

15. ADDITIONAL INFORMATION (Cont'd)**15.1 SHARE CAPITAL**

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than twelve (12) months after the date of this Prospectus.
- (ii) We have no founder, management or deferred shares in our Company. As at the date of this Prospectus, we have only one (1) class of shares in our Company, namely ordinary shares of RM0.40 each, all of which rank equally with one another.
- (iii) Save as disclosed in this Prospectus, no shares, debentures, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as partly or fully paid-up, in cash or otherwise than in cash, within the two (2) years preceding the date of this Prospectus.
- (iv) None of the capital of our Group has been put under any option or has been agreed conditionally or unconditionally to be out under any option.
- (v) There is no scheme involving our employees in the capital of our Group.
- (vi) As at the date of this Prospectus, neither our Company nor our subsidiary has any outstanding convertible debt securities.
- (vii) As at the date of this Prospectus, there is no limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by our Memorandum and Articles of Association.

15.2 EXTRACT OF OUR ARTICLES OF ASSOCIATION

The following provisions are a summary or extract from our Articles of Association ("Articles") and are qualified in its entirety by the provisions of by applicable law and the terms used are as defined therein:

(i) Transfer of securities**Article 27 – Execution of Transfer**

Subject to the provisions of the Central Depositories Act, the Rules and these Articles, any Member may transfer all or any of his shares in the manner prescribed under the Rules and approved by the Bursa Securities. The transfer of any shares shall be by way of book entry by the Bursa Depository in Securities Account of a Depositor in accordance with the Rules and notwithstanding Sections 103 and 104 of the Act, but subject to Sections 107C(1) and 107C(2) of the Act, the Company shall be precluded from registering and effecting any transfer of shares.

Article 28 – Liability over Transfer

Subject to the provisions of the Act, the Central Depositories Act and the Rules, neither the Company nor any of its Directors or other officers shall incur any liability for acting upon a transfer of shares registered by the Bursa Depository, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner.

15. ADDITIONAL INFORMATION (Cont'd)

In every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

Article 29 – Refusal to Register

The Directors may decline to effect the registration of any transfer of shares if such shares are not fully paid up or the Company has a lien on them or otherwise if the transfer does not comply with the provisions of the Act, the Central Depositories Act and the Rules.

Article 30 – Notice of Refusal

Any Member whose transfer of shares has been refused shall be notified of the precise reasons thereof or dealt with in accordance with the Act, the Central Depositories Act and the Rules.

Article 31 – Suspension of Registration

The registration of transfers may be suspended at such times and for such duration as the Directors may from time to time determine provided the period shall not exceed thirty (30) days in the aggregate in any one year. Any suspension shall comply with the notice requirements applicable to Members and the Depository as prescribed by the Act, the Central Depositories Act or the Rules.

Article 32 – Renunciation

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

(ii) Remuneration of Directors**Article 94 – Directors' Remuneration**

- (1) The fees payable to the Directors (except salaries payable to executive Directors for their services) shall from time to time be determined by a resolution of the Company in general meeting. Provided that such fees shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.*
- (2) The Directors shall also be paid such travelling, hotel and other expenses properly and reasonably incurred by them in the execution of their duties including any such reasonable expenses incurred in connection with their attendance at meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company as the Directors may determine.*
- (3) Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.*
- (4) Any fee paid to an alternate director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

15. ADDITIONAL INFORMATION (Cont'd)Article 95 – Reimbursement of Expenses

- (1) *If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a Committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or by a percentage of profits (applicable only if he is an executive Director) or otherwise as may be determined by the Directors and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors, provided that no Director shall be remunerated by a commission on or percentage of turnover.*
- (2) *No payment shall be made to any Directors by way of compensation for loss of office or as consideration for or in consideration with his retirement from office unless particulars with respect to the proposed payment (including the amount thereof) have been disclosed to the Members and the proposal has been approved by the Company in general meeting.*

Article 123 – Remuneration of Managing Director

The remuneration of a Managing Director or Managing Directors shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes but shall not include a commission on or percentage of turnover.

(iii) Voting and Borrowing Powers of DirectorsArticle 114 – Disclosure of Interest

Every Director shall comply with the provisions of the Act in connection with the disclosure of his shareholding and interests in the Company and his interest in any contract or proposed contract with the Company and in connection with the disclosure of the fact and the nature, character and extent of any office or possession of any property whereby whether directly or indirectly duties or interest might be created in conflict with his duty of interest as a Director of the Company. No Director shall as a Director vote in respect of any contract or arrangement in which he is so interested, and, if he does so vote, his vote shall not be counted.

Article 115 – Restriction on Voting

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

Article 116 – Relaxation of Restriction on Voting

Subject always to the provisions of the Act and the Listing Requirements, a Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the terms of any such appointment are considered, he may vote on any such matter other than in respect of his own appointment and/or the fixing of the terms thereof.

15. ADDITIONAL INFORMATION (Cont'd)Article 117 – Power to Vote

Subject always to the provisions of the Act and the Listing Requirements, a Director may vote in respect of:-

- (a) any arrangement for giving the Director himself or any other Director for any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security.

Article 99 – Directors' Borrowing Power

- (1) The Directors may exercise all the powers of the Company to borrow any sum or sums of money from any person, bank, firm or company (expressly including any person holding the office of Director) and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company, or its wholly owned subsidiaries or of any related or associated corporation. The Directors may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon with power to the Directors to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or hypothecation of or charge upon any property and asset of the Company or otherwise. The Directors may exercise all the powers of the Company to guarantee and give guarantees or indemnities for the payment of money, the performance of contracts or obligations, or for the benefit or interest of the Company or of any subsidiary corporation.
- (2) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

(iv) Changes in Capital or Variation of Class RightsArticle 3B – Control on Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of these Articles and the Act and the Central Depositories Act and to the provisions of any resolution of the Company, shares in the Company may be issued by the Directors, who may allot or otherwise dispose of such shares to such persons on such terms and conditions with such (whether in regard to dividend, voting or return of capital) preferred, deferred or other special rights and either at a premium or otherwise, and subject to such restrictions and at such time or times as the Directors may think fit but the Directors in making any issue of shares shall comply with the following conditions:-

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than one hundred per centum (100%) of the nominal amount of the share;

15. ADDITIONAL INFORMATION (Cont'd)

- (c) *in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles or in the resolution creating the same;*
- (d) *no issue of shares shall be made which will have the effect of transferring a controlling interest in the Company to any person, company or syndicate without the prior approval of the Members in general meeting; and*
- (e) *every issue of shares or options to employees of the Company shall be approved by the Members in general meeting and no Director shall participate in such issue of shares or options to employees unless the Members in general meeting have approved of the specific allotment to be made.*

Provided always that a non-executive Director may participate in an issue of shares or options pursuant to a public offer or public issue. Any new issue of securities for which listing is sought shall be made by way of crediting the Securities Accounts of the allottees or entitled persons in the Bursa Depository with such securities save and except where the Company is specifically exempted from doing so. The Company shall notify the Bursa Depository of the names of the allottees or the entitled persons together with all such particulars as may be required by the Bursa Depository to enable it to make the appropriate entries in the Securities Accounts of such allottees or entitled persons.

Article 4 – Rights of Preference Shareholders

Subject to the Act, any preference shares may with the sanction of a Special Resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not without the consent of the existing preference shareholders at a class meeting issue further preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith.

Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements, and attending general meetings of the Company.

Preference shareholders must be entitled to a right to vote in each of the following circumstances:

- (a) *when the dividend or part of the dividend on the preference shares is in arrears for more than six (6) months;*
- (b) *on a proposal to reduce the Company's share capital;*
- (c) *on a proposal for the disposal of the whole of the Company's property, business and undertaking;*
- (d) *on a proposal that affects rights attached to the share;*
- (e) *on a proposal to wind up the Company; and*
- (f) *during the winding up of the Company.*

Article 5 – Repayment of Preference Capital

Notwithstanding Article 7 hereof the repayment of preference share capital other than redeemable preference shares or any alteration of preference shareholder rights shall only be made pursuant to a Special Resolution of the preference shareholders concerned PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing obtained from the holders of three-fourths (3/4) of the preference shares concerned within two (2) months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

15. ADDITIONAL INFORMATION (Cont'd)Article 6 – Power to Issue Preference Shares

The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit.

Article 7 – Modification of Class Rights

Whenever the capital of the Company is divided into different classes of shares or groups the special rights attached to any class or group may subject to the provisions of these Articles (unless otherwise provided by the terms of issue of the shares of the class), either with the consent in writing of the holders of three-quarters (3/4) of the issued shares of the class or group, or with the sanction of any Special Resolution passed at a separate general meeting of such holders (but not otherwise), be modified or abrogated, and may be so modified or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, and such writing or resolution shall be binding upon all the holders of shares of the class. To every such separate general meeting all the provisions of these Articles relating to general meetings or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) in nominal amount of the issued shares of the class or group (but so that if an adjourned meeting of such holders a quorum as above defined is not present those Members who are present shall be a quorum), that any holder of shares in the class present in person or by proxy may demand a poll and that the holders of shares of the class or group shall, on a poll, have one (1) vote in respect of every share of the class or group held by them respectively.

Article 8 – Ranking of Class Rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith but in no respect in priority thereto.

Article 55 – Power to Alter Capital

The Company may by ordinary resolution: -

- (i) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; or
- (ii) divide its share capital or any part thereof into shares of smaller amount than is fixed by the Memorandum of Association by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act and so that as between the resulting shares, one or more of such sub-division is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the other or any other of such shares; or
- (iii) cancel any shares which at the date of the passing of the resolution in that behalf have not been taken, agreed to be taken by any persons or shares which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

Anything done in pursuance of this Article 55, shall be done in manner provided and subject to any conditions imposed by the Statutes, so far as they shall be applicable, and, so far as they shall not be applicable, in accordance with the terms of the resolution authorising the same, and, so far as such resolution shall not be applicable, in such manner as the Directors deem most expedient.

15. ADDITIONAL INFORMATION (Cont'd)*Article 56 – Power to Reduce Capital*

The Company may by Special Resolution reduce its share capital and any capital redemption reserve fund or any share premium account in any manner subject to any conditions and any consent required by law. The Company shall give notice to the ROC in accordance with the Act of such alteration in capital.

15.3 DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND KEY MANAGEMENT

- (i) The names, addresses and occupations of our Directors are set out in **Section 1** of this Prospectus.
- (ii) A Director is not required to hold any qualification share in our Company unless otherwise so fixed by our Company at a general meeting.
- (iii) Save as disclosed in **Section 10.2.4** of this Prospectus, no amount or benefits have been paid or intended to be paid remuneration or given to any of our Promoter, Directors or substantial shareholders within two (2) years preceding the date of this Prospectus, except for remuneration received in the course of employment and directors' fees.
- (iv) Save as disclosed in **Section 10.2.5** and **Section 10.4.3** of this Prospectus, there are no existing or proposed service contracts between our Company or subsidiary company, and our Directors or key management.
- (v) Save as disclosed in this Prospectus, none of the Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our Group's profits.
- (vi) Save as disclosed in **Section 12** of this Prospectus, none of our Directors have any interest in any contract or arrangement subsisting at the date of this Prospectus in which our Directors or substantial shareholders are interested and which is significant in relation to the business of our Group as a whole.
- (vii) Save as disclosed in **Section 7.7** of this Prospectus for dividends paid or payable to the Company's substantial shareholders as shareholders of the Company, no other amounts or benefits has been paid or intended to be paid to our substantial shareholders within the two (2) years preceding the date of this Prospectus.

15.4 MATERIAL LITIGATION/ ARBITRATION

As at the LPD, neither our Company nor our subsidiary is engaged in any material litigation/arbitration, either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiary and our Directors are not aware of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Company or our subsidiary.

15. ADDITIONAL INFORMATION (Cont'd)**15.5 MATERIAL CONTRACTS**

Save as disclosed below, the following contracts, not being contracts entered into in the ordinary course of business of our Group, have been entered into by our Company and our subsidiary within the two years preceding the date of this Prospectus and are or may be material:

- (a) Memorandum of Understanding dated 5 April 2008 between Zhenxing Shoes and Fujian Province Jinjiang City Shuhui Shoe Materials Co., Ltd (福建省晋江市树辉鞋材有限公司) ("Shuhui") under which Zhenxing Shoes has agreed to purchase and Shuhui has agreed to sell all the assets of Shuhui.

Subsequently on 8 November 2009, Zhenxing Shoes entered an agreement with Shuhui whereby the parties have mutually agreed to terminate the proposed assets acquisition under the Memorandum of Understanding dated 5 April 2008. Pursuant to the termination agreement dated 8 November 2009, Shuhui shall refund the deposit amount of RMB38.0 million to Zhenxing Shoes within forty five (45) days from the date of the termination agreement. Zhenxing Shoes had on 11 December 2009 received the refund of RMB38.0 million from Shuhui as full and final payment of any and all claims which the parties may have arising out of or in connection with the proposed assets acquisition.

- (b) Restructuring Agreement dated 18 November 2009 between Maxwell and Sports Asia for the purchase by Maxwell of the entire registered capital of Zhenxing Shoes, for a purchase consideration of RM134,499,998, which was fully satisfied by the issuance and allotment of 336,249,995 Maxwell Shares ("Consideration Shares") to Sports Asia. Pursuant to the Restructuring Agreement, Sports Asia has unconditionally and irrevocably renounced and assigned all its rights and entitlements to the Consideration Shares to the existing shareholders of Sport Asia.
- (c) Equity Transfer Agreement dated 20 November 2009 between Maxwell and Sports Asia for the purchase by Maxwell of the entire registered capital of Zhenxing Shoes, for a purchase consideration of USD 1.
- (d) Underwriting Agreement dated 14 October 2010 between our Company and OSK as the Underwriters for the underwriting of 20,000,000 Public Issue Shares under the IPO, for an underwriting commission at the rate set out in **Section 3.9.3** of this Prospectus.
- (e) Placement Agreement dated 13 October 2010 between our Company and OSK as the Placement Agent for the placement of 43,750,000 Public Issue Shares under the IPO, for a placement commission at the rate set out in **Section 3.9.2** of this Prospectus.

15.6 GENERAL INFORMATION

- (i) The nature of our business is described in **Section 6** of this Prospectus. Other than mentioned in **Section 6** of this Prospectus, there is no corporation which is deemed to be related to us by virtue of Section 6 of the Act.
- (ii) During the last financial year and the current financial period up to the date of this Prospectus:
- (a) there were no public take-over offers by third parties in respect of our Company's shares; and
- (b) there were no public take-over offers by our Company in respect of other company's shares.

15. ADDITIONAL INFORMATION (Cont'd)

- (iii) Our Company has not established any other place of business outside Malaysia other than the PRC.
- (iv) The name and address of our Auditors and Reporting Accountants are set out in **Section 1** of this Prospectus.
- (v) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in **Section 18** of this Prospectus.
- (vi) The date and time of the opening of the Application of the IPO is set out in **Section 3.2** of this Prospectus.
- (vii) The amount payable in full on application in respect of the IPO Share is RM0.54 per Share and is subject to the terms and conditions as set out in this Prospectus.
- (viii) Save as disclosed in **Section 10.1** of this Prospectus, our Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over our Company and our subsidiaries.
- (ix) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any stock exchange.

15.7 CONSENTS

- (i) Our Adviser, Underwriter and Placement Agents, Legal Adviser for the IPO, Legal Adviser to the Company on PRC Law, Company Secretaries, Principal Bankers, Issuing House and Share Registrar have, before the issue of this Prospectus, given and have not subsequently withdrawn their written consents for the inclusion in this Prospectus of their names in the manner and form in which such names appear.
- (ii) The written consent of Messrs. Baker Tilly Monteiro Heng, the Auditors and Reporting Accountants to the inclusion in this Prospectus of its name, Accountants' Report and letters relating to our proforma consolidated financial information in the manner and form in which they are contained in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.
- (iii) The written consent of the Independent Market Researcher to the inclusion in this Prospectus of its name and Independent Industry Assessment Report dated 15 November 2010 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

15.8 RESPONSIBILITY STATEMENTS

- (i) Our Directors and Promoter have seen and approved this Prospectus, and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, after having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this Prospectus false or misleading.
- (ii) OSK being the Adviser, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the IPO.

15. ADDITIONAL INFORMATION (Cont'd)**15.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our Registered Office during office hours for a period of twelve (12) months from the date of this Prospectus:

- (i) Memorandum and Articles of Association of our Company;
- (ii) The Accountants' Report and Directors' Report as set out in **Section 8** and **Section 14** of this Prospectus respectively;
- (iii) The Reporting Accountants' Letters relating to our proforma consolidated financial information, as set out in **Section 7.2** of this Prospectus;
- (iv) SODENG trademark certificate and the third party licenses as set out in **Section 6.14** of this Prospectus;
- (v) Awards and certifications as set out in **Section 6.16** of this prospectus;
- (vi) Some of the selected outsourcing contracts for the external contract manufacturers as set out in **Section 6.7.1 (ii)** and **Section 6.13** of this prospectus;
- (vii) The legal opinion from Haihua Yongtai Law Firm on the legality of the outstanding advances to related parties as set out in **Section 12.3** of this Prospectus;
- (viii) The Independent Industry Assessment Report as set out in **Section 13** of this Prospectus;
- (ix) The material contracts as set out in **Section 15.5** of this Prospectus;
- (x) The letters of consent referred to in **Section 15.7** of this Prospectus;
- (xi) The audited financial statements of Maxwell for the 1H 2010; and
- (xii) The audited financial statements of Zhenxing Shoes for the 1H 2010.

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