

**Annual Inspection Report for Foreign-Invested Enterprises**  
**(for the fiscal year of 2011)**

We hereby confirm: Our company is responsible for the authenticity of Annual Inspection Report, Balance Sheet, Income Statement and other relevant materials.

**Company Name:** Jinjiang Hengda Ceramics Co.,Ltd.

**Business License No.:** 350500400039648

**Registration Authority:** Quanzhou Administration of Industry and Commerce

**Filing Date:** 2012-05-29

**Signature of Legal Representative:** Huang Jia Dong

**Company Seal:** Jinjiang Hengda Ceramics Co., Ltd (Sealed)

## Basic Information of Enterprise

Company name	Jinjiang Hengda Ceramics Co.,Ltd.		
Business license No.	350500400039648		
Address	Junbing Industrial Zone, Anhai, Jinjiang City, Fujian Province		
Information of Investor			
Investor Name	Domestic/Foreign	Nationality(District)	
Hongkong Stand Best Creation Co.,Ltd.	Domestic	Hongkong	
Business scope	Production of all kinds of ceramic tiles(80%selling abroad)		
Enterprise type	Wholly Foreign-Owned Enterprises	Zip code	362200
Legal representative	Huang Jia Dong	Founded	1993-09-30
Chairman of the board	Huang Jia Dong	Are changes of directors, supervisors filed?	No
Operation period from	1993-09-30	Operation period to	2043-09-29
Is any previous administrative approval items included in the business scope?	No	Are those previous administrative approval certificates valid?	No

**Conditions of Investment Contribution**

Total investment	USD 55,300,000				
Registered capital	Subscribed by Chinese parties	USD 0			
	Subscribed by foreign parties	USD 45,643,000			
Paid-in capital	Paid-in by Chinese parties	USD 0			
	Paid-in by foreign parties	USD 42,030,000			
Equity participation	Cash	Material object	Intellectual property	Land use right	Others
Amount(USD)	42,030,000	0	0	0	0
Capital that shall be contributed this year(USD)	Chinese parties	0	Capital that was actually contributed this year(USD)	Chinese parties	0
	Foreign parties	0		Foreign parties	0
Is the registered capital fully founded?		Yes		No	√
Contribution by stages					
No. of stages	Deadline	Capital that shall be contributed Chinese parties	Capital that shall be contributed Foreign parties	Capital that was actually contributed by Chinese parties	Capital that was actually contributed by foreign parties
1	2011-01-11	0	45,643,000	0	42,030,000
Reason for default contributive payment					
Amount contributed by Chinese parties in the form of state-owned assets		RMB 0			

**Information of Foreign Investment**

Investing company name	Business license No.	Registration authority	Amount invested(RMB)	Percentage(%)
Jiangxi Hengdali Ceramic Materials Co.,Ltd	360983210005545	Other Province	57,951,000	100

**Information of affiliates**

Affiliate name	Business license No.	Registration authority	Is it filed?
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**Production and operation condition in 2009**

Sales (operating) income	RMB1,089,295,500	Including: operating income of services	0
Domestic sales	RMB1,089,295,500	Including: turnover of services	0
Total tax paid	RMB80,190,200	Including: customs duty	0
Total profit	RMB306,600,000	Net profit	RMB229,898,200
Total assets	RMB1,373,065,300	Long-term investment	RMB57,951,000
Total debts	RMB333,014,200	Long-term debts	0
Information of import and export			
Nationality(District)		Amount of imports(USD)	Amount of exports(USD)
Inspection (Audit) institution	Xiamen LiangCheng Associated Certified Public Accountants		
State of operation	In business	Established	1993-09-30
Reasons for losses and improper production			
Any contract operation	No	Contractor name	

**Other Relevant Information of Enterprise**

Business ID No.		611551266		Enterprise type		Encouraged	
Industry		Manufacture		Industrial code		Ceramic manufacturing	
Investment enterprise?	No	Advanced technique enterprise?	No	Export enterprise?			No
Total employees	1722	Foreign employees	3	New employees recruited in 2009			164
Approval date		1993-09-02		Approval certificate No.		3500611551266	
National tax registration certificate No.		350582611551266		Finance registration certificate No.			
Local tax registration certificate No.		350582611551266		Custom registration certificate No.			
Foreign exchange registration certificate No.		350582010402		Are annual report and quarterly report filed?		No	

**Foreign Exchange Statement**

Monetary unit: USD				
	Accounts	Including: inter-city accounts	Including: overseas accounts	Numerical ceiling approved
Current account				0
Capital account	1			0
Surplus reserve * foreign investment percentage	Capital reserve * foreign investment percentage	Profit * foreign investment percentage	Loss * foreign investment percentage	Profit remitted overseas this year
0	0	0	0	0
Equity that Chinese shareholders transferred to foreign shareholders this year	Registered amount of equity transferred to foreign shareholders this year	Equity that foreign shareholders transferred to Chinese shareholders this year	Accumulated amount of overseas loans this year	Accumulated amount of overseas loans repayment this year
0	0	0	0	0
Only the foreign-funded investment companies need to fill in this column	Domestic investment amount this year	Accumulated investments amount	Income from investments this year	Accumulated income from investment
	0	0	0	0

**Business registration liaison information**

Name	Huang Li Guan
Department	Administration
Contact number(Fixed-line telephone)	82977777
Contact number(Mobile phone)	13959855348
E-mail address	
Address	Junbing Industrial Zone, Anhai, Jinjiang City
Zip code	362200

**Domestic Legal Document Recipient for Overseas Shareholders**

Name	Huang Jia Dong
Address	Junbing Industrial Zone, Anhai, Jinjiang City
Zip code	362200
Liaison	Huang Li Guan
Contact number(Fixed-line telephone)	
Contact number(Mobile phone)	13959855348
E-mail address	



### III. Major items in the balance sheet:

#### 1、Monetary funds

Type	Currency	Ending balance
Cash on hand	RMB	22,847.24
Bank balances	RMB	30,021,626.74
Total	RMB	30,044,473.98

#### 2、Accounts receivable

Client	Aging	Amount	Remark
Xiamen Tongying Commercial trade Co.,Ltd.		8,340,601.65	
Chengdu Dehui Construction Materials Co.,Ltd.		6,108,190.49	
Foshan Jundian Ceramic Production Co.,Ltd.		8,606,962.87	
Shanghai Qisen Construction Materials Co.,Ltd		5,114,650.94	
Zhuzhou Datang Construction Materials Co.,Ltd.		6,953,194.13	
Jiangxi Zhong's Co.,Ltd.		7,140,721.46	
Qingdao Jiatong Realty Consultant Co.,Ltd		5,191,507.68	
Kunming Minhengda Commerce Co.,Ltd		5,310,110.12	
Liuzhou Shengquanda Commerce Co.,Ltd		7,355,055.04	
Liaoning Yatong Logistics Co.,Ltd		8,238,275.30	
Jinzhou Honghan Real Estate Development Co.,Ltd		6,790,168.85	
Chaozhou Chenqiao Jianxing Construction Materials Co.,Ltd		6,815,194.50	
Beijing Zhihejianye Commerce Co.,Ltd		8,711,565.65	
Shangrao Xinfangyuan Construction Materials Co.,Ltd		5,097,868.02	
Jingdezhen Nanxing Construction Materials Department		5,891,540.44	
Shijiazhuang Kangliquansheng Construction Materials Co.,Ltd		6,111,282.22	
Tianjin Tanggu Haosheng Decoration Co.,Ltd		5,142,545.92	

Hubei Wanshixing Commerce Co., Ltd	5,853,064.56	
Fuzhou Chuanpin Construction Materials Co., Ltd	7,721,683.71	
Beihai Jinligao Construction Materials Co., Ltd	5,557,190.51	
Xuzhou Haige Construction Commercial Co., Ltd	6,142,103.23	
Shanxi Guanghe Industry Co., Ltd	5,031,498.73	
Guangzhou Hengda Materials & Equipments Co., Ltd	7,051,510.31	
Xiamen Zhongjun Group	8,019,088.31	
Others	154,901,103.84	
Total	313,196,678.48	

### 3、 Other accounts receivable

Client	Aging	Total	Remark
Expense to go public		1,624,065.00	
Hengdali		589,133,987.27	
Ganzhou Jinhuan		3,000,000.00	
Total		593,758,052.27	

### 4、 Prepaid

Client	Aging	Total	Remark
Quanzhou Furen		1,517,815.00	
Zhangzhou Jifa		2,000,000.00	
Total		3,517,815.00	

### 5、 Inventories

Type	Amount
Raw Material	17,818,706.58
Unfinished Products	5,119,079.92
Merchandise inventory	87,354,613.68
Total	110,292,400.18

## 6、Long-term investment

Item	Ending balance
Hengdali	57,950,953.11
Total	57,950,953.11

## 7、Fixed assets and accumulated depreciation

Original fixed assets cost and depreciation	Ending balance
<b>Original value</b>	
Buildings	3,363,024.50
Production Facility	308,993,356.43
Conveyance Facility	5,524,800.00
Office Facility	1,408,878.12
Accessory Facility	19,106,859.35
Experimental Facility	569,300.00
Total	338,966,218.40
<b>Accumulated depreciation</b>	
Buildings	1,081,926.72
Production Facility	59,640,716.78
Conveyance Facility	3,307,151.27
Office Facility	1,108,970.02
Accessory Facility	9,443,409.11
Experimental Facility	241,410.38
Total	74,823,584.28
<b>Net value</b>	264,142,634.12

## 8、Intangible assets

Type	Amount
Land use right	179,637.00
Software	6,900.00
Subtotal	186,537.00
Total	186,537.00

## 9、Short-term loans

Creditor	Ending balance
China Citic Bank Quanzhou Qingyuan Sub-branch	50,000,000.00
Total	50,000,000.00

10、Accounts payable

Aging	Total	Remark
Client		
Fujian Dehua Hengjiu Mining Co.,Ltd	7,320,770.00	
Fujian Dehua Hengyang Clay Co.,Ltd	8,413,199.70	
Fujian Dehua Shangdiguoshan Clay Co.,Ltd	14,487,192.40	
Nan'an Guanqiao Lingdou Louzikeng Mining Factory	5,719,936.80	
Yichun Yongcheng Glass Materials Co.,Ltd	5,399,011.20	
Foshan Nanhai Zhongtai Glazing Materials Factory	16,015,770.00	
Foshan Shanshui Baoligao Inorganic Materials Co.,Ltd	5,866,230.00	
Foshan Shanshui Jinying Inorganic Materials Co.,Ltd	7,094,820.00	
Hunan Sanhuan Coloring Materials Co.,Ltd	6,033,970.00	
Jinjiang Xinglida Paper Products Co.,Ltd.	11,105,297.60	
Foshan Henglixin Diamond Composition Co.,Ltd.	11,080,225.00	
Nanping Minning Tanni Mining Development Co.,Ltd	16,045,782.35	
Xinyu Yanhua Industry Co.,Ltd	7,052,057.20	
Others	48,870,723.08	
Total	170,504,985.33	

11. Other unpaid ending balance:496522.41

12、Other payables

Client	Ending balance
Huang Jiadong	5.95
Distributor Deposit	21,000,000.00
Other	449,273.05
Hengda Construction Materials Factory	21,449,279.00

### 13、Accrued expenses

Item	Ending balance
Rent	962,672.00
Electricity Fee	4,462,603.41
<b>Total</b>	<b>5,425,275.41</b>

### 14、Long-term borrowing

Client	Ending balance
China Citic Bank Quanzhou Qingyuan Sub-branch	50,000,000.00
<b>Total</b>	<b>50,000,000.00</b>

### 15、Paid-in capital

Shareholder	Ending balance
Stand Best Creation Limited	266,012,540.00
<b>Total</b>	<b>266,012,540.00</b>

### 16、Primary business income and cost

Item	This year's actual figure	
	Operating income	Operating cost
Product sales	1,089,295,462.32	768,402,927.48

### 17、Operation expenses

No.	Item	This year's actual figure
1	Payroll	997,198.00
2	Travelling expense	4,130,688.57
3	Advertising	3,886,460.04
4	Accumulated amortization	448.20
	<b>Total</b>	<b>9,014,794.81</b>

**18、Administration expenses**

No.	Item	Amount
1	Payroll	4,565,820.00
2	Welfare	208,302.58
3	Depreciation	479,804.29
4	Office expense	1,254,262.02
5	Travelling expense	989,153.71
6	Entertaining fee	517,353.30
7	Building tax	52,434.12
8	Stamp duty	803,186.65
9	Labour union fee	4,500.00
10	Additional charge	943,004.87
11	Audit fee	3,283,601.50
12	Counsel fee	30,000.00
13	Board of directors	262,500.00
14	Accumulated amortization	4,574.64
15	Training fee	1,454,955.99
16	Insurance	132,245.79
17	Construction tax	280,232.61
18	Others	202,738.29
	Total	15,468,670.36

**19、Financial expenses**

No.	Item	This year's actual figure
1	Financial institute commission charge	388,736.54
2	Interest expense(Less:interest income)	4,907,232.56
2	Interest income	(18,436,957.04)
3	Foreign exchange gain and loss	60,200.00
	Total	-13,080,787.94