

Balance Sheet

Printed by Shanghai Shining Bio-tech Co., Ltd.

For the year ended December 31, 2007

| Items | Line No. | Closing Amount | Opening Amount | Items | Line No. | Closing Amount | Opening Amount |
|---|----------|----------------|----------------|--|----------|----------------|----------------|
| Current Assets | 1 | | | Current Liabilities | 47 | | |
| Cash on hand in banks | 2 | 260,926.98 | 962,397.53 | Short-term loans | 48 | 32,048,639.78 | 54,603,748.94 |
| ☐ Held for trading financial assets | 3 | | | Held-for-trading financial liabilities | 49 | | |
| # Short-term investments | 4 | | | Warrant payable | 50 | | |
| Notes receivable | 5 | | | Notes payable | 51 | | |
| Dividends receivable | 6 | | | Accounts payable | 52 | 13,358,277.43 | 12,643,191.60 |
| Interest receivable | 7 | | | Advance receipts | 53 | 507,983.58 | |
| Accounts receivable | 8 | 6,642,666.60 | 5,392,398.03 | Accrued payroll | 54 | 735,073.78 | 215,963.11 |
| Other receivables | 9 | 8,928,243.36 | 2,004,777.69 | ☐ Including: Accrued payroll | 55 | 514,988.43 | -4,122.24 |
| Accounts prepaid | 10 | 847,098.23 | 72,287.00 | # Welfare payable | 56 | 220,085.35 | 220,085.35 |
| Inventories | 11 | 8,735,133.71 | 7,420,936.67 | Taxes payable | 57 | 81,734.10 | 599,235.35 |
| Including: Raw material | 12 | 931,860.62 | 907,161.09 | Including: Taxes payable | 58 | 81,699.48 | 32,698.72 |
| ☐ Inventories (end products) | 13 | 5,767,588.37 | 4,549,342.07 | Interest payable | 59 | | |
| Non-current assets maturing within one year | 14 | | | Dividend payable | 60 | | |
| Other current assets | 15 | | 29,900.00 | Other payables | 61 | 49,393,717.64 | 11,190,561.54 |
| Total current assets | 16 | 25,414,068.88 | 15,882,696.92 | Long-term noncurrent liabilities due in one year | 62 | | |
| Fixed assets | 17 | | | Other noncurrent liabilities | 63 | 5,913,827.63 | 5,624,991.63 |
| ☐ Available-for-sale financial assets | 18 | | | Total current liabilities | 64 | 102,039,254.75 | 84,877,692.17 |
| ☐ Held-to-maturity investment | 19 | | | Noncurrent liabilities | 65 | | |
| # Long-term creditor's right investment | 20 | | | Long-term loans | 66 | | |
| ☐ Long-term accrued receivables | 21 | | | Bonds payable | 67 | | |
| Long-term equity investments | 22 | | | Long-term payables | 68 | | |
| # Stock right disposition | 23 | | | Special accounts payable | 69 | | |
| ☐ Investment Real Estate | 24 | | | Accrued liabilities | 70 | | |
| Fixed assets-cost | 25 | 34,367,354.76 | 33,958,618.14 | ☐ Deferred income taxes | 71 | | |
| Less: Accumulated depreciation | 26 | 9,892,526.73 | 7,845,319.10 | # Deferred tax debit | 72 | | |
| Fixed assets-net value | 27 | 24,474,828.03 | 26,113,299.04 | Other noncurrent liabilities | 73 | | |
| Less: Reserve for fixed asset revaluation increment | 28 | | | Including: Special reserve fund | 74 | | |
| Net fixed asset | 29 | 24,474,828.03 | 26,113,299.04 | Total noncurrent liabilities | 75 | | |
| Construction in progress | 30 | | | Total liabilities | 76 | 102,039,254.75 | 84,877,692.17 |
| Project material | 31 | | | Owner's equity (stockholder's equity) | 77 | | |
| Liquidation of fixed assets | 32 | | | Paid-in capital (stock) | 78 | 20,480,000.00 | 20,480,000.00 |
| ☐ Productive biological assets | 33 | | | State capital | 79 | | |
| ☐ Oil & gas assets | 34 | | | Collective capital | 80 | | |
| Intangible assets | 35 | | | Legal person's capital | 81 | | |
| Including: Land use right | 36 | | | Including: State-owned legal person's capital | 82 | | |
| ☐ Development expenditure | 37 | | | Collective legal person's capital | 83 | | |
| ☐ Goodwill | 38 | | | Individual capital | 84 | | |
| #* Price difference of merge | 39 | | | Foreign capital | 85 | | |
| Long-term deferred expenses (deferred assets) | 40 | | | Capital surplus | 86 | | |
| ☐ Deferred income tax assets | 41 | | | Less: Treasury stock | 87 | | |
| # Deferred assets debits | 42 | | | Surplus reserves | 88 | | |
| Other noncurrent assets (other long-term assets) | 43 | | | ☐ General risk provisions | 89 | | |
| Including: Specially approved reserving materials | 44 | | | *# Unrealized investment losses (expressed with -) | 90 | | |
| Total noncurrent assets | 45 | 24,474,828.03 | 26,113,299.04 | Undistributed profits | 91 | -72,630,357.84 | -63,361,696.21 |
| | | | | Including: Cash dividends | 92 | | |
| | | | | *Currency translation difference | 93 | | |
| | | | | Total parent company owner's equity | 94 | | |
| | | | | *Minority equity | 95 | | |
| | | | | Total owner's equity | 96 | -52,150,357.84 | -42,881,696.21 |
| | | | | # Less: Capital loss | 97 | | |
| | | | | Total owner's equity (less capital loss) | 98 | -52,150,357.84 | -42,881,696.21 |
| Total capital | 46 | 49,888,896.91 | 41,995,995.96 | Total liabilities and owner's equity | 99 | 49,888,896.91 | 41,995,995.96 |

Items with * are for consolidated financial statements; items with ☐ are for companies which comply with the new accounting standards; items with # are for companies which comply with the ASBE

**Income Statement
For the year 2007**

Prepared by Shanghai Shining Bio-tech Co., Ltd

| Items | Line No. | Current Year | Prior Year | Items | Line No. | Current Year | Prior Year |
|---|----------|---------------|--------------|--|----------|---------------|---------------|
| 1. Total sales of operations | 1 | 3,113,404.61 | 880,186.79 | Including: Income from associates | 22 | | |
| Including: Sales of operations | 2 | 3,113,404.61 | 880,186.79 | 3. Operating profit (loss expressed with -) | 23 | -8,540,291.41 | -3,148,731.07 |
| Including: Sales of main operations | 3 | 3,113,195.21 | 880,186.79 | Add: Non-operating income | 24 | 4,519.16 | 5,120.00 |
| Sales of other operations | 4 | 209.40 | | Including: Gains from disposal of noncurrent capital | 25 | | |
| 2. Total operating cost | 5 | 11,653,696.02 | 4,028,917.86 | Gains from nonmonetary capital exchange | 26 | | |
| Including: Operating cost | 6 | 2,160,030.66 | 339,453.78 | Government subsidy (subsidy income) | 27 | | |
| Including: Main operating cost | 7 | 2,159,974.26 | 339,453.78 | Debt restructuring income | 28 | | |
| Other operating costs | 8 | 56.40 | | Less: Non-operating expense | 29 | 732,889.38 | 333,323.17 |
| Sales tax and extra charges | 9 | 1,608.34 | 2,973.00 | Including: Loss of noncurrent capital disposal | 30 | | |
| Operating expenses | 10 | 6,187,941.67 | 2,810,093.95 | Loss of nonmonetary capital exchange | 31 | | |
| Administrative expenses | 11 | 3,136,878.69 | 429,529.77 | Loss of debt restructuring | 32 | | |
| Including: Business entertainment | 12 | 193,553.71 | 13,496.64 | 4. Total profit (loss expressed with -) | 33 | -9,268,661.63 | -3,476,934.24 |
| R&D expenses | 13 | 133,434.43 | 9,140.18 | Less: Income tax | 34 | | |
| Financial expenses | 14 | 167,236.66 | 446,867.36 | Add: #*Unrealized investment loss | 35 | | |
| Including: Interest expense | 15 | 164,838.22 | | 5. Net profit (loss expressed with -) | 36 | -9,268,661.63 | -3,476,934.24 |
| Interest income | 16 | -1,234.16 | -677.11 | Less: *Minority income and loss | 37 | | |
| Net loss of foreign exchange (net loss expressed with -) | 17 | | | 6. Net profit of parent company owner | 38 | -9,268,661.63 | -3,476,934.24 |
| □Assets Depreciation Loss | 18 | | | 7. EPS | 39 | | |
| Other | 19 | | | Basic EPS | 40 | | |
| Add: Income from changes In fair value (loss expressed with -) | 20 | | | Diluted EPS | 41 | | |
| Investment income (loss expressed with -) | 21 | | | | | | |

Items with * are for consolidated financial statements; items with □ are for companies which comply with the new accounting standards; items with # are for companies which comply with the ASBE

Audit Report
QZCPA (2008) 151

To all shareholders of Shanghai Shuangjin Bio-tech Co. Ltd,

We have audited the accompanying financial statements of Shanghai Shuangjin Bio-tech Co. Ltd, which comprise the balance sheet as at December 31, 2007, and the income statement of 2007, cash flow statement, statement of changes in equity and the appendix of the financial statement.

1. Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises. This responsibility includes: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Auditing Standards for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's 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 auditor considers internal control relevant to the entity's preparation 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 management, as well as evaluating the overall presentation of the financial statements.

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

3. Matters resulting in qualified opinion

I). We are unable to oversee the inventory, or give audit advices without being able conducting a satisfactory substitute audit process over the amount, state and issue rationality of final inventory.

II). The auditor is unable to carry out external confirmation or give audit advices without being able to conducting a satisfactory substitute audit process over the rationality of its final balance because of a lack of all bank statements of the said company.

III). The auditor is unable to give audit advices over the rationality of the the short-term loan ending balance due to limit of audit scope.

IV). The auditor is unable to give audit advices over the account records without being able to conducting satisfactory substitute audit process because of a lack of addresses of creditors and debtors of the said company.

4. Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Shanghai Shuangjing Bio-tech Co. Ltd of December 31, 2007, and of its financial performance and its operation achievements in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

Balance Sheet

Printed by Shanghai Shining Bio-tech Co., Ltd.

| Items | Line No. | Closing Amount | Opening Amount | Items | Line No. | Closing Amount | Opening Amount |
|---|----------|----------------|----------------|---|----------|----------------|----------------|
| Current Assets | 1 | | | Current Liabilities | 47 | | |
| Cash on hand in banks | 2 | 936,935.39 | 260,926.98 | Short-term loans | 48 | 6,281,750.38 | 32,048,639.78 |
| □ Held for trading financial assets | 3 | | | Held-for-trading financial liabilities | 49 | | |
| # Short-term investments | 4 | | | Warrant payable | 50 | | |
| Notes receivable | 5 | | | Notes payable | 51 | | |
| Dividends receivable | 6 | | | Accounts payable | 52 | 13,715,379.89 | 13,358,277.43 |
| Interest receivable | 7 | | | Advance receipts | 53 | 1,693,789.43 | 507,983.58 |
| Accounts receivable | 8 | 7,090,507.61 | 6,642,666.60 | Accrued payroll | 54 | 356,598.81 | 735,073.78 |
| Other receivables | 9 | 17,227,558.12 | 8,928,243.36 | □ Including: Accrued payroll | 55 | | 514,988.43 |
| Accounts prepaid | 10 | 1,286,899.93 | 847,098.23 | # Welfare payable | 56 | 220,085.35 | 220,085.35 |
| Inventories | 11 | 10,808,876.44 | 8,753,133.71 | Taxes payable | 57 | -82,767.64 | 81,734.10 |
| Including: Raw material | 12 | 951,733.51 | 931,860.62 | Including: Taxes payable | 58 | -82,277.48 | 81,699.48 |
| Inventories (end products) | 13 | 7,482,216.29 | 5,767,588.37 | Interest payable | 59 | | |
| Non-current assets maturing within one year | 14 | | | Dividend payable | 60 | | |
| Other current assets | 15 | | | Other payables | 61 | 89,364,055.20 | 49,393,717.64 |
| Total current assets | 16 | 37,350,777.49 | 25,414,068.88 | Long-term noncurrent liabilities due in one year | 62 | | |
| Fixed assets | 17 | | | Other noncurrent liabilities | 63 | 6,208,103.63 | 5,913,827.63 |
| □ Available-for-sale financial assets | 18 | | | Total current liabilities | 64 | 117,536,909.70 | 102,039,254.75 |
| □ Held-to-maturity investment | 19 | | | Noncurrent liabilities | 65 | | |
| # Long-term creditor's right investment | 20 | | | Long-term loans | 66 | | |
| □ Long-term accrued receivables | 21 | | | Bonds payable | 67 | | |
| Long-term equity investments | 22 | | | Long-term payables | 68 | | |
| # Stock right disposition | 23 | | | Special accounts payable | 69 | | |
| □ Investment Real Estate | 24 | | | Accrued liabilities | 70 | | |
| Fixed assets-cost | 25 | 34,485,759.49 | 34,367,354.76 | □ Deferred income taxes | 71 | | |
| Less: Accumulated depreciation | 26 | 11,706,067.44 | 9,892,526.73 | # Deferred tax debit | 72 | | |
| Fixed assets-net value | 27 | 22,779,692.05 | 24,474,828.03 | Other noncurrent liabilities | 73 | | |
| Less: Reserve for fixed asset revaluation increment | 28 | | | Including: Special reserve fund | 74 | | |
| Net fixed asset | 29 | 22,779,692.05 | 24,474,828.03 | Total noncurrent liabilities | 75 | | |
| Construction in progress | 30 | | | Total liabilities | 76 | 117,536,909.70 | 102,039,254.75 |
| Project material | 31 | | | Owner's equity (stockholder's equity) | 77 | | |
| Liquidation of fixed assets | 32 | | | Paid-in capital (stock) | 78 | 20,480,000.00 | 20,480,000.00 |
| □ Productive biological assets | 33 | | | State capital | 79 | | |
| □ Oil & gas assets | 34 | | | Collective capital | 80 | | |
| Intangible assets | 35 | | | Legal person's capital | 81 | | |
| Including: Land use right | 36 | | | Including: State-owned legal person's capital | 82 | | |
| □ Development expenditure | 37 | | | Collective legal person's capital | 83 | | |
| □ Goodwill | 38 | | | Individual capital | 84 | | |
| # * Price difference of merge | 39 | | | Foreign capital | 85 | | |
| Long-term deferred expenses (deferred assets) | 40 | | | Capital surplus | 86 | 3800000 | |
| □ Deferred income tax assets | 41 | | | Less: Treasure stock | 87 | | |
| # Deferred assets debits | 42 | | | Surplus reserves | 88 | | |
| Other noncurrent assets (other long-term assets) | 43 | | | □ General risk provisions | 89 | | |
| Including: Specially approved reserving materials | 44 | | | *# Unrealized investment losses (expressed with -) | 90 | | |
| Total noncurrent assets | 45 | 22,779,692.05 | 24,474,828.03 | Undistributed profits | 91 | -81,686,440.16 | -72,630,357.84 |
| | | | | Including: Cash dividends | 92 | | |
| | | | | *Currency translation difference | 93 | | |
| | | | | Total parent company owner's equity | 94 | | |
| | | | | *Minority equity | 95 | | |
| | | | | Total owner's equity | 96 | -57,406,440.16 | -52,150,357.84 |
| | | | | # Less: Capital loss | 97 | | |
| | | | | Total owner's equity (less capital loss) | 98 | -57,406,440.16 | -52,150,357.84 |
| Total capital | 46 | 60,130,496.54 | 49,888,896.10 | Total liabilities and owner's equity | 99 | 60,130,496.54 | 49,888,896.91 |

Items with * are for consolidated financial statements; items with □ are for companies which comply with the new accounting standards; items with # are for companies which comply with the ASBE

**Income Statement
For the year 2008**

Prepared by Shanghai Shining Bio-tech Co., Ltd

| Items | Line No. | Current Year | Prior Year | Items | Line No. | Current Year | Prior Year |
|---|----------|---------------|---------------|--|----------|---------------|---------------|
| 1. Total sales of operations | 1 | 3,694,921.51 | 3,113,404.61 | Including: Income from associates | 22 | | |
| Including: Sales of operations | 2 | 3,694,921.51 | 3,113,404.61 | 3. Operating profit (loss expressed with -) | 23 | -8,556,184.56 | -8,540,291.16 |
| Including: Sales of main operations | 3 | 3,694,921.51 | 3,113,404.61 | Add: Non-operating income | 24 | 8,614.81 | 4,519.16 |
| Sales of other operations | 4 | | 209.4 | Including: Gains from disposal of noncurrent capital | 25 | | |
| 2. Total operating cost | 5 | 12,252,106.07 | 11,653,696.02 | Gains from nonmonetary capital exchange | 26 | | |
| Including: Operating cost | 6 | 2,238,844.38 | 2,160,030.66 | Government subsidy (subsidy income) | 27 | | |
| Including: Main operating cost | 7 | 2,238,844.38 | 2,519,974.26 | Debt restructuring income | 28 | | |
| Other operating costs | 8 | | 56.4 | Less: Non-operating expense | 29 | 508,512.57 | 732,889.38 |
| Sales tax and extra charges | 9 | 3,234.02 | 1,608.34 | Including: Loss of noncurrent capital disposal | 30 | | |
| Operating expenses | 10 | 7,095,393.90 | 6,187,941.67 | Loss of nonmonetary capital exchange | 31 | | |
| Administrative expenses | 11 | 2,921,309.90 | 3,136,878.69 | Loss of debt restructuring | 32 | | |
| Including: Business entertainment | 12 | | 193,553.71 | 4. Total profit (loss expressed with -) | 33 | -9,056,082.32 | -9,268,661.63 |
| R&D expenses | 13 | | 133,434.43 | Less: Income tax | 34 | | |
| Financial expenses | 14 | -7,676.13 | 167,236.66 | Add: #* Unrealized investment loss | 35 | | |
| Including: Interest expense | 15 | | 164,838.22 | 5. Net profit (loss expressed with -) | 36 | -9,056,082.32 | -9,268,661.63 |
| Interest income | 16 | -611.22 | -1,234.16 | Less: *Minority income and loss | 37 | | |
| Net loss of foreign exchange (net loss expressed with -) | 17 | | | 6. Net profit of parent company owner | 38 | -9,056,082.32 | -9,268,661.63 |
| □ Assets Depreciation Loss | 18 | | | 7. EPS | 39 | | |
| Other | 19 | | | Basic EPS | 40 | | |
| Add: Income from changes in fair value (loss expressed with -) | 20 | | | Diluted EPS | 41 | | |
| Investment income (loss expressed with -) | 21 | | | | | | |

Items with * are for consolidated financial statements; items with □ are for companies which comply with the new accounting standards; items with # are for companies which comply with the ASBE

Audit Report
QZCPA (2009) 134

To all shareholders of Shanghai Shuangjin Bio-tech Co. Ltd,

We have audited the accompanying financial statements of Shanghai Shuangjin Bio-tech Co. Ltd, which comprise the balance sheet as at December 31, 2008, and the income statement of 2008, cash flow statement, statement of changes in equity and the appendix of the financial statement.

1. Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises. This responsibility includes: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Chinese Auditing Standards for Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditor's 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 auditor considers internal control relevant to the entity's preparation 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 management, as well as evaluating the overall presentation of the financial statements.

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

3. Matters resulting in qualified opinion

I). We are unable to oversee the inventory, or give audit advices without being able conducting a satisfactory substitute audit process over the amount, state and issue rationality of final inventory.

II). The auditor is unable to carry out external confirmation or give audit advices without being able to conducting a satisfactory substitute audit process over the rationality of its final balance because of a lack of all bank statements of the said company.

III). The auditor is unable to give audit advices over the rationality of the the short-term loan ending balance due to limit of audit scope.

4. Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Shanghai Shuangjing Bio-tech Co. Ltd of December 31, 2008, and of its financial performance and its operation achievements in accordance with Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.