

Submission Data File

General Information	
Form Type*	10-Q
Contact Name	Steve Yakubov
Contact Phone	866-683-5245
Filer File Number	
Filer CIK*	0000861370 [SOONER HOLDINGS INC /OK/]
Filer CCC*	*****
Filer is Smaller Reporting Company	Yes
Confirming Copy	No
Notify via Website only	No
Return Copy	No
SROS*	NONE
Period*	09-30-2011
(End General Information)	

Document Information	
File Count*	6
Document Name 1*	v239212_10q.htm
Document Type 1*	10-Q
Document Description 1	
Document Name 2*	v239212_ex10-19.htm
Document Type 2*	EX-10.19
Document Description 2	
Document Name 3*	v239212_ex10-20.htm
Document Type 3*	EX-10.20
Document Description 3	
Document Name 4*	v239212_ex31-1.htm
Document Type 4*	EX-31.1
Document Description 4	
Document Name 5*	v239212_ex31-2.htm
Document Type 5*	EX-31.2
Document Description 5	
Document Name 6*	v239212_ex32-1.htm
Document Type 6*	EX-32.1
Document Description 6	
(End Document Information)	

Notifications	
Notify via Website only	No
E-mail 1	steve@vfilings.com
(End Notifications)	

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2011

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File No. 0-18344

Sooner Holdings, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Oklahoma

(State or Other Jurisdiction of
Incorporation)

73-1275261

(IRS Employer
Identification No.)

**Long Shan Development Area
Han Jiang Town, ShiShi City
Fujian, PRC**

(Address of Principal Executive Offices)

N/A

(Zip Code)

86-13505080536

(Registrant's telephone number, including
area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-3 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of October 31, 2011, there were 14,632,553 shares of the registrant's common stock issued and outstanding.

SOONER HOLDINGS, INC.

FORM 10-Q INDEX

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In this Quarterly Report on Form 10-Q, references to “dollars” and “\$” are to United States dollars and, unless the context otherwise requires, references to “we,” “us”, “our” and the Company refer to Sooner Holdings, Inc. and its consolidated subsidiaries.

This Quarterly Report contains certain forward-looking statements. When used in this Quarterly Report, statements which are not historical in nature, including the words “anticipate,” “estimate,” “should,” “expect,” “believe,” “intend,” “may,” “project,” “plan” or “continue,” and similar expressions are intended to identify forward-looking statements. They also include statements containing anticipated business developments, capital expenditures, capital structure or other financial terms.

The forward-looking statements in this Quarterly Report are based upon management’s beliefs, assumptions and expectations of our future operations and economic performance, taking into account the information currently available to them. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. These forward-looking statements are based on our current plans and expectations and are subject to a number of uncertainties and risks that could significantly affect current plans and expectations and our future financial condition and results.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this filing might not occur. We qualify any and all of our forward-looking statements entirely by these cautionary factors. As a consequence, current plans, anticipated actions and future financial conditions and results may differ from those expressed in any forward-looking statements made by or on our behalf. You are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented herein.

SOONER HOLDINGS, INC.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

SOONER HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash	\$ 972,419	\$ 1,084,204
Restricted cash	702,927	137,688
Notes receivable	677,934	-
Accounts receivable	4,600,109	6,171,639
Prepaid expenses and other current assets	1,921,936	555,283
Related party receivable	-	1,334,545
Inventories	8,739,498	6,968,039
Total current assets	<u>17,614,823</u>	<u>16,251,398</u>
Deposit for construction in progress	15,598,118	8,074,441
Plant and equipment, net	15,198,629	11,589,924
Land use rights, net	1,812,885	1,793,496
Long-term investment	156,206	151,722
Total assets	<u>\$ 50,380,661</u>	<u>\$ 37,860,981</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Short-term loans and notes payable	\$ 17,885,595	\$ 11,586,254
Related party payable	674,045	198,756
Accounts payable and other liabilities	3,313,770	2,447,151
Customer deposits	713,978	925,352
Taxes payable	2,739,504	1,814,856
Total liabilities	<u>\$ 25,326,892</u>	<u>\$ 16,972,369</u>
Stockholders' equity:		
Preferred stock, Series A, \$0.0001 par value; 10,000,000 shares authorized; 19,200 and zero shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	2	-
Common stock, \$0.001 par value; 100,000,000 shares authorized; 14,632,553 and 12,688,016 shares issued and outstanding at September 30, 2011 and December 31, 2010, respectively	14,633	12,688
Additional paid-in capital	10,276,438	9,128,415
Retained earnings	12,947,568	10,607,267
Accumulated other comprehensive income	1,815,128	1,140,242
Total stockholders' equity	<u>25,053,769</u>	<u>20,888,612</u>
Total liabilities and stockholders' equity	<u>\$ 50,380,661</u>	<u>\$ 37,860,981</u>

See accompanying notes to the unaudited condensed consolidated financial statements

SOONER HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenues	\$ 7,041,089	\$ 7,116,226	\$ 22,678,465	\$ 20,705,993
Cost of revenues	<u>5,734,412</u>	<u>5,539,513</u>	<u>17,919,682</u>	<u>15,931,867</u>
Gross profit	<u>1,306,677</u>	<u>1,576,713</u>	<u>4,758,783</u>	<u>4,774,126</u>
Operating expenses:				
Selling	76,505	184,005	320,400	422,015
General and administrative	<u>313,715</u>	<u>146,332</u>	<u>662,637</u>	<u>398,548</u>
Total operating expenses	<u>390,220</u>	<u>330,337</u>	<u>983,037</u>	<u>820,563</u>
Income from operations	<u>916,457</u>	<u>1,246,376</u>	<u>3,775,746</u>	<u>3,953,563</u>
Other income (expense):				
Interest expense and bank fees, net	(255,951)	(180,172)	(690,962)	(422,965)
Foreign exchange transaction loss	(3,538)	-	(9,443)	-
Subsidy income	-	-	38,044	-
Other income (expense), net	<u>12,756</u>	<u>731</u>	<u>68,859</u>	<u>48,911</u>
Total other income (expense)	<u>(246,733)</u>	<u>(179,441)</u>	<u>(593,502)</u>	<u>(374,054)</u>
Income before provision for income taxes	669,724	1,066,935	3,182,244	3,579,509
Provision for income taxes	168,598	134,654	841,943	449,455
Net income	<u>\$ 501,126</u>	<u>\$ 932,281</u>	<u>\$ 2,340,301</u>	<u>\$ 3,130,054</u>
Net income per share—basic and dilutive	<u>\$ 0.03</u>	<u>\$ 0.07</u>	<u>\$ 0.16</u>	<u>\$ 0.25</u>
Shares used in computing net income per share—basic and dilutive	<u>14,632,553</u>	<u>12,688,016</u>	<u>14,390,376</u>	<u>12,688,016</u>

See accompanying notes to the unaudited condensed consolidated financial statements

SOONER HOLDINGS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 2,340,301	\$ 3,130,054
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	440,910	370,961
Change in assets and liabilities:		
Accounts receivable	1,725,837	(3,655,071)
Prepaid expenses and other current assets	(1,328,616)	(418,730)
Inventories	(1,540,451)	(1,184,748)
Accounts payable and other liabilities	781,574	(275,794)
Customer deposits	(234,899)	361,240
Taxes payable	857,061	716,173
Net cash provided by (used in) operating activities	<u>3,041,717</u>	<u>\$ (955,915)</u>
Cash flows from investing activities:		
Net proceeds from bank notes receivable	(667,076)	-
Deposit for construction in progress	(7,168,366)	(1,032,425)
Purchase of plant and equipment	(3,631,092)	(361,645)
Additions to land use rights	-	(875,829)
Restricted cash for issuance of bank notes payable	(552,183)	287,028
Net cash used in investing activities	<u>(12,018,717)</u>	<u>\$ (1,982,871)</u>
Cash flows from financing activities:		
Net proceeds from issuance of short term loan	4,757,147	5,868,200
Net proceeds from issuance of notes payable	1,104,365	(1,224,253)
Related party receivable	1,351,981	(4,211,467)
Related party payable	461,897	(408,881)
Proceeds from capital contributions	1,149,970	2,998,328
Net cash provided by financing activities	<u>8,825,360</u>	<u>\$ 3,021,927</u>
Net (decrease) increase in cash	(151,640)	83,141
Effect of exchange rate changes	39,855	36,955
Cash at beginning of period	1,084,204	1,619,559
Cash at end of period	<u>\$ 972,419</u>	<u>\$ 1,739,655</u>

See accompanying notes to the unaudited condensed consolidated financial statement

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation, Description of the Company, and Liquidity

The accompanying unaudited condensed consolidated financial statements of Sooner Holdings, Inc. (the Company) have been prepared in accordance with generally accepted accounting principles in the United States for interim financial information pursuant to the instructions to Form 10-Q and Article 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring adjustments, considered necessary for a fair statement of the financial statements have been included.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto, together with management's discussion and analysis of the Company's financial condition and results of operations, contained in our Annual Report on Form 8-K/A for the fiscal year ended December 31, 2010, which was filed with the Securities and Exchange Commission (SEC) on May 4, 2011 and the Form 10K/A and 10 K/A filed on June 13, 2011 and the Form 8K/A filed on July 25, 2011. The accompanying condensed consolidated financial statements include all wholly-owned subsidiaries and all entities over which the Company exercises the power to control and direct activities significantly impacting financial performance. All significant intercompany accounts and transactions have been eliminated in consolidation.

On February 14, 2011, Sooner Holdings Inc., an Oklahoma corporation, entered into a Securities Exchange Agreement with R.C. Cunningham II and R.C. Cunningham III (collectively, the "Control Shareholders") and Chinese Weituo Technical Limited (Chinese Weituo), a BVI corporation and its shareholders, China Changsheng Investment Limited, a BVI company, China Longshan Investment Limited, a BVI company, High-Reputation Assets Management Longshan Limited, a BVI company, Joint Rise Investment Limited, a BVI company, and W-Link Investment Limited, a BVI company (collectively, the "Chinese Weituo Shareholders"), pursuant to which the Company acquired 100% of the issued and outstanding capital stock of Chinese Weituo in exchange for the issuance of 19,200 shares of Series A Preferred Stock. Each share of Series A Preferred Stock is convertible to one thousand shares of common stock, \$0.001, par value which will constitute approximately 96.0% of the Company's issued and outstanding common stock on an as converted basis and after giving effect to a proposed share consolidation. Subsequent to the completion of the Securities Exchange Agreement, the Company intends to amend its articles to change its name and effect a 1-for-18.29069125 share consolidation.

The following unaudited combined condensed consolidated financial statements have been prepared to give effect to the merger of Chinese Weituo and the Company as a reverse acquisition of assets and a recapitalization in accordance with accounting principles generally accepted in the United States. For accounting purposes, Chinese Weituo is considered to be acquiring the Company in the merger and the Company does not meet the definition of a business in accordance with ASC Topic 805, *Business Combinations*, because the Company had no material assets or liabilities at the time of closing of the merger and these assets and liabilities do not constitute a business pursuant to ASC Topic 805. Consequently, all of the assets and liabilities of the Company have been reflected in the financial statements at their respective fair values and no goodwill or other intangibles will be recorded as part of acquisition accounting and the cost of the merger is measured at net assets acquired.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation, Description of the Company, and Liquidity, continued

History of Sooner Holdings, Inc.

Sooner Holdings, Inc., an Oklahoma corporation, was formed in 1986 to enter the in-home soda fountain business. The Company never developed this business into a national market. Subsequently, the Company evolved into a multi-subsidary holding company in diverse businesses. From 1993, when the Company was restructured, until June 1998 the Company sought acquisitions. In November 1987, the Company acquired, through its subsidiary Charlie Business Park Incorporated, a business park from R.C. Cunningham II, the Company's then president and a director. In June 1998 the Company acquired, through its subsidiary ND Acquisition Corp., the assets and certain liabilities of New Direction Centers of America, LLC and entered the minimum-security correctional business. In May 2000, the Company purchased the rights to a new, Class 5, hardware and software computer-based platform that resembles the computer-based soft switch. We named it "Cadeum" and organized a wholly-owned subsidiary, Sooner Communications, Inc., through which we proposed to market Cadeum to telecommunications carriers.

Until the events described below, the Company operated the three above-described businesses through three subsidiaries, ND Acquisition Corp., Charlie O Business Park Incorporated and Sooner Communications, Incorporated. These subsidiaries and a brief summary of their businesses are as follow:

ND Acquisition Corp. ND Acquisition Corp. (NDAC) owned and operated a minimum-security correctional facility for women offenders (Northgate) and a community sentencing facility for men (Eastgate). Both facilities were located in Oklahoma City, Oklahoma. In July 2003 we were notified that the NDAC property was included in an area marked for improvement by the Oklahoma Capital Development Authority. In November 2003 we sold this property to such Authority and exited the correctional facility line of business. Currently, NDAC remains inactive with no assets or liabilities, and we intend to dissolve NDAC later this year.

Charlie O Business Park Incorporated. Charlie O Business Park, Inc. (CO Park) operated a multi-unit rental property for business and industrial tenants located in Oklahoma City, Oklahoma. CO Park became an operating subsidiary upon its formation in November 1987 and we owned 100% of the subsidiary. During fiscal year 2002 we were notified by the Oklahoma Department of Transportation (ODOT) that the Business Park's improved real property would be condemned as part of the re-working of Interstate Highway 40. In late July 2003 we settled with ODOT's appraisers for \$4,350,000 for the condemnation of the property. We searched for a replacement property to continue this line of business, but we found none. Currently, CO Park remains inactive with no assets or liabilities, and we intend to dissolve CO Park later this year.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation, Description of the Company, and Liquidity, continued

History of Sooner Holdings, Inc., continued

Sooner Communications, Inc. On May 2, 2000 Sooner Communications (Communications) subsidiary purchased all the rights to a computer based platform called Cadeum. Cadeum was designed to host computer-based telephony products developed specifically for telecommunication providers. We planned to market these products on a wholesale level to telecommunication carriers. We completed beta testing the answering service section of Cadeum with a large Texas-based regional telecommunication provider. Due to certain interface issues, marketing of the answering service was suspended awaiting a resolution. We resolved these issues in the early second quarter of fiscal 2002, at which time marketing of the answering service was to resume. However, the Texas-based regional telecommunications provider did not resume marketing, due to problems inherent in the telecommunications industry. The Company considers this business to now be defunct with no operations. In preparation of and prior to the closing of the Securities Exchange Agreement, the Company sold all of its shares in Communications to R.C. Cunningham II, our former president and director, for \$1.00.

Until we entered into the Securities Exchange Agreement, our business plan was to seek, investigate, and, if warranted, acquire one or more properties or businesses, and to pursue other related activities intended to enhance shareholder value.

History of Chinese Weituo

Chinese Weituo and Hong Kong Weituo Technical Limited (Hong Kong Weituo) were formed and capitalized solely for the purpose and with the intent of Shishi Feiyong Plastic Co., Ltd (SFP) being involved in a reverse merger with a US public company.

Chinese Weituo was incorporated in the British Virgin Islands as a BVI Business Company on June 29, 2010. Under Chinese Weituo's Memorandum of Association, it is authorized to issue up to 50,000 shares of one class of common stock with a par value of \$1.00. As of the execution of the Securities Exchange Agreement, the Company owns 1,000 shares of Chinese Weituo representing all of the issued and outstanding shares of Chinese Weituo.

Hong Kong Weituo was incorporated in Hong Kong on July 16, 2010. Under its Memorandum of Association, the capital of Hong Kong Weituo is HK 10,000 divided into 10,000 shares at HK 1.00 each. On July 16, 2010, Chinese Weituo purchased founder shares in the amount of 100 shares for a consideration of HK 100, and remains as the sole shareholder of Hong Kong Weituo. Hong Kong Weituo was organized by Chinese Weituo to hold the shares of the Chinese subsidiary SFP.

SFP was registered in China as a wholly-foreign owned enterprise (WFOE) under Chinese law in December, 2003 and started producing PU leather in 2006. In January 2007, SFP acquired substantially all of the assets, excluding land use rights and buildings, from Shishi Changsheng Shoe Industry Co. Ltd., (Changsheng) a WFOE for \$359,518. Changsheng has been manufacturing footwear since 1998. The entire consideration was paid upon the transfer of the assets and there were no further conditions or agreements as part of the transaction. Changsheng was owned and operated by Mr. Ang therefore the transaction was deemed to be a transfer of ownership between related parties.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation, Description of the Company, and Liquidity, continued

History of Chinese Weituo, continued

SFP reorganized in November 2010 and is now 100% owned by Hong Kong Weituo. Through a trust agreement, Mr. Ang beneficially owns 86.5% of SFP and operates SFP through his role as Chairman of the Board of Directors and Chief Operating Officer.

These consolidated financial statements include the financial position and results of operations of Feiying Industrial Co., Ltd. (San Ming) (see note 3). San Ming is a China WFOE which is 100% owned by Mr. Ang. San Ming was incorporated on July 20, 2010 for the purpose of building another factory for the production of PU leather.

As a result of business activities and the rapid growth undertaken in the last year, the Company has significantly increased short-term debt obligations. The Company significantly decreased its accounts receivable in the current quarter and collected receivables from distributors during July to September 2011. The Company believes with the collection of these account receivable they will have sufficient cash from operations and access to other sources of funding to fund operations and continue the growth plans of the Company for the next 12 months. If the Company cannot fund its obligations from operating cash flows, they will be forced to seek additional equity or debt funding. The Company had a total credit line of approximately \$25.90 million available under the accumulation of all the available short-term loan facilities as of September 30, 2011.

Business Description

The Company, through its wholly owned subsidiary Shishi Feiying Plastic Co., Ltd. (SFP) operates two factories, one for the production of PU leather (PU leather factory) and one for the production of flip-flops and slippers (footwear factory). Both factories are strategically located in Fujian Province, the shoe manufacturing center in China. This puts the Company in close proximity to its target customers.

Liquidity

For the three month and nine month periods ended September 30, 2011, the Company had net income of \$501,126 and \$2,340,301, respectively, and cash provided by operations was \$3,041,717 for the nine month period ended September 30, 2011. However, as of September 30, 2011, liquid assets consisted primarily of cash of \$972,419, and our liabilities exceed our current assets by \$7,712,069. The liquidity imbalance on the condensed consolidated balance sheet is primarily due to the fact that the Company is investing towards its future expansion plans.

Management believes that it has the ability to delay or reduce expenditures if necessary in order to continue to operate the business for the foreseeable future. In addition, the Company is exploring options to refinance current debt as long term debt and is pursuing raising strategic capital. Failure to generate sufficient cash flows from operations, reduce spending or raise additional capital would have a material adverse effect on the Company's ability to achieve its intended business objectives.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and the related disclosure of contingent assets and liabilities. Significant estimates and assumptions are used for, but not limited to: (1) allowance for accounts receivable, (2) economic lives of property, plant, and equipment, (3) asset impairments, and (4) contingency reserves. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In addition, any change in these estimates or their related assumptions could have an adverse effect on our operating results.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

2. **Summary of Significant Accounting Policies**, continued

Restricted Cash

Restricted cash represents cash that is held by the banks as collateral for notes payable. The banks have collateral requirements ranging from 20% to 100% of the outstanding notes payable.

Accounts Receivable

Accounts receivable are reported at net realizable value. Based upon factors pertaining to the credit risks of specific customers, historical trends, age of the receivable, and other information, management has determined that no allowance for doubtful accounts was necessary as of September 30, 2011 and December 31, 2010. Delinquent accounts are written off when it is determined that the amounts are uncollectible.

Concentration of Credit and Other Risks

Financial instruments which potentially subject us to concentrations of credit risk consist principally of cash, restricted cash, accounts receivable, and related party receivable. The Company holds all its bank deposits with banks in China. In China, there is no equivalent federal deposit insurance as in the United States; as such, these amounts held in banks in China are not insured. The Company has not experienced any losses in such bank accounts through September 30, 2011. In an effort to mitigate any potential risk, the Company periodically evaluates the credit quality of the financial institutions which hold the bank deposits and the Company holds its cash in multiple banks supported by the local and Central Government of the People's Republic of China (PRC).

The Company does not require collateral or other security to support the accounts receivable or related party receivable. We are exposed to credit risk in the event of nonpayment by customers or related parties to the extent of amounts recorded on the balance sheet. Four distributors accounted for 64.02% of our accounts receivable balance as of September 30, 2011 and one distributor accounted for 62.31% of our accounts receivable balance as of December 31, 2010. Three distributors accounted for 48.06% of our revenue for the three months ended September 30, 2011 and one distributor accounted for 20.39% of our revenues for the three months ended September 30, 2010. One distributor accounted for 16.07% of our revenue for the nine months ended September 30, 2011 and two distributors accounted for 30.65% of our revenue for the nine months ended September 30, 2010

The operations of the Company are located in the PRC. Accordingly, the Company's business, financial condition, and results of operations may be influenced by the political, economical, and legal environment in the PRC. The Chinese Government controls its foreign currency reserves through restrictions on imports and conversion of Renminbi (RMB) into foreign currency.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

2. **Summary of Significant Accounting Policies**, continued

Fair Value of Financial Instruments

The Company's financial instruments consist mainly of cash, restricted cash, related party receivable, and debt obligations. Related party receivable are reflected in the accompanying financial statements at historical cost, which approximates fair value due to the short-term nature of these instruments. Based on the borrowing rates currently available to the Company for loans and similar terms and average maturities, the fair value of debt obligations also approximates their carrying value due to the short-term nature of the instruments. While the Company believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Foreign Currency Translation

The accompanying financial statements are presented in United States Dollars. The functional currency of our Company is the Renminbi (RMB) the official currency of the People's Republic of China. Capital accounts of the financial statements are translated into United States Dollars from RMB at their historical exchange rates when the capital transactions occurred. Assets and liabilities are translated at the exchange rates as of the balance sheet date. Income and expenditures are translated at the average exchange rates for the nine month periods ended September 30, 2011 and 2010. Currency translation adjustment results from translation to U.S. Dollars for financial reporting purposes are recorded in other comprehensive income as a component of stockholders' equity. Transactional gains and losses from sales outside the PRC are recorded when realized in other income (expense).

A summary of the conversion rates for the periods presented is as follows:

	September 30,		December 31,
	2011	2010	2010
Period end RMB: U.S. Dollar exchange rate	6.4018	6.6981	6.5910
Average RMB: U.S. Dollar exchange rate	6.4231	6.7803	6.7599

Revenue Recognition

Revenue is recognized when: (1) there is persuasive evidence of an arrangement; (2) customers have accepted receipt of the goods in accordance with the shipping terms; (3) the amount to be paid by the customer is fixed or determinable; and (4) collectability is reasonably assured.

The Company operates in two distinct business segments, its footwear business and its PU leather business. The footwear business segment manufactures PVC foam slippers for sale in China, Africa and the Middle East. Sales are recognized when the product is delivered and accepted by the customer, the sales price is determinable through invoice or sales contract, and collection is reasonably assured.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

2. **Summary of Significant Accounting Policies**, continued

Revenue Recognition, continued

The Company's PU leather business segment manufactures synthetic leather for use by shoe manufacturers within China. Distributors in China take sales orders from the shoe factories and fulfill the orders through PU leather manufacturers like the Company. In most cases the Company delivers the PU leather directly to the end customer, who tests and accepts the order. The Company is then paid by the distributor. In some cases delivery is made to the distributor, who tests and accepts the order and pays the Company directly. The Company does have some shoe manufacturers who they sell to directly, in which case when the shoe manufacturer receives and accepts the order, they pay the Company directly. Sales are recognized when the product is delivered and accepted by the customer, the sales price is determinable through invoice or contract, and collection is reasonably assured.

Shipping and Handling Costs

Shipping and handling costs billed to customers are recorded net of the amount collected. Shipping and handling expense included in selling expenses amounted to \$56,087 and \$147,953 for the three month periods ended September 30, 2011 and 2010 and \$253,711 and \$306,872 for the nine month periods ended September 30, 2011 and 2010, respectively.

Recent Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-29, *Business Combinations* (Topic 805): *Disclosure of Supplementary Pro Forma Information for Business Combinations*. ASU 2010-29 specifies that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in the update also expand the supplemental pro forma disclosures under Topic 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. ASU 2010-29 is effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. We do not expect adoption of this standard to have a material impact on our financial position, results of operations, or cash flows.

In December 2010, the FASB issued ASU 2010-28, *Intangibles - Goodwill and Other* (Topic 350): *When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*. ASU 2010-28 modifies Step 1 of the goodwill impairment test so that for reporting units with zero or negative carrying amounts, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not based on an assessment of qualitative indicators that goodwill impairment exists. In determining whether it is more likely than not that goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that impairment may exist. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. We do not expect adoption of this standard to have a material impact on our financial position, results of operations, or cash flows.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

2. Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

In January 2010, the FASB issued accounting standards update on fair value measurement and disclosures, adding new requirements for disclosures for Levels 1 and 2, separate disclosures and purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. This update was effective for interim and annual periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. Early adoption is permitted. Other than requiring additional disclosures, adoption of this new guidance did not have a material impact on our financial position, results of operations, or cash flows.

In October 2009, the FASB issued ASU 2009-13. ASU 2009-13 addresses the accounting for multiple-deliverable arrangements to enable vendors to account for products or services ("deliverables") separately rather than as a combined unit. Specifically, this guidance amends the criteria in the "Revenue Recognition - Multiple-Element Arrangements" subtopic of the Codification for separating consideration in multiple-deliverable arrangements. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (a) vendor-specific objective evidence; (b) third-party evidence; or (c) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. ASU 2009-13 is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010, with the option to provide retrospective presentation for prior years. Early adoption is permitted. The adoption of this standard did not have a material impact on our financial position, results of operations, or cash flows.

3. Consolidation of Variable Interest Entity

San Ming has been determined to be a variable interest entity (VIE) in which the Company holds a significant variable interest and is the primary beneficiary due to the relationship with Mr. Ang and Hong Kong Weituo. Accordingly, the financial position and results of operations have been combined with the Company's financial statements as of September 30, 2011 and December 31, 2010 in accordance with ASC Subtopic 810-10, *Combined Financial Statements*. San Ming is in the process of building a new plant facility and has not incurred any significant expenses.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

3. Consolidation of Variable Interest Entity, continued

The components of San Ming's balance sheet are as follows:

	September 30, 2011
Cash	12,661
Inventory	359,239
Deposits for construction in progress	15,598,118
Construction in progress	4,247,568
Land use rights	913,805
Tax receivable	228,998
Intercompany receivable	57,655
Accounts payable	297,511
Intercompany payable	15,189,336
Other payable	552,881
Owner's capital	5,352,378
Retained earnings (deficit)	(22,722)
Accumulated other comprehensive income	48,660

4. Stockholders' Equity

Reverse Merger

These unaudited condensed consolidated financial statements have been prepared to give effect to the merger of the Company and Chinese Weituo as a reverse acquisition and a recapitalization; therefore, Chinese Weituo, its wholly owned entities, and the consolidated VIE will be deemed to be the acquiring company for accounting purposes.

Earnings per share

Basic and diluted net income per share is computed by dividing net income for the period by the weighted average number of shares outstanding during the period.

5. Related Party Receivable

The components of the Company's related party receivable as of September 30, 2011 and December 31, 2010 consists of amounts due from employees, and from one company Mr. Ang also owns. Money is borrowed and repaid on an ongoing basis, thus, there has never been a formal note or any interest paid from or to any of these parties (see Note 11).

	September 30, 2011	December 31, 2010
Fujian Feiying Plastic Co., Ltd.	\$ -	\$ 1,271,431
Other-employees	-	63,114
	\$ -	\$ 1,334,545

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

6. Inventories

The components of the Company's inventories are as follows:

	September 30, 2011	December 31, 2010
Raw materials	\$ 4,887,357	\$ 2,087,233
Work in process	3,499,266	2,788,210
Finished goods	352,875	2,092,596
Total inventories	<u>\$ 8,739,498</u>	<u>\$ 6,968,039</u>

7. Plant and Equipment, net

The components of the Company's plant and equipment are as follows:

	September 30, 2011	December 31, 2010
Machinery and equipment	\$ 6,634,151	\$ 5,208,163
Office equipment	238,622	63,978
Transportation equipment	11,778	79,228
Buildings and improvements	6,316,815	6,141,571
	13,201,366	11,492,940
Less accumulated depreciation	<u>(2,250,305)</u>	<u>(1,773,860)</u>
	10,951,061	9,719,080
Construction in progress and construction material	<u>4,247,568</u>	<u>1,870,844</u>
Total plant and equipment, net	<u>\$ 15,198,629</u>	<u>\$ 11,589,924</u>

Depreciation expense related to property and equipment was \$144,750 and \$119,260 for the three month periods ended September 30, 2011 and 2010 and \$406,886 and \$347,316 for the nine months ended September 30, 2011 and 2010, respectively.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

8. Land Use Rights, net

The components of the Company's land use rights are as follows:

	Estimated Remaining Life	September 30, 2011	December 31, 2010
Land use rights—Shishi Feiying	42 years	\$ 292,105	\$ 283,720
Land use rights—Shishi Feiying	32 years	788,916	766,269
Land use rights—San Ming	49 years	937,236	910,332
		<u>2,018,257</u>	<u>1,960,321</u>
Less accumulated amortization		<u>205,372</u>	<u>166,825</u>
Total land use rights, net		<u>\$ 1,812,885</u>	<u>\$ 1,793,496</u>

Amortization expense related to land use rights was \$11,759 and \$11,139 for the three month periods ended September 30, 2011 and 2010 and \$34,024 and \$23,644 for the nine months ended September 30, 2011 and 2010, respectively.

Amortization of land use rights attributable to future periods is as follows:

Twelve-month period ending September 30:

2011	\$ 47,192
2012	47,192
2013	47,192
2014	47,192
2015	47,192
Thereafter	<u>1,576,925</u>
	<u>\$1,812,885</u>

9. Short-Term Loans and Notes Payable

The components of the Company's short-term loans and notes payable are as follows:

	September 30, 2011	December 31, 2010
Short-term loans:		
Loans due to financial institutions	\$ 16,479,740	\$ 11,310,878
Notes payable:		
Loans due to financial institutions	<u>1,405,855</u>	<u>275,376</u>
Total short-term loans and notes payable	<u>\$ 17,885,595</u>	<u>\$ 11,586,254</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

9. Short-Term Loans and Notes Payable, continued

All short-term loans are due within one year and have interest rates ranging from 6.63% to 7.26% and 4.78% to 5.84% during 2011 and 2010, respectively. As of September 30, 2011, all of the loans are secured by guarantors. At September 30, 2011, the Company had a total credit line of approximately \$25.90 million available under the accumulation of all the available short-term loan facilities.

Notes payable are due to financial institutions with maturity dates of less than one year. All have interest rates ranging between 5.56% to 6.97% and 5.00% to 6.13% during quarter ended September 30, 2011 and December 31, 2010, respectively. The notes payable are not secured, but do require cash to be held in reserve of 20% to 100% of the total outstanding notes payable. Restricted cash related to these notes payable was \$702,927 and \$137,688 at September 30, 2011 and December 31, 2010, respectively.

10. Commitments and Contingencies

Third Party Guarantees

The Company entered into agreements as debt guarantor for one party. The guaranteed amount is approximately \$781,030 and \$5,850,750 as of September 30, 2011 and December 31, 2010, respectively.

Other parties also acted as a debt guarantor for the Company. As of September 30, 2011, the Company's loans guaranteed by other parties are approximately \$11,598,300.

The Company has not historically incurred any losses due to such debt guarantees. Additionally, the Company has determined that the fair value of the guarantees is immaterial.

11. Related Party Payable

The components of the Company's payable to related parties consist of following:

	September 30, 2011	December 31, 2010
Fujiang Feiying Plastic Co., Ltd	\$ 67,153	\$ -
Other-employees	319,441	198,756
Ang Kang Han	287,451	-
	<u>\$ 674,045</u>	<u>\$ 198,756</u>

12. Related Party Transactions

Changsheng is 100% owned by Mr. Ang. Changsheng holds the land use rights for the land under the footwear factory. The Company pays Shishi Changsheng rent under a four-year agreement, which expires on December 31, 2011. For the three month periods ended September 30, 2011 and 2010, the Company had rental expense of approximately \$9,140 and \$8,659, respectively, in accordance with the rental agreement. For the nine month periods ended September 30, 2011 and 2010, the Company had rental expense of approximately \$27,097 and \$25,861, respectively, in accordance with the rental agreement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

At September 30, 2011 and December 31, 2010, the Company had a receivable from Fujian Feiying Plastic Co., Ltd. (FFP) of \$0 and \$1,271,431, respectively. The Company also had a payable to FFP of \$67,153 and \$0 at September 30, 2011 and December 31, 2010, respectively. FFP is a China WFOE 100% owned by Mr. Ang, SFP's majority owner. FFP was incorporated on June 24, 2008 for the purpose of building a second factory for the production of PU leather in Fujian. Cash is being transferred between the two companies for cash flow purposes without a formal note or interest payments on the amounts loaned. The construction of the new plant has not started yet while FFP secures the land use rights from the Chinese government. On January 17, 2011, FFP, Mr. Ang, and Hong Kong Weituo entered into a call option agreement (FFP Agreement) whereby Hong Kong Weituo has the right to purchase FFP from Mr. Ang for 90% of the net tangible asset value of FFP. The net tangible asset value will be determined by an independent third-party appraiser. The FFP Agreement will expire January 17, 2012. In consideration of the FFP Agreement, Hong Kong Weituo paid Mr. Ang \$152,000. The consideration will be applied towards the purchase price if the FFP Agreement is exercised. The FFP Agreement also stipulates that FFP and SFP are separate entities and that there are not any guarantees or commitments for the Company to perform or be liable for any of the debts or commitments of FFP or Mr. Ang as the owner of FFP. FFP is currently inactive while FFP acquires the necessary land lease contracts to operate a PU leather factory. If the FFP agreement is not exercised, the consideration paid will be forfeited.

San Ming is a China WFOE 100%, owned by Mr. Ang, SFP's majority owner. San Ming was incorporated on July 20, 2010 for the purpose of building a third factory for the production of PU leather in San Ming city. Construction on the new plant facility began in June 2010. On January 17, 2011, Hong Kong Weituo, Mr. Ang, and San Ming entered into a call option agreement (San Ming Agreement) whereby Hong Kong Weituo has the right to purchase San Ming from Mr. Ang for 90% of the net tangible asset value of San Ming. The net tangible asset value will be determined by an independent third-party appraiser. The San Ming Agreement will expire January 17, 2014. The San Ming Agreement stipulates that San Ming and SFP are separate entities and that there are not any guarantees or commitments for SFP to perform or be liable for any of the debts or commitments of San Ming or Mr. Ang as the owner of San Ming.

13. Income Taxes

SFP is subject to applicable local tax statutes and is governed by the Income Tax Law of the PRC concerning wholly foreign owned enterprises (WFOE) and local income tax laws (the PRC Income Tax Law). Pursuant to the PRC Income Tax Law, the Company is subject to tax at a statutory rate of 25% and 12.5% for the three month and nine month periods ended September 30, 2011 and 2010, respectively.

Income before provision of income taxes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
U.S. Operations	-	-	-	-
China Operations	\$ 669,724	1,066,935	\$ 3,182,244	3,579,508
Total	\$ 669,724	1,066,935	\$ 3,182,244	3,579,508

The provision for income taxes includes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Current:				
China Operations	\$ 168,598	134,654	\$ 841,943	449,455
Income tax provision	\$ 168,598	134,654	\$ 841,943	449,455

14. Segment Reporting

The Company operates in two reportable segments: the PU leather segment and the footwear segment. In the PU leather segment, the Company manufactures synthetic polyurethane leather. In the footwear segment, the Company manufactures flip-flops and slippers. Our revenues arise from the sale of PU leather and footwear.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

14. **Segment Reporting**, continued

Revenue information shown by geographic region is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
China	\$ 5,970,178	\$ 5,665,452	\$ 19,034,603	\$ 16,624,283
Middle East	517,250	584,662	1,856,748	1,792,976
Africa	553,661	866,112	1,787,114	2,288,734
	<u>\$ 7,041,089</u>	<u>\$ 7,116,226</u>	<u>\$ 22,678,465</u>	<u>\$ 20,705,993</u>

Revenues are attributed to countries based on location of end customers.

Information on reportable segments for the three month periods ended and nine month periods ended September 30, 2011 and 2010 and as of September 30, 2011 and December 31, 2010 are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net sales:				
PU leather	\$ 5,891,409	\$ 5,378,008	\$ 18,537,783	\$ 16,214,181
Footwear	1,149,680	1,738,218	4,140,682	4,491,812
Total	7,041,089	7,116,226	22,678,465	20,705,993
Cost of revenues:				
PU leather	4,611,360	4,280,519	13,987,401	12,324,908
Footwear	1,123,052	1,258,994	3,932,281	3,606,959
Total	5,734,412	5,539,513	17,919,682	15,931,867
Operating expenses:				
Unallocated	390,220	330,337	983,037	820,563
Income from operations	<u>\$ 916,457</u>	<u>\$ 1,246,376</u>	<u>\$ 3,775,746</u>	<u>\$ 3,953,563</u>

	September 30, 2011	December 31, 2010
Plant and equipment, net:		
PU leather	\$ 14,777,881	\$ 11,141,599
Footwear	420,748	448,325
Total identifiable assets	<u>\$ 15,198,629</u>	<u>\$ 11,589,924</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited consolidated financial statements and related notes appearing elsewhere in this Quarterly Report. In addition to historical financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report. See also Risk Factors contained in our amended current report on Form 8-K/A filed on October 11, 2011 and subsequent Securities and Exchange Commission ("SEC") filings.

Overview

On February 14, 2011, we entered into a Securities Exchange Agreement with R.C. Cunningham II and R.C. Cunningham III and Chinese Weituo Technical Limited (Chinese Weituo), a BVI corporation and its shareholders, China Changsheng Investment Limited, a BVI company, China Longshan Investment Limited, a BVI company, High-Reputation Assets Management Longshan Limited, a BVI company, Joint Rise Investment Limited, a BVI company, and W-Link Investment Limited, a BVI company, pursuant to which we acquired 100% of the issued and outstanding capital stock of Chinese Weituo in exchange for the issuance of 19,200 shares of our Series A Preferred Stock. Each share of Series A Preferred Stock is convertible to one thousand shares of common stock, \$0.001, par value which will constitute approximately 96.0% of Sooner Holdings' issued and outstanding common stock on an as converted basis and after giving effect to a proposed share consolidation. Subsequent to the completion of the Securities Exchange Agreement, we intend to amend our articles to change our name and effect a 1-for-18.29069125 share consolidation as soon as the staff of the SEC indicate that they have no further comments on our Form 8-K, as amended, reporting the Securities Exchange Agreement or on our other SEC periodic reports.

In connection with the reverse acquisition of Chinese Weituo and its subsidiaries, we have adopted the business and operations of Chinese Weituo.

Through our operating company Shishi Feiying Plastic Co., Ltd. ("SFP"), we manufacture synthetic polyurethane leather ("PU leather") for the shoe industry in Fujian Province, China. Our primary business is the design, manufacturing and sale of PU leather for the shoe manufacturing industry in China. PU leather design can take two forms; formula design, which can produce PU leather with different physical features like high peel strength, water repellency, or tear strength; and pattern design, which includes different colors, roughness of material and possibly patterns on the material. In addition, we manufacture flip-flops and slippers (footwear) for sale in China and abroad.

Our PU leather production facilities are strategically located in Fujian Province, which puts us in close proximity to our target customers. Currently, all of our PU leather is used in the manufacture of shoes; however, we believe we can easily extend our services to other PU leather industries like furniture, footballs, basketballs and other sporting equipment and, clothes and suitcases, to name a few. As such, we plan to increase our PU leather production capacity and expand our sales to other industries. Towards this goal, our growth strategy includes expansion projects to acquire a new PU leather factory which is currently under construction in the DaTian technology park in Fujian province, China where many of our customers are located.

Mr. Ang Kan Han is our chairman of the board, president and largest shareholder. Mr. Ang is also known as “Hong Jiang Han” which is Mr. Ang’s Mandarin name spelled in English. As discussed, we intend to acquire a new PU leather factory currently under construction. Mr. Ang incorporated Feiying Industrial Co., Ltd. (San Ming) a wholly-foreign owned enterprises (WFOE) in the PRC, to build the PU leather factory in the DaTain technology park in Fujian province. Construction on the San Ming facility in DaTian city began in June 2010. There are three phases for the new PU leather factory. Phase 1 is still under way and consists of construction of the actual facilities that will house the production center and the purchases and installation of 3 wet process production lines, 2 dry process production lines and installation of recycling equipment to recapture and recycle chemicals used in the production process. Phase 1 is to be completed at the end of this year or early next year with a cost to date of approximately \$16 million and an estimated completion cost of approximately \$22 million. The actual cost has exceeded the proposed budget primarily due to increase in material costs, construction worker compensation and exchange rate fluctuations. Further fluctuations in cost may be affected by factors such as weather or testing and reforming of machinery. Phase 2 will begin in approximately the 4th quarter of 2011 but timing is somewhat dependent on PU leather demand and the availability of capital resources. Phase 2 will consist of the expansion from 3 wet processing lines to 9 wet processing lines, from 2 dry process lines to 7 dry processing lines, and the addition of a resin plant and 5 base-cloth production lines. Phase 2 is estimated to cost between \$15 and \$23 million, but such estimate may be revise once Phase 1 has been completed and operated for a period of time. We intend to fund phase 2 from the sale of equity instruments and bank financing. After the construction of Phase 2, assuming that we exercise our call option to acquire San Ming, we will decide how to proceed on Phase 3. Phase 3 consists of installing new wet and dry processing lines to manufacture super-fiber PU leather, and the ability to produce PU leather for other industries at high capacity.

To facilitate the building of the PU leather factory, we have from time to time advanced funds to San Ming. Further, we have entered into a call option agreement with Mr. Ang to allow us to purchase the factory being built by San Ming at 90% of the net tangible asset value when it is completed. Because Mr. Ang is our president and chairman of the board, we have the power to direct the activities of San Ming. We have also determined that San Ming currently has not been adequately capitalized to carry out its principal operating activities, which is to build a PU leather factory. It is currently the Company’s intention to exercise the call option agreement when phase 1 of the construction is completed, which would make San Ming our wholly owned subsidiary. At San Ming, two wet production lines have been installed and San Ming is preparing to install another dry production line and one wet production line. Due to bad weather in Datian area, San Ming’s construction had been delayed for several weeks.

Currently, from an accounting perspective, we have determined that San Ming is a variable interest entity (VIE) because of its insufficient capital to carry out its principal operating activity (the construction of a PU leather factory), and that we are the primary beneficiary. Accordingly, the financial position of San Ming was consolidated in our financial statements for the year ended December 31, 2010 and for the nine months ended September 30, 2011. We will continue to reassess San Ming’s status as a VIE including any potential change in it’s VIE status.

Short-Term Strategic Plan.

Subject to the availability of funds for the remainder of the fiscal year we intend to maintain our present product structure and to develop our proposed new PU leather plant through San Ming.

Critical Accounting Policies and Estimates

Management’s discussion and analysis of results of operations and financial condition are based upon our financial statements. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America. These principles require management to make certain estimates and assumptions that affect amounts reported and disclosed in the financial statements and related notes. See Note 2 to our financial statements, “Summary of Significant Accounting Policies.” We believe that the following paragraphs reflect our most critical accounting policies that currently affect our financial condition and results of operations.

Inventories. Inventories consisting of finished goods, materials on hand, packaging materials and raw materials are stated at the lower of cost or market value. The value of finished goods is comprised of direct materials, direct labor and an appropriate proportion of overhead. Cost is determined using the first-in-first-out (FIFO) method. We continually evaluate the composition of our inventories assessing the turnover of our products. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made for estimated excess or obsolescence and are charged to cost of revenues.

Land Use Rights. Under PRC law, all land in the PRC is owned by the government and cannot be sold to an individual or company. The government grants individuals and companies the right to use parcels of land for specified periods of time. These land use rights are sometimes referred to informally as “ownership.” Land use rights are stated at cost less accumulated amortization. Amortization is provided over the term of the land use rights, using the straight-line method.

Plant and Equipment. Plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives as follows:

	<u>Estimated Useful Life</u>
Machinery and Equipment	10-20 years
Building and improvements	30-40 years
Transportation Equipment	5 years
Office equipment	5 years

The cost and related accumulated depreciation of assets sold or otherwise retired are eliminated from the account and any gain or loss is included in the statement of operations for that period. The cost of maintenance and repairs is charged to income as incurred, whereas material renewals and betterments are capitalized.

Accounting for the Impairment of Long-Lived Assets. The long-lived assets held and used by us are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. It is possible that these assets could become impaired as a result of technology or other industry changes. The recoverability value of an asset to be held and used is determined by comparing the carrying amount of such asset against the future net undiscounted cash flows to be generated by the asset. Our principal long-lived assets are our property, plant and equipment assets.

We must make various assumptions and estimates regarding estimated future cash flows and other factors in determining the fair values of the respective assets. We use set criteria that are reviewed and approved by various levels of management, and estimate the fair value of our reporting units by using undiscounted cash flow analyses. If these estimates or their related assumptions change in the future, we may be required to record impairment charges for the underlying assets at such time. Any such resulting impairment charges could be material to our results of operations.

If the value of such an asset is determined to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or the fair value, less disposition costs.

Competitive pricing pressure and changes in interest rates could materially and adversely affect our estimates of future net cash flows to be generated by our long-lived assets, and thus could result in future impairment losses.

Revenue Recognition.

The Company operates two distinct business segments, its footwear business and its PU leather business. The footwear business segment manufactures PVC foam slippers for sale in China, Africa and the Middle East. Sales of the Company's PVC foam slippers to consumers in Africa and the Middle East are through our primary distributor, Ransford Limited, and sales to China are to our long time distributor customers. Sales are recognized when the product is delivered and accepted by the customer, the sales price is determinable through invoice or sales contract, and collection is reasonably assured.

The Company's PU leather business segment manufactures synthetic leather for use by shoe manufacturers within China. Distributors in China take sales orders from the shoe factories and fulfill the orders through PU leather manufacturers like the Company. In most cases the Company delivers the PU leather directly to the end customer, who tests and accepts the order, and the Company is then paid by the distributor. In some cases delivery is made to the distributor, who tests and accepts the order and pays the Company directly. In this case the Company usually does not know the identity of the shoe manufacturer. The Company does have some shoe manufacturers who they sell to directly, in which case when the shoe manufacturer receives and accepts the order, they pay the Company directly. In the normal course of business the Company extends approximately 150-day payment terms to its distributors. Sales are recognized when the product is delivered and accepted by the customer, the sales price is determinable through invoice or contract, and collection is reasonably assured.

Tax Treatment of our Subsidiaries

Under the current PRC laws, SFP is subject to the Enterprise Income Tax ("EIT") and the Value Added Tax ("VAT"). SFP is currently subject to an EIT rate of 25%. In addition, the EIT Law and its implementing rules generally provide that a 10% withholding tax applies to China-sourced income derived by non-resident enterprises for PRC enterprise income tax purposes unless the jurisdiction of incorporation of such enterprises' shareholder has a tax treaty with China that provides for a different withholding arrangement. SFP is considered a foreign invested enterprise ("FIE") and is directly held by our subsidiary in Hong Kong. According to a 2006 tax treaty between the Mainland and Hong Kong, dividends payable by an FIE in China to the company in Hong Kong who directly holds at least 25% of the equity interests in the FIE will be subject to a no more than 5% withholding tax. We expect that such 5% withholding tax will apply to dividends paid to HK Weituo by SFP, but this treatment will depend on our status as a non-resident enterprise.

Pursuant to the Provisional Regulation of China on VAT and its implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay VAT, at a rate of 17.0% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Further, when exporting goods, the exporter is entitled to some or all of the refund of VAT that it has already paid or borne.

Factors Affecting our Results of Operations

Our operating results are affected by some of the following factors

- *Demand for Our PU Leather Products* . We expect the market demand for our PU leather products will increase along with the growth of the shoe manufacturing industry in China.
- *Perceptions of Product Quality* . We believe that athletic shoe manufacturers are highly competitive and they are looking at quality to set themselves apart from other manufacturers. Accordingly, we believe our reputation for quality and leadership position in our PU leather products allow our products to command a higher average selling price and generate higher gross margins than our competitors.
- *Strong Cost Control* . We produce our own raw materials for the production of PU leather. In addition, we recover and reuse our waste manufacturing materials.
- *Research and Development* . We will continue to commit resources for research and development in order to improve our manufacturing process and develop new formulas to improve the quality of our PU leather. In particular, our efforts will focus on (1) developing more advanced technologies to increase our productivity and efficiency in the manufacturing process and reduce cost of production; (2) developing and refining our proprietary manufacturing process for the resins used in our manufacturing process as well as methods of recycling our used manufacturing remains to cut costs and preserve the environment; and (3) enhancing our product quality to satisfy stringent manufacturing requirements and to keep abreast of rapidly changing industry standards and evolving market trends.
- *Upgrade on technology* . We will continue to upgrade and refurbish our machinery so that we can stay ahead of the technology curve with the most efficient use of capital investment.
- *New manufacturing facilities* . We intend to increase our production to meet current and future demand by acquiring a manufacturing facility under construction by San Ming in DaTian city, Fujian Province. We have entered into a call option agreement with Mr. Ang allowing us to purchase his 100% interest in San Ming.

Results of Operations**Comparison of three months ended September 30, 2011 and 2010**

The following table sets forth certain information regarding our results of operation.

	Three months ended September 30,			
	2011	As % of Revenues	2010	As % of Revenues
Revenues	\$ 7,041,089	100%	\$ 7,116,226	100%
Cost of Revenues	5,734,412	81%	5,539,513	78%
Gross Profit	1,306,677	19%	1,576,713	22%
Selling	76,505	1%	184,005	3%
General and administrative	313,715	4%	146,332	2%
Total operating expenses	390,220	6%	330,337	5%
Income from operation	916,457	13%	1,246,376	18%
Interest expense and bank fees, net	(255,951)	-4%	(180,172)	-3%
Foreign exchange transaction loss	(3,538)	-	-	-
Subsidy income	-	-	-	-
Other income (expense), net	12,756	-	731	-
Total Other income (expense)	(246,733)	-4%	(179,441)	-3%
Income before provision for income taxes, net	669,724	10%	1,066,935	15%
Provision for income taxes	168,598	2%	134,654	2%
Net income	\$ 501,126	7%	\$ 932,281	13%

Revenues

Revenues were \$7,041,089 and \$7,116,226 for the three months ended September 30, 2011 and 2010 respectively. Revenues decreased by \$75,137, or 1.07% for the three months ended September 30, 2011, compared to the same period in 2010. Revenues for PU leather and footwear were \$5,891,409 and \$1,149,679, respectively, for three months ended September 30, 2011, compared to \$5,378,008 and \$1,738,219, respectively for three months ended September 30, 2010. An increase 9.5% in revenue for our PU leather business was primarily due to increasing order quantity from existing distributors and customers. Sales from our footwear segment materially dropped because some of our overseas customers have experienced a reduction in demand. Therefore they took less orders compared to same period in 2010. We continued to produce our private label "WinTop" flip-flop. Historically, a majority of our footwear sales are to Ransford Limited who sells our footwear products in Africa and the Middle East. Ransford accounted for 97.57% and 83.46% of our footwear sales for the three months ended September 30, 2011 and 2010, respectively.

Cost of Revenues

Cost of revenues includes our costs of raw materials and salaries of workers. Cost of revenues was \$5,734,412 and \$5,539,513 for the three months ended September 30, 2011 and 2010, respectively. Cost of revenues for the three months ended September 30, 2011 increased by \$194,899, or by 3.52%, compared to the same period in 2010. Stated as a percentage of revenues, cost of revenues for the three months ended September 30, 2011, was 81% and for the corresponding period of 2010 was 78%. Primarily due to the increase in raw materials and labor costs, the percentage of cost of revenues increased during the three months ended September 30, 2011 as compared to the same period for the prior year. The cost of revenues for PU leather and footwear was \$ 4,611,360 and \$1,123,052 for the three months ended September 30, 2011 respectively, and \$4,280,519 and \$1,258,993 for the same period in 2010. Resins and base-cloth represents 80% of the cost of revenues for PU leather. PVC resins, other chemical materials, and labor cost represents 20% of the cost of revenues for footwear. Our ability to control that cost by producing our own resins has contributed to the stability in our cost of revenues as a percent of sales. As part of phase 2 of the San Ming construction project, we will also produce our own base-cloth.

Gross Margin

Gross margin was \$1,306,677 and \$1,576,713 for the three months ended September 30, 2011 and 2010, respectively. Gross margin for the three months ended September 30, 2011 decreased by \$270,036 or by 17.13% compared to the same period in 2010. The decrease of gross margin was mainly due to an increase in raw materials and labor costs, and our sales of footwear had decreased approximately 34% during the three months ended September 30, 2011, compared to same period in 2010.

Operating Expenses**General and Administrative.**

General and administrative expenses include payroll and related employee benefits, and other headcount-related costs associated with finance, facilities, legal and other administrative expenses. General and administrative expenses were \$313,715 and \$146,332 for the three months ended September 30, 2011 and 2010, respectively. General and administrative expenses increased as a percentage of revenue from 2% for three months ended September 30, 2010 to 4% for the same period in 2011 primarily due to salary costs associated with hiring more personnel, increase in salary for existing employees and a significant increase in professional services approximately \$120,000, including audit fees, legal fees, XBRL and other fees related to being public.

Selling Expenses.

Sales and marketing expenses include delivery, freight and expenses to move products. Sales and marketing expenses were \$76,505 and \$184,005 for the three months ended September 30, 2011 and 2010 respectively. As a percentage of revenues, selling expense decreased from 3% to 1% for the three months ended September 30, 2011 compared to the same period in 2010. Selling expense is generally a variable cost for the Company and we expect it to remain fairly consistent, but it is dependent on fuel and other delivery prices. For the three months ended September 30, 2011, selling expenses decreased primarily due to a decrease in sales for our footwear section. The shipping fees for our footwear export business are the main portion of our selling expenses. We will try to find more affordable means to ship and have goods delivered, especially in our footwear business segment where a significant portion of our sales are to Africa and the Middle East.

Other Income (Expense).

Net other expense was (\$246,733) and (\$179,441) for the three months ended September 30, 2011 and 2010 respectively. The increase in other expense was primarily attributable to an increase in interest expense due to the increase of bank borrowings related to the advancement of funds to San Ming for the construction of a new PU leather facility. The Company continually shops various banking facilities to keep interest rates as low as possible. There is a general increase in interest rates as the PRC has increased rates to fight inflation.

Income Tax Provision

Income tax provision was \$168,598 and \$ 134,654 for the three months ended September 30, 2011 and 2010, respectively. Income tax provision for the three months ended September 30, 2011 increased by \$33,944 or by 25.21% compared to the same period in 2010 because in 2011 the Company no longer enjoyed the preferential income tax holiday rate of 12.5% in 2010 and is paying the normal income tax rate of 25% in 2011.

Net Income

Net income was \$501,126 and \$932,281 for the three months ended September 30, 2011 and 2010 respectively. Net income for the three months ended September 30, 2011 decreased by \$431,155 or by 46.25% compared to the same period in 2010 primarily because of an increase of income tax, cost of sales, and due to a decrease in revenues.

Comparison of nine months ended September 30, 2011 and 2010

The following table sets forth certain information regarding our results of operation.

	Nine months ended September 30,			
	2011	As % of Revenues	2010	As % of Revenues
Revenues	\$ 22,678,465	100%	\$ 20,705,993	100%
Cost of Revenues	17,919,682	79%	15,931,867	77%
Gross Profit	4,758,783	21%	4,774,126	23%
Selling	320,400	1%	422,015	2%
General and administrative	662,637	3%	398,548	2%
Total operating expenses	983,037	4%	820,563	4%
Income from operation	3,775,746	17%	3,953,563	19%
Interest expense and bank fees, net	(690,962)	-3%	(422,965)	-2%
Foreign exchange transaction loss	(9,443)	-	-	-
Subsidy income	38,044	-	-	-
Other income (expense), net	68,859	-	48,911	-
Total Other income (expense)	(593,502)	-3%	(374,054)	-2%
Income before provision for income taxes, net	3,182,244	14%	3,579,509	17%
Provision for income taxes	841,943	4%	449,455	2%
Net income	\$ 2,340,301	10%	\$ 3,130,054	15%

Revenues

Revenues were \$22,678,465 and \$20,705,993 for the nine months ended September 30, 2011 and 2010 respectively. Revenues increased by \$1,972,472, or 9.53% for the nine months ended September 30, 2011, compared to the same period in 2010. Revenues for PU leather and footwear were \$18,537,783 and \$4,140,681, respectively, for the nine months ended September 30, 2011, compared to \$16,214,181 and \$4,491,813, respectively, for nine months ended September 30, 2010.

The increase in revenue for our PU leather business was due to a increase in orders from existing distributors. In addition, according to our distributors, the market for PU leather in China has increased since second half year of 2010. In this regard, we entered into a cooperation agreement with one of our distributors, Yuanfeng. Under the Yuanfeng agreement, Yuanfeng wished to expand its distribution market and wanted to stock our products for their expansion. Therefore, we agreed to extent certain credit up to \$3.79 million to Yuanfeng for one year for which Yuanfeng will pay us interest at a rate equal to a 15% discount of the one-year bank interest rate. Most of the revenue related to Yuanfeng agreement was recognized during the second quarter 2010 through the end of 2010. Sales from our footwear segment were materially unchanged as we continued to produce our private label "WinTop" flip-flop. Historically, a majority of our footwear sales are to Ransford Limited who sells our footwear products in Africa and the Middle East. Ransford accounted for 88.01% and 87.26% of our footwear sales for the nine months ended September 30, 2011 and 2010, respectively.

Cost of Revenues

Cost of revenues includes our costs of raw materials and salaries of workers. Cost of revenues was \$17,919,682 and \$15,931,867 for the nine months ended September 30, 2011 and 2010, respectively. Cost of revenues for the nine months ended September 30, 2011 increased by \$1,987,815, or by 12.48%, compared to the same period in 2010. The increase in cost of revenues was primarily attributable to the increase in the purchase of raw materials due to the increase in sales. Stated as a percentage of revenues, cost of revenues for the nine months ended September 30, 2011, was 79% and for the corresponding period of 2010 was 77%. Primarily due to the increase in raw materials and labor costs, the percentage of cost of revenues increased during the nine months ended September 30, 2011 as compare to the same period for the prior year. The cost of revenue for PU leather and footwear was \$13,987,401 and \$3,932,281 for the nine months ended September 30, 2011 respectively, and \$12,324,908 and \$3,606,958 for the same period in 2010. Resins and base-cloth represents approximately 80% of the cost of revenues for PU leather. PVC resins, other chemical materials, and labor cost represents approximately 20% of the cost of revenues for footwear. Our ability to produce our own resins has assisted us in mitigating increases in our cost of revenues as a percent of sales. As part of phase 2 of the San Ming construction project, assuming we elect to acquire San Ming, we intend to produce our own base-cloth.

Gross Margin

Gross margin was \$4,758,783 and \$4,774,126 for the nine months ended September 30, 2011 and 2010, respectively. Gross margin for the nine months ended September 30, 2011 decreased by \$15,343 or by 0.32% compared to the same period in 2010. There were no material changes in gross margin between two periods. The gross margin decreased because the percentage of increase of revenue was less than the percentage of increase of main operating costs. During the nine months ended September 30, 2010, we had an agreement Yuanfeng which led to more sales, but there was no similar agreement with Yuanfeng during the nine months ended September 30, 2011.

Operating Expenses**General and Administrative.**

General and administrative expenses include payroll and related employee benefits, and other headcount-related costs associated with finance, facilities, legal and other administrative expenses. General and administrative expenses were \$662,637 and \$398,548 for the nine months ended September 30, 2011 and 2010, respectively. General and administrative expenses increase as a percentage of revenue from 2% for nine months ended September 30, 2010 to 3% for the same period in 2011. During the second quarter, general and administrative costs increased primarily due to salary costs associated with hiring more personnel, increase in salary for existing employees approximately 13% and a significant increase in professional services, including audit fees, legal fees, XBRL and other fees related to the listing on the public.

Selling Expenses.

Sales and marketing expenses include delivery, freight and expenses to move products. Sales and marketing expenses were \$320,400 and \$422,015 for the nine months ended September 30, 2011 and 2010 respectively. As a percentage of revenues, selling expense decreased from 2% for the nine months ended September 30, 2010 to 1% for the same period in 2011. The main reason was due to sales from our footwear had decreased for the third quarter in 2011. Selling expense is generally a variable cost for the Company and we expect it to remain fairly consistent, but it is dependent on fuel and other delivery prices. We try to find more affordable means to ship and have goods delivered, especially in our footwear business segment where a significant portion of our sales are to Africa and the Middle East.

Other Income (Expense).

Net other expense was (593,502) and (374,054) for the nine months ended September 30, 2011 and 2010 respectively. The increase in other expense was primarily attributable to an increase in interest expense due to the increase of bank borrowings related to the advancement of funds to San Ming for the construction of a new PU leather facility. The Company continually shops various banking facilities to keep interest rates as low as possible. There is a general increase in interest rates as the PRC has increased rates to fight inflation.

Income Tax Provision

Income tax provision was \$841,943 and \$449,455 for the nine months ended September 30, 2011 and 2010, respectively. Income tax provision for the nine months ended September 30, 2011 increased by \$392,488 or by 87.33% compared to the same period in 2010 because in 2011 the Company no longer enjoyed the preferential income tax rate of 12.5% in 2010 and will pay the normal income tax rate of 25% in 2011.

Net Income

Net Income was \$2,340,301 and \$3,130,054 for the nine months ended September 30, 2011 and 2010 respectively. Net Income for the nine months ended September 30, 2011 decreased by \$789,753 or by 25.23% compared to the same period in 2010 primarily due to an increase in costs of revenues, increase in interest expense and an increase of income tax.

LIQUIDITY AND CAPITAL RESOURCES

We had retained earnings of \$12,947,568 and \$10,607,267, as of September 30, 2011 and December 31, 2010, respectively. As of September 30, 2011, we had cash and restricted cash of \$1,675,346 and total current assets of \$17,614,823. We have historically financed our operations with cash flows generated from operations, as well as through loans from related parties and borrowing of short-term bank loans. As of September 30, 2011, we had accounts receivable of \$4,600,109, representing 26.11% of our total current assets, compared to \$6,171,639, representing 37.98% of total current assets as of December 31, 2010. Our accounts receivable at September 30, 2011 decreased from December 31, 2010 primarily due to the collection from our distributors and customers. During nine months as of September 30, 2011, Yuanfeng, one of our distributors for which we have entered into an agreement to extend a certain amount of credit, has paid approximately 93.67% of its balance outstanding at December 31, 2010.

Total liabilities as of September 30, 2011 were \$25,326,892 compared to total liabilities of \$16,972,369 as of December 31, 2010. This increase is attributable to primarily to an increase in short-term loans and related party payables related to the advancement of construction cost of the new production facility developed by San Ming. We anticipate exercising our option to acquire all of the outstanding interests of San Ming. As of September 30, 2011, we had a negative working capital of \$7,712,068 and a negative working capital of \$720,971 as of December 31, 2010; however, we are gradually collecting our accounts receivable.

During the nine months ended September 30, 2011, we generated cash from operations of approximately \$3.04 million. We expended approximately \$12.02 million in investing activities, which primarily consisted of deposits for construction of the new San Ming factory and the purchase of plant and equipment. We received cash through financing activities of approximately \$8.8 million resulting in a total reduction of cash of approximately \$152 thousand. As of September 30, 2011 we have approximately \$25.9 million available under the accumulation of all the available short-term credit line facilities. We believe cash flows from operations will be sufficient to continue funding our operations for the next 12 months. We intend to continue construction of the new San Ming facility through cash flow from operations and continued borrowing.

We are currently exploring options to refinance their current debt with long-term debt or raise capital through the equity markets, but given the current world-wide debt crisis converting the short-term debt into long-term debt and/or finding equity funding maybe difficult under terms that would be acceptable to the Company. Even if we are successful in raising additional funds, the ownership of our existing shareholders will be diluted.

For the three month and nine month periods ended September 30, 2011, the Company had net income of \$501,126 and \$2,340,301, respectively, and cash provided by operations was \$3,041,717 for the nine month period ended September 30, 2011. However, as of September 30, 2011, liquid assets consisted primarily of cash of \$972,419, and our liabilities exceed our current assets by \$7,712,069. The liquidity imbalance on the condensed consolidated balance sheet is primarily due to the fact that the Company is investing towards its future expansion plans.

Management believes that it has the ability to delay or reduce expenditures if necessary in order to continue to operate the business for the foreseeable future. In addition, the Company is exploring options to refinance current debt as long term debt and is pursuing raising strategic capital. Failure to generate sufficient cash flows from operations, reduce spending or raise additional capital would have a material adverse effect on the Company's ability to achieve its intended business objectives.

Below is a summary of our cash flow:

Net Cash Provided by Operating Activities. For the nine months ended September 30, 2011, net cash provided by operating activities was \$3,041,717 compared to net cash used in operating activities of (\$955,916) for the nine months ended September 30, 2010. The increase in net cash provided by operating activities for the nine months ended September 30, 2011 is primarily related to net income during the period.

Net Cash Used in Investing Activities. For the nine months ended September 30, 2011, net cash used in investing activities was (\$12,018,717) compared to net cash used in investing activities of (\$1,982,871) for the nine months ended September 30, 2010. The increase in net cash used in investing activities for the nine months ended September 30, 2011 primarily related to the advancement of funds for the purchase of plant and equipment and prepayment for construction in progress related to San Ming, Phase 1.

Net Cash Provided by Financing Activities. For the nine months ended September 30, 2011, net cash provided by financing activities was \$8,825,360 compared to net cash provided by financing activities of \$3,021,927 for the nine months ended September 30, 2010. The net cash provided by financing activities consisted primarily of net proceeds from short-term borrowings and related party arrangements and capital contributions.

Loan Facilities. In China, banks usually do not provide long term loans to businesses. Most loans are short term loans (12 months or less). All of our loans with Chinese banks are for a period of twelve months. As such, each year we repay our loans and/or apply for new loans with our banks or with other banks for working capital needs. During the nine months ended September 30, 2011, we borrowed approximately \$12.93 million from four banks for working capital needs and repaid approximately \$8.09 million. All of our bank borrowings are secured by our land buildings and/or guaranteed by third parties. As of September 30, 2011, the Company and its subsidiaries have the following loan facilities with the following terms:

<u>Lender</u>	<u>Borrower</u>	<u>Secured</u>	<u>Duration</u>	<u>Credit Limit</u>	<u>Outstanding as Of 9/30/11</u>	<u>Interest Rate</u>
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Secured by land and building of Shishi Changsheng, a company owned by Mr. Ang, our chairman, president and largest shareholder	11/24/10 -11/16/11	\$ 781,030	\$ 741,979	5.56%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Secured by land and building of Shishi Longshan Plastic Co, a company owned by Mr. Ang, our chairman, president and largest shareholder	11/19/10 -11/15/11	\$ 749,789	\$ 749,789	5.56%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Secured by our land and building	12/14/10 -11/28/11	\$ 1,249,649	\$ 1,093,442	5.56%
China Construction Bank Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Secured by our land and building	1/4/11 -1/4/12	\$ 5,467,212	\$ 1,562,061	5.56%
Industrial Bank Co., Ltd. Shishi Branch*	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd.	10/19/10-10/18/11	\$ 1,562,061	\$ 1,562,061	5.31%
Shanghai Pudong Development Bank Quanzhou Branch*	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd.	1/27/11-1/27/12	\$ 5,154,800	\$ 3,124,121	6.97%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd. Secured by account receivable of \$156,206	4/27/11-11/25/11	\$ 4,686,182	\$ 132,775	6.6255%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd. Secured by account receivable of \$145,272	4/27/11-11/25/11	\$ 4,686,182	\$ 124,965	6.6255%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd. Secured by account receivable of \$164,016	4/27/11-11/25/11	\$ 4,686,182	\$ 140,585	6.6255%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd. Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd. Secured by account receivable of \$1,143,428	6/10/11-2/10/12	\$ 4,686,182	\$ 968,478	6.6255%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd. Secured by account receivable of \$624,824	6/10/11-2/15/12	\$ 4,686,182	\$ 531,101	6.6255%
Industrial and Commercial Bank of China Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd. Secured by account receivable of \$390,515	6/10/11-2/15/12	\$ 4,686,182	\$ 328,033	6.6255%
China Everbright Bank Quanzhou Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd.	5/6/11-5/5/12	\$ 6,248,243	\$ 3,124,121	7.2565%
China Construction Bank Shishi Branch	Shishi Feiying Plastic Co., Ltd.	Secured by our land and building	7/14/11-7/14/12	\$ 5,467,212	2,889,812	6.8880%
China Everbright Bank Quanzhou Branch	Shishi Feiying Plastic Co., Ltd.	Guarantee by Shishi Lixiang Food Co., Ltd.	9/13/11-3/12/12	\$ 6,248,243	1,562,061	7.015%
				25,898,966	18,635,384	

* Indicates loans guaranteed by Shishi Lixiang Food Co., Ltd. at September 30, 2011. Total guarantee amount by Shishi Lixiang Food Co., Ltd. to the SFP's benefit is \$11,598,300. The company repaid \$2,155,644 of the loans outstanding as of September 30, 2011; therefore the balance of short term loan as of September 30, 2011 was \$16,479,740.

Off-Balance Sheet Arrangements

We are required to disclose our off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, such as changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors. An off-balance sheet arrangement means a transaction, agreement or contractual arrangement to which any entity that is not consolidated with us is a party, under which we have:

- Any obligation under certain guarantee contracts;
- Any retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangement that serves as credit, liquidity or market risk support to that entity for such assets;
- Any obligation under a contract that would be accounted for as a derivative instrument, except that it is both indexed to our stock and classified in stockholder's equity in our statement of financial position; and
- Any obligation arising out of a material variable interest held by us in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to us, or engages in leasing, hedging or research and development services with us.

In China, because the bank lending system is still relatively new, it is common practice for companies to enter into cross-guarantee arrangements in order to secure line of credits with banks. SFP has entered into such an arrangement with Shishi Lixiang Food Co., Ltd., also known as Nixian Food, Ltd. ("SLF") in which we guarantee their performance on certain loans, and vice versa. SLF is not a related party and we do not consolidate SLF into our financial statements. As of September 30, 2011, we guarantee the following loan facilities for SLF benefit:

Lender	Interest Rate	Duration	Credit Limit	loan for SLF
Shanghai Pudong Development Bank Quanzhou Branch	6.97%	1/27/11-1/27/12	\$ 2,186,885	\$ 781,030
Total			\$ 2,186,885	\$ 781,030

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Because we are a smaller reporting company, this Item 3 is not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). During the quarter ended September 30, 2011, we identified certain reporting errors and omissions in our previously issued financial statements in the Form 10-Qs for March 31, 2011 and June 30, 2011. We subsequently determined that a restatement was required for our interim condensed consolidated financial statements for the quarters ended March 31, 2011 and June 30, 2011. In connection therewith, we filed Form 8-Ks, Item 4.02, Non-Reliance on Previously Issued Financial Statements or A Related Audit Report or Completed Interim Review, on October 11, 2011, in connection with the restatement of our earnings per share for the quarterly periods ended March 31, 2011 and June 30, 2011. As disclosed in the Form 8-Ks, we revised our calculations of earnings per share to be based on the number of shares of common stock outstanding prior to the proposed reverse stock split and conversion of Series A preferred stock. Our previous calculations of earnings per share were based on the assumption that proposed reverse stock split and conversion of our Series A Preferred Stock had been effected. In addition, we filed amendments to the Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011 to restate our earnings per share. As a result of our restatement of our calculations of earnings per share and related amendments to Form 10-Qs for the quarter ended March 30, 2011 and June 30, 2011, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified by the Securities and Exchange Commission's rules and regulations as of September 30, 2011.

Plan of remediation

We continue our efforts to hire additional staffing of accounting professionals with sufficient knowledge of US GAAP and relevant disclosure requirements.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in ordinary litigation that will not have a material effect on our operations or finances. At this time, we are not aware of any pending or threatened litigation against us.

Item 1A. Risk Factors

Because we are a smaller reporting company, this Item 1A is not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved).**Item 5. Other Information**

None.

Item 6. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.19	Working Capital Borrowing Contract No. GDQZBZ1105D02 by and between China Everbright Bank Quanzhou Branch and Shishi Feiying Plastic Co., Ltd., dated September 13, 2011
10.20	Working Capital Borrowing Contract No. 2011 Jian Quan shi Dai Zi No.130 by and between China Construction Bank Shishi Branch and Shishi Feiying Plastic Co., Ltd., dated July 14, 2011
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Label Linkbase
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

*XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOONER HOLDINGS, INC.

Date: November 10, 2011

By: /s/ Ang Kang Han

Ang Kang Han

Title: President (Principal Executive Officer)

By: /s/ Huang jin Bei

Huang jin Bei

Title: Chief Financial Officer (Principal
Financial Officer)

Working Capital Loan Contract (Rev.3/2011)
No.: GDQZBE1105D02

Working Capital Loan Contract

China Everbright Bank

Borrower: Shishi Feiying Plastic Co., Ltd

Address: Longshan Development Zone, Hanjiang Town, Shishi, Quanzhou, Fujian

Postal Code: 362700

Legal Representative: Wu Licong

Authorized Agent:

Handled by:

Tel:

Fax:

Bank of Deposit: China Everbright Bank Co., Ltd Quanzhou Branch

Account No.: 79520188000034786

Lending Bank: **China Everbright Bank Co., Ltd Quanzhou Branch**

Address: Youth Building, No.288, Tian'an North Road, Quanzhou

Postal Code: 362000

Legal Representative/Principal: -

Authorized Agent:

Handled by: Wu Ronghui

Tel: 36010018

Fax: 36010060

Chapter 1 General

Whereas the Borrower has according to its business demands requested the Lending Bank to extend the Borrower an amount of loan and the Lending Bank through examinations has agreed to grant such a loan to the Borrower subject to the terms and conditions of this Contract.

In order to specify the rights and obligations of both Parties, in accordance with the national laws and regulations and the requirements of relevant supervision departments, and through mutual consultations, the Parties hereto are willing to enter into the following agreements for both Parties to comply with.

Chapter 2 Purpose of Loan

Article 1 It is determined through mutual consultations that:

1. The loan hereunder shall be used by the Borrower only for the purpose of working capital circulation, i.e. procurement of raw materials.
2. Without prior written consent of the Lending Bank, the Borrower shall not alter the purpose of the loan as determined herein.

Chapter 3 Currency, Amount, Term and Granting of Loan

Article 2 The loan hereunder is in the principal amount of RMB 10 million Yuan (RMB Ten Million Yuan Sharp).

Article 3 The term of this loan hereunder shall commence from September 13th, 2011 and expire on March 12th, 2012.

Article 4 Upon complete fulfillment of the preconditions stipulated in Article 11 herein, the Lending Bank shall remit the amount of loan to the account of the Borrower opened with the Lending Bank in the way as specified in item 1 of the following:

1. One time transfer, i.e. the Lending Bank shall remit the full amount of loan to the account of the Borrower opened with the Lending Bank on September 13th, 2011;
2. Transfer by installment, i.e. the amount and date of each installment is stipulated as follows:

First installment:

- (1) Amount of transfer: (in words) _____;
- (2) Date of transfer: _____.

Second installment:

- (1) Amount of transfer: (in words) _____;
- (2) Date of transfer: _____.

Third installment:

- (1) Amount of transfer: (in words) _____;
- (2) Date of transfer: _____.

3. Irregular Installments:

Transferred at any time as required with the times, amount and term in compliance with the records of certificate/documents of indebtedness.

Other terms: _____

The loan hereunder, once transferred by the Lending Bank, is deemed to have been granted and the interest of this loan shall be calculated from the date of granting.

Chapter 4 Loan Interest Rate and Basis of Interest

Article 5 The Borrower shall pay to the Lending Bank interests based upon the loan granted by the Lending Bank hereunder and fixed (fixed / floating) rate shall be adopted for such a loan.

- 1. If fixed interest rate is adopted, the annual interest rate shall be 7.015%.
- 2. If floating interest rate is adopted, the annual interest rate shall be determined by means of approach of the following:
 - A: At the benchmark interest rate provided for by the People’s Bank of China: ___%
 - B: At an annual interest rate of ___% with (upward/downward) fluctuation of ___% by proportion of ___ based on the benchmark interest rate of ___% (benchmark interest rate over the same period) provided for by the People’s Bank of China.
 - C: At an annual interest rate of ___% with (upward/downward) fluctuation of ___% by proportion of ___ based on the benchmark interest rate of ___% (benchmark interest rate over the same period) provided for by the People’s Bank of China.

Interest rate adjustment cycle: _____

Concrete date of adjustment: _____

3. Other terms: _____

Article 6 Both Parties agree that the Lending Bank has the right to determine a new interest rate for the loan hereunder based on the adjusted benchmark interest rate or basis of interest with the same upward/downward fluctuation of proportion/rate provided during the loan term the benchmark interest rate or the basis of interest has been adjusted by the People’s Bank of China and applies to the loan hereunder. The Lending Bank may implement such adjustment without prior consent of the Borrower and has the right to collect interest based on the adjusted loan interest or the basis of interest from the date of adjustment provided for by the People’s Bank of China.

Article 7 The interest on the loan hereunder shall be paid on quarterly (quarterly/monthly) basis on the 20th day of a month.

Article 8 The interest on the loan hereunder shall be calculated on a 360 days per year basis and collected from the drawdown date based on the amount of loan remitted by the Lending Bank and the number of days the loan is occupied.

Article 9 If the Lender fails to repay the loan as stipulated hereunder, the Lending Bank has the right to collect interest at the overdue penalty interest rate from the overdue date to the pay-off date. The overdue penalty rate shall be loan interest rate as specified in Article 5 herein plus 50% (30%-50%) thereof.

If the Lender fails to use the loan for the purpose as stipulated hereunder, the Lending Bank has the right to collect interest at the appropriation penalty interest rate from the date of such violation by the Borrower to the date on which the Borrower has paid off the principal and interest. The appropriation penalty rate shall be loan interest rate as specified in Article 5 herein plus 100% (50%-100%) thereof.

Article 10 With respect to interest the Borrower fails to pay in time, the Lending Bank has the right to collect compound interest from the Borrower at the penalty interest rate.

Chapter 5 Disbursement and Use of Loan

Article 11 Unless the following preconditions are satisfied, the Lending Bank has no obligations to disburse to the Borrower the loan hereunder:

1. Documents required by the Lending Bank (including but not limited to the transaction background materials relating to the repayment of the loan such as the *Fund Repayment Plan* or or the *Entrusted Loan Repayment Notification and Business Contracts* etc to be provided by the Borrower prior to the disbursement of the loan) have been fully provided by the Borrower, the information contained in these documents has not changed and such documents continue to be valid or the Borrower has made explanations and descriptions satisfactory to the Lending Bank with respect to any changes;
2. The Borrower has completed the certificate/documents of indebtedness relating to this drawdown which constitute part of this contract and have the same legal force therewith. If the amount, term and interest rate of the loan hereunder etc are not in conformity with the abovementioned certificate/documents of indebtedness, certificate/documents of indebtedness shall prevail;
3. The borrower shall have government permits, approval, registration and other legal formalities relating to the loan hereunder handled according to relevant laws and regulations; and also the notarization of this contract etc if required by the Lending Bank;
4. If the loan hereunder is secured, the Borrower shall according to the requirements of the Lending Bank have security contract concluded and other legal formalities such as the notification, registration and/or insurance of the collateral and such security and insurance shall remain valid;
5. No breaching events specified herein have occurred to the Borrower;

With the above drawdown conditions fulfilled, the Lending Bank may according to Article 4 hereof remit the amount of loan to the following account of the Borrower opened with the Lending Bank.

Bank of Deposit: China Everbright Bank Co., Ltd Quanzhou Branch

Account No.: 79520188000043868

Online payment service shall not be made available for the loan drawdown account unless with the consent of the Lending Bank.

Article 12 The loan capital hereunder may be paid via either entrusted payment by the Lending Bank or direct payment by the Borrower.

Entrusted payment by the Lender means that the Lending Bank, according to the Borrower's drawdown application and payment instruction, pays the loan capital, through the borrower's account, to the counterpart of the Borrower consistent with the purposes stipulated herein.

Direct payment by the Borrower means that, after the Lender releases loan capital to the Borrower's account according to the Borrower's drawdown application, the Borrower directly pays such loan capital to its counterpart consistent with the purposes stipulated herein.

Article 13 The Borrower agrees that capital loans under any of the following circumstances shall be paid via entrusted payment by the Lending Bank according to relevant laws and regulations and rules of supervision department:

1. The credit relationship with the Borrower is newly established and the Borrower has an average credit standing;
2. The payment receiver is definite and the amount of a single payment is relatively large; or
3. Other circumstances determined by the Lending Bank.

The Borrower agrees that minimum amount of a single entrusted payment hereunder is RMB Five Million Yuan. During the validity of this contract, the Lending Bank has the right to adjust the minimum standard of such single payment according to its management requirements.

Where the single payment exceeds the above minimum amount, entrusted payment must be adopted. Direct payment by the Borrower shall be adopted under other circumstances.

Where the loan capital is paid via entrusted payment, the Borrower shall take the *Entrusted Loan Repayment Notification* with the format as required by the Lending Bank as the only certificate for the payment of loan capital, otherwise the Borrower shall be responsible for any consequences in respect of payment delay, default of payment, dishonored check, recourse and compensation etc.

Article 14 Where direct payment by the Borrower is adopted, the Borrower shall submit a loan capital payment plan as required by the Lending Bank who shall after review and approval thereof remit the amount of loan to the abovementioned account according to the payment plan and the Borrower shall pay the loan capital according to the same plan and make a monthly (monthly/quarterly) summary report to the Lending Bank with respect to the payment of loan capital.

Article 15 If during the payment of the loan the following circumstances occur to the Borrower, the Lending Bank has the right to negotiate with the borrower to add conditions for the granting and payment of the loan, or change the payment method or stop the granting and payment of loans according to the this contract. 1. The credit standing of the borrower deteriorates; 2. Its principal business profitability becomes weak; 3. There are abnormal circumstances in the use of loan capital.

The Lender has the right to request the Borrower to promptly provide the records and documents in respect of the use of the loan capital. If the Lending Bank finds that the Borrower fails to pay or use the loan capital for the purposes as stipulated herein and performs other conducts in violation thereof, the Lending Bank has the right to declare the prematurity of the loan and take actions against the liabilities of the Borrower for breach of the contract, including but not limited to restriction or prohibition on the payment of the loan.

Chapter 6 Repayment of Loan

Article 16 The Borrower shall pay the interest as stipulated herein and repay the principal as agreed in item 1 of the following.

1. One-off payment of principal. The Borrower shall repay the overall principal on March 12th, 2012;
2. Repaying principal by installments with the specific amounts and dates specified as follows:

First installment:

- (1) Amount of principal to be repaid: (In words) _____;
- (2) The principal shall be repaid on _____.

Second installment:

- (1) Amount of principal to be repaid: (In words) _____;
- (2) The principal shall be repaid on _____.

Third installment:

- (1) Amount of principal to be repaid: (In words) _____;
- (2) The principal shall be repaid on _____.

Other terms:

If the date of repayment of the loan falls on a non-business day of Lending Bank, it shall be postponed to the immediately next business day and such non-business day shall be included in the actual occupation days. When the last installment of principal is paid by the Borrower, the interest is to be settled along with the principal not subject to the interest settlement date as agreed in Article 7 of this contract.

Article 17 The Borrower shall have enough deposit reserve for the payment of interest, principle or other expenses of the current period prior to the interest or principal settlement date as agreed hereunder and specified in the certificate/documents of indebtedness, and repay the principal in the following ways:
 [1] 1. The authorized Lending Bank shall proactively deduct the amount of the principal from the account of the Borrower on the interest or principal settlement date; 2. Direct payment by the Borrower.

Article 18 The Borrower is obligated to repay the full amount of loan hereunder in a timely manner. If the Borrower fails to pay the principal and interest in time, the Lending Bank has the right to deduct in proper sequence the payables, interests and compound interests and principal from the account of the Borrower opened with the Lending Bank or any branches within the system of the Lending Bank. With respect to loans the principal or interests of which fails to be collected 90 days after the first overdue date, the deduction of payment shall be done in the sequence as stipulated by the financial department.

If on a certain date for the settlement of interest and principal the amount of payment made by the Borrower is not sufficient to repay the payables due of the current period, such payment as made by the Borrower shall used to pay the expenses payable by the Borrower, then the interest and compound interest and at last the principal. With respect to loan the principal and interests of which fails to be collected 90 days after the overdue date, the deduction of payment shall be done in the sequence as stipulated by the financial department.

Article 19 If the Borrower intends to repay the loan in advance, a written application shall be submitted by the Borrower to the Lending Bank 30 bank business days in advance and get the written approval of the Lending Bank.

The method for calculation of the interest where the loan is repaid in advance shall be [1]:

1. The calculation of interest as agreed herein shall be continued up to the early repayment date.
2. Other: _____

Article 20 Where the Borrower fails to repay the loan hereunder in time and an extension for the deadline of such payment is needed, a written extension application shall be officially submitted by the Borrower to the Lending Bank [30] bank business days prior to the expiry date of the loan hereunder. Upon approval of the Lending Bank, a Loan Extension Contract shall be separately executed by the Parties as the supplement of this contract.

Chapter 7 Security

Article 21 The loan hereunder shall be secured in the way as specified in item 1 of the following.

1. Several liability guarantee security provided by Wu Licong (Guarantor) of Shishi Nixiang Food Co., Ltd; Guarantee Contract No.: **GDQZBZ1105B01, GDO ZBZ1105B02.**
2. Mortgage security over _____(collateral) provided by _____(mortgagor); Pledge Contract No.: _____.
3. Pledge security over _____(pledge/pledge right) provided by _____(pledger); Pledge Contract No.: _____.

Article 22 The Lending Bank and guarantor shall conclude a Security Contract in respect of specific secured items and have such formalities as the notarization of the Security Contract and/or the security and registration of the secured items etc handled.

Article 23 Where the loan contract is extended, the Borrower and the Guarantor shall make sure they continue to assume security liabilities. The Security Contract shall remain valid until the expiration of the extended loan contract.

Chapter 8 Bearing and Compensation of Expenses

Article 24 The Borrower shall assume all expenses incurred to the Lending Bank related to this contract and relevant security contract, including but not limited to expenses arising from attorney service, accounting service, auditing, insurance, notarization, verification, evaluation and registration. Once requested by the Lending Bank, the Borrower shall pay to the Lending Bank the above expenses.

Article 25 If requested by the Lending Bank, the Borrower shall immediately pay to and compensate the Lending Bank in full for all fees and expenses incurred to the Lending Bank in performing any of its rights hereunder, including but not limited to legal costs, attorney fees, travel expenses and other expenses incurred in performing creditor's rights.

Chapter 9 Representation, Warranty and Commitment of Borrower

Article 26 The Borrower is a legal entity/other organization duly organized and validly existing under the law of the Peoples Republic of China with independent capacity for civil conducts and has the power, authority and right to assume all civil liabilities with all of its properties to consummate the transactions.

Article 27 The Borrower has the full power, authority and right to execute this contract and consummate transactions hereunder and has exercised or acquired all corporate actions and other actions and consents necessary to authorize the execution and performance of this contract. This contract has been duly signed and sealed by the legal representatives or the authorized representatives of the Borrower.

Article 28 The Borrower has acquired all approvals of governmental departments and the consent of the third party necessary for the execution of this contract and the Borrower's execution and performance thereof shall not violate the corporate organization instruments/approval documents (if any) and any other contracts or agreements of the Borrower as a party.

Article 29 All documents, materials and certificates provided by the Borrower to the Lending Bank for the execution of this contract and consummation of the transactions therein are authentic, complete, accurate and valid, and the financial report submitted by the Borrower has truly reflected the financial status of the Borrower upon the issuance thereof.

Article 30 This contract is legally valid and constitutes obligations legally binding on the Borrower.

Article 31 The Borrower shall at the request of the Lending Bank open an account at the Lending Bank through which the funds under this contract shall be settled.

Article 32 To ensure the legality, validity and enforceability of this contract, the Borrower has or will have all registration, filing or notarization formalities.

Article 33 No occurrence of any lawsuit, arbitration or administrative procedures that may have adverse effect to the ability of the Borrower in performing its obligations hereunder.

Article 34 The representation, warranty and commitment of the Borrower shall be correct and errorless at all times prior to the pay-off of the principal and interest on the loan hereunder and the Borrower shall provide relevant documents at any time as may be required by the Lending Bank.

Article 35 No occurrence or existence of the Borrower's any breaching events.

Article 36 The Borrower has carefully read and fully understood the content of this contract and has executed and performed this contract out of its own free will, and all representations made by the Borrower herein are true.

Article 37 The Borrower has provided authentic, complete and valid materials as required by the Lending Bank.

Article 38 The Borrower is committed to cooperating with the Lender in the loan payment management, post-loan management and relevant examination.

Article 39 The Borrower shall voluntarily accept and proactively cooperate the Lending Bank in the investigation, understanding and supervision over the production, operation and financial status of the Borrower; has the obligations to submit to the Lending Bank financial reports or other credit-related materials in recent one month such as the *Balance Sheet* and the *Statement of Profit and Loss* etc.

Article 40 If during the validity of this contract there are any change to the name of the Borrower and the legal representatives and registered address etc, the Borrower shall notify the Lending Bank in writing 30 bank business days in advance.

Article 41 If the Borrower prior to the pay-off of all debts hereunder intends to make investments, have substantial increase of the debt financing and conduct merger, split, capital reduction, equity transfer, assets transfer, application for suspension of business, dissolution and bankruptcy and other actions that may cause any changes to the creditor's right and credit relations herein or affect the rights and interests of the Lending Bank, the Borrower shall notify the Lending Bank in writing 30 bank business days in advance and upon approval of the Lending Bank implement the liabilities for the settlements of debt or early extinguishment of debt, otherwise the above actions shall not be performed.

Article 42 The Borrower during the validity of this contract without written consent of the Lending Bank shall not undertake liabilities for other legal persons, organizations and individuals that is enough to affect the ability of the Borrower in repaying the loan hereunder or provide guarantee security that is enough to affect the ability of the Borrower in repaying the loan hereunder, or keep pledge or mortgage over the assets and rights and interests of the Borrower that is enough to affect the ability of the Borrower in repaying the loan hereunder.

Article 43 In case of any other events other these as described above that may endanger its normal operation or have major adverse impact on the Borrower's performance of its repayment obligations, an immediate written notification shall be sent to the Lending Bank.

Article 44 The Lender has the right to request the Borrower to open the following account at the Lending Bank as a payment collection account and the Borrower shall open the account as required by the Lending Bank, sign account management agreement, provide the Lender with the record of this account and accept the management of the collected capital. The Lending Bank has the right to facilitate the maturity of the loan. The specific account information is as follows:

Bank of Deposit: Bank of Deposit: China Everbright Bank Co., Ltd Quanzhou Branch

Account No.: 79520188000043868

Online payment service shall not be made available for the loan drawdown account unless with the consent of the Lending Bank.

Chapter 10 Default Events

Article 45 Any of the following events shall be deemed to constitute the default events of this contract:

1. The Borrower fails to pay the interests and the principal as stipulated in this contract;
2. The Borrower fails to use the loan for the purposes as specified herein;
3. The loan capital is not paid in the way as agreed;
4. Beyond the agreed financial indicators (as per the requirements for credit approval);
5. In case of major cross default events.

6. The Borrower has provided the Lending Bank with a Balance Sheet, Statement of Profits or Losses or other financial reports that are false or conceal significant truths, or refuses to accept the supervision and examination over its use of the loan, production and operations and financial activities;
7. The representation, warranty or commitment made by the Borrower or Guarantor under this contract or the representation, warranty or commitment made under some security contract have been justified as unreal or misleading;
8. The Borrower or the Guarantor breaches other contracts where it is a party.
9. The business and financial status of the Borrower or Guarantor seriously deteriorate;
10. The collateral, pledge/pledge rights related to the loan hereunder is devaluated, destroyed or lost;
11. The Borrower fails to make repayment arrangements or liability reorganization plan satisfying the Lending Bank when the Borrower or Guarantor is merged or split or undergoing a shareholding reform;
12. The Borrower or Guarantor becomes bankrupt, dissolved, shut down or have its licenses repealed, suspended and written off.
13. The Borrower fails to inform the Lending Bank of the following:
 - (1) Major alterations to the articles of association and any material changes to its business activities;
 - (2) Major modification to the accounting principals;
 - (3) Any major changes to the financial, economic and other aspects of its affiliates or parent company;
14. The Borrower is involved in any lawsuit, arbitration or administrative procedures that may have serious adverse impact on the financial status of the Borrower or the ability of the Borrower in performing its obligations pursuant to this contract.
15. Closedown, freezing, detention or monitoring of the Borrower's assets has or may affect the Borrower's performance of the obligations hereunder.
16. The Borrower has violated any other provisions of this contract and fails to make any remedies satisfying the Lending Bank.
17. Occurrence of any other events or circumstance which has substantial adverse impact on the rights of the Lending Bank herein.

Article 46 The occurrence of the above default events shall be judged and notification sent by the Lending Bank. Upon occurrence of the above default events, the Lending Bank has the right to take one or several of the following measures:

1. Stop the remittance of the loan hereunder;
2. Declare the maturity of the granted loans and request the Borrower to immediately pay the principal, interests or other expenses for performing its creditor's rights;
3. Request the Borrower to add to or change the guarantor, collateral or pledge/pledge right;

4. Deduct directly from any account of the Borrower opened at the Lending Bank or any branch within the system of the Lending Bank any outstanding payables;
5. Declare the implementation or realization of rights under any security provisions over relevant loans;
6. Other ways the Lending Bank may deem appropriate.

Chapter 11 Miscellaneous

Article 47 During the validity of this contract, the Lending Bank has the right to check the use of the loan and the Borrower shall provide the Lending Bank with specifications and materials as required by the Lending Bank.

Article 48 Both Parties hereto shall keep secret all materials and information concerning the liabilities, financial status, production and operation of the other Party acquired for the purpose of execution and performance of this contract, except for mandatory query of relevant information.

Article 49 Without prior consent of the Landing Bank, the Borrower shall not transfer or otherwise dispose of all or part of the obligations under this contract.

Article 50 The Lending Bank may transfer the creditor's right herein to any third party by a written notice to the Borrower without the need to ask for prior consent of the Borrower.

Article 51 All payables of the Borrower hereunder shall be paid by the Borrower in full and shall neither be by any means offset, deducted or withdrawn nor counterbalanced by any liabilities payable to the Borrower by the Lending Bank. If any laws require the Borrower to deduct or withdraw any funds payable to the Lending Bank, an additional amount of payment shall be paid by the Borrower to the Lending Bank so as to make sure the amount received by the Lending Bank is identical with the receivables as if no such deduction or withdrawal has been made.

Article 52 Any grace, preference or deferring given by the Lending Bank to the Borrower shall not affect, jeopardize or restrict all rights enjoyed by the Lending Bank pursuant to this contract and relevant laws and regulations; be seen as waiver of the rights and interests of the Lending Bank hereunder and affect any responsibilities and obligations assumed by the Borrower under this contract.

Article 53 If at any time any provisions of this contract are or become in any aspects unlawful, invalid or unenforceable, the legitimacy, validity or enforceability of other provisions thereof shall not be affected or weakened.

Article 54 Any amendment and supplement to this contract shall be made in writing and duly executed by both Parties.

Article 55 The subtitle of this contract is added only for the purpose of reading convenience and shall not be used as interpretation of this contract or for other purposes. Any handwritten content at the options and spaces involved herein shall have the same legal force with the printed content of this contract.

Article 56 All notifications and requests sent between each other as related to this contract shall be prepared in writing and sent to the address or fax No. as specified on the first page of this contract. If any Party changes its address or fax No., the other Party shall be notified in writing.

Article 57 Documents corresponded between the Parties shall be deemed to be serviced if delivered by hand; if sent by registered mail, the documents shall be deemed to be serviced 3 days after release of the registered mail; if sent by fax, they shall be deemed to be serviced upon release.

Article 12 Applicable Laws and Settlement of Disputes

Article 58 Any issues of and involved in this contract apply to Chinese Laws and shall be interpreted by Chinese Laws. Any disputes arising from the performance of this contract by the Parties shall be firstly settled through consultations; if such consultations fail, the disputes shall be submitted to the court in the place where the Lending Bank is located by legal procedures.

Chapter 13 Validity, Modification and Termination of Contract

Article 59 This contract shall come into force upon signature or seal of the legal representatives or authorized representatives of both Parties and affixing official seal thereon.

Article 60 After this contract becomes valid, unless otherwise stipulated by relevant laws and regulations or otherwise agreed herein, neither Party shall alter or terminate this contract prematurely. If this contract is to be altered or terminated, the Parties shall conclude written agreement through consultations. The provisions of this contract shall remain valid until such written agreement is concluded.

Chapter 14 Appendix

Article 61 With respect to matters not covered by this contract, a written agreement may be separately executed between the Parties as the appendix of this contract.

Chapter 15 Bylaws

Article 62 This contract shall be made in three original copies, with the Borrower holding 1 copy and the Lending Bank holding 2 copies, all of which have the same legal force.

Article 63 This contract is executed in Quanzhou on September 13th, 2011.

Article 64 Both Parties hereto agree to have this contract notarized and pledge to render the same enforceability. In case of the Borrower's non-fulfillment or partial fulfillment of its liabilities or the occurrence of the circumstance of the Lending Bank's performance of creditor's rights as stipulated by relevant laws and regulations or as agreed herein, the Lending Bank has the right to apply to the competent people's court for enforcement. The Borrower shall have no objection to such application for enforcement. (This article being an optional one, the options of the Parties shall [1] in this contract. 1. Apply; 2 not apply.)

(This page is for signature only, no texts contained)

Borrower (Seal): Shishi Feiyang Plastic Co., Ltd

Legal Representative: Wu Licong
(or Authorized Representative)

Lending Bank (Seal): China Everbright Bank Co., Ltd Quanzhou Branch

Legal Representative/Principal: Lin Chenyu
(or Authorized Representative)

Working Capital Borrowing Contract

Contract No.: 2011 Jian Quan shi Dai Zi No.130

Borrower ("Party A"): Shishi Feiyong Plastic Co., Ltd

Domicile (Address): Longshan Development Zone, Ganjiang Town, Shishi City

Postal Code: 362700

Legal Representative: Wu Licong

Tel: 0595-88682818 Fax: 88682828

Lender ("Party B"): China Construction Bank Shishi Branch

Domicile (Address): Gonghang Building, Baqi Road, Shishi City Postal Code: 362700

Person Responsible: ChenFangxing

Tel: 0595-88595137 Fax: 0595-88595137

Whereas, Party A applies to Party B for a borrowing, and Party B agrees to issue the loan to Party A. Therefore, this Contract is entered into by and between Party A and Party B in accordance with applicable laws, regulations and rules through negotiation for common compliance.

Article 1 Borrowed Amount

Party A will borrow RMB Eighteen Million Five Hundred Thousand(in words) from Party B.

Article 2 Use of Borrowing

Party A shall apply the borrowing to its working capitals.

Please refer to Attachment 1 about use of borrowing and repayment under this contract.

Article 3 Term of Borrowing

The term of borrowing hereunder shall be twelve months from July 14, 2011 to July 14, 2012.

If the commencement date and ending date of the borrowing hereunder are inconsistent with those on the loan dump voucher (borrowing IOU, the same below), the actual issuance date as recorded on the first-issuance loan dump voucher shall prevail, and the due date of the borrowing as set forth in the first paragraph of this Article shall be adjusted accordingly.

The loan dump voucher, being an integral part of this Contract, shall have the same force and effect with this Contract.

Article 4 Loan Rate, Penalty Rate, Interest Accruals, Interests Settlement

I. Loan Rate

The loan rate hereunder is an annual rate as specified in (II) below:

- (I) Fixed rate, i.e., %, which will remain unchanged during the term of borrowing;
- (II) Fixed rate, i.e., up (“up” or “down”) by 10 % from prime rate of the Interests Commencement Date, which will remain unchanged during the term of borrowing;
- (III) Floating rate, i.e., (“up” or “down”) by % from prime rate of the Interests Commencement Date, which will be adjusted according to the prime rate of the date when the rate is adjusted (“Rate Adjustment Date”) and the above up/down rate every month from the Interests Commencement Date to the date when the borrowing hereunder is repaid in full. The Rate Adjustment Date, corresponding to the Interests Commencement Date, shall be the date in the month in which the rate is adjusted. If there is no such date in the month corresponding such Interests Commencement Date, the final day of such month shall be treated as the Rate Adjustment Date.

(IV) _____

II. Penalty Rate

- (I) If Party A fails to use the loan pursuant to this Contract, the penalty rate will be increased by 100% based on the loan rate. If the loan rate is adjusted according to (III) of I of this Article, the penalty rate will be adjusted according to the adjusted loan rate and the above increase.
- (II) The penalty rate is increased by 50% based on the loan rate for the overdue repayment. If the loan rate is adjusted according to (III) of I of this Article, the penalty rate will be adjusted according to the adjusted loan rate and the above increase.
- (III) In the event of simultaneous overdue repayment and misappropriation, the penalties and compound interests shall be added according to the above rates, whichever is higher.

III. The **“Interests Commencement Date”** as mentioned in this Article shall mean the date when the initial loan hereunder is transferred to the account as designated by Party A.

For issuance of the initial loan hereunder, the prime rate shall mean the loan rate at the same level in the same period as published by the People's Bank of China on the Interests Commencement Date. Thereafter, if the loan rate is adjusted subject to the preceding provisions, the prime rate shall mean the loan rate at the same level in the same period as published by the People's Bank of China on the date when such loan rate is adjusted. If the People's Bank of China does not publish the loan rate at the same level in the same period any longer, the prime rate shall mean the loan rate at the same level in the same period as generally accepted or acknowledged by the banks on the date when the loan rate is adjusted, unless otherwise as agreed by the parties hereto.

IV. The loan interests will be added from the date when the loan is transferred to the account as designated by Party A. The loan interests hereunder will be added on a daily basis at the daily rate equaling to annual rate/360. If Party A fails to pay the interest accruals on the Interests Commencement Date as specified in this Contract, the compound interests will be added from the day following such Interests Commencement Date.

V. Interests Settlement

- (I) If the loan is granted at a fixed rate, the interest accruals will be added according to the rate as agreed by the parties when such interest accruals are settled. If the loan is granted at the floating rates, the interest accruals will be added according to a floating rate determined for a certain period; and if there is more than one floating rate in a single interest settlement period, it is required to figure out the interest accruals of each floating period in the first instances, and then to count the sum of interest accruals of all floating periods in such single interest settlement period on the Interests Commencement Date.
- (II) The loan hereunder will be added interest accruals according to the method as specified in I below:
 - i. Monthly interests settlement: The Interests Settlement Date shall be the 20th day of each month;
 - ii. Quarterly interests settlement: The Interests Settlement Date shall be the 20th day of the final month of each quarter;
 - iii. Other methods Not Applicable.

Article 5 Issuance and Drawing of Borrowing

I. Precedent Conditions for Issuance of Borrowing

Unless otherwise waived by Party B in whole or part, Party B shall be obligated to issue the borrowing provided that the following precedent conditions are satisfied:

- (I) Party A has obtained and/or completed approvals, registration, delivery, insurance and other legal formalities in relation to the loan hereunder.
- (II) If a guarantee is created in favor of this Contract, such guarantee meeting Party B's requirements has come into effect and will keep effective all the times.
- (III) Party A has opened an account to be used for drawing and repaying the loan at the request of Party B.
- (IV) Party A has not caused any breach as specified in this Contract, nor met any circumstance as specified in this Contract that may endanger the claims of Party B.
- (V) Party B is not prohibited or limited from issuing the borrowing hereunder by laws, administrative regulations, rules or competent authorities.
- (VI) The borrower should abide by the agreed financial indicators of attachment 2.

II. Plan of Use (“Use Plan”)
Please refer to Article 20 hereof.

The Use Plan is according to the method as specified in III below:

(I) Use Plan as below:

/(month)/(date)/(year), /(amount)
/(month)/(date)/(year), /(amount)
/(month)/(date)/(year), /(amount)
/(month)/(date)/(year), /(amount)

(II) Use Plan as below

/(month)/(date)/(year) - /(month)/(date)/(year), /(amount)
/(month)/(date)/(year) - /(month)/(date)/(year), /(amount)

(III) At any time as need

(IV) _____

III. Party A shall use the loan subject to the Use Plan as specified in II above. Unless otherwise agreed by Party B in writing, Party A shall not get in advance, delay, divide or cancel the drawing in any way.

IV. If Party A use the loan by installment, the expiry date of the term of borrowing shall be determined subject to Article 3 hereof.

Article 6 Repayment

I. Principles of Repayment

Party A shall repay the borrowing hereunder subject to the following principles:

Party B shall be entitled to apply the repayment of Party A to satisfy all fees that have been advanced by Party B but shall be borne by Party A pursuant to this Contract, and the fees used for getting the claims by Party B. And the remaining shall be used for paying the interest accruals in the first instance, and then the principals. However, if the due principals are not repaid for more than 90 days, or if the due interest accruals are not paid for more than 90 days, or if the loan as otherwise provided by laws, regulations or rules is not repaid, Party A shall repay the principals in the first instance, and then pay the interest accruals thereon after paying the above fees.

II. Payment of Interest Accruals

Party A shall pay to Party B the due interest accruals on the Interests Settlement Date. The first interests payment date shall be the first Interests Settlement Date upon the issuance of the borrowing, and all the interest accruals shall be paid in full when the final installment of the borrowing is repaid.

III. Principals Repayment Schedule

The borrower shall repay the loan in the contract according to the following (I) means:

(I) July (month) 14 (Date) 2012 (Year), Eighteen million Five Hundred thousand (amount)

____ (month) ____ (Date) ____ (Year), ____ (amount)

____ (month) ____ (Date) ____ (Year), ____ (amount)

(II) _____

IV. Repayment Method

Party A shall deposit money enough to repay the due borrowing for self-transfer repayment into the account opened with Party B before the due repayment date as specified in this Contract, and Party B shall be entitled to take the due amount from such account, or from other accounts of Party B that may be transferred for the repayment on the due repayment date as specified in this Contract.

V. Advance Repayment

Party A may repay the principals in whole or part in advance upon consents of Party B by sending a written application to Party B thirty working days in advance.

If Party A repays the principals in advance, the interest accruals thereon shall be added according to number of actual days of the use of borrowing and the loan rate as specified in this Contract.

If Party B agrees on the advance repayment made by Party A, it shall be entitled to get compensations from Party A, which will be determined subject to the method as specified in i below:

- i. $Compensations = Principals\ repaid\ in\ advance \times number\ of\ advance\ months \times 1\%$. In the event of less than one month, one month shall prevail for the purpose of such compensations.

ii. Not Applicable.

If Party A makes repayments by installment, and if it makes advance repayment in part, it shall repay the borrowing in reverse order as specified in the repayment schedule. Upon advance repayment, the loan rate hereunder shall be applicable to the outstanding borrowing.

Article 7 Rights and Obligations of Party A

I. Rights of Party A

- (I) Party A shall be entitled to request Party B to issue the borrowing subject to this Contract.
- (II) Party A shall be entitled to use the borrowing subject to this Contract.
- (III) Party A shall be entitled to apply to Party B for extension of the borrowing provided that requirements of Party B have been satisfied.
- (IV) Party A shall be entitled to request Party B to keep confidential relevant financial information and trade secrets concerning the production and operation as provided by Party A, unless otherwise as provided by laws and regulations, or as required by competent authorities, or as agreed by the parties hereto.
- (V) Party A shall be entitled to reject any bribes as requested by Party B and its work personnel, and to report to competent authorities any such request or violation of laws and regulations concerning applicable credit loan rate and service charges by Party B.

II. Obligations of Party A

- (I) Party A shall draw the borrowing and pay the principals and interest accruals thereon in full subject to this Contract, as well as bear all applicable fees hereunder.
- (II) Party A shall provide all information concerning its finance and accounting, production and operation at the request of Party B, including but not limited to providing Party B with its balance sheets, profit and loss statements (income and expenditure statements in the event of a public institution) as at the end of the immediately preceding quarter within the first twenty working days in the beginning of the first month of each quarter, as well as providing its cash flow statements of the year at the end of such year in a timely manner. Furthermore, Party A shall ensure that all the information provided by it is lawful, true, complete, accurate and valid, free of false information, or without concealing material operating and financial matters.

- (III) If Party A changes or replaces its name, legal representative (responsible officer), registered address, scope of business, registered capitals or articles of association by completing any such change and/or replacement in the registration with the Administration for Industry and Commerce, it shall send a written notice to Party B together with the information concerning such change or replacement within five working days upon occurrence of any such change or replacement.
- (IV) Party A shall use the borrowing according to this Contract other than engaging in any transactions in violation of laws and rules by embezzling, misusing or misappropriating the borrowing; meanwhile, it shall coordinate and accept the inspection and monitoring by Party B over its production, operation, financial activities and use of borrowing hereunder. And it shall not avoid its obligations owed to Party B by taking out capitals, transferring assets or taking advantage of related transactions, nor make banking discount or create charges for getting capitals or credits from a bank by taking advantage of false contracts with its related parties, or receivable notes and receivables lack of actual transactions.
- (V) Party A shall comply with applicable environment protection regulations of the PRC if it conducts manufacture and engineering construction by using the borrowing hereunder.
- (VI) Before paying the principals and interest accruals thereon to Party B, Party A shall not create a guarantee in favor of a third party on the assets created by using the borrowing hereunder without prior consents of Party B.
- (VII) If Party A is a group company, it shall report to Party B its related transactions accounting for more than 10% of its net assets in a timely manner, including (i) related relationships among trading parties; (ii) trading projects and nature; (iii) trading amount or corresponding proportions; (iv) pricing policies (including transactions lack of consideration or nominal transactions).
- (VIII) If the loan hereunder is issued as the fixed-asset loan or project loan, Party A shall ensure that (i) the proposed project has been obtained with approvals of relevant government authorities and will not violate any laws and regulations, (ii) capitals or other raisings will be contributed in full subject to the specified deadline and proportions, and (iii) the project will be completed according to the schedule.

Article 8 Rights and Obligations of Party B

- I. Party B shall be entitled to request Party A to pay the principals, interest accruals thereon and fees therefrom as scheduled, and to exercise other rights hereunder, and to request Party A to perform other obligations hereunder.
- II. Party B shall issue the loan subject to this Contract, unless otherwise delayed for the reasons attributed to Party A or other reasons not attributed to Party B.
- III. Party B shall keep confidential relevant financial information and trade secrets concerning the production and operation as provided by Party A, unless otherwise as provided by laws and regulations, or as required by competent authorities, or as agreed by the parties hereto.
- IV. Party B shall not bring, nor get or accept any bribe to and from Party A and its work personnel.
- V. Party B shall not create any bad faith that may damage the legal benefits of Party A.

Article 9 Breaching Liability, Remedies in the event of circumstances that may endanger Party B's claims

I. Breach by and Breaching Liability of Party B

- (I) Party A may request Party B to continue to issue the loan subject to this Contract provided that Party B fails to issue the loan subject to this Contract without any justified reasons.
- (II) In the event Party B charges any interest accruals and fees from Party A by violating laws, regulations or limitations of the PRC, Party A shall be entitled to request Party B to refund any such interest accruals and fees.

II. Breach by Party A

- (I) Party A has breached any provision hereof, or any of its legal obligations.

(II) Party A will not perform any of its obligations hereunder by express or through other acts.

III. Circumstances that may endanger Party B's claims

(I) Party B may consider that its claims are endangered under any of the following circumstances in relation to Party A: contracting, trusts (take-over), release, shareholding reforms, reduction of registered capitals, investments, joint operation, consolidation, merger, acquisition and restructuring, division, joint venture, petition (or being petitioned) for shut-down for reorganization, dissolution, cancellation and/or bankruptcy, replacement of controlling shareholders/actual controllers, transfer of material assets, suspension of production, out-of-business, penalties in high amount by competent authorities, cancellation of registration, withdrawal of business license, involvement in material legal disputes, material difficulty in manufacture and operation, or worse conditions of finance, incapability of performing their duties by legal representative or main responsible officer.

(II) Party B may consider that its claims hereunder are endangered under any of the following circumstances: Party A fails to perform other due obligations (including the obligations due and payable to all institutions of China Construction Bank or other third parties); or it transfers its properties in a low price or without any consideration, or reduces or releases the obligations of a third party; or it fails to exercise its credit rights or other rights, or grants a guarantee in favor of a third party.

(III) Party A's shareholders avoid the obligations by abusing the independent standing of the legal person or the limited liability of shareholders, according to which Party B considers that its claims hereunder are endangered.

(IV) Any of the precedent conditions hereunder for issuance of the borrowing has not been satisfied at any time.

(V) Party B may consider that its claims hereunder are endangered under any of the following circumstances of the guarantor:

i. The guarantor has breached any provision hereof, or any of its statements and warranties is false, wrong or missing.

- ii. The guarantor has met any of the followings: contracting, trust (take-over), release, shareholding reforms, reduction of registered capitals, investments, joint operation, consolidation, merger, acquisition and restructuring, division, joint venture, petition (or being petitioned) for shut-down for reorganization, dissolution, cancellation and/or bankruptcy, replacement of controlling shareholders/actual controllers, transfer of material assets, suspension of production, out-of-business, penalties in high amount by competent authorities, cancellation of registration, withdrawal of business license, involvement in material legal disputes, material difficulty in manufacture and operation, or worse conditions of finance, incapability of performing their duties by legal representative or main responsible officer that may affect its guarantee capability.
- iii. Other circumstances in which the guarantor loses or may lose its guarantee capability.
- (VI) Party B may consider that its claims hereunder are endangered if the mortgage and/or pledge meets any of the following circumstances:
 - i. The mortgaged and/or pledged properties are damaged or lost, or their values are reduced by virtue of acts of a third party, or expropriation, forfeit, confiscation, withdrawal without any consideration and/or removal by the State, or changes of marketing conditions or any other reasons.
 - ii. The mortgaged and/or pledged properties are sealed, detained, frozen, deducted or created with a lien, or under the monitoring of administrative authorities, or under disputes concerning the titles of the same.
 - iii. The mortgagor and/or pledger have breached any provision of the mortgage and/or pledge contract, or any of their statements and warranties is false, wrong or missing.
 - iv. Other circumstances that may endanger the mortgage or pledge rights of Party B.
- (VII) The guarantee is not created, does not come into effect, becomes null and void, or is cancelled or rescinded, or the guarantor breaches this Contract or will not perform its guarantee liability through its express acts, or the guarantor loses its guarantee capability in part or whole, or the value of collaterals is reduced, according to which Party B considers that its claims hereunder are endangered; or
- (VIII) Other circumstances in which Party B considers that its claims hereunder may be endangered.

IV. Remedies by Party B

Under any of the circumstances as specified in II or III of this Article, Party B shall be entitled to exercise one or more of the rights as follows:

- (I) Cease the issuance of loan;
- (II) Declare the loan to become due with immediate effect, and request Party A to immediately pay all due and undue principals, interest accruals thereon and fees therefrom under this Contract;
- (III) Party B shall be entitled to request Party A to pay liquidated damages at 0.1 % of the borrowed amount that has not been used pursuant to this Contract, and reject any borrowing that has not been issued to Party A, provided always that, Party A fails to use the borrowing pursuant to this Contract.
- (IV) Charge interest accruals and compound interests at the penalty rate and according to the interests settlement methods as specified in this Contract for the borrowing misappropriated by Party A from the date when the loan is not used pursuant to this Contract, to the date when all principals and interest accruals thereon have been paid in full, provided always that, Party A fails to use the borrowing pursuant to this Contract;
- (V) In the event of overdue repayment, charge interest accruals and compound interests at the Penalty Rate and according to the interests settlement methods as specified in this Contract for the principals and interest accruals thereon that have not been paid by Party A as scheduled (including such principals and interest accruals thereon as are declared by Party B to become due earlier in whole or part), from the date of such overdue repayment, to the date when all principals and interest accruals thereon have been paid in full. "Overdue Repayment" shall mean that Party A fails to repay the borrowing as scheduled or repays the principals by going beyond the repayment schedule for each installment.

Before the borrowing becomes due, the interest accruals unpaid by Party A shall be added compound interests at the loan rate and according to the interests settlement method as specified in this Contract.

- (VI) Other remedies, including but not limited to:

- i. Take applicable amount in RMB or other currencies from accounts of Party A opened with China Construction Bank, without any further advance notice to Party A;
- ii. Exercise its rights on the guarantees;
- iii. Request Party A to provide new guarantees conforming to Party B's requirements for all of its obligations hereunder;
- iv. Terminate this Contract.

Article 10 Miscellaneous

I. Bearing of Fees

Party A shall pay for legal services, insurance, appraisals, evaluation, registration, safekeeping, identification, public notary and other fees in relation to this Contract and the guarantees hereunder, unless otherwise as agreed by the parties hereto.

Party A shall pay for all of Party B's out-of-pockets for getting its claims (including but not limited to court fees, arbitration fees, property preservation fees, travel expenses, execution fees, appraisal fees, auction fees, public notary fees, service fees, publicity fees, and attorney fees).

II. Use of Party A's Information

Party A accepts and acknowledges that (i) Party B may search Party A's credit standing information in the credit database established upon approval of the People's Bank of China and the competent credit standing departments or via relevant entities or departments, and (ii) Party B may provide Party A's credit standing information to such credit database established upon approval of the People's Bank of China and the competent credit standing departments. Meanwhile, Party A agrees that Party B may reasonably use and disclose Party A's information as well based on its business.

III. Collection by Announcement

If Party A defaults in paying the borrowed principals and interest accruals thereon or has other breaches, Party B shall be entitled to report to relevant departments or entities, and to announce the collection via news medias.

IV. Validity of Evidences of Party B's Records

Except for reliable and affirmative contrary evidences, Party B's internal accounting records in relation to the principals, interest accruals thereon, fees therefrom and repayment records, documents and vouchers in relation to drawing, repayment, payment of interest accruals by Party A but produced or kept by Party B, collection records and vouchers of Party B, shall constitute effective and affirmative evidences for the obligations and claims between the parties hereto. And Party A shall not have any objection only based on the facts that the above records, documents and vouchers are produced or kept by Party B unilaterally.

V. Reservation of Rights

Party B's rights under this Contract shall be without any prejudice to any of its other rights as provided in laws, regulations and other contracts. Any tolerance, grace, favor to any breach, delay, or any extension for exercise of its rights hereunder shall not be deemed to waive any rights or benefits hereunder, nor to acknowledge or accept any breach of this Contract, nor affect, prevent or hinder any further exercise of such rights or exercise of any other rights, nor cause Party B to bear obligations or liabilities to Party A.

VI. If Party A bears other due obligations to Party B in addition to the obligations hereunder, Party B shall be entitled to take any amount in RMB or other currencies from the accounts of Party A opened with China Construction Bank for paying any due obligations in the first instance, to which Party A has agreed to have no objection.

VII. Party A shall promptly notify Party B in writing of its changed mailing address or contact details, and shall bear the losses arising out of its failure to send the above notice in a timely manner.

VIII. Drawing of Payables

As for all the payables by Party A under this Contract, Party B shall be entitled to draw corresponding money in RMB or other currencies from Party A's accounts opened with China Construction Bank without any further prior notice to Party A. If foreign exchange settlement or purchase-and-sale of foreign exchanges is required, Party A shall be obligated to assist Party B to complete the same at the exchange rate risks of Party A.

IX. Conditions for Effectiveness

This Contract comes into effect after it is signed, or affixed with common seal, by Party A's legal representative (responsible officer) or authorized agent, and signed, or affixed with common seal, by Party B's responsible officer or authorized agent.

- X. Party A represents that it has not conducted any activity or met any circumstance in violation of any laws, regulations and rules concerning environmental protection, energy savings or emission reduction, pollution reduction as at the execution of this Contract, and undertakes to strictly comply with such laws, regulations and rules after this Contract is signed. If any of the above representations is false or if any of the above undertakings is not performed, or if Party A may meet energy consumption or pollution risks, Party B shall be entitled to cease its credits to Party A (including but not limited to rejecting in issuing the loan, providing finances, opening L/G or L/C or bank acceptance drafts), or to declare the loaned principals and interest accruals thereon (including but not limited to loans, finances, advances that have been or may be made) to become due earlier, or to take other remedial measures as provided in this Contract or laws.

Article 11 Representations

- I. Party A has clearly known and understood the scope of business, and authorized powers, of Party B.
- II. Party A has already read all the terms of this Contract. Meanwhile, Party B has made interpretation for certain terms of this Contract at the request of Party A. And Party A has known well and understood the meanings of, and legal consequences that may arise from, the terms of this Contract.
- III. Execution of this Contract and performance of its obligations hereunder by Party A meet laws, administrative regulations, rules or its articles of association or internal organization documents, and have been obtained with approvals from its internal authorized department and/or competent authorities of the State.

Party A (common seal): Shishi Feiying Plastic Co., Ltd.

Party B (common seal): China Construction Bank Shishi Branch

Signed by Legal Representative (Responsible Officer) or Authorized Agent:
Wu Licong

Signed by Responsible Officer or Authorized Agent: Chen Yixin

July 14, 2011

July 14, 2011

**OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302**

I, Ang Kang Han, certify that:

1. I have reviewed this Quarterly Report of Sooner Holdings, Inc. on Form 10-Q for the period ending September 30, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2011

/s/

/s/ Ang Kang Han

Ang Kang Han

Title: President (Principal Executive Officer)

**OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302**

I, Huang Jin Bei, certify that:

1. I have reviewed this Quarterly Report of Sooner Holdings, Inc. on Form 10-Q for the period ending September 30, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2011

/s/ Huang Jin Bei

Huang Jin Bei

Title: Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Sooner Holdings, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in their capacities and on the date indicated below, hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: November 10, 2011

/s/ Ang Kang Han

Ang Kang Han

Title: President (Principal Executive Officer)

Date: November 10, 2011

/s/ Huang Jin Bei

Huang Jin Bei

Title: Chief Financial Officer (Principal Financial Officer)