

Notice of Acceptance of Online Annual Inspection

Acceptance No.: 360983201100006288

Accepted Person: Mr. Fu Zhiyong

Jiangxi Hengdali Ceramic Materials Co., Ltd:

After investigation, the annual inspection documents of 2010 applied by your company are complete, our bureau decided to approve the preliminary examination of your online annual inspection. Please bring this notice and original copies of the annual inspection documents according to the requirement within 10 working days to the bureau and finish all the approval process.

Administrative Bureau for Industry and Commerce of Gao'an City

2011-4-29

Company Annual Inspection Report
(Year 2010)

Company Name: Jiangxi Hengdali Ceramic Materials Co., Ltd

Contact Number: 13672282928

Registration No.: 3609832100005545

Registration Organization: Administrative Bureau for Industry and Commerce of Gao'an City

Proof of Assignee of Enterprise Annual Inspection

Assignee Name: Hu Teng Jiao

Contact Number: Telephone 07955268899 Mobile 15970252595

Commitment:

- Hand in annual inspection report and other documents needed
- Get the after-inspection stamped duplicated copy of business license

Authority: do you agree that the assignee can change any writing mistake in the annual inspection report?

- agree
- disagree

Valid period of commitment: from 2011-4-21 to 2011-6-30

2011-4-21

1, Registration items

Item name	Item Condition
Company name	<input checked="" type="checkbox"/> Same as registered <input type="checkbox"/> Different from the one registered. The current situation is:
Address	<input checked="" type="checkbox"/> Same as registered <input type="checkbox"/> Different from the one registered. The current situation is:
Legal representative	<input checked="" type="checkbox"/> Same as registered <input type="checkbox"/> Different from the one registered. The current situation is:
Registered capital	<input checked="" type="checkbox"/> Same as registered <input type="checkbox"/> Different from the one registered. The current situation is:
Paid-up capital	<input checked="" type="checkbox"/> Same as receivable capital <input type="checkbox"/> Different from receivable capital. The current situation is:
Type of company	<input checked="" type="checkbox"/> Same as registered <input type="checkbox"/> Different from the one registered. The current situation is:
Term of operation	<input checked="" type="checkbox"/> Same as registered <input type="checkbox"/> Different from the one registered. The current situation is:

Remark:

1, this annual inspection report can be used for Limited Liability Company and Joint Stock Company registered according to “Law of Corporation” and “Corporation Registration Control Regulations”, not including foreign investment company.

2, this annual inspection report can be printed, or filled in by black pen with clear handwriting.

3, items marked with “” should be changed into “” when chosen.

1, Registration items (second page)

Item name	Item Condition
Business scope	<p>1. Are the fore-registered certificates, document of approval expired, cancelled or retracted? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Names of certificates and document of approval:</p> <p>2. Deal with any not fore-registered business items? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Deal with the following items:</p> <p>3. Deal with any unregistered normal business items? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Deal with the following items:</p>
Name of shareholders and their capital contribution	<p>1 <input checked="" type="checkbox"/> Name same as registered <input type="checkbox"/> Name different from the one registered. The current situation is:</p> <p>2 <input checked="" type="checkbox"/> Shareholders have paid all their capital contribution amount <input type="checkbox"/> Shareholders haven't paid all their capital contribution amount. The shareholders haven't paid all are:</p>

2, Filing item condition

Item name	Item Condition
Article of association	<input checked="" type="checkbox"/> Same as filed <input type="checkbox"/> Different from the one filed. The current situation is:
Director	<input checked="" type="checkbox"/> Same as filed <input type="checkbox"/> Different from the one filed. The current situation is:
Supervisor	<input checked="" type="checkbox"/> Same as filed <input type="checkbox"/> Different from the one filed. The current situation is:
Manager	<input checked="" type="checkbox"/> Same as filed <input type="checkbox"/> Different from the one filed. The current situation is:
Branch	<input checked="" type="checkbox"/> No branch <input type="checkbox"/> Same as filed <input type="checkbox"/> Not filed or not all filed. The branch not filed:
Liquidation team member and leader	<input checked="" type="checkbox"/> Haven't enter into liquidation <input type="checkbox"/> Same as filed <input type="checkbox"/> Not filed or not all filed. The branch not filed:

Remark: "Branch" should be filled with the branch set up condition since the last annual inspection to now.

4, Business circumstance

Company name	Jiangxi Hengdali Ceramic Materials Co.,Ltd	Registration No.	360983210005545
Operation status	<input type="checkbox"/> preparing <input checked="" type="checkbox"/> in operation <input type="checkbox"/> closed <input type="checkbox"/> liquidation		
Annual sales income	¥244,280,797.83	Include: Service income	0
Profit of the year	¥80,366,379.7	Net profit of the year	¥59,579,869.82
Tax of the year	¥22,091,420.6		
Deficit of the year			0
General assets by the end of the year	¥441,546,318.45	Include: long term investment	0
Liability by the end of the year	¥323,306,788.86	Include: long term liability	¥35,000,000

Remark: this form should be filled in according to the Balance Sheet and Income Statement, and be put in front of the Balance Sheet.

I hereby confirm that all the contents filled in the annual inspection report are accurate.

Company legal representative:

2011-5-5

Corporate Annual Inspection Application Form

Company name	Jiangxi Hengdali Ceramic Materials Co., Ltd	Registration No.	360983210005545
Documents accepted time	2011-5-5		
Review	Examinant: 2011-5-5		

Certificate Receive Record

Company Name	Jiangxi Hengdali Ceramic Materials Co., Ltd
Duplicated copy of Business License	
Contact No. of Receiver	
Receiver	
Sender	

Auditors' Report

Fengze Minghua Audit[2011] No.J04-265

Jiangxi Hengdali Ceramic Materials Co., Ltd:

We have audited the accompanying consolidated balance sheet of Jiangxi Hengdali Ceramic Materials Co., Ltd(the "Company") as of 31st December 2010 and the related consolidated income statement,

1, Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises. This responsibility includes: (i) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (ii) selecting and applying appropriate accounting policies; and (iii) making accounting estimates that are reasonable in the circumstances.

2, Auditors' Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with the Independent Auditing Standards for Certified Public Accountants. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audit provides a reasonable basis for our opinion.

3, Audit Opinion

In our opinion, the financial statements give a true and fair view the financial position as of 31st December 2010, and the results of its operations and its cash flows for the years then ended in accordance with the requirements of both the Accounting Standards for Business Enterprises and other relevant financial and accounting laws and regulations promulgated by the Government.

Attached: 1, Balance Sheet of 31st December 2010

2, Income statement of year 2010

3, Copy of Business licence and Certificate of practise of our accounting firm

Certified Public Accountant:

Certified Public Accountant:

Quanzhou Fengze Minghua Certified Public Accountants LLP

2011-4-27

Balance Sheet

Company Name: Jiangxi Hengdali 2010
Ceramic Materials Co., Ltd

December

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RMB

Assets	Line	Begin of year	End of year	Liabilities and owners' equity (或股东权益)	Line	Begin of year	End of year
Current assets:				Current liabilities:			
Cash and cash equivalents	1	3,821,603.66	9,024,849.62	Short-term borrowings	68	20,000,000.00	20,000,000.00
Short-term investment	2			Notes payable	69		
Notes receivable	3			Accounts payable	70	11,553,000.00	66,314,864.85
Dividends receivable	4			Deposit received	71		
Interests receivable	5			Payroll payable	72	241,736.00	1,177,434.80
Accounts receivable	6		49,645,743.02	Welfare payable	73		
Other receivable	7			Dividend payable	74		
Prepayments	8			Tax payable	75		2,052,312.30
Allowance receivable	9			Accrued other payments	80		6,098.83
Inventories	10	11,553,000.00	88,097,806.85	Other payable	81	126,033,247.75	196,131,410.55
Deferred expense	11			Accrued expenses	82		2,526,342.53
Long-term claims expire in 1 year	21			Accrued liabilities	83		
Other current assets	24			Interest payable	84		98,325.00
Total current assets	31	15,374,603.66	146,768,399.49	Long-term liability expire in 1 year	86		
Long-term investment:				Other current liabilities	90		
Long-term equity investment	32			Total current liabilities	100	157,827,983.75	288,306,788.86
Long-term claims investment	34			Long-term liabilities:			
Total long-term investment	38			Long-term borrowings	101	40,000,000.00	35,000,000.00
Fixed assets:				Bond payable	102		
Initial cost of fixed assets	39	201,000,411.50	278,956,434.91	Long-term accounts payable	103		
Less: accumulated depreciation	40		13,385,547.53	Specific payable	106		
Net fixed assets	41	201,000,411.50	265,570,887.38	Other long-term liabilities	108		
Less: impairment of fixed	42			Total long-term liabilities	110	40,000,000.00	35,000,000.00
Net fixed assets	43	201,000,411.50	265,570,887.38	Deferred tax:			
Project material	44			Deferred tax credit items	111		
Construction in process	45			Total liabilities	114	197,827,983.75	323,306,788.86
Liquidation of fixed assets	46						
Total fixed assets	50	201,000,411.50	265,570,887.38	Owner's equity:			
Intangible assets and other assets:				Paid-up capital	115	55,880,000.00	55,880,000.00
Intangible assets	51	30,568,648.00	29,207,031.58	Less: investment returned	116		
Long-term deferred expenses	52	6,764,320.59		Net paid-up capital	117	55,880,000.00	55,880,000.00
Other long-term assets	53			Capital reserve	118		
Total intangible assets and other	60	37,332,968.59	29,207,031.58	Surplus reserve	119		5,957,986.98
				Include: legal public welfare fund	120		
Deferred tax:				Undistributed profit	121		56,401,542.61
Deferred tax debit items	61			Total owner's equity	122	55,880,000.00	118,239,529.59
Total assets	67	253,707,983.75	441,546,318.45	Total liabilities and owners' equity	135	253,707,983.75	441,546,318.45

Income Statement

Company Name: Jiangxi Hengdali Ceramic Materials 2010 December
Co., Ltd

RMB

Item	Line	This month	This year
1, Income from main operation	1	6,858,532.59	244,280,797.83
Less: main operation cost	4	5,684,623.78	145,555,952.70
Main operation tax and additional	5		1,304,910.72
2, Profit from main operation(mark loss with "--")	10	1,173,908.81	97,419,934.41
Add: profit from other operation(mark loss with "--")	11		
Less: operation cost	14	-16,443,979.17	1,148,771.55
Administrative expense	15	1,072,674.84	14,928,477.56
Financial expense	16	290,600.68	1,789,832.55
3, Profit from operation(mark loss with "--")	18	16,254,612.46	79,552,852.75
Add: Income from investment(mark loss with "--")	19		
Allowance income	22		
Nonbusiness income	23	133,602.45	813,526.95
Less: nonbusiness expense	25		
4, Total profit(mark loss with "--")	27	16,388,214.91	80,366,379.70
Less: income tax	28	4,097,053.73	20,786,509.88
5, Net profit(mark loss with "--")	30	12,291,161.18	59,579,869.82