

File No.: 23/59071967

YPB LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

ONWARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

YPB LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

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YPB LIMITED DIRECTORS' REPORT

The directors of YPB Limited ("the Company") present their annual report to the shareholders together with the audited financial statements for the period from 1 April 2013 to 31 December 2013.

Principal activities

The principal activities of the Company were engaged in holding subsidiaries in People's Republic of China and supplying Chinese and foreign companies with anti-counterfeit solutions during the period. The principal activities of the subsidiaries are set out in note 7 of the financial statements.

Share capital

Details of share capital of the Company are set out in note 11 to the financial statements.

Results and dividends

The results of the Company for the period from 1 April 2013 to 31 December 2013 and the state of the Company's affairs as at that date are shown in the financial statements on pages 4 to 14.

Dividend

The directors did not recommend any payment of dividends for the period.

Directors

Directors who held office during the period and up to the date of this report were as follows:-

HOUSTON John Michael Naim

KINSMAN David Lester

Su Su

(Resigned on 31 December 2013)

(Appointed on 2 September 2013)

There is being no rotational retirement provision in the Company's Articles of Association, all the existing directors would continue in office for the following period.

Management contracts

The Company has not entered into any contract whereby the management and administration of the whole or any substantial part of the Company's business has been undertaken by a party other than the Company's directors or employees.

Directors' interest in contract

No contracts of significance to which the Company was a party and in which the directors had a material interest subsisted at the end of the period or at any time during the period.

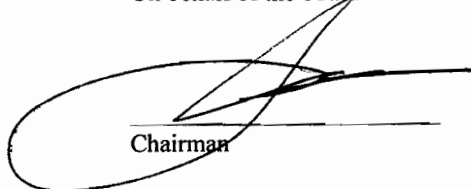
Auditors

The financial statements have been audited by Messrs. Onward & Company, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Other matters

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

On behalf of the board



Chairman

Date: 8 May 2014



ONWARD & Co.
CERTIFIED PUBLIC ACCOUNTANTS
安域會計師事務所

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
YPB LIMITED
(incorporated in Hong Kong with limited liability)**

Report on the financial statements

We have audited the financial statements of the Company set out on pages 4 to 13, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity, statement of cash flows for the period from 1 April 2013 to 31 December 2013 and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Hong Kong Financial Reporting Standard for Private Entities issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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



ONWARD & Co.
CERTIFIED PUBLIC ACCOUNTANTS
安域會計師事務所

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
YPB LIMITED
(incorporated in Hong Kong with limited liability)**

Basis for Qualified Opinion

The Company in having subsidiaries should present consolidated financial statements in which it consolidates their investment in subsidiaries in accordance with section 9 of the Hong Kong Financial Reporting Standard for Private Entities "Consolidated and separate financial statements". However, the consolidated financial statement was not prepared.

Otherwise, we are not able to ascertain the value of intangible assets at the beginning and end of the period. We were unable to satisfy ourselves by alternative means concerning the amounts held as at 31 December 2013 which stated in the statement of financial position at USD9,089,988. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded.

Qualified opinion

In our opinion, except for the effect on the financial statements of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of the Company affairs as at 31 December 2013 and of its profit and cash flows for the period then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Hong Kong Companies Ordinance.

ONWARD & COMPANY
Certified Public Accountants

Hong Kong
Date: 8 May 2014

YPB LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

	Notes	1.4.2013 to 31.12.2013 USD	17.10.2011 to 31.3.2013 USD
Revenue	2	-	-
Cost of sales		<u>-</u>	<u>-</u>
Gross profit		-	-
Other income	2	4	-
General and administrative expenses		<u>(855,380)</u>	<u>(699,339)</u>
Loss before taxation	3	(855,376)	(699,339)
Taxation	5	-	-
Loss for the period		<u><u>(855,376)</u></u>	<u><u>(699,339)</u></u>

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

YPB LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	2013 USD	2013 USD
Non-current assets			
Intangible assets	6	9,089,988	9,404,922
Investment in subsidiaries	7	644,861	644,861
		9,734,849	10,049,783
Current assets			
Amounts due from subsidiaries	7	1,203,446	561,166
Cash and cash equivalents	8	172,308	49,498
		1,375,754	610,664
Current liabilities			
Accruals		3,225	72,693
Amount received from share placement	9	750,000	-
		753,225	72,693
Net current assets		622,529	537,971
Non-current liabilities			
Unsecured loan		(2,020,000)	(1,395,000)
NET ASSETS		8,337,378	9,192,754
Equity			
Share capital			
Authorized,			
200,000,000 ordinary shares of US\$0.10c each			
Issued and fully paid:			
98,920,931 ordinary shares of US\$0.10c each	11	9,892,093	9,892,093
Accumulated losses		(1,554,715)	(699,339)
		8,337,378	9,192,754

Approved and authorized for issue by the Board of Directors on 8 May 2014.
On behalf of the board:


Director


Director

The accompanying accounting policies and explanatory notes form an integral part of, and should be read in conjunction with, these financial statements.

YPB LIMITED
STATEMENT OF CHANGE IN EQUITY
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

	Share Capital USD	Accumulated losses USD	Total USD
Balance at 17 October 2011	-	-	-
Allotment of new shares	9,892,093	-	9,892,093
Loss for the period	<u>-</u>	<u>(699,339)</u>	<u>(699,339)</u>
Balance at 31 March 2013	9,892,093	(699,339)	9,192,754
Loss for the period	<u>-</u>	<u>(855,376)</u>	<u>(855,376)</u>
Balance at 31 December 2013	<u><u>9,892,093</u></u>	<u><u>(1,554,715)</u></u>	<u><u>8,337,378</u></u>

YPB LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

	2013 USD	2013 USD
Cash flows from operating activities		
Loss for the period before taxation	(855,376)	(699,339)
Adjustment for non-cash income and expenses:		
Amortization	<u>374,211</u>	<u>494,996</u>
Changes in working capital	(481,165)	(204,343)
Increase in amount due to a director	750,000	-
Increase in accrued expenses	(69,468)	72,693
Increase in amount due from a subsidiary	<u>(642,280)</u>	<u>(561,166)</u>
Net cash used in operating activities	(442,913)	(692,816)
Cash flow from investing activities		
Unsecured loan	625,000	1,395,000
Fixed assets from intangible assets	(59,277)	(9,899,918)
Increase in investment	<u>-</u>	<u>(644,861)</u>
Net cash generated from/(used in) investing activities	565,723	(9,149,779)
Cash flow from financing activities		
Issue of shares	<u>-</u>	<u>9,892,093</u>
Net cash generated from financing activities	-	9,892,093
Net increase in cash and cash equivalents	122,810	49,498
Cash and cash equivalents at beginning of period	49,498	-
Cash and cash equivalents at end of period	<u><u>172,308</u></u>	<u><u>49,498</u></u>
Cash and cash equivalents comprise:		
Cash at bank	172,308	49,498
Cash on hand	<u>-</u>	<u>-</u>
Cash and bank balances	<u><u>172,308</u></u>	<u><u>49,498</u></u>

The accompanying notes form part of the financial statements.

YPB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

Reporting entity

YPB Limited is a company incorporated in Hong Kong with limited liability. The Company's registered office is located at Unit 505, 5/F., Bonham Trade Centre, 50 Bonham Strand, Sheung Wan, Hong Kong. The principal activities of the Company were engaged in holding subsidiaries in People's Republic of China and supplying Chinese and foreign companies with anti-counterfeit solutions during the period.

1. Principal accounting policies

(a) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards for Private Entities ("HKFRS for PE"), in preparing these financial statement in accordance with the HKFRS for PE, the Company had applied all the mandatory exceptions and certain of the optional exemptions from full retrospective application of the HKFRS for PE. There is no difference in the opening balance and no adjustments needed to reconcile the Company's equity of the transition from the HKFRS and HKFRS for Private Entities.

The Company's financial statements for the period from 1 April 2013 to 31 December 2013 have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities. ("HKFRS for PE") issued by the Hong Kong Institute of Certified Public Accountants, and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

Consolidated financial statements prepared only at the director's request, as the Company is currently hold an associate company as at the end of reporting period, and the Board noted that in some circumstance users can find sufficient information for their purpose regarding the associated company from either it's separate financial statements. In addition, the users of financial statement of an associated company often have, or can get access to, more information. Not to prepare the group's financial statements in the opinion that this would involve expenses or delay out of proportion to the value to members of the Company.

The Company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretation is expected to be in the year of initial application.

The estimates and underlying assumptions are reviewed on an ongoing 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 the future years.

(b) Investment in subsidiaries

A subsidiary is an enterprise that is controlled by the Company through the power to govern its financial and operating policies so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. Investment in a subsidiary is carried at cost less any impairment loss.

(c) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Company and when the revenue can be measured reliably.

i) Dividend income from investment is recognised when the shareholder's right to receive payment have been established.

ii) Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

YPB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

1. Principal accounting policies (continued)

(d) Cash equivalents

Cash equivalents are short-term, highly liquid-investments which are readily convertible into known accounts of cash without notice and which were within three months of maturity when acquired. For the purposes of the cash flow statement, cash equivalents would also include advances from banks repayable within three months from the date of the advance.

(e) Foreign currency transaction

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the financial currency"). The financial statements are prepared in US\$, which is the Company's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when detected in equity as qualifying cash flow hedges or qualifying net investment hedges.

Transaction differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Transaction difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(f) Income tax

Income tax expenses represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is not provided.

(g) Related parties

Two parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties also considered to be related if they are subject to common control or common significant influence.

(h) Borrowing cost

Borrowing costs are recognised as an expenses in the year in which they are incurred.

(i) Research and development costs

All research and development costs are recognised as an expenses unless they form part of the cost of another asset that meets the recognition criteria.

YPB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

1. Principal accounting policies (continued)

(j) Intangible assets

Intangible assets are purchased Intellectual property rights that is stated at recoverable amount after netting off amortisation and any accumulated impairment losses. It is amortised over its estimated life using the straight-line method. If there is an indication that there has been a significant change in the amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new expectations.

Intellectual property rights	5% per annual
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(k) Trade and other receivables

Trade and other receivables are stated at estimated realizable value after each debt has been considered individually. Where the payment of a debt become doubtful a provision is made and charged to the income statement.

(l) Financial Risk Management

The Company's major financial instruments include debtors and prepayments, deposits, creditors and accrued charges, bank and cash balances. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(I) Credit Risk

The Company's credit risks are primarily attributable to other receivable and bank balances.

The Company's bank balances are deposited with banks of high credit quality in Hong Kong and the Company has exposure limit to any single financial institution.

The Company has no significant concentration of credit risk, with exposure spread over a number of counter-parties and customers.

(II) Liquidity Risk

The Company ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

2. Revenue and other income

An analysis of the Company's revenue and other income are as follows:

	1.4.2013 to 31.12.2013 USD	17.10.2011 to 31.3.2013 USD
<u>Revenue</u>		
Sales	-	-
<u>Other income</u>		
Bank interest income	4	-

YPB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

3. Loss before tax	1.4.2013 to	17.10.2011 to
Loss before tax is arrived at:	31.12.2013	31.3.2013
	USD	USD

After charging / (crediting) the following items:

Auditors' remuneration	3,225	2,051
Amortization	<u>374,211</u>	<u>494,996</u>

4. Directors' remuneration

Directors' remuneration for the period disclosed pursuant to Section 161 of the Companies Ordinance were as follows :-

	1.4.2013 to	17.10.2011 to
	31.12.2013	31.3.2013
	USD	USD
Fees	-	32,500
Other emoluments	<u>-</u>	<u>-</u>
	<u>-</u>	<u>32,500</u>

5. Taxation

No Hong Kong profits tax has been provided in the financial statements as the operations of the Company during the period resulted in an adjusted losses

6. Intangible assets

	Intellectual property rights USD
At cost :	
At 1 April 2013	9,899,918
Additions	59,277
Disposal	<u>-</u>
At 31 December 2013	9,959,195
Depreciation :	
At 1 April 2013	494,996
Amortization for the period	374,211
Disposal written back	<u>-</u>
At 31 December 2013	869,207
Net book value :	
At 31 December 2013	<u>9,089,988</u>
At 31 March 2013	<u>9,464,199</u>

YPB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

7. Investment in a subsidiaries

	2013	2013
	USD	USD
Unlisted shares, at cost	644,861	644,861
Less: provision	-	-
Amounts due from subsidiaries	1,203,446	561,166
	<u>1,848,307</u>	<u>1,206,027</u>

Particulars of the subsidiaries are as follows:

<u>Name of the Company</u>	<u>Business structure</u>	<u>Principal place of operation and incorporation</u>	<u>Nature of business</u>	<u>Ownership interest and voting power</u>
YPB Technology (Beijing) Limited	Corporate	The People's Republic of China	Provision of operational and financial services to its intergroup companies	100%
Product ID & Quality Systems (Beijing) Limited	Corporate	The People's Republic of China	Provision of operational and financial services to its intergroup companies	100%

The amounts due from subsidiaries are unsecured, non-interest bearing and has no fixed repayment term.

8. Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows:

	2013	2013
	USD	USD
Bank balances	172,308	49,498
Cash on hand	-	-
	<u>172,308</u>	<u>49,498</u>

9. Amount received from share placement

The shares relating this amount were issued on 25 February 2014.

10. Intellectual property rights

The Company acquired intellectual property rights for technology development in the People's Republic of China from the ultimate holding company during the period.

YPB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

11. Share capital	2013	2013
	USD	USD
Authorized :		
200,000,000 ordinary shares of US\$0.10c each	<u>20,000,000</u>	<u>20,000,000</u>
Issued and fully paid:		
98,920,931 ordinary shares of US\$0.10c each	<u>9,892,093</u>	<u>9,892,093</u>

12. Approval of financial statements

These financial statements were authorized for issue by the Company's Board of Directors on 8 May 2014.

YPB LIMITED
DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013
(For management purpose only)

	<u>1.4.2013 to</u> <u>31.12.2013</u> <u>USD</u>	<u>17.10.2011 to</u> <u>31.3.2013</u> <u>USD</u>
Revenue		
Sales	-	-
Cost of sales		
Purchases	-	-
Gross profit	-	-
Other income		
Bank interest income	4	-
Less: General and administrative expenses		
Accounting fee	4,396	1,742
Accommodation	-	3,107
Amortization	374,211	494,996
Auditors' remuneration	3,225	2,051
Bank charges	959	917
Business registration fee	32	317
Computer expenses	-	6,754
Consulting and retainer fee	161,849	-
Design expenses	16,113	-
Directors' remuneration	-	32,500
Entertainment	26,526	2,342
Exchange difference	5,798	-
Legal and professional fee	160,211	52,046
Postage	-	355
Pre-incorporate expenses	-	952
Salaries	102,060	61,296
Staff messing	-	60
Sundry expenses	-	297
Telephone	-	88
Travelling	-	26,520
Write off	-	12,999
	855,380	699,339
Loss before taxation	(855,376)	(699,339)
Taxation	-	-
Loss for the period	(855,376)	(699,339)

YPB LIMITED
INDEX TO THE PROFITS TAX COMPUTATION
FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013
YEAR OF ASSESSMENT : 2013/2014

File No.: 23/59071967

CONTENTS

SCHEDULE

PROFITS TAX COMPUTATION

1

YPB LIMITED
PROFITS TAX COMPUTATION
YEAR OF ASSESSMENT : 2013/2014

File No.: 23/59071967

Sch. 1

Basis period : For the period from 1 April 2013 to 31 December 2013

HKD

Loss as per financial statement	(F/S)	Average rate HKD = 7.756905	(6,635,070)
Add: Amortization	(F/S)		2,902,719
Tax adjustment			3,732,351
Adjusted losses			<u><u>-</u></u>

No loss is claimed as no assessable income is earned.

Messrs. Onward & Company
Certified Public Accountants
Unit 701, 7/F, Tung Ning Building,
125-127 Connaught Road Central,
Hong Kong

Date : 8 May 2014

Dear Sirs,

Re: **YPB LIMITED**

Fixed Assets Certification

We hereby certify that we have examined the Schedule(s) of Fixed Assets of the Company appearing in the Balance Sheet as at 31 December 2013 at the cost value of USD9,959,195 and :

- (1) We are satisfied that the items scheduled included the entire Fixed Assets of the Company at that date.
- (2) We are also satisfied that the items scheduled existed and were under the Company control at year-end date and were free from encumbrances except if any as noted in the Notes to Financial Statements, and had not been rented incapable serving the purposes for which they were acquired because of obsolescence or for any other reason.
- (3) We further certify that payment for the cost of all items on the Schedule(s) has been made or provided for in the accounts of the Company at the year end date.
- (4) In our opinion, the rates of depreciation applied to the individual items are adequate.

Yours faithfully,

For and on behalf of
YPB LIMITED



Director

Onward & Company
Certified Public Accountants

安域會計師事務所

CONFIRMATION FOR AUDIT PURPOSES

THIS IS NOT A REQUEST FOR PAYMENT

「

中質宏信科技(北京)有限公司

Corporate

8 May 2014

」

Dear Sirs,

YPB LIMITED

In the course of our regular examination of the accounts of the above Company, we find that the balance on your account is as stated below.

If the balance shown hereunder at the date mentioned is correct, please confirm by signing at below where indicated and returning this letter to us.

We appreciate that the account may have been paid or settled since the date mentioned but confirmation of the balance is still required and no reference to payment need be made.

If the balance is not correct, we should be obliged if you would write direct to us giving details of the difference.

Yours truly

Balance as at : 31-Dec-13		Balance Confirmed:-
結帳日期		數額證明無訛
Particulars 明細	Due from you 貴號欠	Due to you 欠貴號
Current Account	USD660,383	USD NIL
	(Unsecured, interest free and repayable on demand)	(please sign here with Company chop 蓋 章簽字)

此信乃作對數用而非請付款

逕啟者_____

據查帳結果 貴號與上列帳戶之來往帳目如上。

如在上述之結帳日期 貴號之記錄與上述之數額相同，請簽署於本函右方已印明“數額證明無訛”之處並將原寄函件

若此帳目在上述日期之後已找清，仍請簽署以證明在此結帳日期，兩方之數額相符，如有不符之處，請通知本會計師事務所詳述各點為盼。

安域會計師事務所

Onward & Company
Certified Public Accountants

安域會計師事務所

CONFIRMATION FOR AUDIT PURPOSES

THIS IS NOT A REQUEST FOR PAYMENT

「

優品保技術(北京)有限公司

Corporate

8 May 2014

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Dear Sirs,

YPB LIMITED

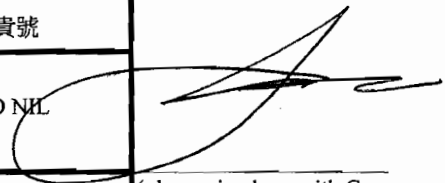
In the course of our regular examination of the accounts of the above Company, we find that the balance on your account is as stated below.

If the balance shown hereunder at the date mentioned is correct, please confirm by signing at below where indicated and returning this letter to us.

We appreciate that the account may have been paid or settled since the date mentioned but confirmation of the balance is still required and no reference to payment need be made.

If the balance is not correct, we should be obliged if you would write direct to us giving details of the difference.

Yours truly

Balance as at : 31-Dec-13			Balance Confirmed:- 數額証明無訛
結帳日期			
Particulars 明細	Due from you 貴號欠	Due to you 欠貴號	
Current Account	USD543,063	USD NIL	
	(Unsecured, interest free and repayable on demand)		
			(please sign here with Company chop 蓋 章簽字)

此信乃作對數用而非請付款

逕啟者_____

據查帳結果 貴號與上列帳戶之來往帳目如上。

如在上述之結帳日期 貴號之記錄與上述之數額相同，請簽署於本函右方已印明“數額証明無訛”之處並將原寄函件

若此帳目在上述日期之後已找清，仍請簽署以証明在此結帳日期，兩方之數額相符，如有不符之處，請通知本會計師事務所詳述各點為盼。

安域會計師事務所

Onward & Company
Certified Public Accountants

安域會計師事務所

CONFIRMATION FOR AUDIT PURPOSES

THIS IS NOT A REQUEST FOR PAYMENT

「

Director
HOUSTON John Michael Nairn
Present

8 May 2014

」

Dear Sirs,

YPB LIMITED

In the course of our regular examination of the accounts of the above Company, we find that the balance on your account is as stated below.

If the balance shown hereunder at the date mentioned is correct, please confirm by signing at below where indicated and returning this letter to us.

We appreciate that the account may have been paid or settled since the date mentioned but confirmation of the balance is still required and no reference to payment need be made.

If the balance is not correct, we should be obliged if you would write direct to us giving details of the difference.

Yours truly

Balance as at : 31-Dec-13		Balance Confirmed:-
結帳日期		數額證明無訛
Particulars 明細	Due from you 貴號欠	Due to you 欠貴號
Current Account	USD NIL	USD NIL
		(Unsecured, interest free and repayable on demand)
		(please sign here with Company chop 蓋章 簽字)

此信乃作對數用而非請付款

逕啟者 _____

據查帳結果 貴號與上列帳戶之來往帳目如上。

如在上述之結帳日期 貴號之記錄與上述之數額相同，請簽署於本函右方已印明“數額證明無訛”之處並將原寄函件

若此帳目在上述日期之後已找清，仍請簽署以證明在此結帳日期，兩方之數額相符，如有不符之處，請通知本會計師事務所詳述各點為盼。

安域會計師事務所

Onward & Company
Certified Public Accountants

安域會計師事務所

CONFIRMATION FOR AUDIT PURPOSES

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Director
Su Su
Present

8 May 2014

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結帳日期		數額證明無訛
Particulars 明細	Due from you 貴號欠	Due to you 欠貴號
Current Account	USD NIL	USD NIL
		(Unsecured, interest free and repayable on demand)
		(please sign here with Company chop 蓋 章簽字)

此信乃作對數用而非請付款

逕啟者 _____

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安域會計師事務所

**DECLARATION OF EMOLUMENTS, PENSIONS AND COMPENSATION FOR
LOSS OF OFFICE RECEIVABLE BY DIRECTORS OR PAST DIRECTORS**

**DIRECTOR OF
YPB LIMITED**

FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

(A) Aggregate Emoluments:

1. Remuneration comprising fees, salaries, commission and bonus.
2. Pension scheme contributions.
3. Cash allowance less actual expenses.
4. Estimated money value of benefits in kind.

- (1) Accommodation:-
 - a) rent and rates/rateable value and rates (delete whichever inappropriate).
 - b) expenses in connection therewith e.g. servants' wages, utilities.
- (2) Leave allowance.
- (3) Assets for personal use-depreciation and expenses.
- (4) Others (please give details).

Sub-total

(B) Aggregate pensions receivable (otherwise than under a contributory scheme) including superannuation allowances, superannuation gratuities or similar payments.

(C) Aggregate compensation for loss of office or in connection with retirement.

TOTAL

	RECEIVABLE FROM THE COMPANY		RECEIVABLE FROM SUBSIDIARIES		RECEIVABLE FROM ANY OTHER PERSON	
	As Directors	For Other Offices	As Directors	For Other Offices	As Directors	For Other Offices
USD NIL		NIL		NIL		NIL
USD NIL						
USD NIL						

Notes : (1) Section 161C of the Companies Ordinance imposes a duty on any director of a company to provide the required information in writing.

(2) The expression "any other person" includes any body corporate e.g. for the purpose of a subsidiary company's accounts, its holding company or any other company in the group or outside it.

Pursuant to Section 161 of the Companies Ordinance, I confirm that the above information relates to all the emoluments, pensions and compensation for loss of office receivable by me/us in respect of my/our services to the Company and its Subsidiarie whether these amounts are payable by the Company, by its Subsidiaries or by any other person.

Date : 8 May 2014


 Signature
 Su Su

**DECLARATION OF EMOLUMENTS, PENSIONS AND COMPENSATION FOR
LOSS OF OFFICE RECEIVABLE BY DIRECTORS OR PAST DIRECTORS**

DIRECTOR OF

YPB LIMITED

FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

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Sub-total

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(C) Aggregate compensation for loss of office or in connection with retirement.

TOTAL

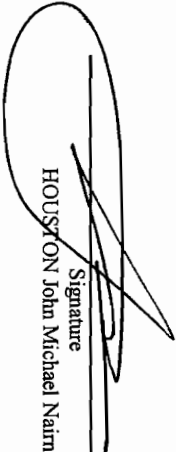
	RECEIVABLE FROM THE COMPANY		RECEIVABLE FROM SUBSIDIARIES		RECEIVABLE FROM ANY OTHER PERSON	
	As Directors	For Other Offices	As Directors	For Other Offices	As Directors	For Other Offices
USD NIL		NIL		NIL		NIL
USD NIL						
USD NIL						

Notes : (1) Section 161C of the Companies Ordinance imposes a duty on any director of a company to provide the required information in writing.

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Date : 8 May 2014


 Signature
 HOUSTON John Michael Naim

YPB LIMITED

MINUTES OF A MEETING OF DIRECTORS OF THE COMPANY HELD AT ITS
REGISTERED OFFICE ON 8 MAY 2014 AT 10:00 A.M.

PRESENT HOUSTON John Michael Nairn
 Su Su

CHAIRMAN HOUSTON John Michael Nairn
 was in the chair.

NOTICE All the directors of the Company confirmed the waive of the
 statutory notice to convene the meeting.

FINANCIAL There was tabled before this meeting a set of the audited
STATEMENTS financial statements of the Company for the period from 1 April
 2013 to 31 December 2013.

It was resolved that the aforesaid financial statements be
approved for presentation to the shareholders at the forthcoming
Annual General Meeting and that two directors of the Company
be authorized to sign the balance sheet on behalf of the board.

DIRECTORS' REPORT A draft directors ' report annexed to the aforesaid financial
 statements was laid before the meetings.

It was resolved that the said draft directors ' report be approved
for presentation to the shareholders at the forthcoming Annual
General Meeting and that the chairman of this meeting be
authorized to sign on this Report on behalf of the board.

END OF There being no further business, the chairman declared the
MEETING meeting closed.


CHAIRMAN

YPB LIMITED

**MINUTES OF AN ANNUAL GENERAL MEETING OF SHAREHOLDERS OF THE
COMPANY HELD AT ITS REGISTERED OFFICE ON 8 MAY 2014 AT 10:00 A.M.**

PRESENT	The Bimm Corporation Pty Limited David Lester KINSMAN Xetera Limited High Altitude Investments Limited
CHAIRMAN	David Lester KINSMAN was in the chair.
NOTICE	All the shareholders of the Company confirmed the waive of the statutory notice to convene the meeting.
REPORTS	The reports of the directors and the auditors were read.
FINANCIAL STATEMENTS	The audited financial statements for the period from 1 April 2013 to 31 December 2013 were laid before the meeting. It was resolved that the financial statements as presented be and are hereby adopted.
DIRECTORS	It was noted that in accordance with the Company's Articles and Memorandum of Association, all the directors shall retire from office and, being eligible offer themselves for re-election.
END OF MEETING	There being no further business, the chairman declared the meeting closed.


CHAIRMAN

Messrs. Onward & Company
Certified Public Accountants
Unit 701, 7/F, Tung Ning Building,
125-127 Connaught Road Central,
Sheung Wan, Hong Kong.

Date : 8 May 2014

Dear Sirs,

CASH CERTIFICATE

We hereby certify that the cash on hand of **YPB LIMITED** at 31 December 2013 amount to US Dollars (US\$NIL) Only was correctly stated.

Yours faithfully,
For and on behalf of
YPB LIMITED



Director

LETTER OF FINANCIAL SUPPORT

To : Messrs. Onward & Company
Certified Public Accountants
Unit 701, 7/F, Tung Ning Building,
125-127 Connaught Road Central,
Sheung Wan, Hong Kong.

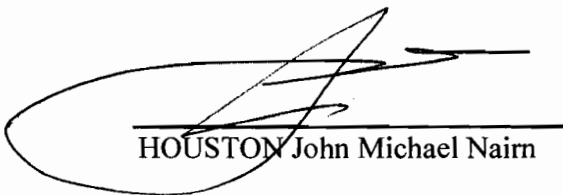
Dated : 8 May 2014

Dear Sirs,

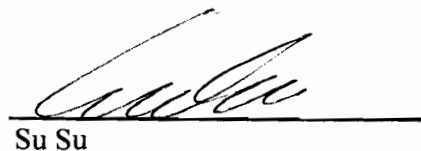
RE : **AUDITED ACCOUNTS OF YPB LIMITED FOR THE PERIOD
FROM 1 APRIL 2013 TO 31 DECEMBER 2013**

We represent to you it is my clear intention, and we are in the position, to provide continuing financial support YPB LIMITED. Furthermore, with the financial strength we have, we will ensure that no outside creditors, related companies or persons having financial dealings with the Company will be damaged financially by non-repayment of any amount owed by the Company as of 31 December 2013.

Yours faithfully,



HOUSTON John Michael Nairn



Su Su

Messrs. Onward & Company
Certified Public Accountants
Unit 701, 7/F, Tung Ning Building,
125-127 Connaught Road Central,
Sheung Wan, Hong Kong.

Date : 8 May 2014

Dear Sirs

Re : **YPB LIMITED**

This representation letter is provided in connection with your audit of the financial statements of abovementioned company for the period from 1 April 2013 to 31 December 2013 for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects in accordance with Hong Kong Financial Reporting Standards.

We confirm to the best of our knowledge and belief, and having made appropriate enquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's accounts for the period from 1 April 2013 to 31 December 2013.

- 1 We have fulfilled our responsibilities, as set out in the terms of the audit engagement for the abovementioned year ended period, for the preparation of the financial statements in accordance with Hong Kong Financial Reporting Standards; in particular the financial statements are fairly presented (or give a true and fair view) in accordance therewith.
- 2 We acknowledge that the Companies Ordinance requires us to prepare accounts which give a true and fair view of the state of affairs of the company and of the results of the company for the year. In preparing these accounts, we have:
 - (a) selected suitable accounting policies and applied them consistently;
 - (b) made judgements and estimates that are prudent and reasonable;
 - (c) stated the reasons for any significant departure from applicable accounting standards in Hong Kong;
 - (d) prepared accounts on the going concern basis.
- 3 We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the accounts comply with the Companies Ordinance. We are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
- 4 All of our accounting records and related data have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and shareholders' meetings, have been made available to you.
- 5 We have taken all reasonable steps to ensure that the accounts comply with section 161B of the Companies Ordinance.
- 6 Events since the financial position date up to the date of this letter:
 - (a) have been fully taken into account in so far as they have a bearing on the amounts attributable to assets and/or liabilities at that date; and
 - (b) apart from changes in the ordinary course of business, have not made the present financial position substantially different from that shown by the statement of financial

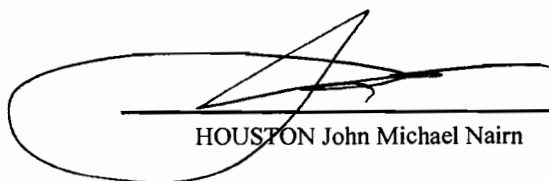
Financial Statements

- 1 Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. (HKSA 540)
- 2 Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Hong Kong Financial Reporting Standards. (HKSA 550)
- 3 All events subsequent to the date of the financial statements and for which Hong Kong Financial Reporting Standards require adjustment or disclosure have been adjusted or disclosed. (HKSA 560)
- 4 The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter. (HKSA 450)

Information Provided

We have provided you with:

- 1 Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
- 2 Additional information that you have requested from us for the purpose of the audit; and
- 3 Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit
- 4 All transactions have been recorded in the accounting records and are reflected in the financial
- 5 We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. (HKSA 240)
- 6 We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements. (HKSA 240)
- 7 We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts,
- 8 laws and regulations whose effects should be considered when preparing financial statements. (HKSA 250)
- 9 We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. (HKSA 550)



HOUSTON John Michael Nairn



Su Su

DIRECTOR'S INTEREST IN CONTRACTS WITH THE COMPANY

DISCLOSED PURSUANT TO SECTION 129D (3)(J) OF THE
COMPANIES ORDINANCE. CAP. 32

Name of Company: YPB LIMITED

Accounts for the period/ ~~year~~ ended: FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

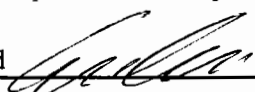
Name of Director: Su Su

*Pursuant to the provision of Section 129D (3)(J) of the Companies Ordinance, I hereby declare an interest in the following contracts entered into by the Company during the period from 1 April 2013 to 31 December 2013.

	Names of the parties to The contract (other than The Company)	Nature of the director's interest in the	
		Nature of the Contract	Contract
1			
2		NIL	
3			

*Delete as appropriate

I hereby declare that to the best of my knowledge and belief (*save as indicated above), I do not and did not have, in any way, whether directly or indirectly, an interest in any contracts with the company which subsisted at the end of the financial year or at any time during the year. Further I confirm that I am aware of all contracts of significance in relation to the Company's business entered into by the Company during the financial period from 1 April 2013 to 31 December 2013.

Signed 

Date 22 May 2014

Explanatory Notes

- 1) Contracts with the Company shall be deemed to include arrangement and a contract with a subsidiary of the Company shall be taken into account as if it were a contract with the company.
- 2) Contracts of Significance shall be deemed to include any contract or number of contracts (whether related or not and whether or not the parties thereto are the same in each case) in which the director's interest is or was material and which in aggregate represent in amount or value a sum equal to more than 5% of the Company's total purchases, sales, payments or receipts, as the case may be, or, in the case of capital transactions, including those a principal purpose of which is the granting or credit, more than 5% of the net assets of the company. Where the Company has subsidiaries, comparison may be made with the purchases, sales, payments, receipts or net assets of the group on a consolidated basis.
- 3) Material interests of directors

A director's interest in any contract is deemed to be material where he is beneficially interested whether directly or indirectly in 10% or more of the equity of a contracting party (other than the Company). Contracts in which a director has an interest by virtue only of his being a director of a contracting party (other than the Company) and Director's Service Contracts are specifically excluded for this purpose by Section 129D (6).

DIRECTOR'S INTEREST IN CONTRACTS WITH THE COMPANY

DISCLOSED PURSUANT TO SECTION 129D (3)(J) OF THE COMPANIES ORDINANCE, CAP. 32

Name of Company: YPB LIMITED

Accounts for the period/ ~~year~~ ended: FOR THE PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 201

Name of Director: HOUSTON John Michael Nairn

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3				

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Signed [Signature]

Date

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YPB LIMITED
DIRECTORS' REPORT

The directors of YPB Limited ("the Company") present their annual report to the shareholders together with the audited financial statements for the period from 1 April 2013 to 31 December 2013.

Principal activities

The principal activities of the Company were engaged in holding subsidiaries in People's Republic of China and supplying Chinese and foreign companies with anti-counterfeit solutions during the period. The principal activities of the subsidiaries are set out in note 7 of the financial statements.

Share capital

Details of share capital of the Company are set out in note 11 to the financial statements.

Results and dividends

The results of the Company for the period from 1 April 2013 to 31 December 2013 and the state of the Company's affairs as at that date are shown in the financial statements on pages 4 to 14.

Dividend

The directors did not recommend any payment of dividends for the period.

Directors

Directors who held office during the period and up to the date of this report were as follows:-

HOUSTON John Michael Nairn

KINSMAN David Lester

Su Su

(Resigned on 31 December 2013)

(Appointed on 2 September 2013)

There is being no rotational retirement provision in the Company's Articles of Association, all the existing directors would continue in office for the following period.

Management contracts

The Company has not entered into any contract whereby the management and administration of the whole or any substantial part of the Company's business has been undertaken by a party other than the Company's directors or employees.

Directors' interest in contract

No contracts of significance to which the Company was a party and in which the directors had a material interest subsisted at the end of the period or at any time during the period.

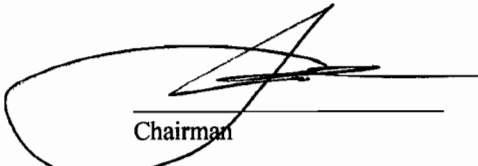
Auditors

The financial statements have been audited by Messrs. Onward & Company, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Other matters

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

On behalf of the board



Chairman

Date: 8 May 2014

To : Messrs. Onward & Company
Certified Public Accountants
Unit 701, 7/F, Tung Ning Building,
125-127 Connaught Road Central,
Sheung Wan, Hong Kong.

Date : 8 May 2014

Dear Sirs,

RE : YPB LIMITED ("the Company")

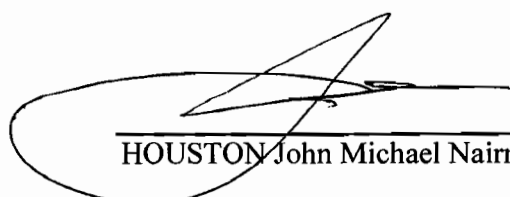
1. We confirm that no director's fees were received or receivable by us for the period from 1 April 2013 to 31 December 2013.
2. We confirm that USD58,512 director's emoluments were paid and payable to us for the period from 1 April 2013 to 31 December 2013.
3. No contracts of significance in relation to the Company's business to which the Company was a party, and in which any director had a material interest, subsisted at the end of the period or at any time during the period.
4. At no time during the period was the Company a party to any arrangements to enable the director of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.
5. We confirm the amounts due from subsidiaries at 31 December 2013 were as follows:-

	USD
優品保技術(北京)有限公司	543,063
中質宏信科技(北京)有限公司	660,383
	<u>1,203,446</u>

The amounts were unsecured, interest free and repayable on demand.

6. We confirm that the Company will issue the ordinary shares on 25 February 2014 and the Company received the share placement USD750,000 during the period.
7. We confirm that the total expenses for the period from 1 April 2013 to 31 December 2013 were USD855,380 respectively. All transactions of the Company for the period were made on arms-length basis.

Yours faithfully,


HOUSTON John Michael Nairn


Su Su