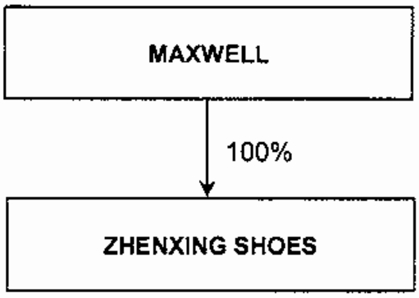
2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP. IT DOES NOT CONTAIN ALL THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ AND UNDERSTAND THE ENTIRE PROSPECTUS CAREFULLY BEFORE YOU DECIDE WHETHER TO INVEST IN OUR SHARES.

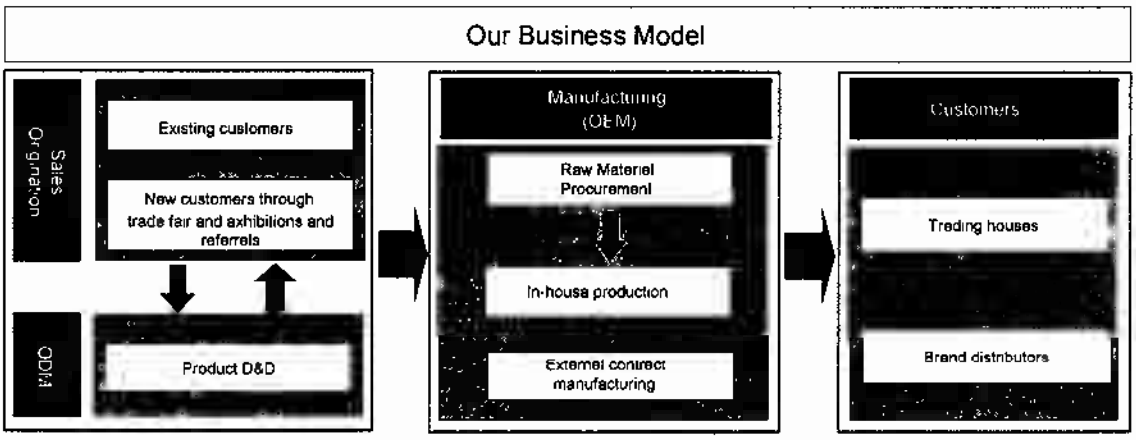
2.1 HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 3 November 2009 under the Act as a public company limited by shares under the name of "Maxwell International Holdings Berhad".

As at the date of this Prospectus, our Group structure is set out below:



We are an investment holding company whilst our wholly-owned subsidiary, Zhenxing Shoes specialises in the design and manufacturing of sports shoes for domestic and overseas customers, which comprise mainly trading houses and brand distributors. We manufacture sports shoes on an OEM basis (i.e. we manufacture based on the specifications and designs provided by our customers) and on an ODM basis (i.e. we design and develop sports shoes for our customers' selection and manufacture the selected designs for our customers). The business model of our Group is summarised as below:-



We have strong D&D capabilities and are able to develop an average of 1,000 shoe designs per annum for our customers' selection. Zhenxing Shoes is an OEM and ODM for various third party brands. As at the LPD, we have four (4) production lines with an average annual production capacity of approximately 8 million pairs of sports shoes, located at Zhushuxia Industrial Zone, Jinjiang City, Fujian Province, PRC (中国福建省晋江市竹树下工业区).

Please refer to **Sections 6** and **Section 9.1** for further information on our Group's business and details of our assets respectively.

2.2 COMPETITIVE STRENGTHS AND FUTURE PLANS

2.2.1 Our Competitive Strengths

The competitive strengths of our Group are as follows:

(i) We have strong product D&D capabilities;

(ii) We are able to deliver good quality products;

(iii) We have developed strong relationships with our customers;

(iv) We are located close to our raw material sources; and

(v) We have an experienced management and technical team.

Please refer to **Section 6.4** of this Prospectus for more details on our competitive strengths and advantages.

2.2.2 Our Future Plans

Our future plans for the continued growth of our business are as follows:

(i) Expansion of production capacity and upgrading of existing production facilities;

(ii) Strengthen our D&D capabilities and expansion of product range;

(iii) Increase sales and marketing activities for our sports shoes; and

(iv) Expansion of our business through acquisitions, joint ventures or strategic alliances.

Please refer to **Section 5.12** of this Prospectus for more details on our future plans.

2.3 FINANCIAL HIGHLIGHTS

2.3.1 Proforma Consolidated Income Statements

The following table sets forth a summary of our proforma consolidated income statements for the Financial Period under Review based on the assumption that we have been in existence throughout the financial years. The proforma consolidated income statements are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Reporting Accountants' Letter as set forth in **Section 7.2** of this Prospectus:-

	Audited											
	FYE 2006		FYE 2007		FYE 2008		FYE 2009		1H 2009		1H 2010	
	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000	RMB'000	RM'000
Revenue	159,971	73,539	317,538	143,464	452,492	218,056	583,718	301,023	282,313	148,271	307,434	148,460
Cost of sales	(116.532)	(53.570)	(228.619)	(103,290)	(323,356)	(155.825)	(409.406)	(211.130)	(197.584)	(103,771)	(215.993)	(104.303)
GP	**43,439**	**19,969**	**88,919**	**40,174**	**129,136**	**62,231**	**174,312**	**89,893**	**84,729**	**44,500**	**91,441**	**44,157**
Other operating income	491	226	475	215	1.322	637	523	270	264	139	159	77
Selling and distribution expenses	(796)	(366)	(934)	(422)	(2,946)	(1.420)	(1.811)	(934)	(964)	(506)	(1.104)	(533)
Administrative expenses	(3.652)	(1.679)	(4.572)	(2.066)	(10.100)	(4.867)	(11,779)	(6.075)	(4.585)	(2.408)	(6,538)	(3,157)
Other operating expenses	(1.443)	(663)	(5,972)	(2,698)	(420)	(202)	(922)	(476)	(792)	(416)	(345)	(167)
Profit from operations	**38,039**	**17,487**	**77,916**	**35,203**	**116,992**	**56,379**	**160,323**	**82,678**	**78,652**	**41,309**	**83,613**	**40,377**
Finance cost	(1.001)	(460)	(1.302)	(588)	(901)	(435)	(788)	(406)	(349)	(184)	(432)	(209)
PBT	**37,038**	**17,027**	**76,614**	**34,614**	**116,091**	**55,944**	**159,535**	**82,272**	**78,303**	**41,125**	**83,181**	**40,168**
Income tax	(11.132)	(5.118)	(21.044)	(9,508)	(29.622)	(14.275)	(40,801)	(21.041)	(19,734)	(10.364)	(21.218)	(10.246)
PAT	**25,906**	**11,909**	**55,570**	**25,106**	**86,469**	**41,669**	**118,734**	**61,231**	**58,569**	**30,762**	**61,963**	**29,922**
EBITDA	39.419	18.121	79,705	36.011	119.198	57.441	163.008	84.063	80.040	42.037	84.911	41.003
GP margin (%)	27.2	27.2	28.0	28.0	28.5	28.5	29.9	29.9	30.0	30.0	29.7	29.7
PBT margin (%)	23.2	23.2	24.1	24.1	25.7	25.7	27.3	27.3	27.7	27.7	27.1	27.1
PAT margin (%)	16.2	16.2	17.5	17.5	19.1	19.1	20.3	20.3	20.7	20.7	20.2	20.2
Effective tax rate (%)	28.7	28.7	27.5	27.5	25.5	25.5	25.6	25.6	25.2	25.2	25.5	25.5
No. of Shares in issue prior to the IPO ('000)	336.250	336.250	336.250	336.250	336.250	336.250	336,250	336.250	336.250	336.250	336.250	336.250
Gross EPS (RMB/RM)	0.11	0.05	0.23	0.10	0.35	0.17	0.47	0.24	^0.47	^0.24	^0.49	^0.24
Net EPS (RMB/RM)	0.08	0.04	0.17	0.07	0.26	0.12	0.35	0.18	^0.35	^0.18	^0.37	^0.18

Note:
^ *Annualised to 12 months for comparison purposes*

2. INFORMATION SUMMARY *(Cont'd)*

2.3.2 Proforma Consolidated Balance Sheets

Our proforma consolidated balance sheets as set out below have been prepared for illustration purposes to show the effects on the audited consolidated balance sheet of our Group as at 30 June 2010 had the IPO been effected on that date.

The proforma consolidated balance sheets are to be read together with the accompanying notes and assumptions included in the Reporting Accountants' Letter on the Proforma Consolidated Financial Information as set out in **Section 7.2** of this Prospectus.

	Audited consolidated Balance Sheet of Maxwell as at 30 June 2010		**Proforma I After the Public Issue**		**Proforma II After I and utilisation of proceeds**	
	RMB'000	**RM'000**	**RMB'000**	**RM'000**	**RMB'000**	**RM'000**
NON CURRENT ASSETS						
Property, plant and equipment	61,254	29,230	61,254	29,230	93,945	44,830
Prepaid lease payments	4,674	2,230	4,674	2,230	4,674	2,230
	65,928	31,460	65,928	31,460	98,619	47,060
CURRENT ASSETS						
Inventories	15,328	7,315	15,328	7,315	15,328	7,315
Trade receivables	269,070	128,400	269,070	128,400	269,070	128,400
Other receivables, deposits and prepayments	740	353	740	353	740	353
Cash and bank balances	151,362	72,230	223,502	106,655	171,637	81,905
	436,500	208,298	508,640	242,723	456,775	217,973
TOTAL ASSETS	**502,428**	**239,758**	**574,568**	**274,183**	**555,394**	**265,033**
EQUITY AND LIABILITIES						
Equity attributable to equity holder of the Company						
Share capital	281,852	134,500	335,289	160,000	335,289	160,000
Share premium	-	-	18,703	8,925	11,683	5,575
Merger reserves	(218,296)	(104,171)	(218,296)	(104,171)	(218,296)	(104,171)
Statutory reserve	37,967	18,118	37,967	18,118	37,967	18,118
Foreign currency translation reserve	(22,472)	(10,725)	(22,472)	(10,725)	(22,472)	(10,725)
Retained earnings	283,707	135,385	283,707	135,385	271,553	129,585
TOTAL EQUITY	362,758	173,107	**434,898**	**207,532**	**415,724**	198,382
CURRENT LIABILITIES						
Trade payables	103,976	49,617	103,976	49,617	103,976	49,617
Other payables and accruals	11,867	5,663	11,867	5,663	11,867	5,663
Short term loans	10,000	4,772	10,000	4,772	10,000	4,772
Tax payable	13,827	6,599	13,827	6,599	13,827	6,599
	139,670	66,651	139,670	66,651	139,670	66,651
TOTAL LIABILITIES	**139,670**	**66,651**	**139,670**	**68,851**	**139,670**	**66,651**
TOTAL EQUITY AND LIABILITIES	**502,428**	**239,758**	**574,568**	**274,183**	**555,394**	**285,033**
No. of Shares in issue ('000)	336,250	336,250	400,000	400,000	400,000	400,000
Net assets (RM'000/RMB'000)	362,758	173,107	434,898	207,532	415,724	198,382
Net assets per ordinary share (RMB/RM)	1.08	0.51	1.09	0.52	1.04	0.50

2.4 PRINCIPAL STATISTICS RELATING TO THE IPO

The following statistics relating to the IPO are derived from the full text of this Prospectus and should be read in conjunction with the text:-

	Number of Shares	Share Capital RM
Authorised share capital	**1,250,000,000**	**500,000,000**
Issued and paid-up share capital as at the date of this Prospectus	336,250,000	134,500,000
To be issued and credited pursuant to the Public Issue	63,750,000	25,500,000
Enlarged issued and fully paid-up share capital upon Listing	**400,000,000**	**160,000,000**
IPO Price		RM0.54 [1]
- **Proforma consolidated NA per Share** *(based on the enlarged issued and paid-up share capital after the IPO and deducting the estimated listing expenses of RM6.75 million)*		RM0.50
- **Market capitalisation** *(based on the IPO Price and enlarged issued and paid-up share capital after Listing)*		RM216,000,000

Note:-

(1) The IPO Price of RM0.54 per IPO Share is based on amongst other factors disclosed in ***Section 3.6*** *of this Prospectus, a net PE Multiple of approximately 3.0 times computed based on the proforma consolidated PAT of our Group for the FYE 2009, and the number of Shares in issue prior to the Public Issue of 336,250,000 Shares.*

The IPO Price of RM0.54 per Share is payable in full upon application, subject to the terms and conditions of this Prospectus.

Please refer to **Section 3** of this Prospectus for further information on our IPO.

2.5 RISK FACTORS

There are a number of risk factors (which may not be exhaustive), both specific to our Group and relating to the general business environment, which may impact the operating performance and financial position of our Group, and affect our future financial performance. To appreciate the risk factors associated with an investment in us, you should read this entire Prospectus carefully, taking into consideration the following summary of key risk factors:

(a) Risks relating to our business and industry

(i) We operate in the competitive sports shoe industry;

(ii) We may be unable to effectively manage our expansion;

(iii) We may not be able to respond promptly to market trends and produce commercially viable sports shoes;

(iv) Absence of long-term contracts with customers;

(v) We are fairly reliant on our external contract manufacturers;

(vi) We depend on the continuous supply of quality raw materials;

(vii) We may face rising production costs in the PRC;

(viii) We may inadvertently infringe third-party intellectual property rights;

(ix) Our reputation may be affected by the quality of our products;

(x) We are exposed to the credit risks of our customers;

(xi) We are exposed to fluctuations in the economic conditions of our export markets and discretionary consumer spending, as well as restrictions on the import of our products;

(xii) Certain preferential tax treatment to which we are entitled may be subject to change;

(xiii) We may be subject to foreign exchange risk;

(xiv) We are dependent on executive directors, key management and skilled workforce;

(xv) We are exposed to operational risks such as accidents, power shortage, fire outbreaks, floods and insufficient insurance coverage;

(xvi) Our operations may suffer a material adverse impact if there is a non-renewal of our permits, licences and certificates; and

(xvii) We have not obtained land use rights certificate and property ownership certificates for some of our production facilities.

(b) Risks relating to the PRC

(i) Uncertainty in the PRC legal system may make it difficult for us to predict the outcome of any disputes that we may be involved in;

(ii) Changes in the PRC governmental rules and regulations will have a significant impact on our business;

(iii) New labour laws in the PRC may adversely affect our operations;

(iv) PRC foreign exchange control may affect our ability to receive dividends and other payments from our PRC subsidiary;

(v) We are a holding company that relies heavily on dividend payment from our subsidiary for funding;

(vi) Our operating results and financial conditions are highly susceptible to changes in PRC's political, economic and social conditions as our revenue is currently wholly derived from our operations in PRC; and

(vii) Fluctuations in exchange rate may materially affect our financial position.

(c) Risks relating to investment in our Shares

(i) The IPO may not result in an active or liquid market for our Shares;

(ii) Our share price may be volatile in the future which could result in losses for investors purchasing our Shares pursuant to the IPO;

(iii) We may require additional funding for our growth plans, and such funding may result in a dilution of your investment;

(iv) As our operations and significant assets are located outside Malaysia, it could be difficult to enforce a Malaysian judgment against our Directors, our officers and us;

(v) Control by our controlling shareholder, Li Kwai Chun who will beneficially own approximately 54.6% of our enlarged share capital after the IPO, may limit your ability to influence the outcome of decisions requiring the approval of shareholders; and

(vi) Failure / delay in our Listing.

Please refer to the **Section 4** of this Prospectus for more details on our risk factors.

2.6 UTILISATION OF PROCEEDS

We expect the total gross proceeds from the Public Issue to amount to approximately RM34.43 million based on the Issue Price of RM0.54. The proceeds shall come to us and we shall bear all expenses relating to the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities.

The proceeds will be utilised by our Group in the following manner:

	Estimated timeframe for utilisation	Amount RM'000
Expansion of our production capacity and upgrading of existing production facilities	24 months	12,000
Increase our product D&D efforts and expansion of product range	12 months	6,000
Working capital purposes	12 months	9,675
Estimated listing expenses	Upon Listing	6,750
Total		34,425

Please refer to **Section 3.7** of this Prospectus for further details on the utilisation of proceeds.

There is no minimum subscription to be raised from the IPO.

The effects of the utilisation of proceeds on our proforma consolidated balance sheets as at 30 June 2010 is reflected in **Section 7.2** of this Prospectus.