

Qingdao Footwear, Inc.
Form 8-K/A
August 03, 2010

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

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): February 12, 2010

Qingdao Footwear, Inc.
(Formerly Datone, Inc.)
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

000-53075
(Commission File Number)

16-1591157
(IRS Employer Identification No.)

Qingdao Footwear, Inc.
269 First Huashan Road
Jimo City, Qingdao
Shandong, PRC

Telephone: 86-0532-8659 5999

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a -12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d -2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e -4(c))

Explanatory Note:

This first amendment to the Form 8-K filed February 12, 2010 is being filed in order to address the following issues:

- (1) Although the Registrant previously filed audited financial statements for the year ended December 31, 2009 for Glory Reach International Limited for the year ended December 31, 2009 with its proxy on May 6, 2010, the Registrant had not filed such financial statement in a Form 8-K. This filing amends the previously filed financial information to include such financial statements.
- (2) The Registrant has filed pro forma financial statements to provide separate columns depicting (i) the spin-off of the net assets of Datone, Inc. and (ii) the reverse merger and recapitalization agreement entered into with Glory Reach International Limited.
- (3) The Registrant has revised to present pro forma and historical basic and diluted earnings per share on the fact of the pro forma statements of operations.

Except as amended hereby, the Registrant is not amending the previously filed Form 8-K.

ITEM 9.01

FINANCIAL STATEMENTS AND EXHIBITS

(a)

Financial Statements of Business Acquired

Filed herewith are the following:

1. Audited consolidated financial statements of the Registrant and subsidiaries for the fiscal year ended December 31, 2009.

(b)

Pro Forma Financial Information

Filed herewith is the unaudited pro forma condensed consolidated financial information of the Registrant and its subsidiaries for the requisite periods.

(d)

Exhibits

Exhibit

No.	Description
*2.1	Share Exchange Agreement, dated February 12, 2010, among Datone, Glory Reach International Limited, Qingdao Shoes, the shareholders of Glory Reach International Limited, and Greenwich Holdings LLC.
**3.1	Amended and Restated Certificate of Incorporation.
**3.2	Bylaws
*3.3	Certificate of Designation of Series A Voting Convertible Preferred Stock, as filed with the Delaware Secretary of State on February 11, 2010.
*10.1	Form of Distributer Contract (translated)
*10.2	Form of Purchase Contract (translated)
*10.3	Asset Transfer Agreement between Qingdao Shoes and Tao Wang (translated)
*10.4	Form of Director Indemnification Agreement
*10.5	Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations
**21	Subsidiaries of the Registrant
*	Previously filed
**	

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Filed as an exhibit to the Registrant registration statement on Form 10-SB, as filed with the Securities and Exchange Commission on February 1, 2008, and incorporated herein by reference

Filed as an exhibit to the Registrant registration statement on Form S-1, as filed with the Securities and Exchange Commission on May 21, 2010, and incorporated herein by reference

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 hereunto duly authorized.

Date: August 2, 2010

Qingdao Footwear, Inc.
(Registrant)

/s/Tao Wang
*Signature

Chief Executive Officer
Title

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Qingdao Footwear, Inc.
Qingdao, PRC

We have audited the accompanying consolidated balance sheets of Qingdao Footwear, Inc. (the "Company") as of December 31, 2009 and 2008, and the related statements of operations, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of the Company referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ MALONEBAILEY, LLP

MALONEBAILEY, LLP
www.malonebailey.com
Houston, Texas

April 16, 2010

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QINGDAO FOOTWEAR, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
Current assets		
Cash	\$ 61,131	\$ 118,534
Accounts receivable	98,962	3,534
Inventories	344,512	189,535
Prepaid expenses	57,311	58,490
Due from related parties	-	4,373,588
Total current assets	561,916	4,743,681
Property, plant and equipment, net	930,451	602,831
Intangible assets	208,167	213,008
Total Assets	\$ 1,700,534	\$ 5,559,520
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term loans	\$ 718,830	\$ 704,160
Accounts payable	15,727	546
Taxes payable	2,627	2,114
Due to related parties	221,871	-
Total current liabilities	959,055	706,820
Long-term debt	249,390	-
Total Liabilities	\$ 1,208,445	\$ 706,820
Shareholders' Equity		
Preferred stock, .0001 par value, 10,000,000 shares authorized, none issued and outstanding	-	-
Common shares, .0001 par value, 100,000,000 shares authorized, 9,700,000 shares issued and outstanding	970	970
Additional paid-in capital	319,510	319,510
Accumulated other comprehensive income	440,775	437,665
Retained earnings (deficits)	(269,166)	4,094,555
Total Shareholders' Equity	\$ 492,089	\$ 4,852,700
Total Liabilities and Shareholders' Equity	\$ 1,700,534	\$ 5,559,520

The accompanying notes are an integral part of these consolidated financial statements.

QINGDAO FOOTWEAR, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
Net sales	\$ 17,863,891	\$ 13,904,314
Cost of goods sold	10,162,778	8,246,592
Gross profit	7,701,113	5,657,722
Operating expenses:		
Selling, general and administrative expenses	907,807	759,470
Depreciation and Amortization Expense	61,838	55,360
Profit from operations	6,731,468	4,842,892
Other income (expense)		
Other income	87,966	57,660
Interest income	1,144	8,949
Interest (expense)	(61,792)	(61,905)
Income before income taxes	6,758,786	4,847,596
Income taxes	1,689,697	1,211,899
Net income	\$ 5,069,089	\$ 3,635,697
Net income per share - basic and diluted	\$ 0.52	\$ 0.37
Weighted average shares outstanding	9,700,000	9,700,000
Net income	\$ 5,069,089	\$ 3,635,697
Other comprehensive income		
Foreign currency translation	3,110	232,047
Comprehensive income	\$ 5,072,199	\$ 3,867,744

The accompanying notes are an integral part of these consolidated financial statements.

QINGDAO FOOTWEAR, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 5,069,089	\$ 3,635,697
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	61,838	55,360
Changes in operating assets and liabilities:		
Accounts receivable	(95,428)	1,028
Inventories	(154,977)	246,700
Prepaid expenses	1,179	10,427
Accounts payable	15,180	(2,527)
Tax payable	4,949,978	3,800,000
Net cash provided by operating activities	9,846,859	7,746,685
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to related party	(5,723,550)	(5,785,433)
Purchase of property and equipment	(384,332)	(37,944)
Net cash used in investing activities	(6,107,882)	(5,823,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution to shareholders	(4,063,590)	(1,874,600)
Proceeds from loans	1,701,720	850,860
Repayments on loans	(1,437,660)	(850,860)
Net cash used in financing activities	(3,799,530)	(1,874,600)
Effect of exchange rate changes on cash	3,150	35,218
Net increase (decrease) in cash	\$ (57,403)	\$ 83,926
Cash, beginning of year	118,534	34,608
Cash, end of year	\$ 61,131	\$ 118,534
SUPPLEMENTARY DISCLOSURE:		
Interest paid	\$ 61,792	\$ 61,905
Income tax paid	\$ 3,763	\$ 2,539
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Transfer of taxes payable to due from related party	\$ 4,949,466	\$ 3,799,872
Transfer of shareholder distribution to due from related party	\$ 5,251,860	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

QINGDAO FOOTWEAR, INC.
 CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	Common Stock	Additional Paid- in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2007	\$ 970	\$ 319,510	\$ 205,618	\$ 2,333,458	\$ 2,859,556
Distribution to shareholders	-	-	-	(1,874,600)	(1,874,600)
Net income	-	-	-	3,635,697	3,635,697
Foreign currency translation gain	-	-	232,047	-	232,047