

9. OTHER INFORMATION

9.1 PROPERTIES OF OUR GROUP

Details of the property owned by our Group as at the LPD are as follows:

Name of Registered owner and Location	Description/ Existing use	Tenure	Land area and/or gross floor area (sq m)	Restriction in Interest/ Encumbrances
<u>Zhenxing Shoes</u> Zhushuxia Industrial Zone, Jinjiang City, Fujian Province, PRC (中国福建省晋江市竹树下工业区)	Industrial use/ one (1) block of warehouse for storage of inventories*	50 years from 31 March 2006 to 30 March 2056	626 /1,220	Restriction : Nil 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.

Note:

- * The Planning and Construction and Housing Management Bureau of Jinjiang City (晋江市规划建设与房产管理局) had via its letter dated 15 December 2009 stated that Zhenxing Shoes had submitted an application for the issuance of property ownership certificate. Further, the Planning and Construction and Housing Management Bureau of Jinjiang City (晋江市规划建设与房产管理局) had via its letter dated 10 May 2010 confirmed that the application is still in the midst of processing and there will be no legal obstacle for Zhenxing Shoes to complete the procedure for obtaining the property ownership certificate.

In addition to the above, our subsidiary, Zhenxing Shoes, is currently in the progress of applying for land use rights and property ownership certificates for the following property:-

Description and Location	Description/ Existing use	Tenure	Land area and/or gross floor area (sq m)	Restriction in Interest/ Encumbrances
<u>Jinjiang City, Fujian Province, PRC</u> Zhushuxia Industrial Zone, Jinjiang City, Fujian Province, PRC ⁽¹⁾ (中国福建省晋江市竹树下工业区)	Industrial use/ two (2) blocks of factory building for manufacturing sports shoes which comprise of the production lines, plant and machinery and the D&D Department, and three (3) blocks of staff dormitory building ⁽²⁾	Pending	15,318/17,076.2	Not applicable ⁽³⁾

Notes:-

- ⁽¹⁾ 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 of RMB4,600,000 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 (晋江市国土资源局) in its letter dated 15 December 2009 stated that Zhenxing Shoes had submitted an application for the issuance of the said land use rights. Further, the Real Estate and Land Management Bureau of Jinjiang City (晋江市国土资源局) had via its letter dated 10 May 2010 confirmed that the application is still in the midst of processing and there will be no legal obstacle for Zhenxing Shoes to complete the procedure for obtaining the land use rights certificate.

9. OTHER INFORMATION (Cont'd)

- ⁽²⁾ The Planning and Construction and Housing Management Bureau of Jinjiang City (晋江市规划建设与房产管理局) had via its letter dated 15 December 2009 stated that Zhenxing Shoes had submitted an application for the issuance of property ownership certificates. Further, the Planning and Construction and Housing Management Bureau of Jinjiang City (晋江市规划建设与房产管理局) had via its letter dated 10 May 2010 confirmed that the application is still in the midst of processing and there will be no legal obstacle for Zhenxing Shoes to complete the procedure for obtaining the property ownership certificates then. Zhenxing Shoes started to use the two (2) blocks of factory building and two (2) blocks of staff dormitory building in 1999, while one (1) block of staff dormitory building was used in 2007.
- ⁽³⁾ The land use rights and property ownership certificates are pending issuance from the relevant PRC authorities. As such, the restriction in interest or encumbrances cannot be ascertained at this moment.

The audited net book value of the land use rights / prepaid lease payment and building as at 30 June 2010 amounted to approximately RMB4.7 million or RM2.2 million and RMB52.0 million or RM24.8 million respectively, based on the closing exchange rate of RMB1:RM0.4772 as at 30 June 2010, as set out in **Section 7.2** of this Prospectus.

As at the LPD, our Group does not lease any land and building.

Save as disclosed above, to the best of our Directors' knowledge and belief, in respect of the land and buildings owned or occupied by us as at the LPD: -

- (a) there are no other restrictions in interest or major encumbrances;
- (b) there has not been any breach of land use conditions or permissible land use; and
- (c) there has not been any material non-compliance with current statutory requirements or rules and regulations (including environmental issues) relating to the land or building.

9.2 MATERIAL PLANT AND EQUIPMENT

As at 30 June 2010, the material plant and equipment owned by our Group at the factory located at Zhushuxia Industrial Zone, Jinjiang City, Fujian Province, PRC are as follows:-

Description	Audited net book value at 30 June 2010	
	RMB'000	RM'000
1 st production line ⁽¹⁾⁽²⁾	1,647	786
2 nd production line ⁽²⁾	31	15
3 rd production line ⁽²⁾	175	83
4 th production line ⁽²⁾	1,651	788
Other plant and machineries used for manufacturing of sports shoes ⁽³⁾	3,646	1,740
Total	7,150	3,412

Notes:-

* Based on the closing exchange rate of RMB1: RM0.4772 as at 1H 2010, as set out in **Section 7.2** of this Prospectus.

⁽¹⁾ Includes recent overhaul/upgrading works on the 1st production line.

⁽²⁾ Each production line comprise mainly toe-lasting machine, heel-lasting machine, side-lasting machine, sole attaching machine, setting machine, infrared heating and last slipping machine.

⁽³⁾ The other plant and machineries used for manufacturing of sports shoes comprise mainly high-frequency machine, testing machine, roller machine, grinding machine, transformers, cutting machine, water-cooled air-conditioning, shoe line, welding machine, sewing machine, shoe press machine and hot melt machine.

The manufacturing capacity of our plant and machinery is set out in **Section 6.8** of this Prospectus.

Our Board is of the opinion that our Group has sufficient capacity to carry out our current operations and will continue to outsource some of our sports shoe orders to external contract manufacturers to cope with the increasing orders from customers. Further, we will be acquiring additional equipment for an anticipated increase in our sales volume, details of which are set out in **Section 5.12** of this Prospectus.