

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

(Company Registration Number : 200609396K)

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 NOVEMBER 2009**

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

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FINANCIAL STATEMENTS – 30 NOVEMBER 2009

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SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

REPORT OF THE DIRECTOR

The director has the pleasure in presenting to members their report together with the financial statements of the company for the financial year ended 30 November 2009.

1. DIRECTOR

The director of the company in office at the date of this report is:

Li ZhiHui (Appointed by articles)

2. ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during that year did there subsists any arrangement whose object is to enable the director of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

The director holding office at the end of the financial year had no interests in the share capital and debentures of the company and related companies as recorded in the register of director's shareholdings kept by the company under Section 164 of the Companies Act, Cap. 50 except as follows:

<u>Name of director and company in which interests are held</u>	<u>Number of Ordinary Shares Held by Director</u>	
	<u>At beginning of year</u>	<u>At end of year</u>
<u>SGCHINESE GROUP PTE. LTD.</u>		
LI ZHIHUI	13,500	13,500

4. DIRECTOR' S CONTRACTUAL BENEFITS

Since the date of incorporation, no director has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Cap.50 by reason of a contract made by the company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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5. SHARE OPTIONS

No options were granted during the financial year to take up unissued shares of the company.

No shares were issued by virtue of the exercise of options.

There were no unissued shares under options at the end of the financial year.

On Behalf of the Board of Director

LI ZHIHUI
Director

SINGAPORE
12 May 2010

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

STATEMENT BY DIRECTOR

I, Li ZhiHui, being the director of Sgchinese Group Pte. Ltd., do hereby state that, in the opinion of the director,

- (i) the financial statements set out on pages 4 to 16 are drawn up so as to give a true and fair view of the state of affairs of the company as at 30 November 2009, and of the results of the business, changes in equity and cash flows of the company for the financial year then ended, and
- (ii) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The Board of Director has, on the date of this statement, authorised these financial statements for issue.

On Behalf of the Board of Director

LI ZHIHUI
Director

SINGAPORE
12 May 2010

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

INCOME STATEMENT

For the year ended 30 November 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		\$	\$
Revenue	4	133,930	99,670
Cost of revenue		(50,928)	(44,917)
Gross profit		83,002	54,753
Other income		4,246	796
		87,248	55,549
Employee benefits	5	(30,000)	(10,000)
Other operating expenses		(27,686)	(21,764)
Profit from operation		29,562	23,785
Finance costs		(160)	(250)
Profit before taxation		29,402	23,535

AFTER CREDITING:

Interest from the director's loan	4,246	796
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AFTER CHARGING:

Office rental	12,000	-
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Taxation	6	2,874	-
Net profit for the year		<u>\$26,528</u>	<u>\$23,535</u>

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

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

BALANCE SHEET

As at 30 November 2009

	<u>Notes</u>	<u>2009</u> \$	<u>2008</u> \$
Assets			
<u>Current assets</u>			
Amount due from a director	7	75,022	14,070
Cash and bank balances		6,459	229
Amount due from related company-non trade	8	32,072	38,072
Total assets		\$113,553	\$52,371
 <u>Current Liabilities</u>			
Accruals		31,780	-
Provision for taxation	6	2,874	-
Total Liabilities		34,654	-
 <u>Capital and reserves</u>			
Share capital	9	13,500	13,500
Retained earning		65,399	38,871
Total equity		78,899	52,371
 Total equity and liabilities		 \$113,553	 \$52,371

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

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 November 2009

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		\$	\$
Profit/(Loss) for the year		26,528	23,535
Other comprehensive income		-	-
Total comprehensive income for the year		<u>\$26,528</u>	<u>\$23,535</u>

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

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 November 2009

	<u>Share capital</u> \$	<u>Retained earning</u> \$	<u>Total</u> \$
Balance as at 01/12/07	\$13,500	\$15,336	\$28,836
Total comprehensive income for the year	-	23,535	23,535
Balance as at 30/11/08	\$13,500	\$38,871	\$52,371
Total comprehensive income for the year	-	26,528	26,528
Balance as at 30/11/09	\$13,500	\$65,399	\$78,899

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

SGCHINESE GROUP PTE. LTD.

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CASH FLOW STATEMENT

For the year ended 30 November 2009

	<u>2009</u>	<u>2008</u>
	\$	\$
Cash flow from operating activities		
Profit before taxation	29,402	23,535
Amount due from a director	(60,952)	8,762
Amount due from related company-non trade	(6,000)	(38,072)
Trade and other payables	31,780	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	6,230	(5,775)
Cash and cash equivalent at beginning of year	229	6,004
Cash and cash equivalent at end of year	<hr/>	<hr/>
	6,459	229
	<hr/>	<hr/>
 Represented by :-		
Cash at bank	<hr/>	<hr/>
	\$6,459	\$229

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

SGCHINESE GROUP PTE. LTD.

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NOTES TO THE FINANCIAL STATEMENTS – 30 NOVEMBER 2009

These notes form an integral part of the financial statements.

1. GENERAL

The company (Company Registration Number: 200609396K) is incorporated as a limited liability company and domiciled in the Republic of Singapore with its registered office at 110 Middle Road, #07-02 Chiat Hong Building, Singapore 188968.

The principal activities of the company are those relating to web hosting services.

These financial statements were authorised for issue by the Board of Director on the date of the Statement by Director.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (FRS) including related interpretations (INT FRS).

In the current year, the company had adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for the current financial year. The adoption of these new / revised FRSs and INT FRSs have no material effect on the financial statements. It has also not resulted in changes to the company's accounting policies.

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

FRS 108	- Operating Segments
INT FRS 111	- FRS 102 – Group and Treasury Share Transactions
INT FRS 112	- Services Concession Arrangements
INT FRS 113	- Customer Loyalty Programmes
INT FRS 114	- FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments relating to capital disclosures of FRS1	

The director anticipate that the adoption of other FRSs, Interpretations and amendments, which were issued but not yet effective until future years will not have a material impact on the financial statements of the company, except as set out below:

The company has adopted FRS 107 Financial Instruments: Disclosures and Amendments to FRS 1 Presentation of Financial Statements – Capital Disclosures on 1 January 2008.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including minimum disclosures about credit risk, liquidity risk and market risk (including sensitivity analysis to market risk). It replaces the disclosure requirements in FRS 32: Financial Instruments: Disclosure and Presentation. The amendment to FRS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

SGCHINESE GROUP PTE. LTD.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of Accounting (cont'd)

The company has assessed the impact of FRS 107 and the amendments to FRS 1 and concluded that the main additional disclosures will be the credit risks disclosures and sensitivity analysis to market risk required by FRS 107, as well as the capital disclosures required by the amendment to FRS 1.

(b) Functional Currency and Presentation Currency

The functional currency of the company is the Singapore dollar, which is also its presentation currency. The director is of the opinion that the Singapore dollar reflects the economic substance of the underlying events and circumstances relevant to the company.

(c) Foreign Currency Transactions

Transactions in foreign currencies are translated at foreign exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Singapore dollars at foreign exchange rate ruling at that date. Foreign exchange differences arising from the translation are recognised in the income statement. Non-monetary assets and liabilities measured at cost in a foreign currency are translated using exchange rates at the date of the transaction. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Singapore dollars at foreign exchange rates ruling at the dates the fair value was determined.

(d) Employees Benefits

i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the company pays fixed contributions into state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

The company's contribution to defined contribution plans is recognised in the income statement in the financial year to which they relate.

ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for unconsumed leave as a result of services rendered by employees up to the balance sheet date.

(e) Financial Instruments

Financial instruments are recognised on the company's balance sheet when the company becomes a party to the contractual provisions.

SGCHINESE GROUP PTE. LTD.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments (cont'd)

i) Trade and Other Receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the present value of estimated future cash flows discounted at the effective rate computed at initial recognition.

For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables are discounted to determine the fair value.

ii) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, bank overdrafts and other short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts if any, which are repayable on demand and which form an integral part of the company's cash management.

iii) Financial Liabilities and Equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in the respective items where applicable.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

iv) Trade and Other Payables

Trade payables and other payables, whether or not it is billed to the company, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

For payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other payables are discounted to determine the fair value.

v) Impairment of Financial Assets

The company assesses at each balance sheet date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

SGCHINESE GROUP PTE. LTD.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Financial Instruments (cont'd)

v) Impairment of Financial Assets (cont'd)

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent years.

vi) Derecognition of Financial Assets and Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired;
- The company retains the contractual rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- The company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option on the transferred asset, the extent of the company's continuing involvement is the amount of the transferred asset that the company may repurchase, except that in the case of a written put option on an asset measured at fair value, the extent of the company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

vi) Derecognition of Financial Assets and Liabilities (cont'd)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(f) Taxation

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

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

(g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Service income is recognised in the year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

No critical accounting judgement were made by management in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

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4. REVENUE

	<u>2009</u>	<u>2008</u>
Service income	\$133,930	\$99,670

5. EMPLOYEE BENEFITS

	<u>2009</u>	<u>2008</u>
Directors' remuneration of the company:		
- Director fee	\$30,000	\$10,000
Staff		
- Salaries and other related costs	\$Nil	\$Nil

Included in the above are the following key management personnel compensation costs:

	<u>2009</u>	<u>2008</u>
Short-term benefits	\$30,000	\$10,000

6. TAXATION

	<u>2009</u>	<u>2008</u>
(a) Current tax	\$2,874	\$Nil

(b) The charge for the year can be reconciled to the profit as per income statement as follows :

	<u>2009</u>	<u>2008</u>
	\$	\$
Profit before tax	29,402	23,535
Tax at the domestic rate of 17%(2008:18%)	4,998	4,236
Non-deductible expenses	1,599	503
Tax exemption	(3,723)	(4,739)
	<u>\$2,874</u>	<u>\$Nil</u>

(c) There were no unrecognised deferred tax assets and liabilities as at end of the year.

7. AMOUNT DUE BY A DIRECTOR

This is in respect of advances to a director and is unsecured, repayable on demand and interest has been charged at 6% (2008:6%) upon the year end balance.

8. AMOUNT DUE FROM RELATED COMPANY-NON TRADE

This is unsecured, interest free and repayable on demand.

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9. SHARE CAPITAL

	<u>2009</u>		<u>2008</u>	
	<u>No. of</u>		<u>\$ No. of</u>	
	<u>shares</u>	<u>\$</u>	<u>shares</u>	<u>\$</u>
Issued and fully-paid:				
Balance at beginning and end of the year				
(subscribers' shares)	13,500	13,500	13,500	13,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company's residual assets.

10. FINANCIAL RISKS AND MANAGEMENT

(a) Financial risk factors

The company is exposed to a variety of risks that includes credit risk, liquidity risk and interest rate risk arising in the normal course of the company's business activities.

The company does not have a written risk management policies and guidelines. The management continually monitors the company's financial risk management process and take such measures as considered necessary from time to time to minimise such financial risks as it deem necessary.

i) Foreign exchange risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

There were no foreign currency risk as all its transactions and financial assets and liabilities are in Singapore dollars.

ii) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer to settle its financial and contractual obligations as and when they fall due.

The company performs ongoing credit evaluation of the debtors' financial condition and appropriate allowance for estimated irrecoverable amounts are recognised in income statement when there is objective evidence that the asset is impaired. Its policy is to deal with customers with an appropriate credit history. The company's cash equivalents are placed with financial institutions licensed by the Monetary Authority of Singapore.

As at balance sheet date, there is no significant concentration of credit risk.

The maximum amount of credit risk exposure is therefore the carrying amount of each financial asset as stated in the balance sheet.

iii) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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10. FINANCIAL RISKS AND MANAGEMENT (cont'd)

iii) Liquidity risk (cont'd)

The company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

iv) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company's income and operating cash flows are substantially independent of changes in market interest rates, as apart from those disclosed in note 7, the company has no other interest bearing financial instruments.

(b) Estimating the fair values of financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

The annexed Income Statement does not form part of the financial statements.

SGCHINESE GROUP PTE. LTD.

(Incorporated in the Republic of Singapore)

INCOME STATEMENT

For the year ended 30 November 2009

	2009 \$	2008 \$
Revenue	133,930	99,670
Less: cost of revenue	(50,928)	(44,917)
Gross profit	83,002	54,753
Interest from director's loan	4,246	796
	87,248	55,549
Less: operating expenses		
Accounting and tax computation fees	1,300	1,000
Secretary fee	1,090	800
General expenses	181	332
Entertainment	2,465	15,777
Traveling expense	330	636
Transportation	8,624	2,464
Telecommunication	1,696	-
Office rental	12,000	-
Director fee	30,000	10,000
Postage	-	161
Stationery	-	144
Subscription	-	450
	57,686	31,764
Less: finance cost		
Bank charges	160	250
Total expenses	57,846	32,014
Profit before taxation	29,402	23,535
Taxation	2,874	-
Net Profit for the year	\$26,528	\$23,535