

Tai Zi Capital Limited

**Audited financial statements
for the period from 23 November 2007
(date of incorporation) to 31 December 2008**

Tai Zi Capital Limited

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BAKER TILLY

HONG KONG LIMITED

CERTIFIED PUBLIC ACCOUNTANTS

香港天華會計師事務所有限公司

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Independent auditor's report to the shareholders of Tai Zi Capital Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Tai Zi Capital Limited (the "company") set out on pages 3 to 16, which comprise the balance sheet as at 31 December 2008, and the income statement, the statement of changes in equity and the cash flow statement for the period from 23 November 2007 (date of incorporation) to 31 December 2008, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and the fair presentation of these financial statements in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the 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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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.

**Independent auditor's report to the shareholders of
Tai Zi Capital Limited (continued)**

(Incorporated in Cayman Islands with limited liability)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2008 and of its financial performance and cash flows for the period from 23 November 2007 (date of incorporation) to 31 December 2008 in accordance with International Financial Reporting Standards.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 29 June 2009

Choi Kwong Yu

Practising certificate number P05071

Tai Zi Capital Limited
Income statement
for the period from 23 November 2007
(date of incorporation) to 31 December 2008
(Expressed in United States dollars)

	Note	23.11.2007 to 31.12.2008 USD
Revenue	3	-
Other income	3	43,792
Administrative expenses		<u>(690,857)</u>
Loss from operations		(647,065)
Finance costs	4(a)	<u>(51)</u>
Loss before taxation	4	(647,116)
Income tax	5	<u>-</u>
Loss for the period		<u>(647,116)</u>
Attributable to:		
Equity shareholders of the company		<u>(647,116)</u>
Loss per share		
- Basic (US in cent)	7	<u>(21.68)</u>

The notes on pages 7 to 16 form part of these financial statements.

Tai Zi Capital Limited
Balance sheet at 31 December 2008
(Expressed in United States dollars)

	Note	2008 USD
Current assets		
Other receivables		6,536
Cash and cash equivalents	8	<u>5,361,181</u>
		<u>5,367,717</u>
Current liabilities		
Other payables		11,436
Borrowings	8	<u>3,397</u>
		<u>14,833</u>
NET ASSETS		<u>5,352,884</u>
 CAPITAL AND RESERVES ATTRIBUTABLE TO THE EQUITY SHAREHOLDERS OF THE COMPANY		
	9	
Share capital		6,000,000
Retained loss		(<u>647,116</u>)
TOTAL EQUITY		<u>5,352,884</u>

Approved and authorised for issue by the board of directors on 29 June 2009.

Lawrence Man Kwan Ng

Authorised Director

The notes on pages 7 to 16 form part of these financial statements.

Tai Zi Capital Limited
Statement of changes in equity
for the period from 23 November 2007
(date of incorporation) to 31 December 2008
(Expressed in United States dollars)

	23.11.2007 to 31.12.2008 USD
Issue of ordinary share	6,000,000
Loss for the period	(<u>647,116</u>)
Equity attributable to the equity shareholders of the company at 31 December 2008	<u>5,352,884</u>

The notes on pages 7 to 16 form part of these financial statements.

Tai Zi Capital Limited
Cash flow statement
for the period from 23 November 2007
(date of incorporation) to 31 December 2008
(Expressed in United States dollars)

	23.11.2007
	to
	31.12.2008
	USD
	Note
Operating activities	
Loss before taxation	(647,116)
Adjustments for:	
Interest income	(43,792)
Interest expense	4(a) <u>51</u>
Operating loss before changes in working capital	(690,857)
Increase in other receivables	(6,536)
Increase in other payables	<u>11,436</u>
	4,900
Cash used in operating activities	(685,957)
Interest paid	<u>(51)</u>
Net cash used in operating activities	(686,008)
Investing activities	
Interest received	<u>43,792</u>
Net cash generated from investing activities	<u>43,792</u>
Financing activities	
Proceeds from issue of ordinary shares	<u>6,000,000</u>
Net cash generated from financing activities	<u>6,000,000</u>
Cash and cash equivalents at 31 December 2008	8 <u>5,357,784</u>

The notes on pages 7 to 16 form part of these financial statements.

Tai Zi Capital Limited

Notes to the financial statements

(Expressed in United States dollars)

1 Company information

Tai Zi Capital Limited (the “company”) is a company incorporated in the Cayman Islands on 23 November 2007 as an exempted company with limited liability under the Companies Law (2000 Revision), Chapter 22 of the Cayman Islands and has its registered office at P.O. Box 847, One Capital Place, Fourth Floor, George Town, Grand Cayman KY1-1103, Cayman Islands. Its principal place of business is located at Room 2204, 22nd Floor, Convention Plaza Office Tower, No. 1 Harbour Road, Wanchai, Hong Kong.

On 1 July 2008, the company’s ordinary shares were admitted to trading on the Alternative Investment Market (“AIM”) operated by the London Stock Exchange.

These financial statements are presented in United States Dollars (“USD”), for shareholders’ purpose which is the same as the company’s functional currency, unless otherwise stated.

The company is an investment company focused on the acquisition of interests in property in Taiwan and more generally throughout the Far East Asia. At 31 December 2008, the company had not traded or invested in any potential acquisition projects.

The directors consider the immediate parent of the company to be Prince Asset Management Co. Ltd., which is incorporated in Hong Kong; and the ultimate controlling party of the company to be Prince Housing and Development Corp. (“太子建設開發股份有限公司” or “Prince Housing”), which is incorporated and listed in Taiwan.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations, issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”), and the AIM Rules issued by the London Stock Exchange. A summary of the significant accounting policies adopted by the company is set out below.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 14).

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

2 Significant accounting policies (continued)

(b) Basis of preparation of the financial statements (continued)

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

(c) Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

A provision for impairment of receivables is established when there is objective evidence that the asset is impaired. Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(e) Other payables

Other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(f) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised as and included in finance costs in the income statement in the period in which they are incurred.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

2 Significant accounting policies (continued)

(g) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

(h) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably.

Interest income is recognised as it accrues using the effective interest method.

(j) Operating leases

Leases where the lessor substantially retains all the risks and rewards of ownership of assets are accounted for as operating leases.

Where the company has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

2 Significant accounting policies (continued)

(k) Foreign currency translation

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 “functional currency”). Management concluded that United States dollar is the most appropriate measurement of the functional currency for the company, which is also the company’s presentational currency.

ii) Transactions and balances

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(l) Related parties

For the purposes of these financial statements, a party is considered to be related to the company if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company;
- (ii) the company and the party are subject to common control;
- (iii) the party is a subsidiary, an associate of the company or a joint venture in which the company is a venturer;
- (iv) the party is a member of key management personnel of the company or the company’s parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or
- (vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

3 Revenue and other income

The company had not recorded any revenue during the period.

Other income represents bank interest income.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

4 Loss before taxation

Loss before taxation is arrived at after charging:

	USD
(a) Finance costs:	
Interest on bank overdrafts	<u>51</u>
(b) Other items:	
Auditor's remuneration	11,282
Incorporation expenses written off	<u>4,467</u>

5 Income tax

No provision for income tax has been made as the company has no assessable profit for the period.

No provision for deferred taxation has been made in the financial statements as the tax effect of temporary differences is immaterial to the company.

6 Directors' remuneration

	USD
Fees	-
Basic salaries, other allowances and benefits in kind	21,212
Contributions to pension schemes	-
Share-based compensation expenses	<u>-</u>
	<u>21,212</u>

7 Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

Loss for the period	<u>USD(647,116)</u>
Weighted average number of outstanding ordinary shares in issue	<u>2,985,149</u>
Basic loss per share (US in cent)	<u>(21.68)</u>

Diluted loss per share is not presented as there are no potential shares which would have an anti-dilutive effect.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

8 Cash and cash equivalents

	USD
Cash at bank, classified as cash and cash equivalents in the balance sheet	5,361,181
Bank overdrafts (GBP2,331)	<u>(3,397)</u>
Cash and cash equivalents in the cash flow statement	<u>5,357,784</u>

The bank overdrafts are unsecured, interest bearing at 7.25% to 16.48% per annum and are repayable on demand.

9 Share capital and reserve

(a) Authorised and issued share capital

	No. of shares	USD
Authorised:		
Ordinary shares of USD1 each	<u>50,000,000</u>	<u>50,000,000</u>
Ordinary shares, issued and fully paid:		
At 31 December 2008	<u>6,000,000</u>	<u>6,000,000</u>

Upon incorporation, an ordinary share of USD1 was issued to one subscriber at par for cash. On 28 November 2007, 499,999 ordinary shares of USD1 were issued at par for cash. On 25 June 2008, further 5,500,000 ordinary shares of USD1 were issued at par to certain subscribers under Subscription Application Agreements. At 1 July 2008, the consideration for these 5,500,000 ordinary shares was received from the subscribers. The Company has made no investments up to the balance sheet date.

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

(b) Capital management

The company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. After the company listed in the AIM, the proceeds from the shareholders have not been applied to any potential property projects owing to the prevailing adverse economic downturn.

The company manages capital by regularly monitoring its current and expected liquidity in the short and longer term.

The company is not subject to any externally imposed capital requirements.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

10 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

(a) Credit risk

The carrying amount of the cash at bank and other receivables included in the balance sheet represents the company's maximum exposure to credit risk in relation to the company's financial assets. None of these financial assets are either past due or impaired.

The company has no significant concentrations of credit risk.

The credit risk on cash at bank balances is limited because the counterparty is a bank with a high credit-rating assigned by international credit-rating agencies.

(b) Liquidity risk

The company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. No material liquidity risk is expected at the balance sheet date.

(c) Interest rate risk

The company's exposure to interest-rate risk arises from its bank deposits and short term bank overdrafts. These deposits and overdrafts bear interests at variable rates varied with the then prevailing market condition. The company has not used any hedging instruments to hedge its exposures to interest rate risk as management considers that the short term bank overdrafts are relatively insignificant to the company; any reasonable changes in interest rate would not result in a significant change in the company's results. Accordingly, no sensitivity analysis is presented for interest rate risk.

(d) Foreign currency risk

The company is not exposed to significant foreign currency risk as most of its business transactions, assets and liabilities are denominated in United States dollars and Hong Kong dollars. As Hong Kong dollars are pegged with United States dollars, the company's exposure to foreign currency risk is not expected to be material.

(e) Fair values

The directors consider that all financial instruments in the financial statements are carried at amounts not materially different from their fair values as at 31 December 2008.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

11 Operating lease commitments

At 31 December 2008, the total future minimum lease payments under non-cancellable operating lease is payable as follows:

	USD
Within 1 year	<u>6,016</u>

The company is the lessee in respect of the office premise and office equipment held under an operating lease. The lease typically run for an initial period of one year, at the end of which period all terms are renegotiated. The lease does not include contingent rentals.

12 Related party transactions

(a) Transactions with key management personnel

All members of key management personnel are the directors of the company, and the remuneration for them is disclosed in note 6.

(b) Transactions with other related parties

	Note	USD
Administrative service fees to Prince Asset Management Co. Ltd.	(i)	26,921
Rental expenses to Prince Asset Management Co. Ltd.	(ii)	<u>33,331</u>

Notes:

- (i) Administrative service fees represent leasing of office equipments and facilities from its immediate parent company.
- (ii) Rental expenses represent leasing of office premise and equipment from its immediate parent company.

The above other related party transactions are entered between both parties at mutually agreed terms which are based on the proportion of sharing of office charges. At balance sheet date, there are no amounts due to its immediate parent company.

13 Comparative figures

The company was incorporated on 23 November 2007 and audited financial statements have not previously been prepared. Accordingly, there are no comparative figures.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

14 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 31 December 2008

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the period ended 31 December 2008 and which have not been adopted in these financial statements, as follows:

IFRSs (Amendments)	Improvements to IFRSs ¹
IAS 1 (Revised)	Presentation of Financial Statements ²
IAS 23 (Revised)	Borrowing Costs ²
IAS 27 (Revised)	Consolidated and Separate Financial Statements ³
IAS 32 & IAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
IAS 39 (Amendment)	Eligible hedged items ³
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
IFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
IFRS 3 (Revised)	Business Combinations ³
IFRS 7 (Amendments)	Improving Disclosures about Financial Instruments ²
IFRS 8	Operating Segments ²
IFRIC – Int 13	Customer Loyalty Programmes ⁴
IFRIC – Int 15	Agreements for the Construction of Real Estate ²
IFRIC – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵
IFRIC – Int 17	Distributions of Non-cash Assets to Owners ³
IFRIC – Int 18	Transfer of Assets from Customers ⁶

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

⁶ Effective for transfers of assets from customers received on or after 1 July 2009

The company is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's results of operations and financial position.

15 Post balance sheet event

Subsequent to the balance sheet date on 2 June 2009, Mr. Jen-Ching Chen ("Mr. Chen"), Executive Director and Chairman of the company, was detained by Taiwan prosecutors to assist with their investigations into possible fraud involving the company's ultimate holding company, Prince Housing, in pursuant to an announcement made by the company on 4 June 2009.

In order to avoid the on-going investigation interfering with the company's operations, Mr. Chen tendered his resignation as Executive Director and Chairman of the company on 17 June 2009 and a written resolution of the Board of Directors of the company was passed on 24 June 2009 to approve Mr. Chen's resignation with immediate effect in pursuant to the company's Articles and Association. The Board of Directors confirms that the company is not under any investigation nor has it been requested to participate in any queries by the Taiwan prosecutors related to Mr. Chen.

Tai Zi Capital Limited
Notes to the financial statements (continued)
(Expressed in United States dollars)

15 Post balance sheet event (continued)

As a consequence, the company is currently operated by the remaining Executive Director, Mr. Lawrence Ng, and the Non-Executive Director, Mr. David Thomas until they find a suitable replacement or candidate to fill the vacancy left by Mr. Chen.

Notwithstanding the above management change, the Board of Directors have made a reasonable expectation that the company will continue in operational existence for the foreseeable future and have therefore applied the going concern basis in preparing the financial statements for the period.

16 Approval of financial statements

The financial statements set out on pages 3 to 16 were approved by the Board of Directors on 29 June 2009.