

**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**

(Formerly known as Pereamus Limited)

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 1ST OCTOBER, 2009 TO 31ST DECEMBER, 2009**

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## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF**

### **EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**

(Formerly known as Pereamus Limited)

(Incorporated in the British Virgin Islands with limited liability)

We have audited the financial statements of Euro Asia Premier Real Estate Company Limited (the “Company”) and its subsidiary (hereinafter collectively referred to as the “Group”) set out on pages 3 to 21, which comprise the Group’s and the Company’s statement of financial position as at 31st December, 2009, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 1st October, 2009 to 31st December, 2009, and a summary of significant accounting policies and other explanatory notes.

#### **Directors’ responsibility for the financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditors’ responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2009 and of the Group's loss and cash flows for the period then ended in accordance with International Financial Reporting Standards.

Alliott, Tsoi CPA Limited  
Certified Public Accountants  
Hong Kong  
Date

Tsoi Tai Wai, David  
Practising Certificate Number P00868

**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**  
 (Formerly known as Pereamus Limited)  
 (INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED LIABILITY)  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE PERIOD FROM 1ST OCTOBER, 2009 TO 31ST DECEMBER, 2009**  
 (Expressed in Chinese Yuan Renminbi)

	<u>Notes</u>	<u>01/10/2009</u> <u>to</u> <u>31/12/2009</u> RMB	<u>01/10/2008</u> <u>to</u> <u>31/12/2008</u> RMB
Turnover	4	4,749,900	-
Cost of sales		-	-
Gross profit		4,749,900	-
Other income		-	-
		4,749,900	-
Selling expenses	5	-807,483	-
Operating expenses	6	-4,926,376	-
Loss from operations		-983,959	-
Finance costs		-	-
LOSS BEFORE TAX		-983,959	-
INCOME TAX	7	-	-
NET LOSS FOR THE PERIOD		-983,959	-

**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**  
 (Formerly known as Pereamus Limited)  
 (INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED LIABILITY)  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD FROM 1ST OCTOBER, 2009 TO 31ST DECEMBER, 2009**  
 (Expressed in Chinese Yuan Renminbi)

	<u>01/10/2009</u> to <u>31/12/2009</u> RMB	<u>01/10/2008</u> to <u>31/12/2008</u> RMB
Loss for the period	-983,959	-
Other comprehensive income for the period		
Exchange reserve on translation of holding company's financial statements		
Before tax amount	25,633,368	-
Tax (expense) / benefit	-	-
Net of tax amount	<u>25,633,368</u>	<u>-</u>
Total comprehensive income for the period	<u><u>24,649,409</u></u>	<u><u>-</u></u>

**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**

(Formerly known as Pereamus Limited)

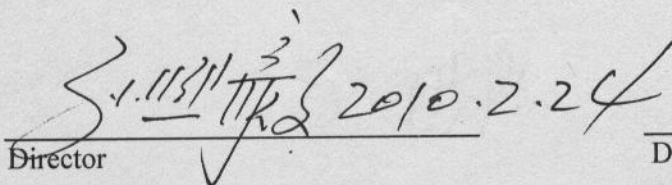
(INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED LIABILITY)

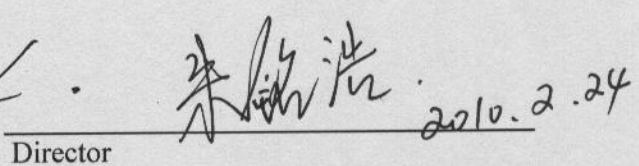
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2009**

(Expressed in Chinese Yuan Renminbi)

	Notes	RMB	31/12/2009 RMB	31/12/2008 RMB
<b>NON-CURRENT ASSETS</b>				
Investment properties	9		264,000,000	-
<b>CURRENT ASSETS</b>				
Accounts receivable	11	977,852		-
Cash and cash equivalents	12	4,918,364		6
		<u>5,896,216</u>		<u>6</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	13	<u>-5,727,083</u>		-
<b>NET CURRENT ASSETS</b>			<u>169,133</u>	<u>6</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>264,169,133</u>	<u>6</u>
<b>NON-CURRENT LIABILITIES</b>				
Non-interest-bearing borrowings	14		<u>-30,000,000</u>	-
<b>NET ASSETS</b>			<u><u>234,169,133</u></u>	<u><u>6</u></u>
<b>CAPITAL AND RESERVES</b>				
Issued capital	15		215,000,000	6
Reserves	16		<u>19,169,133</u>	-
<b>TOTAL EQUITY</b>			<u><u>234,169,133</u></u>	<u><u>6</u></u>

Approved and authorised for issue by the board of directors on

  
Director

  
Director

The annexed notes form an integral part of these financial statements.

**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**

(Formerly known as Pereamus Limited)

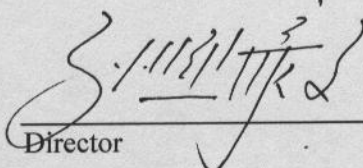
(INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED LIABILITY)

**STATEMENT OF FINANCIAL POSITION AT 31ST DECEMBER, 2009**

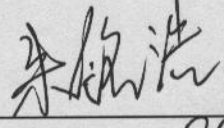
(Expressed in Chinese Yuan Renminbi)

	Notes	RMB	31/12/2009 RMB	31/12/2008 RMB
<b>NON-CURRENT ASSETS</b>				
Interests in a subsidiary	10		208,545,475	-
<b>CURRENT ASSETS</b>				
Accounts receivable	11	977,852		-
Cash and cash equivalents	12	-		6
		<u>977,852</u>		<u>6</u>
<b>CURRENT LIABILITIES</b>				
Accounts payable	13	<u>-4,919,600</u>		-
NET CURRENT (LIABILITIES) / ASSETS			<u>-3,941,748</u>	<u>6</u>
NET ASSETS			<u>204,603,727</u>	<u>6</u>
<b>CAPITAL AND RESERVES</b>				
Issued capital	15		215,000,000	6
Reserves	16		<u>-10,396,273</u>	-
TOTAL EQUITY			<u>204,603,727</u>	<u>6</u>

Approved and authorised for issue by the board of directors on

  
Director

2010. 2. 24

  
Director

2010. 2. 24

The annexed notes form an integral part of these financial statements.

**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**

(Formerly known as Pereamus Limited)

(INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED LIABILITY)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD FROM 1ST OCTOBER, 2009 TO 31ST DECEMBER, 2009**

(Expressed in Chinese Yuan Renminbi)

	<u>Issued</u> <u>capital</u> RMB	<u>Accumulated</u> <u>losses</u> RMB	<u>Revaluation</u> <u>reserves</u> RMB	<u>Exchange</u> <u>reserves</u> RMB	<u>Total</u> RMB
Balance at 1st October, 2008	6	-	-	-	6
Total comprehensive income for the period	-	-	-	-	-
Balance at 31st December, 2008	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
Balance at 1st October, 2009	15,000,000	-5,455,141	-	-25,135	9,519,724
Issue of shares	200,000,000	-	-	-	200,000,000
Total comprehensive income for the period	-	-983,959	25,622,989	10,379	24,649,409
Balance at 31st December, 2009	<u>215,000,000</u>	<u>-6,439,100</u>	<u>25,622,989</u>	<u>-14,756</u>	<u>234,169,133</u>



**EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED**

(Formerly known as Pereamus Limited)

(INCORPORATED IN THE BRITISH VIRGIN ISLANDS WITH LIMITED LIABILITY)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE PERIOD FROM 1ST OCTOBER, 2009 TO 31ST DECEMBER, 2009**

(Expressed in Chinese Yuan Renminbi)

		<u>01/10/2009</u>	<u>01/10/2008</u>
		<u>to</u>	<u>to</u>
		<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>Notes</u>	<u>RMB</u>	<u>RMB</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		-983,959	-
Adjustments for:			
Revaluation on translation of subsidiary company		25,622,989	-
Exchange differences on translation of holding company's financial statements		10,379	-
Operating profit before working capital changes		24,649,409	-
Decrease in accounts receivable		7,516,451	-
Decrease in deferred expenses		142,979	-
Increase in accounts payable		5,609,112	-
Net cash generated from operating activities		<u>37,917,951</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment to acquire investment properties	9	-264,000,000	-
Net cash used in investing activities		<u>-264,000,000</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares		200,000,000	-
Long term loan obtained		30,000,000	-
Net cash generated from financing activities		<u>230,000,000</u>	<u>-</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,917,951</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS</b>			
AT 1ST OCTOBER, 2009		<u>1,000,413</u>	<u>6</u>
<b>CASH AND CASH EQUIVALENTS</b>			
AT 31ST DECEMBER, 2009	12	<u>4,918,364</u>	<u>6</u>

## EURO ASIA PREMIER REAL ESTATE COMPANY LIMITED

### NOTES TO PRO FORMA FINANCIAL INFORMATION

(Express in Chinese Yuan Renminbi)

#### 1. GENERAL

Euro Asia Premier Real Estate Company Limited (the “Company”) is in preparation for having the Company’s shares to be admitted to entry standard listing on the Open Market of the Frankfurt Stock Exchange.

Euro Asia Premier Real Estate Company Limited (the “Company”) and its subsidiary (together the “Group”) are principally engaged in property investment in Mainland China.

The Company was incorporated with limited liability in the British Virgin Islands. The address of its registered office is Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands. The principal place of business is Block 1 Xinyuan Resort Hotel, West of Beihai Road, North of Xiwang Village, Fangzi District Weifang, Shandong Province, The People’s Republic of China.

At the date of this report, the Company had direct interests in the following subsidiary:

<u>Name</u>	<u>Place of incorporation</u>	<u>Principal activities</u>	<u>Particulars of issued share capital</u>	<u>Interest held</u>
濰坊新普實業有限公司	PRC	Property investment	Registered capital of US\$5,000,000	25% (note)

Note: The other shareholder which holds 75% interest in the subsidiary is a company incorporated in the PRC (“the PRC corporate shareholder”). The PRC corporate shareholder has agreed to transfer to the share of the assets, liabilities, profits, revenue and expenses otherwise attributable to its respective shareholdings to the Company for a nominal fee. Accordingly, the financial statements of the subsidiary are fully consolidated in these consolidated financial statements.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs), which includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is historical cost basis, as modified by financial assets and financial liabilities at fair value through profit and loss.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary made up for the period from 1 October, 2009 to 31 December, 2009.

(d) Revenue recognition

Rental income is recognized on a time proportion basis over the period of the operating lease.

(e) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income. The leasehold land held under operating leases that would otherwise meet the definition of investment property is classified as investment property.

Investment properties are accounted for under the cost model.

Depreciation is provided to write off the cost of investment properties over their estimated useful lives, using the straight line method at the following rates per annum :-

Leasehold land	over the unexpired lease term
Buildings	5% per annum

(g) Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses, if applicable. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Investments in subsidiaries are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial assets where the effect of discounting is material.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(i) Accounts payable

Accounts payable are initially measured at fair value and, after initial recognition, at amortised cost, except for short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoice amount.

(j) Related parties

For the purpose of these financial statements, parties are considered to be related if the company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities and include entities which are under the significant influence of related parties of the company where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the company or of any entity that is a related party of the company.

(k) Operating leases

An operating lease is a contract between the company and the lessee for the hire of a specific asset of which substantially all the risks and rewards of ownership remain with the company. The company retains legal title to the asset but conveys the right to the use of the asset to the lessee for an agreed period of time in return for the payments of specified rentals.

Rental received or receivable under operating leases are credited to the income statement over the periods of the respective leases.

- (l) Translation of foreign currencies
  - (i) Functional and presentation currency

The financial statements are presented in Chinese Yuan Renminbi (RMB), which is the Company's functional and presentation currency.

- (ii) Transactions and balances

Foreign currency transactions during the year are translated into Renminbi at the exchange rate ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated into Renminbi at the market rates of exchange ruling at the balance sheet date. Exchange gains and losses on foreign currency transaction are dealt with in the income statement.

### **3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Group's management makes assumptions, estimates and judgements in the process of applying the company's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with IFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below:-

- (a) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- (b) Fair value of investment properties

Management determines the fair value of investment properties by using prevailing market data such as most recent sale transactions and market survey reports available from independent property valuation providers.

#### 4. TURNOVER

	<u>The Group</u>	
	<u>01/10/2009</u>	<u>01/10/2008</u>
	<u>to</u>	<u>to</u>
	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>RMB</u>	<u>RMB</u>
Rental income	<u>4,749,900</u>	<u>-</u>

#### 5. SELLING EXPENSES

	<u>The Group</u>	
	<u>01/10/2009</u>	<u>01/10/2008</u>
	<u>to</u>	<u>to</u>
	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>RMB</u>	<u>RMB</u>
Value added tax	<u>807,483</u>	<u>-</u>

#### 6. OPERATING EXPENSES

	<u>The Group</u>	
	<u>01/10/2009</u>	<u>01/10/2008</u>
	<u>to</u>	<u>to</u>
	<u>31/12/2009</u>	<u>31/12/2008</u>
	<u>RMB</u>	<u>RMB</u>
Audit and accounting fee	175,924	-
Bank charges	202	-
Director's remuneration	1,319,430	-
Legal and professional fee	2,374,974	-
Loss on exchange	302	-
Public relationship expenses	263,886	-
Research expenses	351,848	-
Travelling expenses	439,810	-
	<u>4,926,376</u>	<u>-</u>

## 7. INCOME TAX

Reconciliation of tax expense and accounting loss at the applicable tax rate:-

	<u>The Group</u>	
	<u>01/10/2009</u> <u>to</u> <u>31/12/2009</u> RMB	<u>01/10/2008</u> <u>to</u> <u>31/12/2008</u> RMB
Accounting loss	<u>(983,959)</u>	<u>-</u>
Mainland profits tax at the applicable tax rate of 25%	-	-
Tax expenses	<u>-</u>	<u>-</u>

Rental income receivable by the subsidiary is subject to value added tax of RMB807,483.

## 8. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the company included a loss of \$4,926,376 which has been dealt with in the financial statements of the company.

Reconciliation of the above amount to the company's loss for the period : -

	<u>01/10/2009</u> <u>to</u> <u>31/12/2009</u> RMB	<u>01/10/2008</u> <u>to</u> <u>31/12/2008</u> RMB
Amount of loss attributable to shareholders	(4,926,376)	-
Company's loss for the period	<u>(4,926,376)</u>	<u>-</u>

## 9. INVESTMENT PROPERTIES

It represents properties in the PRC held by the Group to earn rental income.

	<u>The Group</u>		
	<u>Leasehold</u> <u>land</u> RMB	<u>Buildings</u> RMB	<u>Total</u> RMB
At cost -			
At 1 October, 2009	-	-	-
Addition	163,330,000	100,670,000	264,000,000
At 31 December, 2009	<u>163,330,000</u>	<u>100,670,000</u>	<u>264,000,000</u>
Aggregate depreciation -			
At 1 October, 2009	-	-	-
Charge for the period	-	-	-
At 31 December, 2009	<u>-</u>	<u>-</u>	<u>-</u>
Net book value -			
At 31 December, 2009	<u>163,330,000</u>	<u>100,670,000</u>	<u>264,000,000</u>

	<u>The Group</u>		
	<u>Leasehold</u> <u>land</u> RMB	<u>Buildings</u> RMB	<u>Total</u> RMB
At cost -			
At 1 October, 2008	-	-	-
Addition	-	-	-
At 31 December, 2008	<u>-</u>	<u>-</u>	<u>-</u>
Aggregate depreciation -			
At 1 October, 2008	-	-	-
Charge for the period	-	-	-
At 31 December, 2008	<u>-</u>	<u>-</u>	<u>-</u>
Net book value -			
At 31 December, 2008	<u>-</u>	<u>-</u>	<u>-</u>



Depreciation will be charged on the investment properties started from 1 January, 2010.

The analysis of the net book value of the investment properties is as follows :-

	<u>Leasehold</u> <u>land</u> RMB	<u>Buildings</u> RMB	<u>Total</u> RMB
Unexpired lease terms being 20 to 50 years	<u>163,330,000</u>	<u>100,670,000</u>	<u>264,000,000</u>

All investment properties of the Group were revalued at 30 October, 2009 on an open market value basis carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited. According to the report, the investment properties consist of a lot of properties with fair value of RMB468,000,000 as at 15 October, 2009 and two pieces of bare land with no commercial value as at 15 October, 2009. Under the condition that valid State-owned Land Use Right Certificates have been issued to these two pieces of bare land, they will have a fair value of RMB338,000,000 as at 15 October, 2009 and the total value of the properties is RMB806,000,000.

The Group leases out its investment properties under operating leases with the lease terms of five years from 1 October, 2009 to 30 September, 2014. The future aggregate minimum rental receivable under operating leases is as follows:-

	<u>01/10/2009</u> <u>to</u> <u>31/12/2009</u> RMB
Amount receivable:	
Within one year	19,000,000
In the second to fifth year inclusive	<u>71,250,100</u>
	<u>90,250,100</u>
Rental income from the property	<u>4,749,900</u>

## 10. INTERESTS IN A SUBSIDIARY

	<u>The Company</u>	
	<u>31/12/2009</u> RMB	<u>31/12/2008</u> RMB
Unlisted shares, at cost	<u>208,545,475</u>	<u>-</u>

Details of the subsidiary as at 31 December, 2009 are as follows:-

<u>Name</u>	<u>Place of incorporation</u>	<u>Principal activities</u>	<u>Particulars of issued share capital</u>	<u>Interest held</u>
濰坊新普實業有限公司	PRC	Invests in logistic centre and management	Registered capital of US\$5,000,000	25% (note)

Note: The other shareholder which holds 75% interest in the subsidiary is a company incorporated in the PRC (“the PRC corporate shareholder”). The PRC corporate shareholder has agreed to transfer to the share of the assets, liabilities, profits, revenue and expenses otherwise attributable to its respective shareholdings to the Company for a nominal fee. Accordingly, the financial statements of the subsidiary are fully consolidated in these consolidated financial statements.

## 11. ACCOUNTS RECEIVABLE

These comprise:-

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
	RMB	RMB	RMB	RMB
Amount due from a director	<u>977,852</u>	<u>-</u>	<u>977,852</u>	<u>-</u>

The amount due from a director is unsecured, interest free and repayable on demand.

## 12. CASH AND CASH EQUIVALENTS

These comprise:-

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
	RMB	RMB	RMB	RMB
Cash at bank	4,900,410	-	-	-
Cash in hand	17,954	6	-	6
	<u>4,918,364</u>	<u>6</u>	<u>-</u>	<u>6</u>

### 13. ACCOUNTS PAYABLE

These comprise:-

	<u>The Group</u>		<u>The Company</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
	RMB	RMB	RMB	RMB
Accounts payable	4,919,600	-	4,919,600	-
Sales tax payable	807,483	-	-	-
	<u>5,727,083</u>	<u>-</u>	<u>4,919,600</u>	<u>-</u>

### 14. NON-INTEREST-BEARING BORROWINGS

	<u>The Group</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>
	RMB	RMB
Long term portion - Long term loan	<u>30,000,000</u>	<u>-</u>

### 15. ISSUED CAPITAL

	<u>The Company</u>	
	<u>Ordinary share capital</u>	
	<u>31/12/2009</u>	<u>31/12/2008</u>
	RMB	RMB
At 1 October, 2009	15,000,000	6
Issue of shares	<u>200,000,000</u>	<u>-</u>
At 31 December, 2009	<u>215,000,000</u>	<u>6</u>

The authorized share capital of the company consist of 1,000,000,000 (2008 : 50,000 ordinary shares of USD1 each) ordinary shares with no par value. The issued and fully paid share capital of the company consists of 10,000,000 (2008 : 1 ordinary share of USD1 each) ordinary shares with no par value.

Pursuant to the memorandum of resolutions passed on 20 January, 2009, the authorized share capital of the company was increased from 50,000 ordinary shares with a par value of US\$1 each to 250,000,000 ordinary shares with no par value.

Pursuant to the memorandum of resolutions passed on 15 July, 2009, the authorized share capital of the company was increased from 250,000,000 ordinary shares with no par value to 1,000,000,000 ordinary shares with no par value.

On 11 September, 2009, 2,333,332 ordinary shares were allotted for a consideration of RMB10,499,994. On 12 September, 2009, 1,000,000 ordinary shares were allotted for a consideration of RMB4,500,000. On 15 September, 2009, 6,666,667 ordinary shares were allotted.

Properties being valued at RMB200,000,000 will be the amount payable for the 6,666,667 ordinary shares.

## 16. RESERVES

### The Group

	<u>Revaluation</u> <u>reserve</u> RMB	<u>Exchange</u> <u>reserve</u> RMB	<u>Accumulated</u> <u>losses</u> RMB	<u>Total</u> <u>equity</u> RMB
At 1 October, 2008	-	-	-	-
Net loss for the period	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December, 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 1 October, 2009	-	(25,135)	(5,455,141)	(5,480,276)
Revaluation on translation of subsidiary company	25,622,989	-	-	25,622,989
Exchange difference on translation of holding company's financial statements	-	10,379	-	10,379
Net loss for the period	-	-	(983,959)	(983,959)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December, 2009	<u>25,622,989</u>	<u>(14,756)</u>	<u>(6,439,100)</u>	<u>19,169,133</u>

### The Company

	<u>Exchange</u> <u>reserve</u> RMB	<u>Accumulated</u> <u>losses</u> RMB	<u>Total</u> <u>equity</u> RMB
At 1 October, 2008	-	-	-
Net loss for the period	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December, 2008	<u>-</u>	<u>-</u>	<u>-</u>

	<u>Exchange reserve</u> RMB	<u>Accumulated losses</u> RMB	<u>Total equity</u> RMB
At 1 October, 2009	(25,135)	(5,455,141)	(5,480,276)
Exchange difference on translation of holding company's financial statements	10,379	-	10,379
Net loss for the period	-	(4,926,376)	(4,926,376)
At 31 December, 2009	<u>(14,756)</u>	<u>(10,381,517)</u>	<u>(10,396,273)</u>

## 17. RELATED PARTIES TRANSACTION

Details of major transaction with a related party are as follows :-

<u>Name of related party</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>Amount</u> <u>1/10/2009 to</u> <u>31/12/2009</u> RMB	<u>Amount</u> <u>1/10/2008 to</u> <u>31/12/2008</u> RMB
Shandong Xin Jian Ye Co., Ltd.	Shareholder	Rental income	<u>4,749,900</u>	<u>-</u>

## 18. SUBSEQUENT EVENT

On 13 January, 2010, the Group has set up a new subsidiary in the PRC, namely 濰坊昌升管理諮詢有限公司, which has registered capital of RMB500,000. This new subsidiary is wholly owned by 濰坊新普實業有限公司.

## 19. FINANCIAL RISK MANAGEMENT

The Group's risk management objectives and policies mainly focus on minimizing the potential adverse effects of these risks on the company by closely monitoring the individual exposure. One major risk exposure is liquidity risk. The Group manages its funds conservatively by maintaining a comfortable level of cash and cash equivalents in order to meet continuous operational need.

## **20. CAPITAL MANAGEMENT**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders.

The Group regularly reviews and manages its capital structure to maintain a reasonable debt-to-capital ratio that is consistent with industry practice. It may issue new shares, raise new debt financing, adjust amounts of dividend paid to shareholders in order to maintain or adjust the ratio.

## **21. INTERNATIONAL FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR**

IFRSs that have been issued a number of amendments, new standards and interpretations which are not yet effective for the period ended 31 December, 2009 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. Initial assessment has indicated that the adoption of them would not have a significant impact on the Group's results of operation and financial position.