b) We have not considered the auditors' report of the subsidiary company for the audit of the financial statements prepared for the purpose of reporting in People's Republic of China ("PRC Reporting") as it is not available, which we have not acted as auditors, which is indicated in Note 6 to the financial statements. However, we have considered the financial statements of the subsidiary company for consolidation purpose.
- (c) We are satisfied that the financial statements of the subsidiary company that have been consolidated with the Company's financial statements are in the form and content appropriate and proper for the purposes of the preparation of the consolidation financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' report for PRC Reporting on the financial statements of the subsidiary company was not available for our comments as to whether it was subject to any material qualification or any adverse comment made under Section 174(3) of the Act.

Other matters

This report has been prepared solely in connection with the proposed listing and quotation of the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad. This report is made solely to the members of the Company, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/12 (JPH)
Partner

Kuala Lumpur

Date: 13 SEP 2010

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***MAXWELL INTERNATIONAL HOLDINGS BERHAD**
(Incorporated in Malaysia)**STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010**

	Note	Group		Company	
		30.6.2010 RM	31.12.2009 RM	30.6.2010 RM	31.12.2009 RM
Non-current assets					
Property, plant and equipment	4	29,230,307	31,351,181	-	-
Prepaid lease payments	5	2,230,601	2,376,330	-	-
Investment in a subsidiary company	6	-	-	134,499,998	134,499,998
Total non-current assets		31,460,908	33,727,511	134,499,998	134,499,998
Current assets					
Inventories	7	7,314,355	2,051,734	-	-
Trade receivables	8	128,400,140	104,328,130	-	-
Other receivables, and prepayments	9	352,575	475,485	15,750	-
Cash and bank balances	10	72,229,924	53,313,016	4,497	5,000
Total current assets		208,296,994	160,168,365	20,247	5,000
TOTAL ASSETS		239,757,902	193,895,876	134,520,245	134,504,998
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	11	134,500,000	134,500,000	134,500,000	134,500,000
Statutory reserve	12	18,117,981	15,036,785	-	-
Retained earnings/ (Accumulated losses)		135,385,085	108,544,763	(2,244,870)	(1,366,319)
Currency translation reserve	13	(10,724,576)	(2,860,004)	-	-
Merger deficit	14	(104,171,220)	(104,171,220)	-	-
Total equity		173,107,270	151,050,324	132,255,130	133,133,681
Current liabilities					
Trade payables	15	49,617,251	24,354,071	-	-
Other payables and accruals	16	5,663,079	6,261,917	445,581	1,371,317
Short-term loans	17	4,772,000	7,528,500	-	-
Amount due to a subsidiary	18	-	-	1,819,534	-
Tax payable		6,598,302	4,701,064	-	-
Total current liabilities		66,650,632	42,845,552	2,265,115	1,371,317
Total liabilities		66,650,632	42,845,552	2,265,115	1,371,317
TOTAL EQUITY AND LIABILITIES		239,757,902	193,895,876	134,520,245	134,504,998

The accompanying notes form an integral part of these financial statements

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Incorporated in Malaysia)****STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010**

	Note	Group		Company	
		1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
Revenue	19	148,460,131	301,023,183	-	-
Cost of sales		(104,303,082)	(211,130,483)	-	-
Gross profit		44,157,049	89,892,700	-	-
Other operating income	20	76,731	269,735	-	-
Selling and distribution expenses		(533,164)	(933,912)	-	-
Administrative expenses		(3,157,303)	(6,074,944)	(878,551)	(1,366,319)
Other operating expenses		(167,404)	(475,418)	-	-
Finance costs	21	(208,674)	(406,552)	-	-
Profit/(Loss) before taxation	22	40,167,235	82,271,609	(878,551)	(1,366,319)
Taxation	24	(10,245,717)	(21,041,226)	-	-
Net profit/(loss) for the financial period/year		29,921,518	61,230,383	(878,551)	(1,366,319)
Other comprehensive income					
Foreign currency translation differences for foreign operation		(7,864,572)	(955,362)	-	-
Other comprehensive income for the financial period/year		(7,864,572)	(955,362)	-	-
Total comprehensive income for the financial period/year		22,056,946	60,275,021	(878,551)	(1,366,319)
Profit attributable to:					
Owners of the Company		29,921,518	61,230,383	(878,551)	(1,366,319)
Profit/(Loss) for the financial period/year		29,921,518	61,230,383	(878,551)	(1,366,319)
Total comprehensive income attributable to:					
Owners of the Company		22,056,946	60,275,021	(878,551)	(1,366,319)
Total comprehensive income/(loss) for the financial period/year		22,056,946	60,275,021	(878,551)	(1,366,319)

The Company was incorporated on 3 November 2009 and the separate financial statements in prior year have been prepared for the financial period from 3 November 2009 (date of incorporation) to 31 December 2009. Consolidated financial statements have been prepared on the basis of pooling of interest method or merger accounting, where the financial statements of the Company and its subsidiary company have been included in the consolidated financial statements as if they have been in effect since the beginning of the comparative financial period, i.e. 1 January 2009.

The accompanying notes form an integral part of these financial statements

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)

Company No. 877480-X

MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Incorporated in Malaysia)STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

Group	Note	Non-Distributable			Distributable		Total Equity RM
		Share Capital RM	Statutory Reserve RM	Merger Deficit RM	Currency Translation Reserve RM	Retained Earnings RM	
Balance at 1 January 2009		30,328,778	8,777,115	-	(1,904,642)	53,574,050	90,775,301
Total comprehensive income for the financial year		-	-	-	(955,362)	61,230,383	60,275,021
Transactions with owners:							
Issue of shares		2	-	-	-	-	2
Arising from the restructuring exercise		104,171,220	-	(104,171,220)	-	-	-
Transfer to statutory reserve	12	-	6,259,670	-	-	(6,259,670)	-
Total transactions with owners		104,171,222	6,259,670	(104,171,220)	-	(6,259,670)	2
Balance at 31 December 2009		134,500,000	15,036,785	(104,171,220)	(2,860,004)	108,544,763	151,050,324
Total comprehensive income for the financial period		-	-	-	(7,864,572)	29,921,518	22,056,946
Transactions with owners:							
Transfer to statutory reserve	12	-	3,081,196	-	-	(3,081,196)	-
Total transactions with owners		-	3,081,196	-	-	(3,081,196)	-
Balance at 30 June 2010		134,500,000	18,117,981	(104,171,220)	(10,724,576)	135,385,085	173,107,270

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***MAXWELL INTERNATIONAL HOLDINGS BERHAD**
(Incorporated in Malaysia)**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010 (Continued)**

Company	Share Capital RM	Accumulated Losses RM	Total Equity RM
At date of incorporation	2	-	2
Total comprehensive loss for the financial period	-	(1,366,319)	(1,366,319)
Transactions with owners:			
Issue of shares arising from acquisition of a subsidiary company	134,499,998	-	134,499,998
Total transactions with owners	134,499,998	-	134,499,998
Balance at 31 December 2009	134,500,000	(1,366,319)	133,133,681
Total comprehensive loss for the financial period	-	(878,551)	(878,551)
Balance at 30 June 2010	134,500,000	(2,244,870)	132,255,130

The accompanying notes form an integral part of these financial statements.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***MAXWELL INTERNATIONAL HOLDINGS BERHAD**
(Incorporated in Malaysia)**STATEMENTS OF CASH FLOW**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before taxation	40,167,235	82,271,609	(878,551)	(1,366,319)
Adjustments for:				
Amortisation of prepaid lease payments	29,126	59,821	-	-
Depreciation	666,349	1,445,334	-	-
Loss on disposal of property, plant and equipment	19,986	44,050	-	-
Interest expenses	208,113	404,269	-	-
Foreign exchange gain				
- Unrealised	-	(35,377)	-	-
Interest income	(67,797)	(118,655)	-	-
Property, plant and equipment written off	135,881	-	-	-
Operating profit/(loss) before working capital changes	41,158,893	84,071,051	(878,551)	(1,366,319)
Changes in Working Capital				
Inventories	(5,427,659)	847,971	-	-
Receivables	(29,454,282)	(32,466,579)	(15,750)	-
Payables	26,426,415	7,122,966	(925,736)	1,371,317
	32,703,367	59,575,409	(1,820,037)	4,998
Interests paid	(208,113)	(404,269)	-	-
Interest received	67,797	118,655	-	-
Tax paid	(8,091,701)	(20,058,164)	-	-
Net Operating Cash Flows	24,471,350	39,231,631	(1,820,037)	4,998

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)**STATEMENTS OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010 (Continued)**

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(284,218)	(378,049)	-	-
Proceed from disposal of property, plant and equipment	46,897	143,334	-	-
Net Investing Cash Flows	(237,321)	(234,715)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Net change in amount due to former holding company	-	(4,897,293)	-	-
Net change in amount due from holding company	-	-	1,819,534	-
Net change in amount due to a related company	-	(22,079,451)	-	-
Net change in short term loans	(2,414,500)	6,704,100	-	-
Net Financing Cash Flows	(2,414,500)	(20,272,644)	1,819,534	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,819,529	18,724,272	(503)	4,998
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD/YEAR	53,313,016	35,544,106	5,000	2
EFFECT OF THE EXCHANGE RATE CHANGES	(2,902,621)	(955,362)	-	-
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	72,229,924	53,313,016	4,497	5,000

The accompanying notes form an integral part of these financial statements

Company No. 877480-X

MAXWELL INTERNATIONAL HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activity of the subsidiary company is set out in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial period.

The Company is a public limited liability company, incorporated and domiciled in Malaysia.

The registered office of the Company is located at No.24-3, Jalan Tun Sambathan 3, 50470 Kuala Lumpur.

The principal place of business of the subsidiary company is located at Zhushuxia Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, People's Republic of China ("PRC") (中国福建省晋江市竹树下工业区).

These financial statements have been prepared solely in connection with the proposed listing and quotation of the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years/period presented except for the adoption of new and revised FRSs, amendments/improvements to FRSs and IC Interpretations ("IC Int") that are mandatory for the Group and the Company for the financial period beginning 1 January 2010 as disclosed in Note 2.2 to the financial statements.

2.1. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the provisions of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed herein.

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the directors' best knowledge of current events and actions, and therefore actual results may differ.

*Company No. 877480-X***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.1. BASIS OF PREPARATION (Continued)**

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT**(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int**

On 1 January 2010, the Group and the Company adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int mandatory for annual financial period beginning on or after 1 January 2010.

New FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement

Revised FRSs

FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs

Amendments/Improvements to FRSs

FRS 1	First time Adoption of Financial Reporting Standards
FRS 2	Share-Based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investment In Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 139	Financial Instruments : Recognition and Measurement
FRS 140	Investment Property

Company No. 877480-X**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (Continued)****(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (Continued)**IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new and revised FRSs, amendments/improvements to FRSs and IC Int do not have a material impact on the financial performance or position of the Group and the Company except for those as discussed below:-

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company has applied FRS 7 prospectively in accordance with the transitional provisions. Hence the new disclosures have not been applied to the comparatives.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes equity presented as a single line. This standard also introduce the statement of comprehensive income, with all items of income and expense recognised directly in the statement of comprehensive income, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or two linked statements. The Group and the Company have elected to present the statement of comprehensive income in single statement.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (Continued)****(a) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (Continued)**FRS 101 Presentation of Financial Statements (Revised) (continued)

The revised FRS 101 was adopted retrospectively by the Group and the Company. The change in accounting policy only impacts presentation aspects.

FRS 139 Financial Instruments: Recognition and Measurement

The Group and the Company have adopted FRS 139 prospectively in accordance with the transitional provisions in FRS 139 for recognising and measuring financial assets and financial liabilities as at 1 January 2010.

(b) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early

The Group and the Company have not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:-

		Effective for financial periods beginning on or after
<u>Revised FRSs</u>		
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
<u>Amendments/Improvements to FRSs</u>		
FRS 1	First time Adoption of Financial Reporting Standards	1 January 2011
FRS 2	Share-based Payment	1 July 2010
FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 7	Financial Instruments: Disclosures	1 January 2011
FRS 132	Financial Instruments: Presentation	1 March 2010
FRS 138	Intangible Assets	1 July 2010
<u>IC Int</u>		
IC Int 4	Determining whether an Arrangement contains a Lease	1 January 2011
IC Int 12	Service Concession Arrangements	1 July 2010
IC Int 15	Agreements for the Construction of Real Estate	1 January 2012
IC Int 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17	Distributions of Non-Cash Assets to Owners	1 July 2010
IC Int 18	Transfers of Assets from Customers	1 January 2011

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (Continued)****(b) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early (Continued)**

<u>Amendment to IC Int</u>	Effective for financial periods beginning on or after
IC Int 9 Reassessment of Embedded Derivatives	1 July 2010

The initial application of the above new and revised FRS, amendments/improvements to FRSs and IC Int are not expected to have any material impact on the financial statements of the Group and of the Company or any material changes in accounting policy.

2.3 SIGNIFICANT ACCOUNTING POLICIES**(a) SUBSIDIARY COMPANY**

Subsidiary company is entity in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, investment in subsidiary company is stated at costs less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(i) to the financial statements. On disposal of such investment, the difference between the net disposal proceeds and their carrying amount is included in the statements of comprehensive income.

(b) BASIS OF CONSOLIDATION UNDER COMMON CONTROL BUSINESS COMBINATION

The consolidated financial statements include the financial statements of the Company and its subsidiary company made up to the end of the financial year/period. The financial statements of the parent and its subsidiary company are all drawn up at the same reporting date.

In 2009, the acquisition of 100% equity in Jinjiang Zhenxing Shoes & Plastics Co., Ltd. (晋江振兴鞋塑有限公司) pursuant to the restructuring under common control was accounted for using the merger method of consolidation. 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.

*Company No. 877480-X***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(b) BASIS OF CONSOLIDATION UNDER COMMON CONTROL BUSINESS COMBINATION (Continued)**

Under the merger method, components of financial statements of the combining entities or businesses for the reporting periods in which the common control combination occurs are included in the consolidated financial statements of the consolidated entity 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. The cost of the merger should be cancelled against the nominal values of the shares/paid-up capital received. The difference between the cost of the merger and nominal values of the shares/paid-up capital received will remain and continue to be classified as part of equity of the Group and will be adjusted against suitable reserve in future, where appropriate. Balances and transaction and resulting unrealised profits between the combining entities are eliminated, if any. Unrealised losses resulting from intra-group transactions are also eliminated unless costs cannot be recovered.

(c) CURRENCIES**(i) Functional and Presentation Currency**

The individual 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 financial statements are presented in Ringgit Malaysia, which is the Group's presentation currency.

(ii) Foreign Operations

The results and financial position of the subsidiary company that have a functional currency different from the presentation currency are translated into the presentation currency as follows:-

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- all exchange differences are recognised directly in other comprehensive income.

(d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(i) to the financial statements.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Company No. 877480-X**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(d) PROPERTY, PLANT AND EQUIPMENT (Continued)**

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income as incurred.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The estimated useful lives used for this purpose are as follows:-

Plants and machinery	5-10 years
Office equipment	5 years
Motor vehicles	5 years
Renovation	5 years
Buildings	50 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the statement of comprehensive income for the financial year/period in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the financial year/period the asset is derecognised.

(e) PREPAID LEASE PAYMENTS

Leasehold land that normally has a finite economic lives and title is not expected to pass to the lessee by the end of lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments which are amortised to the statement of comprehensive income over the lease term in accordance with the pattern of benefits provided. The prepaid lease payments are amortised over a lease term of 50 years and expiring in year 2049 and 2056 respectively.

(f) INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Costs comprise direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using first-in-first out basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Company No. 877480-X

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) FINANCIAL INSTRUMENTS

(i) Financial Assets

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Group and the Company become a party to the contracted provisions of the financial instruments.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset. The Group's and the Company's financial assets include cash and cash equivalents, trade and other receivables.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:-

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit and loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment.

(iii) Held-to-Maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group and the Company have the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the statement of comprehensive income.

Company No. 877480-X

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) FINANCIAL INSTRUMENTS (continued)

(i) Financial Assets (continued)

(iv) *Available-for-Sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of comprehensive income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of comprehensive income. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

(ii) Financial Liabilities

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determine the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade payables, other payables and short-term loans.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:-

(i) *Financial Liabilities at Fair Value Through Profit or Loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

(ii) *Loans and Borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR method amortisation process.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company have a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***(h) SHARE CAPITAL**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

(i) IMPAIRMENT**(i) Financial Assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group and the Company on terms that the Group and the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group and the Company consider evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group and the Company use historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in statement of comprehensive income and reflected in an allowance account against receivables. When the trade receivables become uncollectible, it is written off against the allowance accounts. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date and the amount of reversal are recognised as profit or loss in the statement of comprehensive income.

*Company No. 877480-X***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) IMPAIRMENT (Continued)****(ii) Non-financial Assets**

The carrying amounts of the Group's and the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis.

An impairment loss is recognised in the statement of comprehensive income in the period in which it arises.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

(j) EMPLOYEE BENEFITS**(i) Short Term Employee Benefits**

Wages, salaries, bonuses and non-monetary benefits are recognised as an expense in the financial year/period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

(ii) Post-Employment Benefits

The Company contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the statement of comprehensive income in the period to which they are related. Once the contributions have been paid, the Company has no further payment obligations.

Pursuant to the relevant laws and regulations of the PRC, the subsidiary company has joined a basic pension insurance scheme for the employees arranged by local Labour and Social Security Bureau, whereby the subsidiary company makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are charged to statement of comprehensive income on an accrual basis. When employees retire, the local Labour and Social Security Bureaus are responsible for the payment on the basic pension benefits to the retired employees.

Company No. 877480-X**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(k) REVENUE RECOGNITION**

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Revenue is recognised upon delivery of products and customers' acceptance, net of Valued-Added-Tax, discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accrual basis.

(l) BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction and production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowings costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. Borrowing costs consist of interest that the Group incurred in connection with the borrowing of funds.

(m) TAXATION**(i) Current Tax**

The tax expense in the statement of comprehensive income represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year/period and is measured using the tax rates that have been enacted at the reporting date.

Company No. 877480-X**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.3 SIGNIFICANT ACCOUNTING POLICIES (continued)****(m) TAXATION (continued)****(ii) Deferred Tax**

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

(iii) Other Taxes

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

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

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

(n) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, deposits and demand deposits that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of deposits pledged to financial institutions.

*Company No. 877480-X***3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

(1) Critical judgements in applying accounting policies

In the process of applying Group's accounting policies, the director is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements except for matter discussed below:

Basis of consolidation – business combination involving entities under common control

The Group is regarded as a continuing entity resulting from the restructuring exercise, i.e. acquisition of 100% equity interests in Zhenxing Shoes, since the management of all the entities, which took part in the restructuring exercise was ultimately controlled by the same management and under the common controlling parties before and immediately after the restructuring exercise. Consequently, there was a continuation of the control over the entities' financial and operating policy decisions, and risk and benefits to the ultimate controlling parties that existed prior to the restructuring exercise, and that control is not transitory. The restructuring exercise has been accounted for as a restructuring under common control in a manner similar to pooling of interest method or merger. Accordingly, consolidated financial statements 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 controlling parties and management that existed prior to the restructuring exercise during the relevant period or since their respective dates of incorporation.

(2) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Depreciation of property, plant and equipment

Management estimates the useful lives of the Group's property, plant and equipment to be within 5 to 50 years. The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

*Company No. 877480-X***3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****(2) Key sources of estimation uncertainty (Continued)****(i) Depreciation of property, plant and equipment (Continued)**

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The estimates for the useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of level of usage, technical innovation and competitor actions in response to severe market conditions. Changes in those commercial and production factors could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

(ii) Impairment of non-current assets

The Group and the Company reviews the carrying amount of its non-current assets, which include property, plant and equipment, prepaid lease payments and investment in a subsidiary company, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at the end of the financial period under review, the director is of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Group and the Company during the financial year/period ended to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment, prepaid lease payments and investment in a subsidiary company are disclosed in Notes 4, 5 and 6 respectively.

(iii) Allowance for writedown in inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the carrying value of inventories.

Company No. 877480-X

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(2) Key sources of estimation uncertainty (continued)

(iv) Impairment of loans and receivables

The Group assess at each reporting date whether there is any objective evidence that loan and receivables is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the profitability of insolvency or significant financial difficulties of the debtors and defaults or significant delays in payments.

Where there is objective evidence of impairment, the amount and timing of the future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Income taxes

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

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)

Company No. 877480-X

4. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and Machinery RM	Office Equipment RM	Motor Vehicles RM	Renovation RM	Buildings RM	Total RM
Cost						
At 1 January 2009	5,677,834	1,071,193	472,534	195,076	31,163,802	38,580,439
Additions	341,393	24,341	-	-	12,315	378,049
Disposals	(706,396)	-	-	-	-	(706,396)
Exchange differences	(62,825)	(14,347)	(6,041)	(2,494)	(398,765)	(484,472)
At 31 December 2009	5,250,006	1,081,187	466,493	192,582	30,777,352	37,767,620
Additions	37,336	37,361	104,193	105,328	-	284,218
Write off	-	-	-	(185,292)	-	(185,292)
Disposals	-	(93,892)	-	-	-	(93,892)
Exchange differences	(258,809)	(52,540)	(24,188)	(8,534)	(1,514,646)	(1,858,717)
At 30 June 2010	5,028,533	972,116	546,498	104,084	29,262,706	35,913,937

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and Machinery RM	Office Equipment RM	Motor Vehicles RM	Renovation RM	Buildings RM	Total RM
Accumulated depreciation						
At 1 January 2009	1,571,048	199,328	61,359	13,005	3,741,586	5,586,326
Charge for the financial year	462,322	182,542	86,278	19,788	694,404	1,445,334
Disposals	(519,012)	-	-	-	-	(519,012)
Exchange differences	(18,568)	(7,433)	(3,093)	(696)	(66,419)	(96,209)
At December 2009	1,495,790	374,437	144,544	32,097	4,369,571	6,416,439
Charge for the financial period	196,874	80,311	43,463	24,525	321,176	666,349
Write off	-	-	-	(49,411)	-	(49,411)
Disposals	-	(27,009)	-	-	-	(27,009)
Exchange differences	(75,938)	(19,056)	(7,627)	(1,287)	(218,830)	(322,738)
At 30 June 2010	1,616,726	408,683	180,380	5,924	4,471,917	6,683,630
Net Book Value						
At 31 December 2009	3,754,216	706,750	321,949	160,485	26,407,781	31,351,181
At 30 June 2010	3,411,807	563,433	366,118	98,160	24,790,789	29,230,307

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

Certain motor vehicles with net book value of RM335,297 (31 December 2009: RM283,887) were held in trust by the employees of the Group.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)

Company No. 877480-X

5. PREPAID LEASE PAYMENTS

	Group	
	30.6.2010 RM	31.12.2009 RM
Cost		
At the beginning the financial period/year	2,911,020	2,948,720
Exchange differences	(143,260)	(37,700)
At the end of financial period/year	2,767,760	2,911,020
Accumulated amortisation		
At the beginning of the financial period/year	534,690	482,640
Amortisation for the financial period/year	29,126	59,821
Exchange differences	(26,657)	(7,771)
At the end of the financial period/year	537,159	534,690
Net Book Value		
At the end of the financial period/year	2,230,601	2,376,330

The prepaid lease payments of the Group refer to the leasehold land located at Zhushuxia Industrial Zone, Jinjiang City Fujian Province, PRC (中国福建省晋江市竹树下工业区).

At 30 June 2010, a leasehold land with a net book value of RM507,153 is pledged as security to secure short-term loans as disclosed in Note 17 to the financial statements.

6. INVESTMENT IN A SUBSIDIARY COMPANY

	Company	
	30.6.2010 RM	31.12.2009 RM
Unquoted shares, at costs	134,499,998	134,499,998

The Group's equity interest in the subsidiary company, country of incorporation and its principal activities are disclosed as follows:-

Name of the Company	Country of Incorporation	Group		Principal activities
		Equity Interest		
		30.6.2010 %	31.12.2009 %	
Jinjiang Zhenxing Shoes & Plastics Co., Ltd. # (晋江振兴鞋塑有限公司)	China	100	100	Original design manufacturer (ODM) and original equipment manufacturer (OEM) manufacturing company specialising in the design and manufacturing of sports shoes

Baker Tilly Monteiro Heng are not the statutory auditors for the audit of the financial statements of the subsidiary company prepared for the PRC reporting purpose and the PRC auditors' report is not available for the financial period ended 30 June 2010. However, the financial statements of the subsidiary company were audited by Baker Tilly Monteiro Heng for consolidation purposes.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***7. INVENTORIES**

	Group	
	30.6.2010	31.12.2009
	RM	RM
At cost:		
Raw material	4,885,533	582,954
Finished goods	1,337,233	314,282
Work-in-progress	1,091,589	1,154,498
	<u>7,314,355</u>	<u>2,051,734</u>

The inventories are denominated in Renminbi.

8. TRADE RECEIVABLES**Group**

Trade receivables are non-interest bearing and the Group's normal trade credit terms ranges from 30 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The currency exposure profile of trade receivables are as follows:-

	Group	
	30.6.2010	31.12.2009
	RM	RM
United States Dollars	3,040,573	1,844,395
Chinese Renminbi	125,359,567	102,483,735
	<u>128,400,140</u>	<u>104,328,130</u>

Ageing analysis of trade receivables are as follow:-

	Gross
	30.6.2010
	RM
Neither past due nor impaired	<u>128,400,140</u>

The Group believes that, no impairment loss is necessary in respect of these trade receivables not past due. Majority of the balances are owed by the significant customers that have a good payment record with the Group.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***9. OTHER RECEIVABLES AND PREPAYMETNS**

	Group		Company	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	RM	RM	RM	RM
Advances to suppliers	10,698	49,658	-	-
Other receivables	288,712	403,163	15,750	-
Prepayments	53,165	22,664	-	-
	<u>352,575</u>	<u>475,485</u>	<u>15,750</u>	<u>-</u>

The other receivables, deposits and prepayments of the subsidiary company are denominated in Renminbi.

10. CASH AND BANK BALANCES

	Group		Company	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	RM	RM	RM	RM
Cash in hand	51,906	44,501	2	2
Cash at banks	72,178,018	53,268,515	4,495	4,998
	<u>72,229,924</u>	<u>53,313,016</u>	<u>4,497</u>	<u>5,000</u>

The currency exposure profile of cash and bank balances are as follows:-

	Group		Company	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	RM	RM	RM	RM
Chinese Renminbi	72,225,089	53,307,663	-	-
United States Dollars	320	334	-	-
Singapore Dollars	18	19	-	-
Ringgit Malaysia	4,497	5,000	4,497	5,000
	<u>72,229,924</u>	<u>53,313,016</u>	<u>4,497</u>	<u>5,000</u>

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

The bank balances of the Group generally have an effective interest rate of 0.36% per annum for the financial year/period under review.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)**Company No. 877480-X****11. SHARE CAPITAL**

	Group and Company 30.6.2010		Group and Company 31.12.2009	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.40 each				
Authorised				
At beginning/end of the financial period/year	<u>1,250,000,000</u>	<u>500,000,000</u>	<u>1,250,000,000</u>	<u>500,000,000</u>
Issued and fully paid				
At date of incorporation	336,250,000	134,500,000	5	2
Arising from the restructuring exercise	<u>-</u>	<u>-</u>	<u>336,249,995</u>	<u>134,499,998</u>
At end of the financial period/year	<u>336,250,000</u>	<u>134,500,000</u>	<u>336,250,000</u>	<u>134,500,000</u>

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 meetings of the Company. All shares rank equally with regard to the Company's residual assets.

12. STATUTORY RESERVE

In accordance with relevant laws and regulations of the PRC, the subsidiary company is required to transfer 10% of its net profit for the financial year/period prepared in accordance with the accounting regulation of the PRC to the statutory reserve. The transfer will continue until the reserve balance reaches 50% of its registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiary company, subject to the approval from the PRC authority, and are not available for dividend distribution to the shareholders.

13. CURRENCY TRANSLATION RESERVE

Currency translation reserve represents translation differences arising from translation of foreign subsidiary company into the Group's presentation currency.

14. MERGER DEFICIT

The merger deficit arises from the difference between the nominal value of shares issued by the Company and the paid-up share capital of subsidiary company consolidated under the merger method of accounting.

15. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 to 90 days. The trade payables are denominated in Renminbi.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)**Company No. 877480-X****16. OTHER PAYABLES AND ACCRUALS**

	Group		Company	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	RM	RM	RM	RM
Advances from customers	63,312	66,587	-	-
Accrued operating expenses	362,995	237,006	279,183	35,290
Other payables	5,236,772	5,958,324	166,398	1,336,027
	<u>5,663,079</u>	<u>6,261,917</u>	<u>445,581</u>	<u>1,371,317</u>

The currency exposure profile of other payables and accruals are as follows:-

	Group		Company	
	30.6.2010	31.12.2009	30.6.2010	31.12.2009
	RM	RM	RM	RM
United States Dollars	63,312	66,587	-	-
Chinese Renminbi	5,154,186	4,824,013	-	-
Ringgit Malaysia	445,581	1,371,317	445,581	1,371,317
	<u>5,663,079</u>	<u>6,261,917</u>	<u>445,581</u>	<u>1,371,317</u>

Advances from customers represents advances from customers for sales and other sales related reimbursements. The advance from customers is denominated in United States Dollars.

17. SHORT-TERM LOANS

	Group	
	30.6.2010	31.12.2009
	RM	RM
Short-term loans	<u>4,772,000</u>	<u>7,528,500</u>

The carrying amounts of interest-bearing short-term loans are denominated in Renminbi.

The short-term loan of RM3,817,600 (2009: RM7,528,500) is secured by corporate guarantees from related parties and third parties. As at 30 June 2010, the Group has a short-term loan of RM954,000 (2009: Nil) which is secured over the prepaid lease payments as disclosed in Note 5 to the financial statements. The interest rates of the short term loans are range from 6.42 % to 6.64 % (2009: 5.11% to 6.46%).

18. AMOUNT DUE TO A SUBSIDIARY

Amount due to a subsidiary represent payments made on behalf which are unsecured, interest free and repayable on demand.

19. REVENUE**Group**

Revenue represents sale of goods net of discounts and value-added-tax.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)**Company No. 877480-X****20. OTHER OPERATING INCOME**

	Group	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM
Interest income	67,797	118,655
Other incentives	7,823	78,531
Foreign exchange gain		
- unrealised	-	35,377
Others	1,111	37,172
	<u>76,731</u>	<u>269,735</u>

Other incentives represent export incentive received from PRC's relevant authorities.

21. FINANCE COSTS

	Group	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM
Interest expenses	208,113	404,269
Bank charges	561	2,283
	<u>208,674</u>	<u>406,552</u>

22. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting) the followings:-

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
After charging: -				
Auditors' remuneration				
Statutory				
- Current year	-	25,000	-	20,000
- Under accrual in prior year	16,750	-	16,750	-
Non-statutory				
- Current year	210,000	-	210,000	-
Amortisation of prepaid lease payments	29,126	59,821	-	-
Depreciation	666,349	1,445,334	-	-

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)**Company No. 877480-X****22. PROFIT/(LOSS) BEFORE TAXATION (Continued)**

Profit/(Loss) before taxation is arrived at after charging/(crediting) the followings:-

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
Directors' remuneration:-				
- directors' fees	60,000	17,167	60,000	17,167
- salaries paid by a subsidiary company	28,974	61,884	-	-
Realised foreign exchange loss	11,538	431,368	-	-
Incorporation fee	-	65,710	-	65,710
Listing expenses	566,909	1,195,648	494,474	1,195,648
Loss on disposal of property, plant and equipment	19,986	44,050	-	-
Property, plant and equipment written off	135,881	-	-	-
Staff costs (Note 23)	15,274,867	29,345,493	69,593	45,198
Rental	3,278	231,446	-	-
After crediting:-				
Unrealised foreign exchange gain	-	(35,377)	-	-

23. STAFF COSTS

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
Wages and salaries	14,175,161	27,162,747	60,000	42,400
Defined contribution	1,071,960	2,079,153	7,200	2,400
Other staff related expenses	27,746	103,593	2,393	398
	15,274,867	29,345,493	69,593	45,198

Included in staff costs are the followings:-

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
Included in staff costs were remunerations paid to:-				
Comprised amounts paid to:				
- key management personnel	159,412	172,937	69,593	45,198

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***24. TAXATION**

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
PRC income tax				
- current period/year	10,245,717	21,041,226	-	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:-

	Group		Company	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM	1.1.2010 to 30.6.2010 RM	3.11.2009 to 31.12.2009 RM
Profit/(Loss) before taxation	40,167,235	82,271,609	(878,551)	(1,366,319)
Taxation at applicable statutory tax rate of 25%	10,041,809	20,567,902	(219,638)	(341,580)
Tax effects of:				
- non-taxable income	(18,702)	(38,508)	-	-
- non-deductible expenses	222,610	511,832	219,638	341,580
Tax expense for the financial period/year	10,245,717	21,041,226	-	-

As at the end of 31 December 2009 and 30 June 2010, no deferred tax has been provided as the Group and the Company does not have any material temporary differences between the tax bases of assets and liabilities and their carrying amounts, which give rise to a deferred tax asset or liability in the financial statements.

25. SIGNIFICANT RELATED PARTIES TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Group and the Company or that have an interest in the Group and the Company that give it significant influence over the Group's and the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Group and the Company resides with, directly or indirectly.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***25. SIGNIFICANT RELATED PARTIES TRANSACTIONS (continued)**

The natures of the relationship with the related parties are as follows:-

Related Parties	Nature of Relationship
Jiayi (Fujian) Imp. & Exp. Trade Co., Ltd. (福建省晋江市加怡进出口贸易有限公司)	It is a company incorporated in the PRC, and is wholly-owned subsidiary of Sports Asia Limited. It is a company in which a director and a shareholder, Li Kwai Chun (李桂真) has interests.
Sports Asia Limited	It is a company incorporated in the Republic of Singapore. Li Kwai Chun (李桂真), is the shareholder and director of Sports Asia

During the financial years under review, the significant related party transactions were as follows:-

	Group	
	1.1.2010 to 30.6.2010 RM	1.1.2009 to 31.12.2009 RM
Purchases from Jiayi Trading	-	41,256
Sales to Jiayi Trading	-	549,958

The director of the Company is of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

26. FINANCIAL INSTRUMENTS**(i) Financial risk management objectives**

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

(a) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***26. FINANCIAL INSTRUMENTS (continued)****(i) Financial risk management objectives (continued)****(a) Credit Risk (continued)**

The maximum exposure to credit risk for each of the financial assets was as follows:-

Group	Carrying amount 30.6.2010 RM
Trade receivables	128,400,140
Other receivables	299,410
Cash and cash equivalents	<u>72,229,924</u>
	<u>200,929,474</u>

The Group and the Company does not hold any collateral as security and other credit enhancements for the above financial assets.

Receivables

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis.

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 8 to the financial statements.

Cash and Cash Equivalents

The management adopts policy of dealing only with reputable financial institutions.

(b) Liquidity and Cash Flow Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

The Group and the Company adopts prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, the Group and the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***26. FINANCIAL INSTRUMENTS (Continued)****(i) Financial risk management objectives (continued)****(b) Liquidity and Cash Flow Risk (continued)**

The analysis of financial instruments by remaining contractual maturities (excluding interest) is as follows:-

30 June 2010	Carrying amount RM	Contractual cash flows RM	6 months or less RM	6-12 months RM
Non-derivative financial				
Secured short-term loans	4,772,000	(4,772,000)	-	(4,772,000)
Trade payables	49,617,251	(49,617,251)	(49,617,251)	-
Other payables and accruals	5,663,079	(5,663,079)	(5,663,079)	-
	<u>60,052,330</u>	<u>(60,052,330)</u>	<u>(55,280,330)</u>	<u>(4,772,000)</u>

(c) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from short-term loans.

The Group's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, the Group managed the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

The interest rate profile of the interest-bearing financial instruments was as follows:-

Fixed rate instrument	Carrying amount 30.6.2010 RM
Short-term loans	<u>4,772,000</u>

The short-term loans are fixed rate instruments, therefore a change in interest rates at the reporting date would not affect profit or loss.

The carrying amounts of short-term loans with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity

*Company No. 877480-X***26. FINANCIAL INSTRUMENTS (Continued)****(i) Financial risk management objectives (continued)****(d) Foreign currency risk**

The Group is exposed to transactional currency risk primarily through sales that are denominated in United States Dollars other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

As at 30 June 2010, 2.4% of our trade receivables were denominated in United States Dollars whilst the remaining trade receivables are denominated in Chinese Renminbi, which is the functional currency of the subsidiary company.

The Group also hold cash and cash equivalents denominated in foreign currencies as disclosed in Note 10.

The directors believe that the impact of foreign exchange fluctuations will not significantly affect our profitability.

(ii) Fair Values**(a) Recognised Financial Instruments**

The fair values of financial assets and financial liabilities of the Group and the Company approximate their carrying values on the statement of financial position of the Group and the Company.

(b) Unrecognised Financial Instruments

There were no unrecognised financial instruments as at 30 June 2010.

27. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the Group with the funds to fund its expansion and growth.

The Group and the Company manage its capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts, reduce existing debts.

The Company monitors the level of dividends to be paid to shareholders. The Company's objective is also to pay out regular dividends to the shareholders based on the level of the Company's profitability and cash flows.

The capital structure of the Group and the Company consist of equity attributable to equity holders of the Company, comprising share capital, statutory reserve and retained earnings, and total liabilities which represents current liabilities.

APPENDIX C THE AUDITED FINANCIAL STATEMENTS OF MAXWELL FOR THE 1H 2010 (Cont'd)*Company No. 877480-X***27. CAPITAL MANAGEMENT (Continued)**

The debt-to-equity ratio is as follows:

	30.6.2010	31.12.2009
	RM	RM
Total liabilities	66,650,632	42,845,552
Equity attributable to equity holders of the Company	173,107,270	151,050,324
Debt-to-equity ratio	38.5%	28.4%

There were no changes in the Group's and the Company's approach to capital management during the financial period.

The Group and the Company are not subject to externally imposed capital requirements.

28. COMPARATIVE FIGURES

The 2009 consolidated financial statements of Maxwell International Holdings Berhad and its subsidiary company were presented on a full year basis as if the Group was in existence throughout the reported financial year notwithstanding the fact that the Company was incorporated on 3 November 2009 and acquired the subsidiary company on 18 November 2009 as in substance, the combined entities continue to trade as before but with a new legal parent.



**BAKER TILLY
MONTEIRO HENG**

Chartered Accountants (AF 0117)

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.

(晋江振兴鞋塑有限公司)

(Company No. 350500400009750)

(Incorporated in People's Republic of China)

**Financial Statements for the
Financial Period Ended
30 June 2010 and the Statement by Director
and the Independent Auditors' Report Thereon**

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.
(晋江振兴鞋塑有限公司)
(Incorporated in People's Republic of China)

**FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010
AND THE STATEMENT BY DIRECTOR AND THE INDEPENDENT AUDITORS'
REPORT THEREON**

CONTENTS	PAGE
STATEMENT BY DIRECTOR	1
STATUTORY DECLARATION	2
INDEPENDENT AUDITORS' REPORT	3 – 4
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	5 – 6
STATEMENT OF COMPREHENSIVE INCOME	7
STATEMENT OF CHANGES IN EQUITY	8 – 9
STATEMENT OF CASH FLOW	10 – 11
NOTES TO THE FINANCIAL STATEMENTS	12 – 41


APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES PLASTICS CO., LTD.
(晋江振兴鞋塑有限公司)
(Incorporated in People's Republic of China)

STATEMENT BY DIRECTOR

I, **LI KWAI CHUN (李桂真)**, being the sole director of **JINJIANG ZHENXING SHOES & PLASTICS CO., LTD. (晋江振兴鞋塑有限公司)**, do hereby state that in my opinion, the financial statements as set out on pages 5 to 41 are properly drawn up in accordance with the Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Company as at 30 June 2010 and of the results and cash flows of the Company for the financial period from 1 January 2010 to 30 June 2010.

.....

LI KWAI CHUN (李桂真)
Director

Date: 13 SEP 2010

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.
(晋江振兴鞋塑有限公司)
(Incorporated in People's Republic of China)

STATUTORY DECLARATION


I, **TAN SWEE SONG**, being the officer primarily responsible for the financial management of **JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.** (晋江振兴鞋塑有限公司), do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 5 to 41 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



.....
TAN SWEE SONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory
on **13 SEP 2010**

Before me,


.....
Commissioner for Oaths

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750



BAKER TILLY
MONTEIRO HENG

Chartered Accountants (AF 0117)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.**

(晋江振兴鞋塑有限公司)

(Incorporated in People's Republic of China)

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50470 Kuala Lumpur, Malaysia
phone : +603 2274 8988
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www.monteiroheng.com.my

Report on the financial statements

We have audited the accompanying financial statements of **JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.** (晋江振兴鞋塑有限公司), which comprise the statement of financial position as at 30 June 2010 of the Company, and the statement of comprehensive income, statement of changes in equity and statement of cash flow of the Company for the financial period from 1 January 2010 to 30 June 2010, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 41.

The financial statements of the Company prepared for the People's Republic of China ("PRC") reporting purposes for the financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 were audited by Xiamen Huafeng Associated, Certified Public Accountants of PRC, and were reported on by the PRC auditors without any qualification.

Director's responsibility for the financial statements

The director of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Reporting Standards in Malaysia. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation and fair presentation of the 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

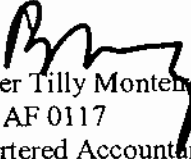
Company No. 350500400009750

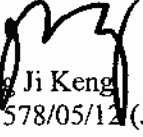
Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2010 and of its financial performance and cash flows for the financial period from 1 January 2010 to 30 June 2010.

Other matters

This report has been prepared solely in connection with the proposed listing and quotation of the entire enlarged issued and paid-up share capital of the holding company of the Company, Maxwell International Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad. This report is made solely to the member of the Company, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Ji Keng
No. 578/05/12 (J/PH)
Partner

Kuala Lumpur

Date: **13 SEP 2010**

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.
(晋江振兴鞋塑有限公司)
(Incorporated in People's Republic of China)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	← As at →				30.6.2010 RMB
		31.12.2006 RMB	31.12.2007 RMB	31.12.2008 RMB	31.12.2009 RMB	
Non-current assets						
Property, plant and equipment	4	46,414,950	58,207,541	64,897,939	62,464,996	61,253,786
Prepaid lease payments	5	5,082,668	4,966,668	4,850,668	4,734,668	4,674,353
Total non-current assets		51,497,618	63,174,209	69,748,607	67,199,664	65,928,139
Current assets						
Inventories	6	32,920,554	16,370,422	5,732,244	4,087,933	15,327,649
Trade receivables	7	53,505,538	67,100,602	106,538,348	207,866,367	269,069,865
Other receivables, deposits and prepayments	8	5,444,439	7,704,478	39,250,461	947,371	705,837
Amount due from related parties	9	31,107,890	39,053,890	-	-	-
Amount due from directors	10	-	27,996,762	-	-	-
Amount due from holding company	11	-	-	-	-	3,837,853
Cash and bank balances	12	2,390,108	3,461,114	69,913,659	106,212,425	151,352,529
Total current assets		125,368,529	161,687,268	221,434,712	319,114,096	440,293,733
TOTAL ASSETS		176,866,147	224,861,477	291,183,319	386,313,760	506,221,872
EQUITY AND LIABILITIES						
Equity attributable to equity holder of the Company						
Share capital	13	26,558,687	34,808,687	59,655,346	59,655,346	59,655,346
Statutory reserve	14	3,060,381	8,617,335	17,264,192	29,402,393	35,783,002
Retained earnings		8,243,438	27,556,026	105,377,753	214,621,561	272,047,039
Total equity		37,862,506	70,982,048	182,297,291	303,679,300	367,485,387

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010 (Continued)

	Note	← As at →				
		31.12.2006 RMB	31.12.2007 RMB	31.12.2008 RMB	31.12.2009 RMB	30.6.2010 RMB
Current liabilities						
Trade payables	15	30,035,556	28,069,711	36,082,269	48,523,751	103,975,799
Other payables and accruals	16	31,362,406	8,539,623	11,032,565	9,744,173	10,933,565
Dividends payable	17	19,300,000	50,000,000	-	-	-
Bills payable	18	2,600,000	4,400,000	-	-	-
Short-term loans	19	14,000,000	13,550,000	2,000,000	15,000,000	10,000,000
Amount due to directors	10	862,548	-	-	-	-
Amount due to a related company	20	29,699,692	44,361,568	42,814,526	-	-
Amount due to related parties	9	750,000	750,000	-	-	-
Amount due to holding company	20	-	-	9,496,400	-	-
Tax payable		10,393,439	4,208,527	7,460,268	9,366,536	13,827,121
Total current liabilities		139,003,641	153,879,429	108,886,028	82,634,460	138,736,485
Total liabilities		139,003,641	153,879,429	108,886,028	82,634,460	138,736,485
TOTAL EQUITY AND LIABILITIES		176,866,147	224,861,477	291,183,319	386,313,760	506,221,872

The accompanying notes form an integral part of these financial statements.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.
 (晋江振兴鞋塑有限公司)
 (Incorporated in People's Republic of China)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	Note	For the Financial Years/Period Ended				
		1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Revenue	21	159,970,656	317,538,136	452,492,442	583,717,633	307,434,522
Cost of sales		(116,531,355)	(228,618,899)	(323,356,088)	(409,405,629)	(215,993,130)
Gross profit		43,439,301	88,919,237	129,136,354	174,312,004	91,441,392
Other operating income	22	491,344	474,775	1,321,963	523,044	158,895
Selling and distribution expenses		(796,449)	(933,873)	(2,946,182)	(1,810,959)	(1,104,087)
Administrative expenses		(3,651,717)	(4,572,352)	(10,099,635)	(9,130,550)	(4,694,264)
Other operating expenses		(1,443,379)	(5,972,389)	(420,656)	(921,888)	(346,664)
Finance costs	23	(1,000,589)	(1,301,831)	(901,064)	(788,350)	(432,127)
Profit before taxation	24	37,038,511	76,613,567	116,090,780	162,183,301	85,023,145
Taxation	26	(11,132,317)	(21,044,025)	(29,622,196)	(40,801,292)	(21,217,058)
Net profit for the financial year/period		25,906,194	55,569,542	86,468,584	121,382,009	63,806,087
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the financial year/period		25,906,194	55,569,542	86,468,584	121,382,009	63,806,087

The accompanying notes form an integral part of these financial statements.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010 (Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.
(晋江振兴鞋塑有限公司)
(Incorporated in People's Republic of China)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	Note	Non-Distributable		Distributable		Total Equity RMB
		Share Capital RMB	Statutory Reserve RMB	Retained Earnings RMB		
Balance at 1 January 2006		26,558,687	469,762	4,227,863		31,256,312
Total comprehensive income for the financial year		-	-	25,906,194		25,906,194
Transactions with owners:						
Transfer to statutory reserve	14	-	2,590,619	(2,590,619)		-
Dividends payable	17	-	-	(19,300,000)		(19,300,000)
Total transactions with owners		-	2,590,619	(21,890,619)		(19,300,000)
Balance at 31 December 2006		26,558,687	3,060,381	8,243,438		37,862,506
Total comprehensive income for the financial year		-	-	55,569,542		55,569,542
Transactions with owners:						
Increase in paid-up capital	13	8,250,000	-	-		8,250,000
Transfer to statutory reserve	14	-	5,556,954	(5,556,954)		-
Dividends payable	17	-	-	(30,700,000)		(30,700,000)
Total transactions with owners		8,250,000	5,556,954	(36,256,954)		(22,450,000)
Balance at 31 December 2007		34,808,687	8,617,335	27,556,026		70,982,048

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010 (Cont'd)

Company No. 350500400009750

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010 (Continued)

	<u>Non-Distributable</u>			<u>Distributable</u>	<u>Total</u>
	<u>Share</u>	<u>Statutory</u>	<u>Retained</u>		
	<u>Capital</u>	<u>Reserve</u>	<u>Earnings</u>	<u>Equity</u>	
	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>	<u>RMB</u>
Balance at 1 January 2008	34,808,687	8,617,335	27,556,026	70,982,048	
Total comprehensive income for the financial year	-	-	86,468,584	86,468,584	
Transactions with owners:					
Increase in paid-up capital	24,846,659	-	-	24,846,659	
Transfer to statutory reserve	-	8,646,857	(8,646,857)	-	
Total transactions with owners	24,846,659	8,646,857	(8,646,857)	24,846,659	
Balance at 31 December 2008	59,655,346	17,264,192	105,377,753	182,297,291	
Total comprehensive income for the financial year	-	-	121,382,009	121,382,009	
Transactions with owners:					
Transfer to statutory reserve	-	12,138,201	(12,138,201)	-	
Total transactions with owners	-	12,138,201	(12,138,201)	-	
Balance at 31 December 2009	59,655,346	29,402,393	214,621,561	303,679,300	
Total comprehensive income for the financial period	-	-	63,806,087	63,806,087	
Transactions with owners:					
Transfer to statutory reserve	-	6,380,609	(6,380,609)	-	
Total transactions with owners	-	6,380,609	(6,380,609)	-	
Balance at 30 June 2010	59,655,346	35,783,002	272,047,039	367,485,387	

The accompanying notes form an integral part of these financial statements.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.

(晋江振兴鞋塑有限公司)

(Incorporated in People's Republic of China)

STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation	37,038,511	76,613,567	116,090,780	162,183,301	85,023,145
Adjustments for:					
Amortisation of prepaid lease payments	116,000	116,000	116,000	116,000	60,315
Bad debts written off - trade	62,784	4,862,853	261,920	-	-
Depreciation	1,562,791	1,739,277	2,383,814	2,802,665	1,379,888
Loss on disposal of property, plant and equipment	-	483,850	-	85,418	41,387
Property, plant and equipment written off	-	8,564	-	-	281,384
Interest expenses	958,634	1,276,074	890,349	783,923	430,966
Interest income	(256,554)	(39,938)	(283,165)	(230,085)	(140,395)
Unrealised foreign exchange gain	(58,917)	(323,996)	(862,065)	(68,600)	-
Operating profit before working capital changes	39,423,249	84,736,251	118,597,633	165,672,622	87,076,690
Changes in Working Capital					
Inventories	(1,898,105)	16,550,132	10,638,178	1,644,311	(11,239,716)
Receivables	(35,912,472)	(20,393,960)	(71,091,184)	(62,956,329)	(60,961,964)
Payables	3,803,420	(24,788,628)	10,505,500	11,153,090	56,641,440
	5,416,092	56,103,795	68,650,127	115,513,694	71,516,450
Interests paid	(958,634)	(1,276,074)	(890,349)	(783,923)	(430,966)
Interest received	256,554	39,938	283,165	230,085	140,395
Tax paid	(1,636,703)	(27,228,937)	(26,370,455)	(38,895,024)	(16,756,473)
Net Operating Cash Flows	3,077,309	27,638,722	41,672,488	76,064,832	54,469,406

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010 (Continued)

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(2,531,937)	(14,235,281)	(9,074,212)	(733,080)	(588,565)
Proceeds from disposal of property, plant and equipment	-	211,000	-	277,940	97,116
Net Investing Cash Flows	(2,531,937)	(14,024,281)	(9,074,212)	(455,140)	(491,449)
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash deposit released / (held) as security values	8,300,000	(1,400,000)	2,600,000	-	-
Net change in amount due to holding company	-	-	10,204,000	(9,496,400)	-
Net change in amount due to a related company	5,589,422	14,661,876	(1,547,042)	(42,814,526)	-
Net change in amount due to related parties	(13,646,241)	(7,946,001)	38,303,890	-	-
Net change in amount due from/to directors	10,333,382	(28,859,310)	27,996,762	-	-
Net change in amount due from holding company	-	-	-	-	(3,837,853)
Net change in borrowings	(1,460,000)	(450,000)	(11,550,000)	13,000,000	(5,000,000)
Net change in bills payable	(9,790,000)	1,800,000	(4,400,000)	-	-
Proceeds from issuance of shares	-	8,250,000	24,846,659	-	-
Dividends paid	-	-	(50,000,000)	-	-
Net Financing Cash Flows	(673,437)	(13,943,435)	36,454,269	(39,310,926)	(8,837,853)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(128,065)	(328,994)	69,052,545	36,298,766	45,140,104
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR/PERIOD	1,318,173	1,190,108	861,114	69,913,659	106,212,425
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR/PERIOD	1,190,108	861,114	69,913,659	106,212,425	151,352,529
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Cash and bank balances	2,390,108	3,461,114	69,913,659	106,212,425	151,352,529
Less: Cash deposits held as security value	(1,200,000)	(2,600,000)	-	-	-
	1,190,108	861,114	69,913,659	106,212,425	151,352,529

The accompanying notes form an integral part of these financial statements.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

JINJIANG ZHENXING SHOES & PLASTICS CO., LTD.

(晋江振兴鞋塑有限公司)

(Incorporated in People's Republic of China)

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is an original design manufacturer (ODM) and original equipment manufacturer (OEM) manufacturing company specialising in the design and manufacturing of sports shoes. There has been no significant change in the nature of this principal activity during the financial years/period under review.

The principal place of business of the Company is located at Zhushuxia Industrial Zone, Meiling Street, Jinjiang City, Fujian Province, People's Republic of China ("PRC") (中国福建省晋江市竹树下工业区).

The holding company is Maxwell International Holdings Berhad, which is incorporated in Malaysia.

The financial statements of the Company prepared for the PRC reporting purposes for the financial years ended 31 December 2006, 31 December 2007, 31 December 2008 and 31 December 2009 were audited by Xiamen Huafeng Associated, Certified Public Accountants of the PRC, and were reported on by the PRC auditors without any qualification.

These financial statements have been prepared solely in connection with the proposed listing and quotation of the entire enlarged issued and paid-up share capital of Maxwell International Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years/period presented except for the adoption of new and revised FRSSs, amendments/improvements to FRSSs and IC Interpretations ("IC Int") that are mandatory for the Company for the financial period beginning 1 January 2010 as disclosed in Note B.

A. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the Financial Reporting Standards ("FRSS") in Malaysia.

The financial statements of the Company have been prepared under the historical cost basis, except as disclosed herein.

The preparation of financial statements in conformity with FRSSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires the director's best knowledge of current events and actions, and therefore actual results may differ.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PREPARATION (Continued)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

B. NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT

(i) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int

On 1 January 2010, the Company adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int mandatory for annual financial period beginning on or after 1 January 2010.

New FRSs

FRS 4	Insurance Contracts
FRS 7	Financial Instruments : Disclosures
FRS 139	Financial Instruments : Recognition and Measurement

Revised FRSs

FRS 101	Presentation of Financial Statements
FRS 123	Borrowing Costs

Amendments/Improvements to FRSs

FRS 1	First time Adoption of Financial Reporting Standards
FRS 2	Share-Based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 107	Statement of Cash Flows
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After Reporting Period
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 123	Borrowing Costs
FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
FRS 128	Investment In Associates
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Presentation
FRS 134	Interim Financial Reporting
FRS 136	Impairment of Assets
FRS 139	Financial Instruments : Recognition and Measurement
FRS 140	Investment Property

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (continued)

(i) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (continued)

IC Int

IC Int 9	Reassessment of Embedded Derivatives
IC Int 10	Interim Financial Reporting and Impairment
IC Int 11	FRS 2 – Group and Treasury Share Transactions
IC Int 13	Customer Loyalty Programmes
IC Int 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new and revised FRSs, amendments/improvements to FRSs and IC Int do not have a material impact on the financial performance or position of the Company except for those as discussed below:-

FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Company has applied FRS 7 prospectively in accordance with the transitional provisions. Hence the new disclosures have not been applied to the comparatives.

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non owner changes equity presented as a single line. The Standard also introduce the statement of comprehensive income, with all items of income and expense recognised directly in the statement of comprehensive income, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or two linked statements. The Company has elected to present the statement of comprehensive income in a single statement.

The revised FRS 101 was adopted retrospectively by the Company. The change in accounting policy only impacts presentation aspects.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
B. NEW AND REVISED FRSs, AMENDMENTS/IMPROVEMENTS TO FRSs AND IC INT (continued)
(i) Adoption of New and Revised FRSs, Amendments/Improvements to FRSs and IC Int (continued)
FRS 139 Financial Instruments: Recognition and Measurement

The Company has adopted FRS139 prospectively in accordance with the transitional provisions in FRS139 for recognising and measuring financial assets and financial liabilities as at 1 January 2010.

(ii) New and Revised FRSs, Amendments/Improvements to FRSs and IC Int that are issued, not yet effective and have not been adopted early

The Company has not adopted the following new and revised FRSs, amendments/improvements to FRSs and IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Company:

	Effective for financial periods beginning on or after
<u>Revised FRSs</u>	
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3 Business Combinations	1 July 2010
FRS 127 Consolidated and Separate Financial Statements	1 July 2010
<u>Amendments/Improvements to FRSs</u>	
FRS 1 First time Adoption of Financial Reporting Standards	1 January 2011
FRS 2 Share-based Payment	1 July 2010
FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 7 Financial Instruments: Disclosure	1 July 2010
FRS 132 Financial Instruments: Presentation	1 March 2010
FRS 138 Intangible Assets	1 July 2010
<u>IC Int</u>	
IC Int 4 Determining whether an Arrangement contains a Lease	1 January 2011
IC Int 12 Service Concession Arrangements	1 July 2010
IC Int 15 Agreements for the Construction of Real Estate	1 January 2012
IC Int 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Int 17 Distributions of Non-Cash Assets to Owners	1 July 2010
IC Int 18 Transfers of Assets from Customers	1 January 2011
<u>Amendment to IC Int</u>	
IC Int 9 Reassessment of Embedded Derivatives	1 July 2010

The initial application of the above new and revised FRS, amendments/improvements to FRSs and IC Int are not expected to have any material impact on the financial statements of the Company or any material changes in accounting policy.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CURRENCIES

Functional and Presentation Currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Chinese Renminbi ("RMB"), which is the Company's functional currency and presentation currency.

D. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 21.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income as incurred.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual lives used for this purpose are as follows:-

Plants and machinery	5-10 years
Office equipment	5 years
Motor vehicles	5 years
Renovation	5 years
Buildings	50 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the statement of comprehensive income for the financial year/period in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the financial year/period the asset is derecognised.

E. PREPAID LEASE PAYMENTS

Leasehold land that normally has a finite economic life and title is not expected to pass to the lessee by the end of lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments which are amortised to the statement of comprehensive income over the lease term in accordance with the pattern of benefits provided. The prepaid lease payments are amortised over a lease term of 50 years and expiring in year 2049 and 2056 respectively.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct material and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined using first-in-first out basis.

Net realisable value represents the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

G. FINANCIAL INSTRUMENTS

(i) Financial Assets

Initial Recognition

Financial assets within the scope of FRS 139 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to maturity financial assets, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition. Financial assets are recognised on the statement of financial position when, and only when the Company becomes a party to the contracted provisions of the financial instruments.

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include cash and cash equivalents, trade and other receivables.

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:-

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit and loss includes financial assets held for trading and financial assets designated upon initial recognition as fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of comprehensive income.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method less impairment.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. FINANCIAL INSTRUMENTS (Continued)

(i) Financial Assets (Continued)

(iii) Held-to-Maturity Financial Assets

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity financial assets are subsequently measured at amortised cost using the EIR method less impairment. The losses arising from impairment are recognised in the statement of comprehensive income.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the three preceding categories. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of comprehensive income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of comprehensive income. Available-for-sale financial assets are measured at cost if the fair value of the unquoted equity instrument cannot be reliably measured.

(ii) Financial Liabilities

Initial Recognition

Financial liabilities within the scope of FRS 139 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade payables, other payables and short-term loans.

Subsequent Measurement

The subsequent measurement of financial liabilities depends on their classification as follows:-

(i) Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
*(Cont'd)**Company No. 350500400009750***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****G. FINANCIAL INSTRUMENTS (Continued)****(i) Financial Liabilities (Continued)****(ii) Loans and Borrowings**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR method amortisation process.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

H. SHARE CAPITAL

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the reporting date. A dividend proposed or declared after the reporting date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

I. IMPAIRMENT**(i) Financial Assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that a financial asset is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
*(Cont'd)**Company No. 350500400009750***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****I. IMPAIRMENT (Continued)****(i) Financial Assets (Continued)**

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in statement of comprehensive income and reflected in an allowance account against receivables. When the trade receivables become uncollectible, it is written off against the allowance accounts. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date and the amount of reversal are recognised as profit or loss in the statement of comprehensive income.

(ii) Non-financial Assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, the recoverable amount is determined on an individual asset basis.

An impairment loss is recognised in the statement of comprehensive income in the period in which it arises.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed its carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

J. EMPLOYEE BENEFITS**(i) Short Term Employee Benefits**

Wages, salaries, bonuses and non-monetary benefits are recognised as an expense in the financial years/period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave and maternity leave are recognised when absences occur.

**APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)***Company No. 350500400009750***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****J. EMPLOYEE BENEFITS (Continued)****(ii) Post-Employment Benefits**

Pursuant to the relevant laws and regulations of the PRC, the Company has joined a basic pension insurance scheme for the employees arranged by local Labour and Social Security Bureau, whereby the Company makes contributions to the pension insurance at the applicable rates based on the amounts stipulated by the government organisation. The contributions are charged to statement of comprehensive income on an accrual basis. When employees retire, the local Labour and Social Security Bureaus are responsible for the payment of the basic pension benefits to the retired employees.

K. REVENUE RECOGNITION

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sales of goods

Revenue is recognised upon delivery of products and customers' acceptance, net of Valued-Added-Tax, discounts and returns and when the significant risk and rewards of ownership have been passed to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Interest income

Interest income is recognised on an accrual basis.

L. BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction and production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowings costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised as an expense in the statement of comprehensive income in the period in which they are incurred. Borrowing costs consist of interest that the Company incurred in connection with the borrowing of funds.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. TAXATION

(i) Current Tax

The tax expense in the statement of comprehensive income represents the aggregate amount of current tax and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year/period and is measured using the tax rates that have been enacted at the reporting date.

(ii) Deferred Tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

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

(ii) Other Taxes

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

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

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

N. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past event and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

**APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)***Company No. 350500400009750***2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****O. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, deposits and demand deposits that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value, net of deposits pledged to financial institutions.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Critical judgements in applying accounting policies

In the process of applying Company's accounting policies, the director is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Depreciation of property, plant and equipment

Management estimates the useful lives of the Company's property, plant and equipment to be within 5 to 50 years. The Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. The estimates for the useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of level of usage, technical innovation and competitor actions in response to severe market conditions. Changes in those commercial and production factors could impact the economic useful lives and the residual values of these assets and therefore future depreciation charges could be revised.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
*(Cont'd)**Company No. 350500400009750***3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****(b) Key sources of estimation uncertainty (Continued)****(ii) Impairment of non-current assets**

The Company reviews the carrying amount of its non-current assets, which include property, plant and equipment and prepaid lease payments, to determine whether there is an indication that those assets have suffered an impairment loss in accordance with relevant accounting policies on the respective category of non-current assets. Independent professional valuations to determine the carrying amount of these assets will be procured when the need arise.

As at the end of the financial years/period under review, the director is of the view that there is no indication of impairment to these assets and therefore no independent professional valuation was procured by the Company during the financial years/period ended to determine the carrying amount of these assets. The carrying amounts of property, plant and equipment and prepaid lease payments are disclosed in Notes 4 and 5 respectively.

(iii) Allowance for writedown in inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the carrying value of inventories.

(iv) Impairment of loans and receivables

The Company assess at each reporting date whether there is any objective evidence that loan and receivables is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the profitability of insolvency or significant financial difficulties of the debtors and defaults or significant delays in payments.

Where there is objective evidence of impairment, the amount and timing of the future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(v) Income taxes

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

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

4. PROPERTY, PLANT AND EQUIPMENT

	Plant and Machinery RMB	Office Equipment RMB	Motor Vehicles RMB	Renovation RMB	Buildings RMB	Total RMB
Cost						
At 1 January 2006	5,511,296	199,546	27,194	-	45,989,426	51,727,462
Additions	459,341	147,596	5,000	-	1,920,000	2,531,937
At 31 December 2006	5,970,637	347,142	32,194	-	47,909,426	54,259,399
Additions	695,960	18,298	132,649	-	13,388,374	14,235,281
Write-off	-	(9,900)	-	-	-	(9,900)
Disposals	(1,673,000)	-	-	-	-	(1,673,000)
At 31 December 2007	4,993,597	355,540	164,843	-	61,297,800	66,811,780
Additions	6,174,447	1,751,449	764,610	383,706	-	9,074,212
At 31 December 2008	11,168,044	2,106,989	929,453	383,706	61,297,800	75,885,992
Additions	662,000	47,200	-	-	23,880	733,080
Disposals	(1,369,781)	-	-	-	-	(1,369,781)
At 31 December 2009	10,460,263	2,154,189	929,453	383,706	61,321,680	75,249,291
Additions	77,316	77,369	215,765	218,115	-	588,565
Write-offs	-	-	-	(383,706)	-	(383,706)
Disposals	-	(194,434)	-	-	-	(194,434)
At 30 June 2010	10,537,579	2,037,124	1,145,218	218,115	61,321,680	75,259,716

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Plant and Machinery RMB	Office Equipment RMB	Motor Vehicles RMB	Renovation RMB	Buildings RMB	Total RMB
Accumulated Depreciation						
At 1 January 2006	2,275,165	96,244	1,489	-	3,908,760	6,281,658
Charge for the financial year	507,075	51,522	4,970	-	999,224	1,562,791
At 31 December 2006	2,782,240	147,766	6,459	-	4,907,984	7,844,449
Charge for the financial year	570,647	46,992	15,744	-	1,105,894	1,739,277
Write-off	-	(1,337)	-	-	-	(1,337)
Disposals	(978,150)	-	-	-	-	(978,150)
At December 2007	2,374,737	193,421	22,203	-	6,013,878	8,604,239
Charge for the financial year	715,444	198,649	98,487	25,580	1,345,654	2,383,814
At December 2008	3,090,181	392,070	120,690	25,580	7,359,532	10,988,053
Charge for the financial year	896,494	353,970	167,302	38,371	1,346,528	2,802,665
Disposals	(1,006,423)	-	-	-	-	(1,006,423)
At 31 December 2009	2,980,252	746,040	287,992	63,951	8,706,060	12,784,295
Charge for the financial period	407,691	166,309	90,004	50,786	665,098	1,379,888
Write-offs	-	-	-	(102,322)	-	(102,322)
Disposals	-	(55,931)	-	-	-	(55,931)
At 30 June 2010	3,387,943	856,418	377,996	12,415	9,371,158	14,005,930
Net Book Value						
At 31 December 2006	3,188,397	199,376	25,735	-	43,001,442	46,414,950
At 31 December 2007	2,618,860	162,119	142,640	-	55,283,922	58,207,541
At 31 December 2008	8,077,863	1,714,919	808,763	358,126	53,938,268	64,897,939
At 31 December 2009	7,480,011	1,408,149	641,461	319,755	52,615,620	62,464,996
At 30 June 2010	7,149,636	1,180,706	767,222	205,700	51,950,522	61,253,786

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Certain motor vehicles with net book value of RMB23,985, RMB18,640, RMB709,090, RMB565,624 and RMB702,634 as at 31 December 2006, 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010 respectively were held in trust by the employees of the Company.

5. PREPAID LEASE PAYMENTS

	← As at →				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
Cost					
At the beginning / at the end of the financial year/period	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000
Accumulated amortisation					
At the beginning of the financial year/period	601,332	717,332	833,332	949,332	1,065,332
Amortisation for the financial year/period	116,000	116,000	116,000	116,000	60,315
At the end of the financial year/period	717,332	833,332	949,332	1,065,332	1,125,647
Net Book Value					
At the end of the financial year/period	5,082,668	4,966,668	4,850,668	4,734,668	4,674,353

The prepaid lease payments of the Company refer to leasehold land located at Zhushuxia Industrial Zone, Jinjiang City, Fujian Province, PRC (中国福建省晋江市竹树下工业区).

At 30 June 2010, a leasehold land with a net book value of RMB1,062,769 is pledged as security to secure short-term loans as disclosed in Note 19.

6. INVENTORIES

	← As at →				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
At cost:					
Raw material	23,510,340	15,628,036	1,718,384	1,161,493	10,237,914
Finished goods	3,637,092	243,094	917,000	626,184	2,802,248
Work-in-progress	5,773,122	499,292	3,096,860	2,300,256	2,287,487
	32,920,554	16,370,422	5,732,244	4,087,933	15,327,649

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

7. TRADE RECEIVABLES

Trade receivables are non-interest bearing and the Company's normal trade credit terms ranges from 30 days to 120 days. Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The currency exposure profile of trade receivables are as follows:-

	← As at →				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
United States Dollars	4,206,947	576,470	1,000,548	3,674,824	6,371,695
Chinese Renminbi	49,298,591	66,524,132	105,537,800	204,191,543	262,698,170
	<u>53,505,538</u>	<u>67,100,602</u>	<u>106,538,348</u>	<u>207,866,367</u>	<u>269,069,865</u>

Ageing analysis of trade receivables are as follows:-

	30.6.2010
	RMB
Neither past due nor impaired	<u>269,069,865</u>

The Company believes that, no impairment loss is necessary in respect of these trade receivables not past due. Majority of the balances owed by the significant customers relates to customers that have a good payment record with the Company.

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMETNS

	← As at →				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
Advances to suppliers	3,572,083	6,076,784	584,083	98,941	22,419
Other receivables	1,669,292	1,297,220	503,117	803,274	572,008
Deposits (i)	-	-	38,000,000	-	-
Prepayments	136,367	330,474	163,261	45,156	111,410
Tax claimable	66,697	-	-	-	-
	<u>5,444,439</u>	<u>7,704,478</u>	<u>39,250,461</u>	<u>947,371</u>	<u>705,837</u>

- (i) On 5 April 2008, the Company entered into a memorandum of understanding for the acquisition of assets (资产收购意向书) with Shuhui Complex Shoes Material Co., Ltd. (福建省晋江市树辉鞋材有限公司) ("Shuhui") to acquire Shuhui's non-moveable assets (which includes plant and machinery, office equipment, motor vehicles, office building, factory building, land and other non-moveable assets) located at the PRC for a total purchase consideration of RMB80,000,000 ("Acquisition of Assets"). Pursuant to the said memorandum of understanding, a deposit of RMB38,000,000 was paid to Shuhui during the 2008 financial year.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMETNS (Continued)

On 8 November 2009, the Company and Shuhui entered into a termination agreement (资产收购终止协议), under which the parties mutually agreed to terminate the Acquisition of Assets under the memorandum of understanding dated 5 April 2008 and the deposit paid by the Company was fully refunded to the Company on 11 December 2009.

9. AMOUNT DUE FROM/(TO) RELATED PARTIES

	← 31.12.2006 RMB	31.12.2007 RMB	As at 31.12.2008 RMB	31.12.2009 RMB	→ 30.6.2010 RMB
Amount due from related parties					
Fujian Jinjiang Sodeng Shoe Co., Ltd. (福建晋江速登鞋业有限公司)	31,099,000	38,845,000	-	-	-
Li Jinrong (李锦容)	8,890	208,890	-	-	-
	<u>31,107,890</u>	<u>39,053,890</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount due to related parties					
Fujian Jinjiang Fynex Shoe Industries Development Co., Ltd. (福建晋江凤竹鞋业发展有限公司)	750,000	750,000	-	-	-

The amounts due from/(to) related parties represent advances and payments made on behalf of the Company, which are unsecured, interest free and have no fixed terms of repayment.

The nature of the relationships with the above related parties is disclosed in Note 29.

10. AMOUNT DUE FROM/(TO) DIRECTORS

Amount due from/(to) directors represent payments made on behalf which are unsecured, interest free and have no fixed terms of repayment.

11. AMOUNT DUE FROM HOLDING COMPANY

Amount due from holding company represent payments made on behalf which are unsecured, interest free and repayable on demand.

12. CASH AND BANK BALANCES

	← 31.12.2006 RMB	31.12.2007 RMB	As at 31.12.2008 RMB	31.12.2009 RMB	→ 30.6.2010 RMB
Cash on hand	886,231	721,549	155,745	88,666	108,767
Cash at banks	303,877	139,565	69,757,914	106,123,759	151,243,762
Fixed deposits	1,200,000	2,600,000	-	-	-
	<u>2,390,108</u>	<u>3,461,114</u>	<u>69,913,659</u>	<u>106,212,425</u>	<u>151,352,529</u>

**APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)**

Company No. 350500400009750

12. CASH AND BANK BALANCES (Continued)

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

The bank balances generally have an effective interest rate of 0.36% per annum for the financial years/period under review.

Fixed deposits with a licensed bank have varying maturity dates of between one (1) to twelve (12) months, which bore effective interest rates of 2.07% and 2.43% per annum for the 2006 and for the 2007 financial year. Fixed deposits had been pledged to a licensed bank to secure the credit facilities granted to the Company during the 2006 and 2007 financial year as disclosed in Note 18.

The currency exposure profile of cash and bank balances are as follows:-

	←----- As at -----→				
	31.12.2006 RMB	31.12.2007 RMB	31.12.2008 RMB	31.12.2009 RMB	30.6.2010 RMB
Chinese Renminbi	2,389,949	3,460,842	69,912,647	106,211,721	151,351,821
United States Dollars	159	272	975	666	670
Singapore Dollars	-	-	37	38	38
	2,390,108	3,461,114	69,913,659	106,212,425	151,352,529

13. SHARE CAPITAL

The Company is a foreign invested enterprise incorporated in PRC with the registered capital stated in Hong Kong Dollars ("HKD"). The registered capital of the Company during the end of the financial years/period under review are summarised below:-

Financial Years/Period Ended	Registered Capital (HKD)
31 December 2006	25,000,000
31 December 2007	32,900,000
31 December 2008	60,000,000
31 December 2009	60,000,000
30 June 2010	60,000,000

The movements in the registered and fully paid-up capital of the Company during the financial years/period under review are as follows:-

	←----- As at -----→									
	31.12.2006		31.12.2007		31.12.2008		31.12.2009		30.6.2010	
	HKD	RMB	HKD	RMB	HKD	RMB	HKD	RMB	HKD	RMB
Registered and fully paid-up capital										
At the beginning of the financial years / period	25,000,000	26,558,687	25,000,000	26,558,687	32,900,000	34,808,687	60,015,243	59,655,346	60,015,243	59,655,346
Increased during the financial years / period	-	-	7,900,000	8,250,000	27,115,243	24,846,659	-	-	-	-
At the end of the financial years / period	25,000,000	26,558,687	32,900,000	34,808,687	60,015,243	59,655,346	60,015,243	59,655,346	60,015,243	59,655,346

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

14. STATUTORY RESERVE

In accordance with relevant laws and regulations of the PRC, the Company is required to transfer 10% of its net profit for the financial years/period prepared in accordance with the accounting regulation of the PRC to the statutory reserve. The transfer will continue until the reserve balance reaches 50% of its registered capital. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiary company, subject to the approval from the PRC authority, and are not available for dividend distribution to the shareholders.

15. TRADE PAYABLES

Trade payables are non-interest bearing and the normal trade credit term granted to the Company ranges from 30 to 90 days.

16. OTHER PAYABLES AND ACCRUALS

	←		As at →		
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
Advances from customers	108,551	334,108	1,983,942	132,670	132,673
Accrued operating expenses	2,770,448	75,013	220,457	401,905	175,633
Other payables	28,483,407	8,130,502	8,828,166	9,209,598	10,625,259
	<u>31,362,406</u>	<u>8,539,623</u>	<u>11,032,565</u>	<u>9,744,173</u>	<u>10,933,565</u>

Advances from customers represents advances from customers for sales and other sales related reimbursements. The advances from customers are denominated in United States Dollars for financial year ended 31 December 2009 and financial period ended 30 June 2010 respectively.

In the 2006 financial year, included in other payables are amounts totaling RMB20,107,364 which represents amounts payable to contractors for the construction of factory buildings.

17. DIVIDENDS PAYABLE

During the 2006 and 2007 financial years, the Company declared dividends of RMB19,300,000 and RMB30,700,000 to its shareholder. These dividends payable were fully settled on 25 April 2008.

18. BILL PAYABLE

Bill payables for the 2006 and 2007 financial years were secured by fixed deposit of RMB1,200,000 and RMB2,600,000 respectively as disclosed in Note 12.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

19. SHORT-TERM LOANS

	← 31.12.2006	31.12.2007	As at 31.12.2008	31.12.2009	→ 30.6.2010
	RMB	RMB	RMB	RMB	RMB
Short-term loans	14,000,000	13,550,000	2,000,000	15,000,000	10,000,000

The short-term loan of RMB8,000,000 (31 December 2009: RMB15,000,000) is secured by corporate guarantees from related parties and third parties. As at 30 June 2010, the Company has a short-term loan of RMB2,000,000 which is secured over the prepaid lease payments as disclosed in Note 5. The interest rates range of the short term loans are as follows:-

Financial Years / Period	Interest Rates Range
31 December 2006	4.69% to 7.60%
31 December 2007	7.34% to 9.20%
31 December 2008	9.20% to 9.71%
31 December 2009	5.11% to 6.46%
30 June 2010	6.42% to 6.64%

The carrying amounts of interest-bearing short term loans are denominated in Renminbi.

20. AMOUNT DUE TO A RELATED COMPANY AND HOLDING COMPANY

The Company and Jiayi (Fujian) Imp. & Exp. Trade Co., Ltd. (福建省晋江市加怡进出口贸易有限公司) ("Jiayi Trading") became wholly-owned subsidiaries of Sports Asia Limited ("Sports Asia") during the 2008 financial year following the completion of the Equity Transfer Agreements entered into between Chun Hing Industry (Hong Kong) Ltd., the former holding company of the Company, and Sports Asia on 2 January 2008. Sports Asia is a company incorporated and domiciled in Singapore.

On 18 November 2009, Maxwell International Holdings Berhad ("Maxwell") and Sports Asia entered into a Restructuring Agreement to acquire from Sports Asia the entire interests in the registered capital of the Company for a purchase consideration of RM134,499,998. The purchase consideration was satisfied via the issuance of 336,249,995 new Maxwell ordinary shares of RM0.40 each. Upon the completion of the said acquisition, Sports Asia ceased to be the holding company of the Company and Maxwell becomes the new holding company of the Company.

The amount due to former holding company represents advances which are unsecured, interest free and has no fixed terms of repayment. The carrying amount of the amount owing to former holding company is denominated in Singapore Dollars.

Jiayi Trading became a related company of the Company during the 2008 financial year following the completion of the abovementioned Equity Transfer Agreements. As disclosed in Note 32, the comparative figures for the amount due to Jiayi Trading for the 2006 and 2007 financial year were reclassified to conform with the presentation for the 2008, 2009 and 2010 financial years/period.

The amount due to a former related company represents advances which are unsecured, interest free and has no fixed terms of repayment.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

21. REVENUE

Revenue represents sale of goods net of discounts and value-added-tax.

22. OTHER OPERATING INCOME

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Interest income	256,554	39,938	283,165	230,085	140,395
Other incentives	175,873	110,841	125,300	152,281	16,200
Foreign exchange gain					
- unrealised	58,917	323,996	862,065	68,600	-
Others	-	-	51,433	72,078	2,300
	<u>491,344</u>	<u>474,775</u>	<u>1,321,963</u>	<u>523,044</u>	<u>158,895</u>

Other incentives represent export incentive received from government.

23. FINANCE COSTS

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Interest expenses	958,634	1,276,073	890,349	783,923	430,966
Bank charges	41,955	25,758	10,715	4,427	1,161
	<u>1,000,589</u>	<u>1,301,831</u>	<u>901,064</u>	<u>788,350</u>	<u>432,127</u>

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

24. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:-

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Amortisation of prepaid lease payments	116,000	116,000	116,000	116,000	60,315
Bad debts written off - trade	62,784	4,862,853	261,920	-	-
Depreciation	1,562,791	1,739,277	2,383,814	2,802,665	1,379,888
Foreign exchange loss - realised	218,033	590,021	158,737	836,470	23,893
Loss on disposal of property, plant and equipment	-	483,850	-	85,418	41,387
Staff costs (Note 25)	26,544,515	37,752,679	48,760,245	56,936,550	31,480,630
Property, plant and equipment written off	-	8,564	-	-	281,384
Rental	-	-	261,800	448,800	6,788

25. STAFF COSTS

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Wages and salaries	26,236,897	37,408,708	45,176,276	52,709,387	29,229,988
Defined contribution	110,780	107,880	3,370,670	4,027,056	2,204,928
Other staff related expenses	196,838	236,091	213,299	200,107	45,714
	<u>26,544,515</u>	<u>37,752,679</u>	<u>48,760,245</u>	<u>56,936,550</u>	<u>31,480,630</u>

Included in staff costs are the following:-

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Included in staff costs were remunerations paid to:-					
- executive directors	131,889	222,869	-	-	-
- key management personnel	69,600	80,400	296,400	367,700	186,000
Total remunerations	<u>201,489</u>	<u>303,269</u>	<u>296,400</u>	<u>367,700</u>	<u>186,000</u>

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

26. TAXATION

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
PRC income tax					
- current year	10,620,317	21,044,025	29,622,196	40,801,292	21,217,058
- prior year	512,000	-	-	-	-
	<u>11,132,317</u>	<u>21,044,025</u>	<u>29,622,196</u>	<u>40,801,292</u>	<u>21,217,058</u>

A reconciliation of income tax expense applicable to profit before taxation at the PRC corporate income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	For the Financial Years/Period Ended				
	1.1.2006 to 31.12.2006 RMB	1.1.2007 to 31.12.2007 RMB	1.1.2008 to 31.12.2008 RMB	1.1.2009 to 31.12.2009 RMB	1.1.2010 to 30.6.2010 RMB
Profit before taxation	<u>37,038,511</u>	<u>76,613,567</u>	<u>116,090,780</u>	<u>162,183,301</u>	<u>85,023,145</u>
Taxation at applicable statutory tax rate of 27%/25%	10,000,398	20,685,663	29,022,695	40,545,825	21,255,786
Tax effects of:					
- non-taxable income	(8,650)	(9,627)	(183,250)	(74,672)	(38,728)
- non-deductible expenses	628,569	367,989	782,751	330,139	-
Under accrued in prior year	512,000	-	-	-	-
Tax expense for the financial year/period	<u>11,132,317</u>	<u>21,044,025</u>	<u>29,622,196</u>	<u>40,801,292</u>	<u>21,217,058</u>

The provision for PRC income tax was calculated based on the applicable income tax rate of 27% (for the financial years prior to 2008) on the assessable income, which include 24% enterprise income tax and 3% local income tax.

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

As at the end of 31 December 2006, 31 December 2007, 31 December 2008, 31 December 2009 and 30 June 2010, no deferred tax has been provided as the Company does not have any material temporary differences between the tax bases of assets and liabilities and their carrying amounts, which give rise to a deferred tax asset or liability in the financial statements.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

27. CONTINGENT LIABILITIES

	← As at →				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
Corporate guarantee to a licensed bank to secure credit facilities granted to Jiayi Trading	1,500,000	-	-	-	-

The above-mentioned corporate guarantee was fully discharged on 30 June 2007.

28. CAPITAL COMMITMENT

	← As at →				
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
Capital expenditure approved and contracted for but not provided for in the financial statements					
- at reporting date *	-	-	42,000,000	-	-
- further capital commitments subsequent to the reporting date	-	-	662,000	-	-

* This capital commitment is no longer a commitment to the Company as the Company had entered into an assets acquisition termination agreement (资产收购终止协议) with Shuhui to terminate the Acquisition of Assets as disclosed in Note 8.

29. SIGNIFICANT RELATED PARTIES TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediary controls, is controlled by, or is under common or joint control with the Company or that has an interest in the Company that gives it significant influence over the Company's financial operating policies. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence for which significant voting power in the Company resides with, directly or indirectly.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

29. SIGNIFICANT RELATED PARTIES TRANSACTIONS (continued)

The natures of the relationship with the related parties are as follows:

Related Parties	Nature of Relationship
Fujian Jinjiang Sodeng Shoe Co., Ltd. (福建晋江速登鞋业有限公司)	It is a company incorporated as a wholly foreign owned entity in the PRC, and is wholly-owned by Li Yin Chung Hughes (李延松), the son of the Managing Director of the Company, Li Kwai Chun (李桂真).
Fujian Jinjiang Fengzhu Shoe Industries Development Co., Ltd. (福建晋江凤竹鞋业发展有限公司)	It is a company incorporated in the PRC, and is wholly-owned by Li Huoming (李火明), the brother of the Managing Director of the Company, Li Kwai Chun (李桂真).
Li Jinrong (李锦容)	The sister-in-law of the Managing Director of the Company, Li Kwai Chun (李桂真).
Jiayi (Fujian) Imp. & Exp. Trade Co., Ltd. (福建省晋江市加怡进出口贸易有限公司)	It is a company incorporated in the PRC, and is wholly-owned subsidiary of Sports Asia Limited. It is a company in which a director, Li Kwai Chun (李桂真) has interests.
Sports Asia Limited	It is a company incorporated in the Republic of Singapore. Li Kwai Chun (李桂真), is the shareholder and director of Sports Asia

During the financial years/period under review, the significant related party transactions were as follows:-

	For the Financial Years/Period Ended				
	1.1.2006	1.1.2007	1.1.2008	1.1.2009	1.1.2010
	to	to	to	to	to
	31.12.2006	31.12.2007	31.12.2008	31.12.2009	30.6.2010
	RMB	RMB	RMB	RMB	RMB
Purchases from:-					
- Fujian Jinjiang Fynex Shoe Industries Development Co., Ltd. (福建晋江凤竹鞋业发展有限公司)	900,000	-	-	-	-
- Jiayi Trading	1,315,646	830,492	563,500	80,000	-
Sales to Jiayi Trading	6,867,581	2,000,000	4,141,571	1,066,430	-

The director of the Company is of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

30. FINANCIAL INSTRUMENTS

(i) Financial risk management objectives

The Company does not have written risk management and guidelines. However, the management meets periodically to analyse and formulate measures to manage the Company's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Company employs a conservative strategy regarding risk management. As the Company's exposure to market risk kept at a minimum level, the Company has not used any derivatives financial instruments for trading purposes.

(a) Credit Risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

The maximum exposure to credit risk for each of the financial assets was as follows:-

	Carrying amount 30.6.2010 RMB
Trade receivables	269,069,865
Other receivables	594,427
Cash and cash equivalents	<u>151,352,529</u>
	<u>421,016,821</u>

The Company does not hold any collateral as security and other credit enhancements for the above financial assets.

Receivables

The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis.

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 7.

Cash and Cash Equivalents

The management adopts the policy of dealing only with reputable financial institutions.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

30. FINANCIAL INSTRUMENTS (Continued)**(i) Financial risk management objectives (continued)****(b) Liquidity and Cash Flow Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company maintains sufficient cash and cash equivalents and internally generated cash flows to finance its activities.

The Company adopts prudent liquidity risk management by maintaining sufficient cash, and available funding through an adequate amount of committed credit facilities. Due to dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The analysis of financial instruments by remaining contractual maturities (excluding interest) is as follows:-

30 June 2010	Carrying amount RMB	Contractual cash flows RMB	6 months or less RMB	6-12 months RMB
Non-derivative financial liabilities				
Secured short-term loans	10,000,000	(10,000,000)	-	(10,000,000)
Trade payables	103,975,799	(103,975,799)	(103,975,799)	-
Other payables and accruals	10,933,565	(10,933,565)	(10,933,565)	-
	<u>124,909,364</u>	<u>(124,909,364)</u>	<u>(114,909,364)</u>	<u>(10,000,000)</u>

(c) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from short-term loans.

The Company's policy is to manage interest cost using mix of fixed and floating rate debts, which depends on the interest rates market and economic conditions. For interest income from cash deposits, the Company managed the interest rate risks by placing cash deposits with reputable financial institutions on varying maturities and interest rate terms.

The interest rate profile of the interest-bearing financial instruments was as follows:-

Fixed rate instrument	Carrying amount 30.6.2010 RMB
Short-term loans	<u>10,000,000</u>

The short-term loans are fixed rate instruments, therefore a change in interest rates at the reporting date would not affect profit or loss.

The carrying amounts of short-term loans with a maturity of less than one year are assumed to approximate their fair values because of the short period to maturity.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
*(Cont'd)**Company No. 350500400009750***30. FINANCIAL INSTRUMENTS (continued)****(i) Financial risk management objectives (continued)****(d) Foreign currency risk**

The Company is exposed to transactional currency risk primarily through sales that are denominated in United States Dollars other than the functional currency of the operations to which they relate. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

As at 30 June 2010, 2.4% of our trade receivables were denominated in United States Dollars whilst the remaining trade receivables are denominated in Chinese Renminbi.

The Company also holds cash and cash equivalents denominated in foreign currencies as disclosed in Note 12.

The director believes that the impact of foreign exchange fluctuations will not significantly affect our profitability.

(ii) Fair Values**(a) Recognised Financial Instruments**

The fair values of financial assets and financial liabilities of the Company approximate their carrying values on the statement of financial position of the Company.

(b) Unrecognised Financial Instruments

There were no unrecognised financial instruments as at 30 June 2010.

31. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the Company with the funds to fund its expansion and growth.

The Company manages its capital structure, and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts, reduce existing debts.

The Company monitors the level of dividends to be paid to shareholders. The Company's objective is also to pay out regular dividends to the shareholders based on the level of the Company's profitability and cash flows.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising share capital, statutory reserve and retained earnings, and total liabilities which represents current liabilities.

APPENDIX D THE AUDITED FINANCIAL STATEMENTS OF ZHENXING SHOES FOR THE 1H 2010
(Cont'd)

Company No. 350500400009750

31. CAPITAL MANAGEMENT (Continued)

The debt-to-equity ratio is as follows:

	31.12.2009	30.6.2010
	RMB	RMB
Total liabilities	82,634,460	138,736,485
Equity attributable to equity holders of the Company	303,679,300	367,485,387
Debt-to-equity ratio	27.2%	37.8%

There were no changes in the Company's approach to capital management during the financial period.

The Company is not subject to externally imposed capital requirements.

32. COMPARATIVE FIGURES

- (i) The directors have voluntarily disclosed four years' comparative figures for information purposes only.
- (ii) As mentioned in Note 20, the following comparative figures have been reclassified to conform with the presentation for the 2008, 2009 and 2010 financial years/period:-

	←————— As at —————→			
	31.12.2006		31.12.2007	
	As			
	As Original Reported RMB	As Reclassified RMB	As Original Reported RMB	As Reclassified RMB
<u>Statement of financial position</u>				
Other payables and accruals	61,062,098	31,362,406	52,901,191	8,539,623
Amount owing to a related company	-	29,699,692	-	44,361,568