SINO HUA-AN INTERNATIONAL BERHAD
(Company No. 732227 - T)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(In Ringgit Malaysia)

Company No. 732227 - T

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)

FINANCIAL STATEMENTS

CONTENTS **PAGE**

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **SINO HUA-AN INTERNATIONAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2007.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiaries are disclosed in Note 13 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

SIGNIFICANT CORPORATE EVENTS

On March 26, 2007, the Company assumed the listing status of Antah Holdings Berhad ("Antah") on the Main Board of Bursa Malaysia Securities Berhad upon the completion of the restructuring scheme undertaken by Antah.

In conjunction with the restructuring scheme undertaken by Antah, the Company completed the following transactions during the financial year:

(a) Acquisition of PIPO Overseas Limited ("PIPO") and its subsidiary, Linyi Yehua Coking Co., Ltd. ("Yehua")

The acquisition of 50,000 ordinary shares of USD1.00 each in PIPO ("PIPO Shares") representing the entire issued and paid-up share capital of PIPO from Liu Guodong ("LGD"), Rise Business Inc. ("RBI"), Rock Point Alliance Pte Ltd ("RPA Subsidiary") and CIM VI Limited ("CIMVI") (collectively referred to as the "PIPO Vendors") for a purchase consideration of RM800,000,000 satisfied entirely by the issuance of 800,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share.

(b) Acquisition of Wisma Antah

The acquisition of approximately 61,312.50 square feet in floor area of a ten (10)-storey office building with three (3) basement car park level erected on a piece of freehold land held under Geran 49604, Lot No. 52981, District and Mukim of Kuala Lumpur, State of Wilayah Persekutuan, measuring 4,177 sq. m. in area ("the Land") which is known as "Wisma Antah" (the Building") which consist of the floor area in Level 1 to Level 9 of the Building and 119 car park bays situated in the basement of the Building ("the Property") from Antah for a purchase consideration of RM17,400,000 satisfied by the issuance of 17,400,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share.

The Property, which was held by Extra Charm Sdn Bhd, was subsequently disposed of during the current financial year via the disposal of Extra Charm Sdn Bhd as disclosed below.

(c) Scheme of Arrangement with Antah's Shareholders

The share exchange of the entire issued and paid-up share capital of Antah of 169,815,233 ordinary shares of RM0.50 each ("Antah Shares"), after the capital reductions and share consolidation undertaken by Antah, for 84,907,617 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share on the basis of one (1) new ordinary share of RM0.50 each for every two (2) Antah Shares held after the capital reductions and share consolidation undertaken by Antah.

(d) Scheme of Arrangement with Antah's Creditors

The issuance of 20,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to creditors of Antah ("the Scheme Creditors") as full and final settlement of the amounts owing to the Scheme Creditors (including liabilities that are actual and contingent) aggregating approximately RM419.2 million as of December 31, 2005.

(e) Public Issue

The public issue of 200,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share.

(f) Disposal of Antah

The disposal of the entire issued and paid-up share capital of Antah comprising 169,815,233 Antah Shares to Vital Meridian Sdn Bhd for a nominal cash consideration of RM1.00.

On November 16, 2007, the Company disposed of its entire equity interest in Extra Charm Sdn. Bhd. ("ECSB"), comprising 2 ordinary shares of RM1.00 each of the issued and paid up share capital of ECSB, to Work @ Clearwater Sdn. Bhd. (formerly known as Brilliant Objectives Sdn. Bhd.), for a cash consideration of RM18,000,000. The disposal resulted in a net loss of RM65,000 and net gain of RM600,000 for the Group and the Company, respectively.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	**The Company RM'000**
Profit before tax	151,282	27,019
Income tax expense	(24,425)	-
Profit for the year from continuing operations	126,857	27,019
Profit for the year from discontinued operations	665	-
Profit for the year	127,522	27,019

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the transactions as disclosed under significant corporate events above.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors proposed a final dividend of 4.55%, tax exempt, amounting to RM25,504,410 in respect of the current financial year. The proposed final dividend is subject to the shareholders' approval at the forthcoming annual general meeting and will be reflected in the financial statements for the next financial year upon approval from the shareholders.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

In conjunction with the listing of the entire issued and paid-share capital of the Company on the Main Board of Bursa Malaysia Securities Berhad and the restructuring scheme undertaken by Antah:

(a) the authorised share capital of the Company was increased from RM100,000 to RM1,000,000,000 by the creation of an additional 1,999,800,000 new ordinary shares of RM0.50 each pursuant to a shareholders' resolution dated February 14, 2007;

(b) the issued and paid-up share capital of the Company was increased from RM100 comprising 200 ordinary shares of RM0.50 each to RM561,153,909, comprising 1,122,307,817 ordinary shares of RM0.50 each as follows:

		Share capital RM'000	**Share premium RM'000**
(i)	Acquisition of PIPO and its subsidiary, Yehua	400,000	400,000
(ii)	Acquisition of Wisma Antah	8,700	8,700
(iii)	Scheme of Arrangement with Antah's Shareholders	10,000	10,000
(iv)	Scheme of Arrangement with Antah's Creditors	42,454	42,454
(v)	Public Issue	100,000	100,000
		561,154	561,154

The resulting premium has been credited to the share premium account.

The Company has not issued any debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance has been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y.A.M. Tunku Naquiyuddin Ibni Tunku Ja'afar (appointed on 21.3.2007)
Liu Guodong (appointed on 21.3.2007)
Zhu Qinghua (appointed on 21.3.2007)
Jaleeludeen Bin Abu Bakar (appointed on 21.3.2007)
Cedric Choo Sia Teik (appointed on 21.3.2007)
Zhang Tianran (appointed on 25.3.2007)
Y. Bhg. Dato' Mohd Shahar bin Abdul Hamid (appointed on 21.3.2007)
Abdul Kadir Bin Md. Kassim (appointed on 21.3.2007)
Lim See Tow (appointed on 18.01.2008)
Lee Liang Ping (appointed on 22.3.2007; resigned on 5.11.2007)
Chua Siew Chuan (resigned on 21.03.2007)
Tan Ai Ning (resigned on 21.03.2007)

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM0.50 each			
Shares in the Company	**Balance as of date of appointment**	**Bought**	**Sold**	**Balance as of 31.12.2007**
Direct interest				
Y.A.M. Tunku Naquiyuddin Ibni Tunku Ja'afar	4,652,700	9,300,000	-	13,952,700
Liu Guodong	178,000,057	-	-	178,000,057

	Number of ordinary shares of RM0.50 each			
Shares in the Company	**Balance as of date of appointment**	**Bought**	**Sold**	**Balance as of 31.12.2007**
Indirect interest				
Y.A.M. Tunku Naquiyuddin Ibni Tunku Ja'afar [1]	305,753,459	-	-	305,753,459
Zhu Qinghua [2]	102,000,038	-	-	102,000,038

Notes:

1 Deemed interested by virtue of his interest in Rock Point Alliance Sdn Bhd, Syarikat Pesaka Antah Sdn Bhd and Syarikat Pesaka Radin Sdn Bhd and deemed interested by virtue of his family relationship with the relevant persons

2 Deemed interested by virtue of his direct interest of over 15% equity in Rise Business Inc., a company incorporated in the BVI

By virtue of the above directors' interest in shares of the Company, they are deemed to have an interest in the shares of the subsidiaries to the extent the directors have their interest.

Other than as disclosed, the directors do not have any other interest in the shares of the Company or of its related companies during and at the end of financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements or being fixed salary of full-time employees of the Company) 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 except for any benefit which may be deemed to have arisen by virtue of the transaction with a related party as disclosed in Note 17 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Signed in accordance
with a resolution of the Directors,

Y.A.M. TUNKU NAQUIYUDDIN
IBNI TUANKU JA'AFAR

LIU GUODONG

Kuala Lumpur,
April 28, 2008

Deloitte.

Deloitte & Touche (AF 0834)
Chartered Accountants
Level 19, Uptown 1
1 Jalan SS 21/58, Damansara Uptown
47400 Petaling Jaya, Malaysia

P. O. Box 10093, 50704 Kuala Lumpur, Malaysia

Tel : +603 77236500, 77261833
Fax: +603 77263986, 77268986
myaaa@deloitte.com
www.deloitte.com/my

REPORT OF THE AUDITORS TO THE MEMBERS OF

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2007 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These 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 the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:

    (i) the state of affairs of the Group and of the Company as of December 31, 2007 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and

    (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and

(Forward)

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 13 to the Financial Statements, being the financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements, and we have received satisfactory information and explanations as required by us for these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

The financial statements of the Group for the preceding financial year reflect those of PIPO Overseas Limited and its subsidiary in accordance with the accounting treatment under FRS 3, Business Combination for a reverse acquisition transaction. The financial statements of the Group for the preceding financial year, which are denominated in Hong Kong dollars, were audited by another firm of auditors and are presented, after translating into Ringgit Malaysia, for comparative purposes only. The report issued by the said auditors, which was dated on April 16, 2007, was not subject to any qualification.

Deloitte & Touche

DELOITTE & TOUCHE
AF 0834
Chartered Accountants

OOI THIAM POH
2495/01/10 (J)
Partner

April 28, 2008

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(With comparative figures of the Company for the financial period May 3, 2006 to December 31, 2006)

		The Group		The Company	
		2007	2006	2007	2006
		(12 months)	(12 months)	(12 months)	(7 months)
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	7	851,407	730,654	43,888	-
Cost of sales		(672,096)	(598,169)	-	-
Gross profit		179,311	132,485	43,888	-
Other income		842	314	866	10
Administrative expenses		(12,242)	(6,083)	(1,361)	-
Other operating expenses:					
Corporate exercise expenses		(8,845)	-	(8,845)	-
Unrealised foreign exchange loss		-	-	(7,529)	-
Others		(5,665)	(7,125)	-	(10)
Interest expenses on short-term bank borrowings		(2,119)	(4,607)	-	-
Profit before tax	8	151,282	114,984	27,019	-
Income tax expense	9	(24,425)	-	-	-
Profit for the year from continuing operations		126,857	114,984	27,019	-
Discontinued operations					
Profit for the year from discontinued operations	13	665	-	-	-
Profit for the year		127,522	114,984	27,019	-

(Forward)

	Note	The Group		The Company	
		2007 (12 months) RM'000	2006 (12 months) RM'000	2007 (12 months) RM'000	2006 (7 months) RM'000
Attributable to:					
Equity holders of the Company		127,522	114,984		
Earnings per share:	10				
From continuing and discontinued operations:					
Basic and diluted (sen)		12.11	14.37		
From continuing operations:					
Basic and diluted (sen)		12.04	14.37		

The accompanying Notes form an integral part of the Financial Statements.

Company No. 732227 - T

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

BALANCE SHEETS
AS OF DECEMBER 31, 2007

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	428,423	220,471	17	-
Prepaid lease payments on leasehold land	12	31,030	10,203	-	-
Investment in subsidiaries	13	-	-	904,908	- *
Goodwill	14	107,114	2,351	-	-
Total Non-Current Assets		566,567	233,025	904,925	-
Current Assets					
Inventories	15	74,882	42,728	-	-
Trade receivables	16	39,762	24,216	-	-
Other receivables and prepaid expenses	16	24,735	42,626	-	-
Amount owing by related parties	17	25,441	15,976	-	-
Amount owing by a subsidiary	13	-	-	235,596	-
Fixed deposits with licensed bank		1,046	-	1,046	-
Cash and bank balances		31,035	9,687	755	- *
Total Current Assets		196,901	135,233	237,397	-
Total Assets		763,468	368,258	1,142,322	-

(Forward)

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Issued capital	18	561,154	177	561,154	- *
Reserves	19	(188,879)	33,305	553,891	-
Retained earnings		341,653	235,023	27,019	-
Total Equity		713,928	268,505	1,142,064	-
Current Liabilities					
Trade payables	20	28,344	23,664		-
Other payables and accrued expenses	20	9,299	2,730	31	-
Amount owing to related parties	17	721	1,200	-	-
Amount owing to a subsidiary	13	-	-	227	-
Short-term borrowings	21	-	67,858	-	-
Tax liabilities		11,176	4,301	-	-
Total Liabilities		49,540	99,753	258	-
Total Equity And Liabilities		763,468	368,258	1,142,322	-

* Represent the following amounts:

	RM
Investment in subsidiaries	4
Cash in hand	96
Issued capital	100

The accompanying Notes form an integral part of the Financial Statements.

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2007

		← Non-distributable			→	Distributable	
The Group	**Issued capital RM'000**	**Share premium RM'000**	**Reverse acquisition reserve RM'000**	**Foreign currency translation reserve RM'000**	**Foreign statutory reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**
Balance as of January 1, 2006	177	-	-	3,817	11,928	136,531	152,453
Net income/(expense) recognised directly in equity:							
Exchange differences arising from translation of foreign operations	-	-	-	1,068	-	-	1,068
Profit for the year	-	-	-	-	-	114,984	114,984
Total recognised income and expense	-	-	-	1,068	-	114,984	116,052
Transfer to foreign statutory reserves	-	-	-	-	16,492	(16,492)	-
Balance as of December 31, 2006	177	-	-	4,885	28,420	235,023	268,505

(Forward)

The Group	Issued capital RM'000	← Non-distributable Share premium RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserve RM'000	Foreign statutory reserves RM'000 →	Distributable Retained earnings RM'000	Total RM'000
Balance as of January 1, 2007	177	-	-	4,885	28,420	235,023	268,505
Net income/(expense) recognised directly in equity:							
Exchange differences arising from translation of foreign operations	-	-	-	2,856	-	-	2,856
Share issue expense	-	(7,263)	-	-	-	-	(7,263)
Profit for the year	-	-	-	-	-	127,522	127,522
Total recognised income and expense	-	(7,263)	-	2,856		127,522	123,115

(Forward)

The Group	Issued capital RM'000	Share premium RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserve RM'000	Foreign statutory reserves RM'000	Retained earnings RM'000	Total RM'000
	← Non-distributable				→	Distributable	
Issuance of shares (Note 19):							
Acquisition of PIPO and its subsidiary, Yehua	400,000	400,000	-	-	-	-	800,000
Scheme of Arrangement with Antah's Shareholders	42,454	42,454	-	-			84,908
Acquisition of Wisma Antah	8,700	8,700	-	-	-	-	17,400
Scheme of Arrangement with Antah's Creditors	10,000	10,000	-	-	-	-	20,000
Public issue	100,000	100,000	-	-	-	-	200,000
Arising from reverse acquisition	(177)	-	(799,823)	-	-	-	(800,000)
Transfer to foreign statutory reserves	-	-	-	-	20,892	(20,892)	-
Balance as of December 31, 2007	561,154	553,891	(799,823)	7,741	49,312	341,653	713,928

(Forward)

The Company	Issued capital RM'000	Non - distributable - Share premium RM'000	Distributable - Retained earnings RM'000	Total RM'000
Balance as of May 3, 2006 (date of incorporation)	-*	-	-	-*
Total recognised income and expense - Profit for the period	-	-	-	-
Balance as of December 31, 2006	-*	-	-	-*
Balance as of January 1, 2007	-*	-	-	-*
Net income/(expense) recognised directly in equity:				
Share issue expense	-	(7,263)	-	(7,263)
Profit for the year	-	-	27,019	27,019
Total recognised income and expense	-	(7,263)	27,019	19,756
Issuance of shares (Note 18):				
Acquisition of PIPO and its subsidiary, Yehua	400,000	400,000	-	800,000
Scheme of Arrangement with Antah's Shareholders	42,454	42,454	-	84,908
Acquisition of Wisma Antah	8,700	8,700	-	17,400
Scheme of Arrangement with Antah's Creditors	10,000	10,000	-	20,000
Public issue	100,000	100,000	-	200,000
Balance as of December 31, 2007	561,154	553,891	27,019	1,142,064

* Represent RM100.

The accompanying Notes form an integral part of the Financial Statements.

Company No. 732227 - T

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

CASH FLOW STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(With comparative figures of the Company for the financial period May 3, 2006 to December 31, 2006)

	The Group		The Company	
	2007 (12 months) RM'000	2006 (12 months) RM'000	2007 (12 months) RM'000	2006 (7 months) RM'000
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES				
Profit for the year	127,522	114,984	27,019	-
Adjustments for:				
Income tax expense recognised in income statements	24,425	-	-	-
Depreciation of property, plant and equipment	22,118	14,395	-	-
Finance costs	2,119	4,607	-	-
Amortisation of prepaid lease payments	746	371	-	-
(Gain)/Loss on disposal of subsidiary	65	-	(600)	-
Interest income	(817)	(290)	(266)	-
Dividend income	-	-	(43,888)	-
Unrealised loss on foreign exchange	-	-	7,529	-
Operating Profit/(Loss) Before Working Capital Changes	176,178	134,067	(10,206)	-
(Increase)/Decrease in:				
Inventories	(34,787)	(8,327)	-	-
Trade receivables	(17,285)	(8,490)	-	-
Other receivables and prepaid expenses	15,179	(35,986)	-	-
Amount owing by related parties	(10,449)	2,938	-	-
Amount owing by subsidiary	-	-	(199,237)	-

(Forward)

	The Group		The Company	
	2007 (12 months) RM'000	2006 (12 months) RM'000	2007 (12 months) RM'000	2006 (7 months) RM'000
Increase/(Decrease) in:				
Trade payables	6,216	(6,986)		-
Other payables and accrued expenses	6,564	(1,584)	31	-
Amount owing to related parties	209	(10,526)	-	-
Amount owing to a subsidiary	-	-	227	-
Cash Generated From/(Used In) Operations	141,825	65,106	(209,185)	-
Income tax paid	(17,285)	-	-	-
Net Cash From/(Used In) Operating Activities	124,540	65,106	(209,185)	-
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(225,734)	(63,837)	(17)	-
Payment for land lease	(20,756)	-	-	-
Interest received	817	290	266	-
Disposal of investment in subsidiary	17,149	-	18,000	-
Purchase of subsidiaries	-	-	-	- *
Net Cash From/(Used In)Investing Activities	(228,524)	(63,547)	18,249	-
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Proceeds from issuance of shares	200,000	-	200,000	-*
Shares issue expenses	(7,263)	-	(7,263)	-
Decrease in short-term borrowings	(63,583)	-	-	-
Finance costs paid	(2,119)	(4,607)	-	-
Net Cash From/(Used In) Financing Activities	127,035	(4,607)	192,737	-

	Note	The Group 2007 (12 months) RM'000	The Group 2006 (12 months) RM'000	The Company 2007 (12 months) RM'000	The Company 2006 (7 months) RM'000
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		23,051	(3,048)	1,801	-*
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9,593	11,670	-	-
Effect of exchange rate changes		(563)	971	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	22	32,081	9,593	1,801	-*

* Represent the following amounts:

	RM
Purchase of subsidiaries	4
Proceeds from issuance of shares	100
Net increase in cash and cash equivalent	96
Cash and cash equivalent at end of year	96

The accompanying Notes form an integral part of the Financial Statements.

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is principally involved in investment holding.

The principal activities of the subsidiaries are disclosed in Note 13.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The principal place of business of the Company is located at 2nd floor, Wisma Antah Changkat Semantan, Damansara Heights, 50490 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company were approved and authorised by the Board of Directors for issuance on April 28, 2008.

2. SIGNIFICANT CORPORATE EVENTS

On March 26, 2007, the Company assumed the listing status of Antah Holdings Berhad ("Antah") on the Main Board of Bursa Malaysia Securities Berhad upon the completion of the restructuring scheme undertaken by Antah.

In conjunction with the restructuring scheme undertaken by Antah, the Company completed the following transactions during the financial year:

(a) Acquisition of PIPO Overseas Limited ("PIPO") and its subsidiary, Linyi Yehua Coking Co., Ltd. ("Yehua")

The acquisition of 50,000 ordinary shares of USD1.00 each in PIPO ("PIPO Shares") representing the entire issued and paid-up share capital of PIPO from Liu Guodong ("LGD"), Rise Business Inc. ("RBI"), Rock Point Alliance Pte Ltd ("RPA Subsidiary") and CIM VI Limited ("CIMVI") (collectively referred to as the "PIPO Vendors") for a purchase consideration of RM800,000,000 satisfied entirely by the issuance of 800,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share.

(b) Acquisition of Wisma Antah

The acquisition of approximately 61,312.50 square feet in floor area of a ten (10)-storey office building with three (3) basement car park level erected on a piece of freehold land held under Geran 49604, Lot No. 52981, District and Mukim of Kuala Lumpur, State of Wilayah Persekutuan, measuring 4,177 sq. m. in area ("the Land") which is known as "Wisma Antah" (the Building") which consist of the floor area in Level 1 to Level 9 of the Building and 119 car park bays situated in the basement of the Building ("the Property") from Antah for a purchase consideration of RM17,400,000 satisfied by the issuance of 17,400,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share.

The Property, which was held by Extra Charm Sdn Bhd, was subsequently disposed of during the current financial year via the disposal of Extra Charm Sdn Bhd as disclosed below.

(c) Scheme of Arrangement with Antah's Shareholders

The share exchange of the entire issued and paid-up share capital of Antah of 169,815,233 ordinary shares of RM0.50 each ("Antah Shares"), after the capital reductions and share consolidation undertaken by Antah, for 84,907,617 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share on the basis of one (1) new ordinary share of RM0.50 each for every two (2) Antah Shares held after the capital reductions and share consolidation undertaken by Antah.

(d) Scheme of Arrangement with Antah's Creditors

The issuance of 20,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to creditors of Antah ("the Scheme Creditors") as full and final settlement of the amounts owing to the Scheme Creditors (including liabilities that are actual and contingent) aggregating approximately RM419.2 million as of December 31, 2005.

(e) Public Issue

The public issue of 200,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share.

(f) Disposal of Antah

The disposal of the entire issued and paid-up share capital of Antah comprising 169,815,233 Antah Shares to Vital Meridian Sdn Bhd for a nominal cash consideration of RM1.00.

On November 16, 2007, the Company disposed of its entire equity interest in Extra Charm Sdn. Bhd. ("ECSB"), comprising 2 ordinary shares of RM1.00 each of the issued and paid up share capital of ECSB, to Work @ Clearwater Sdn. Bhd. (formerly known as Brilliant Objectives Sdn. Bhd.), for a cash consideration of RM18,000,000. The disposal resulted in a net loss of RM65,000 and net gain of RM600,000 for the Group and the Company, respectively.

3. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board ("MASB") approved accounting standards in Malaysia.

(a) Reverse Acquisitions

As mentioned in Note 2 (a), the Company completed the acquisition of the entire equity interest in PIPO and its subsidiary ("PIPO Group") via the issuance of 800,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share on March 26, 2007.

Upon completion of the acquisition of PIPO, the Company became the legal holding company of PIPO. Due to the relative values of PIPO and the Company, the former shareholders of PIPO became the majority shareholders through the issuance of 800,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.00 per share in the Company, controlling about 88% of the issued and paid-share capital of the Company. Further, the Company's continuing operations and key executive management are those of PIPO. Accordingly, the substance of the business combination is that PIPO acquired the Company in a reverse acquisition.

FRS 3 requires that the consolidated financial statements are issued under the name of the legal holding company, though they are a continuation of the financial statements of the legal subsidiary. In order to comply with FRS 3, the following have been reflected in the consolidated financial statements:

(i) the assets and liabilities of the Company and PIPO Group have been recognised at their book values immediately prior to the reverse acquisition;

(ii) the pre-acquisition retained earnings recognised in the consolidated financial statements are those of PIPO Group;

(iii) the amount recognised as issued equity instruments in the consolidated financial statements is the sum of:

(a) the issued and paid-up share capital of PIPO immediately before the reserve acquisition; and

(b) the cost of achieving the combination;

(iv) the equity structure appearing in these consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the Company.

(v) the comparative information presented in these consolidated financial statements is that of PIPO Group.

(b) **Changes in Accounting Policies**

On January 1, 2007, the Group and the Company adopted all the new and revised Financial Reporting Standards ("FRS") and amendments to FRS issued by MASB that are relevant to their operations and effective for financial periods beginning on or after January 1, 2007 as follows:

FRS 117	Leases
FRS 124	Related Party Disclosures
Amendments to FRS 119_{2004}	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of these new and revised FRSs and amendments to FRS did not result in significant changes in the accounting policies of the Group and of the Company and has no significant financial effect on the financial statements of the Group and of the Company in the current and prior years.

(c) **Accounting Standards, Amendment to FRSs and IC Interpretations Issued But Not Yet Effective**

At the date of authorisation of the financial statements, the following new and revised FRSs, amendment to FRS and IC Interpretations were in issue but not yet effective until future periods:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance

(Forward)

FRS 126	Accounting and Reporting by Retirement Benefits Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration And Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2 - Share-based Payment

The above FRSs, amendment to FRS and IC Interpretations shall apply to annual periods beginning on or after July 1, 2007 except for the following renamed FRSs which have the same effective dates as their original Standards, i.e., annual periods beginning on or after January 1, 2003:

(i) FRS 119 Employee Benefits, which supersedes FRS 119_{2004} Employee Benefits and Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures;

(ii) FRS 126 Accounting and Reporting by Retirement Benefit Plans, which supersedes FRS 126_{2004} Accounting and Reporting by Retirement Benefit Plans; and

(iii) FRS 129 Financial Reporting in Hyperinflationary Economies, which supersedes FRS 129_{2004} Financial Reporting in Hyperinflationary Economies.

The effective adoption date in respect of FRS 139: Financial Instruments: Recognition and Measurement is yet to be determined by MASB. This new standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company will apply this standard when it becomes effective.

The directors anticipate that the adoption of these new and revised FRSs, amendment to FRS and IC Interpretations in future periods will have no material financial effect on the financial statements of the Group and of the Company for the financial year ending December 31, 2008.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group made up to the end of the financial year. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly through subsidiaries, more than half of the voting power of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Business Combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 5, Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statements.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of sales tax, trade discounts and allowances and after eliminating sales within the Group.

The Group and the Company recognise revenue when the amount of the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group and to the Company, upon satisfying the conditions of the Group's and of the Company's activities as set out below:

(i) Sale of Goods

Revenue from sales of goods are recognised upon delivery of products and when the risks and rewards of ownership have passed to the customers.

(ii) Interest Income

Interest income is recognised on an accrual basis.

(iii) Dividend Income

Dividend income is recognised when the shareholder's right to receive payment is established.

Foreign Currency Conversion

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are translated to Ringgit Malaysia ("RM"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Ringgit Malaysia using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation adjustment account. Such translation differences are recognised in income statements in the year in which the foreign operation is disposed of.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statements for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statements for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Employee Benefits

Wages, salaries, paid annual leaves, bonuses and non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group and of the Company. Sick leaves are recognised when the absences occur.

The Group and the Company make statutory contributions to approved provident funds and contributions are charged to the income statements. Once the contributions have been paid, there are no further payment obligations. The approved provident funds are defined contribution plans.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet "liability" method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets, if any, is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the income statements, except when they relate to items credited or debited from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Impairment of Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets excluding goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statements, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group or to the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to income statements in the period in which they are incurred.

Construction work-in-progress is not depreciated until they have been completed and ready for commercial operation. Depreciation of other property, plant and equipment is computed on a straight line basis to write off the cost or valuation over their estimated useful lives. The principal annual rates are as follows:

Building	5%
Plant and machinery	10%-20%
Office furniture and equipment	20%
Motor vehicles	20%

Where significant parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each balance sheet date, the property, plant and equipment's residual values, useful lives and depreciation methods are reviewed, and the effect of any changes are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

Prepaid Lease Payments

Lease of land with title not expected to pass to the lessee by the end of the lease term is treated as operating lease as land normally has an indefinite economic life. The up-front payments made on entering into a lease or acquiring a leasehold land that is accounted for as an operating lease represents prepaid lease payments and are amortised on a straight-line basis over the remaining terms of the relevant lease.

Investments

Investment in unquoted shares of subsidiaries, which is eliminated on consolidation, is stated in the Company's financial statements at cost less any impairment losses.

Goodwill

Goodwill arising from the acquisition of a subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units which are business units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Inventories

Inventories comprising raw material, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course business, less the cost of completion and selling expenses.

The cost of raw material comprises the original cost of purchase plus the incidental cost incurred in bringing the raw material to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw material, direct labour and an appropriate allocation of manufacturing overheads.

Cost is determined on a weighted average basis and includes cost of direct materials, direct labours, direct charges, fixed and variable production overheads. Net realisable value is the estimate of the selling price in the ordinary course business, less the cost of completion and selling expenses.

In arriving at the net realisable value, due allowance is made for slow-moving and obsolete items.

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

At each balance sheet date, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to a known amount of cash with insignificant risk of changes in value.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(a) Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 4 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements and consolidated financial statements except for the following:

(i) Allowance for inventories

The policy for allowance for slow-moving and obsolete inventories is based on the review of inventories on a product-by-product and on an aging basis. A considerable amount of judgement is required in assessing the ultimate realisation of these inventories.

(ii) Allowance for doubtful debts

The policy for allowance for doubtful debts of the Group is based on the evaluation of collectibility and aged analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual lives of the property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down obsolete and non-strategic assets that have been abandoned or sold.

(ii) Estimated Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was RM107,114,000 (2006: RM2,351,000).

6. SEGMENT REPORTING

No segment information is presented in respect of the Group's business and geographical segments as the Group is principally engaged in one business segment which is the manufacturing and sales of metallurgical coke and other related by-products and operates predominantly in the People's Republic of China.

However, as mentioned in Note 2, in conjunction with the restructuring scheme undertaken by Antah, the Company completed the acquisition of Wisma Antah, which was subsequently disposed of during the current financial year via the disposal of Extra Charm Sdn. Bhd.

The effects of the disposal on the financial results and position of the Group are disclosed in Note 13 (ii).

7. REVENUE

	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
Continuing operations:				
Sales of goods:				
Metallurgical coke	640,892	577,985	-	-
By-products	210,515	152,669	-	-
Dividend receivable from subsidiary	-	-	43,888	-
	851,407	730,654	43,888	-
Discontinued operation:				
Rental income	1,326	-	-	-
	852,733	730,654	43,888	-

8. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after crediting/(charging) the following:

	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
Changes in inventories of work-in-progress and finished goods	960	(3,776)	-	-
Interest income	817	290	266	-
Purchase of finished goods	(628,953)	(550,126)	-	-
Cost of inventories sold	(628,166)	(555,171)	-	-
Depreciation of property, plant and equipment	(22,118)	(14,395)	-	-
Staff costs:				
Salaries and other emoluments	(9,775)	(11,600)	(278)	-
Retirement benefits scheme contributions	(3,752)	(1,568)	(33)	-
Audit fee:				
Statutory	(1,077)	-	(85)	(1)
Others	(245)	-	-	-

(Forward)

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Amortisation of prepaid lease payments	(780)	(371)	-	-
Bad debts written off	(132)	(20)	-	-
Directors' remuneration:				
Fee:				
Company	(68)	-	(68)	(5)
Salary and other emoluments:				
Company	(639)	-	(639)	-
Subsidiaries	(546)	(171)	-	-
Rental of premises	(108)	(115)	-	-
Gain/(Loss) on disposal of investment in subsidiary	(65)	-	600	-
Unrealised loss on foreign exchange	-	-	7,529	-
Waiver of debts by a third party	-	-	-	10

9. **INCOME TAX EXPENSE**

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Estimated current tax payable - foreign	24,425	-	-	-

A foreign subsidiary registered in the People's Republic of China ("PRC") is entitled to exemption from PRC income tax for the two years commencing from its profit making year of operation which commenced in 2005 and thereafter, the said subsidiary is entitled to a 50% relief from PRC income tax for the following three years.

A reconciliation of income tax expense at the applicable statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	151,947	114,984	27,019	-
Tax at applicable Malaysian statutory income tax rate of 27% (2006 : 28%)	41,026	32,196	7,295	-
Effect of different tax rate of foreign subsidiaries	9,061	5,749	-	-
Effect of difference tax rate of 25% used in calculation of deferred tax	(540)	-	(540)	-
Effect of tax exemption granted	(28,381)	(38,256)	-	-
Tax effects of:				
Expenses not deductible for tax purposes	3,200	314	2,244	-
Income not taxable	(182)	(3)	(11,122)	-
Deferred tax assets not recognised	241	-	2,123	-
	24,425	-	-	-

As mentioned in Note 4, the tax effects of deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. As of December 31, 2007, the estimated amount of net deferred tax assets, calculated at the current tax rate which has not been recognised in the financial statements of the Group due to uncertainty of its realisation, is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Tax effects of:				
Temporary differences arising from amount owing by subsidiary company	-	-	1882	-
Unutilised tax losses	241	-	241	-
Profit/(Loss) before tax	241	-	2,123	-

The unused tax losses are subject to the agreement of the tax authorities.

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of shares in issue during the financial year.

	The Group	
	2007	**2006**
	RM'000	**RM'000**
Profit from continuing operations	126,857	114,984
Profit from discontinued operations	665	-
Profit for the year attributable to equity holders of the Company	127,522	114,984

	The Group	
	2007	**2006**
	'000	**'000**
Number of shares in issue as of January 1*	800,000	800,000
Effects of:		
Acquisition of Wisma Antah	13,682	-
Scheme of Arrangement with Antah's Shareholders	66,763	-
Scheme of Arrangement with Antah's Creditors	15,726	-
Public Issue	157,260	-
Weighted average number of shares of RM0.50 each	1,053,431	800,000
Basic earnings per share attributable to equity holders of the Company (sen):		
Profit from continuing operations	12.04	14.37
Profit from discontinued operations	0.07	-
Profit for the year	12.11	14.37

* The number of shares in issued for the Group in 2006 is calculated based on the number of ordinary shares issued by the legal parent to the owners of the legal subsidiary in the reverse acquisition in accordance with FRS 3, Business Combination.

Diluted

The basic and diluted earnings per share are equal as the Company has no dilutive potential ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Building RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At January 1, 2006	46,721	133,529	316	219	-	180,785
Additions	15	14,218	4	-	49,600	63,837
Reclassifications	13,154	-	-	-	(13,154)	-
Foreign currency exchange differences	1,020	2,917	7	5	-	3,949
At December 31, 2006/ January 1, 2007	60,910	150,664	327	224	36,446	248,571
Additions	-	9,110	18	-	216,606	225,734
Reclassifications	69,412	24,632	-	-	(94,044)	-
Foreign currency exchange differences	524	1,059	(3)	2	2,974	4,556
At December 31, 2007	130,846	185,465	342	226	161,982	478,861

(Forward)

The Group	Building RM'000	Plant and machinery RM'000	Office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation						
At January 1, 2006	2,540	11,025	67	48	-	13,680
Charge for the year	2,718	11,556	71	50	-	14,395
Foreign currency exchange differences	4	21	-	-	-	25
At December 31, 2006/ January 1, 2007	5,262	22,602	138	98	-	28,100
Charge for the year	7,617	14,382	70	49	-	22,118
Foreign currency exchange differences	48	172	-	-	-	220
At December 31, 2007	12,927	37,156	208	147	-	50,438
Net Book Value						
At December 31, 2007	117,919	148,309	134	79	161,982	428,423
At December 31, 2006	55,648	128,062	189	126	36,446	220,471

(Forward)

The Company	**Office Equipment**	
	2007	**2006**
	RM'000	**RM'000**
Cost		
Balance as of January 1, 2007/ January 1, 2006	-	-
Addition	17	-
Balance as of December 31, 2007/ December 31, 2006	17	-
Accumulated Depreciation		
Balance as of January 1, 2007/ January 1, 2006	-	-
Charge for the year	-	-
Balance as of December 31, 2007/ December 31, 2006	-	-
Net Book Value		
Balance as of December 31, 2007/ December 31, 2006	17	-

12. **PREPAID LEASE PAYMENTS**

	The Group	
	2007	**2006**
	RM'000	**RM'000**
Cost:		
At beginning of year	10,567	10,179
Additions	20,756	-
Foreign currency translation differences	820	388
At end of year	32,143	10,567
Cumulative amortisation:		
At beginning of year	(364)	-
Amortisation for the year	(746)	(371)
Foreign currency translation differences	(3)	7
At end of year	(1,113)	(364)
Net:		
At end of year	31,030	10,203

Prepaid lease payments of the Group represent two land use rights granted by the government of the People's Republic of China ("PRC") to a subsidiary for industrial usage. One of the land use right is for a term of 30 years commencing from December 4, 2006 to December 4, 2034 and another for a term of 50 years commencing from February 12, 2007 to February 12, 2057, respectively.

13. INVESTMENT IN SUBSIDIARIES

	The Company	
	2006	2005
	RM'000	RM'000
Unquoted shares - At cost	904,908	-

Amount owing by/(to) subsidiary, which arose mainly from dividend receivable, unsecured advances and payments made on behalf, is unsecured, interest-free and has no fixed terms of repayment.

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Percentage of Ownership 2007 %	2006 %	Principal Activities
Direct subsidiaries				
Fancy Celebrations Sdn. Bhd.	Malaysia	100	100	Dormant
PIPO Overseas Limited*	British Virgin Islands	100	-	Investment holding
Extra Charm Sdn. Bhd.	Malaysia	-	100	Investment property holding
Indirect subsidiary				
Linyi Yehua Coking Co, Ltd*	People's Republic of China	100	-	Manufacturing and sales of metallurgical coke and other related by-products

* The financial statements of these subsidiaries for the financial year ended December 31, 2007 are examined by a member firm of Deloitte & Touche for the purpose of the audit of the Group's consolidated financial statements while the financial statements of these subsidiaries for the previous financial year ended December 31, 2006 were examined by another firm of auditors.

(i) Acquisition of Subsidiaries in 2007

As mentioned in Note 2, in conjunction with the restructuring scheme undertaken by Antah, the Company completed the acquisition of 50,000 PIPO Shares representing the entire issued and paid-up share capital of PIPO for a purchase consideration of RM800,000,000 satisfied entirely by the issuance of 800,000,000 new ordinary shares of RM0.50 each in the Company at an issue price of RM1.00 per share.

As mentioned in Note 3, the substance of the business combination between the Company and PIPO is that PIPO acquired the Company in a reverse acquisition. The cost of this business combination is determined in accordance with FRS 3, Business Combination, on the basis of the fair value of the Company as of March 26, 2007 and the number of shares that PIPO would have had to issue to the shareholders of the Company to provide the same percentage of the combined entity. As the shareholders of PIPO held an interest in the combined entity of approximately 100%, PIPO would not have issued any share to the shareholders of the Company. Thus, the cost of the business combination is RMNil.

The fair value of the Company at the date of acquisition was a net assets of RM100 and as such, the acquisition does not have any material effect on the financial position and results and cash flows of the Group for the current financial year.

(ii) Disposal of Subsidiaries in 2007

Also, as mentioned in Note 2 and in conjunction with the restructuring scheme undertaken by Antah, the Company completed the disposal of the entire issued and paid-up share capital of Antah comprising 169,815,233 Antah Shares to Vital Meridian Sdn Bhd for a nominal cash consideration of RM1.

On November 16, 2007, the Company also disposed of its entire equity interest in Extra Charm Sdn. Bhd. ("ECSB"), comprising 2 ordinary shares of RM1 each of the issued and paid up share capital of ECSB, to Work @ Clearwater Sdn. Bhd. (formerly known as Brilliant Objectives Sdn. Bhd.), for a cash consideration of RM18,000,000.

The effect of the disposals on the financial results of the Group is as follows:

	The Group 2007 RM'000
Revenue	1,326
Cost of sales	-
Gross profit	1,326
Administrative expenses	(415)
Other operating expenses	(246)
Profit before tax	665
Income tax expense	-
Profit for the year	665

The effect of the disposals on the financial position of the Group is as follows:

	The Group 2007 RM'000
Book value of net assets disposed of:	
Investment property	17,400
Trade receivables	247
Other receivables and prepaid expenses	86
Cash and bank balances	851
Trade payables	(78)
Other payables and accrued expenses	(441)
Net assets disposed off	18,065
Total disposal cash proceeds	(18,000)
Loss on disposal of subsidiaries to the Group	(65)
Cash inflow arising from disposal	
Cash consideration, representing cash inflow of the Company	18,000
Cash and bank balances of subsidiary disposed of	(851)
Net cash inflow of the Group	17,149

The effect on the financial results of the Company is as follows:

	The Group 2007 RM'000
Disposal consideration	18,000
Less:	
Cost of investment in subsidiaries	-*
Amount owing by subsidiaries written off	(17,400)
Gain on disposal of subsidiaries to the Company	600

* Represents RM2.

14. GOODWILL

	The Group 2007 RM'000	The Group 2006 RM'000
At beginning of year	2,351	2,535
Arising from acquisition of subsidiary	104,908	-
Foreign currency translation differences	(145)	(184)
At end of year	107,114	2,351

Goodwill of the Group arose from the following:

	The Group 2007 RM'000	The Group 2006 RM'000
Acquisition of assets and liabilities, together with the business operation of a related party	2,206	2,351
Reverse acquisition of PIPO and its subsidiary, Yehua	104,908	-
At end of year	107,114	2,351

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. The Group has only one business segment which is the manufacturing and sales of metallurgical coke and other related by-products.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amount of the CGU is determined from value-in-use calculation. The key assumptions for the value-in-use calculation are those regarding the discount rate, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates and changes in selling prices and direct costs are based on expectations of future changes in the market.

15. INVENTORIES

	The Group	
	2007	2006
	RM'000	RM'000
Raw materials	70,438	39,244
Work-in-progress	1,769	1,218
Finished goods	2,675	2,266
	74,882	42,728

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES

	The Group	
	2007	2006
	RM'000	RM'000
Trade receivables	40,097	24,439
Less: Allowance for doubtful debts	(335)	(223)
	39,762	24,216

Trade receivables comprise amounts receivable from the sales of goods. The credit period granted by the Group to its trade customers on these transactions ranges from 0 day to 45 days (2006: 0 days to 45 days).

Other receivables and prepaid expenses comprise:

	The Group	
	2007	2006
	RM'000	RM'000
Other receivables	22	2,961
Bill receivables	2,728	20,449
Trade deposits	21,985	19,216
	24,735	42,626

Trade deposits represents deposits paid to suppliers for raw material purchased at the balance sheet date.

The currency exposure profile of trade and other receivables is Chinese Renminbi.

17. RELATED PARTY TRANSACTIONS

	The Group	
	2007	2006
	RM'000	RM'000
(i) Amount owing by related parties		
Linyi Jiangxin Steel Co., Ltd.	22,020	13,625
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	3,154	1,240
Shandong Jiangquan Industrial Co., Ltd. - Jiangxing Construction Use Ceramic Factory	267	1,111
	25,441	15,976
(ii) Amount owing to related parties		
Huasheng Jiangquan Group Co., Ltd Railroad Transportation Co.,	721	545
Linyi City Huasheng Group Construction Co., Ltd	-	655
	721	1,200

Companies which are classified as related parties are those affiliated to companies controlled directly or indirectly by Huasheng Jiangquan Group Co., Ltd. ("Jiangquan"). The said companies are related to the Group and the Company by virtue of Mr Liu Guodong, a director of the Company, being the son-in-law of Mr Wang Ting Jiang, a director and shareholder of Jiangquan.

Amount owing by related parties, which arose mainly from trade transactions, is interest-free and has no fixed terms of repayment. The said amount is denominated in Chinese Renminbi.

Amount owing to related parties, which arose mainly from storage expenses, purchase of property, plant and equipment and amount payable for construction cost, is interest-free and has no fixed terms of repayment. The said amount is denominated in Chinese Renminbi.

Significant transactions with related parties during the financial year are as follows:

	The Group 2007 RM'000	2006 RM'000
Sales of goods to related parties:		
Linyi Jiangxin Steel Co., Ltd.	284,911	239,328
Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	44,618	31,609
Shandong Jiangquan Industrial Co., Ltd. - Jiangxing Construction Use Ceramic Factory	16,866	15,017
Shandong Jiangquan Industrial Co., Ltd. - Jiangfeng Ceramic Factory	-	1,744
Electricity expense paid to Shandong Huasheng Jiangquan Thermoelectricity Co., Ltd.	14,180	12,884
Construction cost paid to Linyi City Huasheng Group Construction Co., Ltd	27,696	39,022
Storage expense paid to Huasheng Jiangquan Group Co., Ltd Railroad Transportation Co.,	5,218	5,464

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are mutually agreed between the said related parties.

18. SHARE CAPITAL

	The Group and The Company 2007 RM'000	2006 RM'000
Authorised:		
Ordinary shares of RM0.50 each		
At beginning of year/date of incorporation	100	100
Created during the year	999,900	-
Balance at end of year/period	1,000,000	100
Issued and fully paid		
Ordinary shares of RM0.50 each		
At beginning of year/date of incorporation	-	-*
Issued during the year:		
Acquisition of PIPO and its subsidiary, Yehua	400,000	-
Acquisition of Wisma Antah	8,700	-
Scheme of Arrangement with Antah's Shareholders	10,000	-
Scheme of Arrangement with Antah's Creditors	42,454	-
Public Issue	100,000	-
Balance at end of year/period	561,154	-*

* Represents RM100.

In conjunction with the listing of the entire issued and paid-up share capital of the Company on the Main Board of Bursa Malaysia Securities Berhad and the restructuring scheme undertaken by Antah:

(a) the authorised share capital of the Company was increased from RM100,000 to RM1,000,000,000 by the creation of an additional 1,999,800,000 new ordinary shares of RM0.50 each pursuant to a shareholders' resolution dated February 14, 2007; and

(b) the issued and paid-up share capital of the Company was increased from RM100 comprising 200 ordinary shares of RM0.50 each to RM561,153,909, comprising 1,122,307,817 ordinary shares of RM0.50 each as follows:

		The Group and the Company RM'000
(i)	Acquisition of PIPO and its subsidiary, Yehua	400,000
(ii)	Acquisition of Wisma Antah	8,700
(iii)	Scheme of Arrangement with Antah's Shareholders	10,000
(iv)	Scheme of Arrangement with Antah's Creditors	42,454
(v)	Public Issue	100,000
		561,154

19. RESERVES

	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
Non-distributable:				
Share premium	553,891	-	553,891	-
Reverse acquisition reserve	(799,823)	-	-	-
Foreign currency translation reserve	7,741	4,885	-	-
Foreign statutory reserves	49,312	28,420	-	-
	(188,879)	33,305	553,891	-

Share premium

Share premium arose from the following, net of shares issue expenses of RM7,263,366:

		The Group and the Company RM'000
(i)	Acquisition of PIPO and its subsidiary, Yehua	400,000
(ii)	Acquisition of Wisma Antah	8,700
(iii)	Scheme of Arrangement with Antah's Shareholders	10,000
(iv)	Scheme of Arrangement with Antah's Creditors	42,454
(v)	Public Issue	100,000
		561,154
Less:	Shares issue expenses	(7,263)
		553,891

Reverse acquisition reserve

Reverse acquisition reserve arose from the reverse acquisition of the Company by PIPO during the financial year as follows:

	The Group 2007 RM'000	2006 RM
Paid-up share capital of the Company immediately before reverse acquisition	-*	-
Shares issued by the Company to acquire PIPO	800,000	-
Reversal of PIPO's paid-up share capital pursuant to reverse acquisition	(177)	-
Adjustment taken to reserve acquisition reserve	799,823	-

* Represents RM100.

Foreign currency translation reserve

Foreign currency translation differences arising from the translation of the financial statements of foreign subsidiaries are taken to the foreign currency translation reserve as described in the significant accounting policies.

Foreign statutory reserves

Foreign statutory reserves comprise following:

(i) Statutory common reserve funds

A foreign subsidiary in PRC is required each year to transfer 10% of the profit after tax as reported under PRC statutory financial statements to the statutory common reserve funds until the balance reaches 50% of the registered share capital of the said subsidiary. This reserve can be used to make up any loss incurred or to increase share capital. Except for the reduction of losses incurred, any other application should not result in this reserve balance falling below 25% of the registered capital.

(ii) Statutory public welfare funds

A foreign subsidiary is required each to transfer 5% of the profit after tax for each year to the statutory public welfare funds. This reserve is restricted to capital expenditure for employees' collective welfare facilities that are owned by the said foreign subsidiary. The statutory public welfare funds are not available for distribution to shareholders (except on liquidation). Once capital expenditure for staff welfare facilities has been made, an equivalent amount must be transferred from the statutory public welfare funds to the statutory common reserve funds.

In accordance with the notice issued by the Ministry of Finance of the PRC on the accounting issues relating to the implementation of the Company Law (Cai Qi [2006] No. 67), the said foreign subsidiary transferred the balance of the statutory public welfare funds as at December 31, 2005 to statutory common reserve funds. The balance as of December 31, 2007 and 2006 is RMNil.

20. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding from trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 90 days (2006: 30 to 90 days).

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Accrued expenses	3,503	1,682	31	-
Deposits received	5,796	1,048	-	-
	9,299	2,730	31	-

The currency exposure profile of trade payables is Chinese Renminbi.

21. SHORT-TERM BORROWINGS

	The Group	
	2007 RM'000	2006 RM'000
Bank overdraft	-	94
Bank loans	-	67,764
	-	67,858

The bank loans in 2006, which were denominated in Chinese Renminbi, were obtained from China Construction Bank, Linyi Luozhuang Branch for working capital, and bore interest at 0.558% per month. One of the bank loans amounting to RMB50 million (approximately RM22 million) was repaid on August 5, 2007 while the remaining amount of RMB100 million (approximately RM45 million) was repaid on March 31, 2007. The said loans were secured against a piece of land owned by Shandong Jiang Quan Real Estate Comprehensive Development Co. Ltd., a related party.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheets amounts:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits with licensed banks	1,046	-	1,046	-
Cash and bank balances	31,035	9,687	755	-*
	32,081	9,687	1,801	-*
Less: Bank overdraft	-	(94)	-	-
	32,081	9,593	1,801	-*

* Represents RM100.

Fixed deposits with licensed of the Group in 2007 banks earned interest at 3.1% per annum and have an average maturity period of 30 days.

The currency profile of cash and cash equivalents is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Chinese Renminbi	29,226	9,233	-	-
Ringgit Malaysia	1,801	-	1,801	-*
Hong Kong Dollar	1,045	-	-	-
United States Dollar	9	454	-	-
	32,081	9,687	1,801	-*

* Represents RM100.

23. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk. The Group has taken measures to minimise its exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

(i) **Foreign currency risk**

The Group's operations are primarily based in PRC where transactions are undertaken in Chinese Renminbi. In additions, the Group also undertakes certain transactions in United States Dollar and Hong Kong dollars and therefore is exposed to foreign currency risks. Exposures to foreign currencies risks are monitored on an on-going basis.

(ii) **Interest rate risk**

The Group was exposed to interest rate risk through the impact of rate changes on interest bearing short-term borrowings and fixed deposits with licensed bank. The short-term borrowings were repaid during the current financial year while interest rates on fixed deposits are disclosed in Note 22.

(iii) **Credit risk**

The Group is exposed to credit risk mainly from trade receivables. The Company extends credit to its customers based on careful evaluation of the customers' financial condition and credit history.

(iv) **Liquidity risk**

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

(v) **Cash flow risk**

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The principal financial assets of the Group are cash and bank balances, fixed deposits with licensed bank, trade and other receivables, and amount owing by related parties.

The principal financial assets of the Company also include amount owing by subsidiary.

The accounting policies applicable to the major financial instruments are as disclosed in Note 3.

Financial Liabilities

Debts and equity instruments are classified as liability or equity in accordance with the substance of the contractual arrangement.

Significant financial liabilities of the Group include trade and other payables, amount owing to related parties, amount owing to a former shareholder and bank overdraft, which are stated at their nominal values.

The principal financial liabilities of the Company also include amount owing to subsidiary.

Fair Values

The carrying amount of the financial assets and financial liabilities of the Group reported in the balance sheets approximate their fair values because of the immediate or short maturity term for these financial instruments.

24. LEASE COMMITMENTS

As of December 31, 2007, the Group has the following lease commitments in respect of rental of office premises:

	Future Minimum Lease Payments The Group	
	2007	2006
	RM'000	RM'000
Within one year	-	110

The operating lease payments represents rental payable by the Group for a office premises. The lease typically runs for an initial period of 2 years, with an option to renew the lease when all term are renegotiated.

25. CAPITAL COMMITMENTS

As of December 31, 2007, the Group has the following capital commitments:

	The Group	
	2007	2006
	RM'000	RM'000
Contracted but not provided:		
Property, plant and equipment	9,084	42,556

26. COMPARATIVE FIGURES

The financial statements of the Company for the previous financial period was drawn up from the period May 3, 2006 (date of incorporation) to December 31, 2006 or a period of 7 months.

Under the reverse acquisition method of accounting as mentioned in Note 3, the comparative figures in the Group's financial statements are presented to reflect those of PIPO Overseas Ltd. and its subsidiaries.

Company No. 732227 - T

SINO HUA-AN INTERNATIONAL BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

The directors of **SINO HUA-AN INTERNATIONAL BERHAD** state that, in their opinion, the accompanying balance sheets and the related statements of income, cash flows and changes in equity, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2007 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

Y.A.M. TUNKU NAQUIYUDDIN IBNI TUANKU JA'AFAR

LIU GUODONG

Kuala Lumpur
April 28, 2008

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **WONG KING CHUNG**, the officer primarily responsible for the financial management of **SINO HUA-AN INTERNATIONAL BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

WONG KING CHUNG

Subscribed and solemnly declared by the abovenamed **WONG KING CHUNG** at **PETALING JAYA** this 26th day of April, 2008.

Before me,

PESURUHJAYA SUMPAH
NO: B144
NAMA: S. SELVARAJAH
MALAYSIA

COMMISSIONER FOR OATHS

92M JALAN SS21/39
DAMANSARA UTAMA P.J.
TEL. 7728 2811
H/P: 013-369 4119