

FORD EAGLE GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

FORD EAGLE GROUP LIMITED

COMPANY INFORMATION

Directors	Anthony Charles Drury (Non-executive chairman) Wing Tak Jack Law Wing Sang Wilson Hui Garry Alides Willinge Nicholas Littlewood
Secretary	Sin Hang Calvin Chan
Registered office	Cricket Square, Hutchins Dr, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands
Auditors	Clement C. W. Chan & Co. 3/F., & 5/F., Heng Shan Centre, 145 Queen's Road East, Wanchai, Hong Kong
PLUS Corporate Adviser	Alexander David Securities Limited 45 Moorfields London, EC2Y 9AE, United Kingdom
Registrars	Computershare Investor Services (Cayman) Limited The R&H Trust Company Limited P.O. Box 897, George Town, Cayman Islands

**FORD EAGLE GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011**

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FORD EAGLE GROUP LIMITED
CHAIRMAN'S STATEMENT FOR 2011

For the year to 31 December, 2011 the Group turnover was GBP43,366 (2010 : GBP34,348) and it made a net loss of GBP315,985 (2010 : GBP369,947). The loss per share was (9.90p) (2010 : 13.67p).

The year under review has been one of the most difficult in living memory. It is a tribute to our executive team that they have managed to maintain a momentum and the Group is now underway with a series of strategic moves which, in the longer term, it is hoped will restore shareholder value.

The Group began operations by obtaining (at some considerable expense) a trading facility on PLUS Markets Group through its stock exchange. The strategy was to demonstrate to potential applicant companies in China, Hong Kong and South East Asia, the attractions of listing their shares in London.

However escalating costs (especially on the Alternative Investment Market) and growing regulatory requirements, together with the recent uncertainty over the future of PLUS Markets itself, has rendered this process as unviable. A succession of potential market applicants have left London unimpressed and have sought other solutions.

As a consequence it has proved difficult to generate revenues and the viability of the Group has been maintained by a series of loans from the directors and its supporters. Overheads have been reduced to a minimum and the Directors are satisfied that further loans are available if revenues are slow to pick up.

At the time of writing there is no clear direction for PLUS Markets Group Plc as their proposed subsidiary acquisition involving the stock exchange is subject to the approval of the Financial Services Authority and will require the agreement of the shareholders at a general meeting.

Your directors have received a number of approaches from rival markets and are actively considering the available options.

Since the end of the period under review, on 19 April, 2012 the Group completed the acquisition of a 10% interest in a company which is in the business of investment in commercial property. Your directors will seek out similar opportunities.

For the majority of the year under review the Group was chaired by Nicholas Littlewood who remains a non-executive director. The Board is grateful to Nicholas for seeing the business through this challenging period.

Finally our chief executive Jack Law has shown remarkable courage and fortitude during the year under review. He continues to have the Board's complete confidence.

Tony Drury
Non - Executive Chairman
22 May, 2012

FORD EAGLE GROUP LIMITED DIRECTORS' REPORT FOR 2011

The directors submit herewith their Report and Financial Statements of the Group and Parent Company for the year ended 31 December, 2011.

1. PRINCIPAL ACTIVITY AND INCORPORATION

Ford Eagle Group Limited (the "Company"), an exempted company limited by shares incorporated in the Cayman Islands on 18 September, 2009, with representation in China, Hong Kong, UK, USA and Japan, is a specialised advisory and investment company. It was admitted to trading on the PLUS Stock Exchange on 2 August, 2010. The Company is also investing in clients' business when opportunity arises.

The Company provides advice to private companies on restructuring, mergers and acquisitions, as well as structuring and coordinating Initial Public Offerings and listings in major international equity markets, such as the UK, China, Hong Kong and USA.

The consolidated financial statements comprise the results of the Company and its subsidiaries (together referred to as the "Group").

2. RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December, 2011 are set out in the Consolidated Statement of Comprehensive Income on page 9.

A review of the Group's activities and its future developments are set out in the Chairman's Statement on page 1.

The directors do not recommend payment of a dividend (year ended 31 December, 2010 : £Nil).

3. DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows :

Anthony Charles Drury	(appointed on 28 July, 2011 as non-executive chairman)
Wing Tak Jack Law	
Wing Sang Wilson Hui	
Garry Alides Willinge	
Nicholas John Arnold Littlewood	
Andrew Pawley	(resigned on 19 February, 2011)
Man Sang Eric Tsang	(resigned on 4 November, 2011)

Directors' interests in the shares of the Company are detailed in note 21.

4. COMPANY SECRETARY

The secretary of the Company during the year and to the date of this report were as follows :

Sin Hang Calvin Chan	(appointed on 16 August, 2011)
Chun Hong Kelvin Ng	(resigned on 16 August, 2011)

FORD EAGLE GROUP LIMITED
DIRECTORS' REPORT FOR 2011

5. PRINCIPAL RISKS AND UNCERTAINTIES

The implementation of the Company's investment policy is potentially affected by a number of risks and uncertainties.

General Risks

Lack of investment capital

The ability of the Company to make investments, which forms part of the Company's business plan will be determined by the level of subscription in the Company at future fundraisings.

Working capital requirements

The Company may wish to raise further funds in the future for working and expansion capital, and to pursue the investment side of its business plan. There is no guarantee that the then prevailing market conditions will allow for such fundraising or that new investors will be prepared to subscribe for the Ordinary Shares. Any additional equity financing is likely to be dilutive to Shareholders.

Fee income

The Company's strategy is based in part on helping client companies achieve listings and IPOs in major international equity markets. Fee structures for such transactions will typically include an element (often the majority of the fee) that is conditional on successful completion of the transaction. The Company faces the risk, particularly in the current volatile times, that planned listings and IPOs may not successfully complete. In such situations, the Company may not receive the contingent element of the fees.

Competition

There is no certainty that the Company will be able to sustain an advantage or that competition will not develop and prevent or delay the realisation of the Company's plans, and such competition may have significantly greater financial resources than the Company.

Dependence on key personnel

The Company's future success will also depend, inter alia, on its current directors, its management team and international representatives. The retention of their services or the services of any future management team cannot be guaranteed.

The Company's ability to be a successful and profitable company depends to a significant extent on the continued service of its personnel. The loss of service of one or more of these key employees could materially and adversely affect the Company's business and prospects. The directors believe that the growth and future success of the Company's business will depend in large part on the Company's continued ability to attract, motivate and retain highly-skilled personnel. The Company may not be successful in doing so as the competition for qualified personnel in the area of the Company's operations is intense.

**FORD EAGLE GROUP LIMITED
DIRECTORS' REPORT FOR 2011**

5. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

General Risks (continued)

Legal and regulation

Various laws, regulations and taxes may affect the Company's ability to conduct business in its chosen sphere of operation. New or amended laws, rules, regulations or ordinances could require significant unanticipated expenditures or impose restrictions on the development of the Company's business. Such laws, rules, regulations or ordinances may also adversely affect the Company's ability to operate its business.

Achievement of strategic aims

The value of an investment in the Company is dependent upon the Company achieving its strategic aim. Whilst the directors are optimistic about the prospects for the Company there is no certainty that the Company's business will be capable of achieving the anticipated revenues or growth. The Company's future operating results will be highly dependent upon how well it manages the planned expansion strategy. This growth and expansion could place significant strain on the Company's limited managerial, financial and other resources.

Currency fluctuations

The Company operates in different currency jurisdictions and currency fluctuations may adversely affect the revenue and profits of the Company.

Tax

The Company trades in different jurisdictions and each jurisdiction has its own tax regulations and may affect the net profits in the Company.

Legal System

The laws and regulations in China, Cayman and Hong Kong are different to those in the UK. The application of the laws of those jurisdictions may have a different outcome to the application of the UK law in respect of the Company's operations or any legal issues that arise.

Risks Relating to the PRC

The Company is exposed to significant risk due to policy change in China.

The business of the investee companies will need to comply with the laws and regulation promulgated by the PRC government from time to time. The implementation and enforcement of such laws and regulations could have a significant impact on the business outlook and operation of the investee companies.

In particular, the following uncertainties may affect the Company's operations and its profitability :

**FORD EAGLE GROUP LIMITED
DIRECTORS' REPORT FOR 2011**

5. PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks Relating to the PRC (continued)

- (i) substantial uncertainties regarding the interpretation and application of the PRC laws and regulations;
- (ii) new laws may be applied retrospectively;
- (iii) there may be a requirement to obtain new licences, permits or approvals and there is no guarantee that these may be obtained;
- (iv) the PRC government has broad discretion in dealing with violations of law and regulations, including levying fines, revoking business and other licences and requiring actions necessary for compliance;
- (v) the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all; and
- (vi) in the PRC, transactions are often subject to government approval for their effectiveness. Failure to obtain such approval may lead to the Company being unable to carry out specific business transactions and/or contractual obligations, and may further subject the Company to penalties imposed by the PRC law.

6. SIGNIFICANT SHAREHOLDERS

The significant shareholders of the Company on 21 May, 2012 were as follows :

<u>Shareholders</u>	<u>% of shares held</u>
Best Winner Holdings Limited	27.30%
Mei Kuen Michelle Lai	14.59%
Computershare Company Nominees Limited	8.64%
Advanced Link Investment Limited	7.02%
Kam Fu Wong	5.20%
Wing Tak Jack Law	5.20%
Chin Pang Tse	3.90%
Hong Chen	3.85%
Ngai Ling Lau	3.31%
Nicholas John Arnold Littlewood	2.95%
David G Sinclair	2.90%

7. AUDITORS

The former auditors, Adler Shine LLP, resigned during the year and were replaced by Messrs. Clement C. W. Chan & Co. who now retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Messrs. Clement C. W. Chan & Co. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Wing Tak Jack Law

Director

22 May, 2012

FORD EAGLE GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESEPECT OF THE ANNUAL
REPORT AND THE FINANCIAL STATEMENTS FOR 2011

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Group and Parent Company financial statements in accordance with International Financial Reporting Standards.

The Group and Parent Company financial statements are required to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and to allow for the preparation of financial statements. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

The directors confirm that to the best of our knowledge :

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the directors' report includes a fair view of the development and performance of the business and position of the Company, together with a description of the principal risks and uncertainties that the Company faces.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FORD EAGLE GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)**

We have audited the Group and Parent Company financial statements (the "financial statements") of Ford Eagle Group Limited for the year ended 31 December, 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated and Parent Company Statement of Cash Flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion :

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December, 2011 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
FORD EAGLE GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)**

Emphasis of matter - going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The going concern assumption is predicated on the ability of the Company to complete a number of corporate finance assignments, the timing of which is not certain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

**Clement C. W. Chan & Co.
Chartered Accountants
3/F., & 5/F., Heng Shan Centre,
145 Queen's Road East, Wanchai,
Hong Kong, 22 May, 2012**

FORD EAGLE GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2011

	<u>Note</u>	<u>2011</u> GBP	<u>2010</u> GBP
TURNOVER	5	43,366	34,348
OTHER INCOME	6	3,428	8
ADMINISTRATIVE EXPENSES		(363,011)	(405,849)
FINANCE COST	7	(1,230)	(970)
LOSS BEFORE TAX	8	(317,447)	(372,463)
TAXATION	9	-	-
LOSS FOR THE YEAR		(317,447)	(372,463)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translating foreign operations		1,462	2,516
OTHER COMPREHENSIVE INCOME FOR THE YEAR		1,462	2,516
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(£315,985)	(£369,947)
BASIC AND DILUTED LOSS PER SHARE (PENCE)	10	(9.90)	(13.67)

The notes on pages 15 to 34 form an integral part of these financial statements.

FORD EAGLE GROUP LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2011

	<u>Note</u>	<u>2011</u> <u>GBP</u>	<u>2010</u> <u>GBP</u>
NON-CURRENT ASSETS			
Property, plant and equipment	11	18,825	44,287
CURRENT ASSETS			
Trade and other receivables	14	4,682	11,273
Cash and cash equivalents	15	29,259	53,084
		33,941	64,357
CURRENT LIABILITIES			
Trade and other payables	16	44,196	24,668
NET CURRENT (LIABILITIES)/ASSETS		(10,255)	39,689
TOTAL ASSETS LESS CURRENT LIABILITIES		8,570	83,976
NON-CURRENT LIABILITIES			
Loans from related parties	17	(305,443)	(64,864)
NET (LIABILITIES)/ASSETS		(£296,873)	£19,112
REPRESENTING:-			
Share capital	18	320,550	320,550
Share premium	19	147,393	147,393
Foreign currency translation reserve	19	3,978	2,516
Accumulated losses	19	(768,794)	(451,347)
(DEFICIENCY IN SHAREHOLDERS' FUNDS)/ SHAREHOLDERS' FUNDS		(£296,873)	£19,112

These financial statements were approved by the Board on 22 May, 2012 and signed on their behalf by:

Anthony Charles Drury
Non-executive chairman

Wing Tak Jack Law
Director

The notes on pages 15 to 34 form an integral part of these financial statements.

FORD EAGLE GROUP LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2011

	<u>Note</u>	<u>2011</u> GBP	<u>2010</u> GBP
NON-CURRENT ASSETS			
Property, plant and equipment	11	17,195	40,413
Investments in subsidiaries	12	-	40,000
Amounts due from subsidiaries	13	-	71,596
		17,195	152,009
CURRENT ASSETS			
Trade and other receivables	14	-	7,544
Cash and cash equivalents	15	5,626	13,497
		5,626	21,041
CURRENT LIABILITIES			
Trade and other payables	16	37,281	21,784
NET CURRENT LIABILITIES		(31,655)	(743)
TOTAL ASSETS LESS CURRENT LIABILITIES		(14,460)	151,266
NON-CURRENT LIABILITIES			
Loans from related parties	17	(294,761)	(51,108)
NET (LIABILITIES)/ASSETS		(£309,221)	£100,158
REPRESENTING:-			
Share capital	18	320,550	320,550
Share premium	19	147,393	147,393
Accumulated losses	19	(777,164)	(367,785)
(DEFICIENCY IN SHAREHOLDERS' FUNDS)/ SHAREHOLDERS' FUNDS		(£309,221)	£100,158

These financial statements were approved by the Board on 22 May, 2012 and signed on their behalf by:

Anthony Charles Drury
Non-executive chairman

Wing Tak Jack LAW
Director

The notes on pages 15 to 34 form an integral part of these financial statements.

FORD EAGLE GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2011

	<u>Share capital</u> GBP	<u>Share premium</u> GBP	<u>Accumulated losses</u> GBP	<u>Foreign currency translation reserve</u> GBP	<u>Reserves</u> GBP	<u>Total</u> GBP
As at 1 January, 2010	150,000	-	(78,884)	-	(78,884)	71,116
Issue of shares	170,550	147,393	-	-	147,393	317,943
Loss for the year	-	-	(372,463)	-	(372,463)	(372,463)
Other comprehensive income for the year	-	-	-	2,516	2,516	2,516
Total comprehensive loss for the year	-	-	(372,463)	2,516	(369,947)	(369,947)
As at 31 December, 2010	320,550	147,393	(451,347)	2,516	(301,438)	19,112
Loss for the year	-	-	(317,447)	-	(317,447)	(317,447)
Other comprehensive income for the year	-	-	-	1,462	1,462	1,462
Total comprehensive loss for the year	-	-	(317,447)	1,462	(315,985)	(315,985)
As at 31 December, 2011	<u>£320,550</u>	<u>£147,393</u>	<u>(£768,794)</u>	<u>£3,978</u>	<u>(£617,423)</u>	<u>(£296,873)</u>

The notes on pages 15 to 34 form an integral part of these financial statements.

FORD EAGLE GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2011

	<u>Note</u>	<u>2011</u> GBP	<u>2010</u> GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(317,447)	(372,463)
Adjustments for:			
Depreciation	11	4,370	9,528
Loss on disposal of property, plant and equipment	8	3,255	-
Impairment of goodwill	20	-	28,481
Impairment of trade receivables	14	30,000	-
Interest received	6	(45)	(8)
		<hr/>	<hr/>
Operating loss before working capital changes		(279,867)	(334,462)
(Increase)/decrease in trade and other receivables		(23,409)	68,828
Increase in trade and other payables		19,528	3,614
		<hr/>	<hr/>
Net cash (used in) operating activities		(283,748)	(262,020)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	6	45	8
Payment for purchase of property, plant and equipment	11	(585)	(49,796)
Sales proceed on disposal of property, plant and equipment		18,349	-
Acquisition of subsidiaries (net of cash and cash equivalent acquired)		-	(3,704)
		<hr/>	<hr/>
Net cash generated from/(used in) investing activities		17,809	(53,492)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans from related parties		240,579	54,312
Proceeds from issue of shares		-	305,443
		<hr/>	<hr/>
Net cash generated from financing activities		240,579	359,755
		<hr/>	<hr/>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(25,360)	44,243
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15	53,084	6,311
EFFECT OF FOREIGN EXCHANGE RATES, NET		1,535	2,530
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	£29,259	£53,084
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 34 form an integral part of these financial statements.

FORD EAGLE GROUP LIMITED
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2011

	<u>Note</u>	<u>2011</u> GBP	<u>2010</u> GBP
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(409,379)	(288,901)
Adjustments for:			
Depreciation	11	2,143	9,124
Loss on disposal of property, plant and equipment		2,726	-
Impairment of investments in subsidiaries	12	40,000	12,500
Impairment of amounts due from subsidiaries	13	204,665	-
Impairment of trade receivables	14	30,000	-
Interest received		(4)	-
Operating loss before working capital changes		(129,849)	(267,277)
(Increase)/decrease in trade and other receivables		(22,456)	70,056
Increase in trade and other payables		15,497	18,401
Net cash (used in) operating activities		(136,808)	(178,820)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4	-
Payment for purchase of property, plant and equipment	11	-	(48,397)
Sales proceed on disposal of property, plant and equipment		18,349	-
Funds advanced to subsidiaries		(133,069)	(71,596)
Acquisition of subsidiaries		-	(40,000)
Net cash (used in) investing activities		(114,716)	(159,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Loans from related parties		243,653	40,556
Proceeds from issue of shares		-	305,443
Net cash generated from financing activities		243,653	345,999
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,871)	7,186
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15	13,497	6,311
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	£5,626	£13,497

The notes on pages 15 to 34 form an integral part of these financial statements.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

1. GENERAL INFORMATION

The Company, an exempted company limited by shares incorporated in the Cayman Islands on 18 September 2009, is a specialised advisory and investment firm. The address of its registered office is Cricket Square, Hutchins Dr, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is quoted on the PLUS Stock Exchange in the UK.

The Company and its subsidiaries (together the Group) provide advice to private companies on restructuring, mergers and acquisitions, as well as structuring and coordinating Initial Public Offerings and listings in major international equity markets.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards "IFRSs".

The consolidated financial statements were authorised for issue by the Board of Directors on 22 May, 2012.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss are measured at fair value at the reporting period end date with changes in fair value accounted for in profit or loss.

(c) Functional and presentation currency

These consolidated financial statements are presented in Sterling. The primary economic environment in which the Company operates is the People's Republic of China and its functional currency is Hong Kong dollar.

(d) Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due.

The Company's revenue is dependent to a large extent on the completion of corporate finance assignments, the timing of which is uncertain. Should the expected assignments not be completed the Company would need to obtain alternative finance. Although the directors are confident that alternative finance will be made available to the Company, these conditions constitute a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company were unable to continue as a going concern.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated and are based on these financial statements and previous experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, there are no estimates or assumptions used on these financial statements that the directors expect will have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year.

(a) Depreciation

The measurement determines the estimated useful lives and residual values for its property, plant and equipment. Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is revised if there are significant changes from previous estimation.

(b) Impairments

In considering the impairment loss that may be required for certain property, plant and equipment, investments in subsidiaries, recoverable amount of the asset needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectability. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer. An increase or decrease in the above impairment loss would affect the net loss in the year and in future years.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries and subsidiary undertakings). Control is achieved where the Company has the power to govern the financial and operating policies of a portfolio company so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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 the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The directors are of the opinion that the Group is engaged in a single segment of business being providing advisory services in one geographical area being the People's Republic of China. Accordingly, no segmental analysis is considered necessary.

(c) Income

Management consultancy service fee is recognised on appropriate basis over the relevant period in which the services are rendered.

Interest income is recognised using the effective interest method.

(d) Expenses

All expenses are accounted for on an accrual basis and are presented as revenue items except for expenses that are incidental to the disposal of an investment which are deducted from the disposal proceeds.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Taxation

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

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

Deferred income tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

(f) Foreign currency transactions

Transactions in currencies other than Sterling are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit or loss.

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

(g) Financial instruments

Financial assets and financial liabilities are recognised when an entity in the Group becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided in order to write off each asset over its estimated useful life on straight-line basis as follows :

Motor vehicle	25%
Furniture, fixtures and equipment	10%

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Results of subsidiaries are consolidated from the date on which control of the subsidiaries is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost less impairment. Intercompany transactions, balances and income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised assets are also eliminated.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

(k) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Financial liabilities and equity instruments are recorded at the proceeds received, net of issue costs.

(l) Provisions

Provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which distribution of the dividends are approved.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(o) Interest expense

Interest expenses for borrowings are recognised within "finance costs" in the statement of comprehensive income using the effective interest rate method.

(p) Change in accounting policy and disclosures

In 2011, the Group adopted the new and amended standards, interpretations to the published standards and the improvements to IFRS which are relevant to its operation.

IFRS 1 (Amendment)	Amendment to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters</i>
IAS 24 (Revised)	Related Party Disclosures
IFRIC 14 (Amendments)	Amendments to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement</i>
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
IAS 32 (Amendments)	Classification of Rights Issues
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

The adoption of the new and revised IFRSs has had no significant financial effect on these consolidated financial statements.

New standards, amendments to standards and interpretations

At the date of authorisation of these consolidated financial statements, IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements :

IAS 1 (Amendments)	Presentation of Financial Statements (effective from 1 January 2013)
IAS 1 (Amendments)	Amendments to IAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> (effective from 1 January 2013)
IAS 12 (Amendments)	Income Taxes (effective from 1 January 2012)
IAS 19 (Revised 2011)	Employee Benefits (effective from 1 January 2013)
IAS 27 (Revised 2011)	Separate Financial Statements (effective from 1 January 2013)
IAS 28 (Revised 2011)	Associates and Joint Ventures (effective from 1 January 2013)
IAS 32 (Amendments)	Amendments to IAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> (effective from 1 January 2014)

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Change in accounting policy and disclosures (continued)

IFRS 1 (Amendment)	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i> (effective from 1 January 2012)
IFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets (effective from 1 January 2012)
IFRS 7 (Amendments)	Amendments to IFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> (effective from 1 January 2013)
IFRS 9	Financial Instruments (effective from 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective from 1 January 2013)
IFRS 11	Joint Arrangements (effective from 1 January 2013)
IFRS 12	Disclosure of Interests in Other Entities (effective from 1 January 2013)
IFRS 13	Fair Value Measurement (effective from 1 January 2013)
IFRIC 20	Stripping Costs in the Production Phase of Surface Mine (effective from 1 January 2013)

The Group did not early adopt any of these new or revised IAS and IFRS, amendments and interpretation to existing IAS and IFRS. Management is currently assessing the financial impact of these revisions to the Group's financial position and performance.

5. TURNOVER

Turnover represents the net amount received and receivable for services rendered to customers.

6. OTHER INCOME

	<u>2011</u> GBP	<u>2010</u> GBP
Bank interest income	45	8
Other income	3,383	-
	<hr/>	<hr/>
	£3,428	£8
	<hr/> <hr/>	<hr/> <hr/>

7. FINANCE COST

	<u>2011</u> GBP	<u>2010</u> GBP
Bank charges	£1,230	£970
	<hr/> <hr/>	<hr/> <hr/>

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

8. LOSS BEFORE TAX

Loss before tax is stated after charging :

	<u>2011</u> <u>GBP</u>	<u>2010</u> <u>GBP</u>
Audit fees	5,470	10,409
Commission paid	3,974	7,310
Depreciation	4,370	9,528
Impairment of goodwill - note 20)	-	28,481
Impairment of trade receivables - note 14)	30,000	-
Legal and professional fees	94,955	82,920
Loss on disposal of property, plant and equipment	3,255	-
Staff cost - Mandatory provident fund contributions	1,603	989
- Salaries and allowances	115,963	124,479
Rental expenses	41,970	51,941
Travel and hotels	15,333	33,777
	<u> </u>	<u> </u>

* Audit fees represent auditor's remuneration for work undertaken in connection with the statutory audit of the Group's financial statements. The Group's former auditor charged £8,000 for the provision of transaction related services in the year end 31 December, 2010.

No fees were charged by the Group's current auditors for the provision of transaction related services for the current year.

9. TAXATION

Due to tax losses sustained there was no corporation tax payable by the Group for the year (2010 : £Nil).

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	<u>2011</u> <u>GBP</u>	<u>2010</u> <u>GBP</u>
Loss attributable to shareholders	(317,447)	(372,463)
Weighted average number of ordinary shares in issue	3,205,500	2,723,958
Basic and diluted loss per share (pence)	(9.90)	(13.67)
	<u> </u>	<u> </u>

There is no difference between basic and diluted loss per share.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

11. PROPERTY, PLANT AND EQUIPMENT

	<u>The Group</u>		
	<u>Motor vehicle GBP</u>	<u>Furniture, fixtures and and equipment GBP</u>	<u>Total GBP</u>
At cost:-			
As at 1 January, 2010	-	1,140	1,140
Additions	28,099	21,697	49,796
Acquisition of subsidiary	-	21,172	21,172
Exchange realignment	-	(78)	(78)
	-----	-----	-----
As at 31 December, 2010	28,099	43,931	72,030
Additions	-	585	585
Disposal	(28,099)	(585)	(28,684)
Exchange realignment	-	69	69
	-----	-----	-----
As at 31 December, 2011	-	44,000	44,000
	-----	-----	-----
Aggregate depreciation:-			
As at 1 January, 2010	-	-	-
Charge for the year	7,024	2,504	9,528
Acquisition of subsidiary	-	18,279	18,279
Exchange realignment	-	(64)	(64)
	-----	-----	-----
As at 31 December, 2010	7,024	20,719	27,743
Charge for the year	-	4,370	4,370
Written back on disposal	(7,024)	(56)	(7,080)
Exchange realignment	-	142	142
	-----	-----	-----
As at 31 December, 2011	-	25,175	25,175
	-----	-----	-----
Net carrying amount:-			
As at 31 December, 2011	£ -	£18,825	£18,825
	=====	=====	=====
As at 31 December, 2010	£21,075	£23,212	£44,287
	=====	=====	=====

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>The Company</u>		
	<u>Motor vehicle GBP</u>	<u>Furniture, fixtures and and equipment GBP</u>	<u>Total GBP</u>
At cost:-			
As at 1 January, 2010	-	1,140	1,140
Additions	28,099	20,298	48,397
	-----	-----	-----
As at 31 December, 2010	28,099	21,438	49,537
Disposals	(28,099)	-	(28,099)
	-----	-----	-----
As at 31 December, 2011	-	21,438	21,438
	-----	-----	-----
Aggregate depreciation:-			
As at 1 January, 2010	-	-	-
Charge for the year	7,024	2,100	9,124
	-----	-----	-----
As at 31 December, 2010	7,024	2,100	9,124
Charge for the year	-	2,143	2,143
Written back on disposal	(7,024)	-	(7,024)
	-----	-----	-----
As at 31 December, 2011	-	4,243	4,243
	-----	-----	-----
Net carrying amount:-			
As at 31 December, 2011	£ -	£17,195	£17,195
	=====	=====	=====
As at 31 December, 2010	£21,075	£19,338	£40,413
	=====	=====	=====

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

12. INVESTMENTS IN SUBSIDIARIES

	<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP
Unlisted shares, at cost		
At 1 January	52,500	-
Acquisition during the year	-	52,500
Written off on dissolution	(12,500)	-
	-----	-----
At 31 December	40,000	52,500
	-----	-----
Less : Impairment of investments		
At 1 January	(12,500)	-
Impairment made for the year	(40,000)	(12,500)
Written off on dissolution	12,500	-
	-----	-----
At 31 December	(40,000)	(12,500)
	-----	-----
	£ -	£40,000
	=====	=====

Particulars of subsidiaries held by the Company as at 31 December, 2011 are as follows :-

<u>Name of company</u>	<u>Place of incorporation/ operation</u>	<u>Particulars of paid up capital</u>	<u>Percentage of equity held</u>		<u>Principal activity</u>
			<u>Direct</u>	<u>Indirect</u>	
			China Consultants Limited *	England and Wales	
Ford Eagle Capital Limited	Hong Kong	HK\$500,000	100%	-	Management, consultancy services
Ford Eagle Investment Consulting (Shenzhen) Limited **	PRC	RMB1,000,000 (2010 : RMB100,000)	-	100%	Management consultancy services

* China Consultants Limited was dissolved on 4 October, 2011.

** Ford Eagle Capital Limited further invested RMB900,000 to Ford Eagle Investment Consulting (Shenzhen) Limited during the year.

13. AMOUNTS DUE FROM SUBSIDIARIES

	<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP
Ford Eagle Capital Limited	170,240	56,000
Ford Eagle Investment Consulting (Shenzhen) Limited	34,425	15,596
Less : Impairment loss	(204,665)	-
	-----	-----
	£ -	£71,596
	=====	=====

The amounts due are interest free and unsecured.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

14. TRADE AND OTHER RECEIVABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP	<u>2011</u> GBP	<u>2010</u> GBP
Trade receivables	33,499	-	30,000	-
Less: impairment loss	(30,000)		(30,000)	-
	<u>3,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rental deposits paid	-	7,544	-	7,544
Prepayment	-	3,702	-	-
Sundry receivables	1,183	27	-	-
	<u>£4,682</u>	<u>£11,273</u>	<u>£ -</u>	<u>£7,544</u>

Trade debts are due on presentation of invoices to customers and have been past due for less than 3 months at the end of the reporting period. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

15. CASH AND CASH EQUIVALENTS

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP	<u>2011</u> GBP	<u>2010</u> GBP
Cash at bank and on hand	£29,259	£53,084	£5,626	£13,497

16. TRADE AND OTHER PAYABLES

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP	<u>2011</u> GBP	<u>2010</u> GBP
Customer's deposit	1,666	-	-	-
Accruals	42,530	24,668	37,281	21,748
	<u>£44,196</u>	<u>£24,668</u>	<u>£37,281</u>	<u>£21,784</u>

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

17. LOANS FROM RELATED PARTIES

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP	<u>2011</u> GBP	<u>2010</u> GBP
Wing Tak Jack Law (a director)	101,445*	64,864	90,763	51,108
Chongju Jennifer Guo (a shareholder)	203,998	-	203,998	-
	-----	-----	-----	-----
	£305,443	£64,864	£294,761	£51,108
	=====	=====	=====	=====

The loans are interest free, unsecured and shall not be requested for repayment for at least the next twelve months from 31 December, 2011.

* Net of a balance of £3,013 due from Wing Tak Jack Law to Ford Eagle Capital Limited, a subsidiary, at 31 December, 2011.

18. SHARE CAPITAL

	<u>2011</u> GBP	<u>2010</u> GBP
Authorised :		
100,000,000 Ordinary Shares of 10p each	10,000,000	10,000,000
	=====	=====
Issued and fully paid :		
At the beginning of the year		
3,205,500 Ordinary Shares of 10p each (2010 : 1,500,000)	320,550	150,000
Increase during the year		
Nil (2010 : 1,705,500 Ordinary Shares of 10p each)	-	170,550
	-----	-----
At the end of the year		
3,205,500 Ordinary Shares of 10p each	£320,550	£320,550
	=====	=====

On 27 January, 2010, the Company issued 1,000,000 Ordinary Shares of 10 pence each for cash at 10 pence per share.

On 27 January, 2010, the Company allotted 125,000 Ordinary Shares of 10 pence each, at par, to shareholders of Axiom Capital Limited, in consideration for the proposed acquisition of China Consultants Limited ("CC"). CC was incorporated on 10 February, 2010 and it has allotted 100 shares of £1 each. Apart from the allotment of shares, CC has not traded since incorporation. The share transfer was completed on 15 March, 2010.

On 23 February, 2010, the Company issued 75,000 Ordinary Shares of 10 pence each for cash at 25 pence per share.

On 9 March, 2010, the Company issued 75,000 Ordinary Shares of 10 pence each for cash at 25 pence per share.

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

18. SHARE CAPITAL (CONTINUED)

On 12 March, 2010, the Company issued 200,000 Ordinary Shares of 10 pence each for cash at 40 pence per share.

On 20 March, 2010, the Company issued 25,000 Ordinary Shares of 10 pence each for cash at 50 pence per share.

On 3 August, 2010, the Company issued 177,500 Ordinary Shares of 10 pence each for cash at 45 pence per share.

On 20 August, 2010, the Company issued 28,000 Ordinary Shares of 10 pence each for cash at 45 pence per share.

On 19 April, 2012, the Company issued 641,100 Ordinary Shares of 10 pence each at 15 pence per share in exchange for 10% interest in a company incorporated in Hong Kong - note 27.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board manages the Group's affairs to achieve shareholder returns through capital growth and income.

Group capital comprises share capital and reserves.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

19. RESERVES

	<u>The Group</u>			
	<u>Share premium GBP</u>	<u>Accumulated losses GBP</u>	<u>Foreign currency translation reserve GBP</u>	<u>Total GBP</u>
As at 1 January, 2010	-	(78,884)	-	(78,884)
Issue of shares	147,393	-	-	147,393
Loss for the year	-	(372,463)	-	(372,463)
Other comprehensive income for the year	-	-	2,516	2,516
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December, 2010	147,393	(451,347)	2,516	(301,438)
Loss for the year	-	(317,447)	-	(317,447)
Other comprehensive income for the year	-	-	1,462	1,462
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December, 2011	£147,393	(£768,794)	£3,978	(£617,423)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

19. RESERVES (CONTINUED)

	<u>The Company</u>		
	<u>Share premium GBP</u>	<u>Accumulated losses GBP</u>	<u>Total GBP</u>
As at 1 January, 2010	-	(78,884)	(78,884)
Issue of shares	147,393	-	147,393
Loss for the year	-	(288,901)	(288,901)
	-----	-----	-----
As at 31 December, 2010	147,393	(367,785)	(220,392)
Loss for the year	-	(409,379)	(409,379)
	-----	-----	-----
As at 31 December, 2011	<u>£147,393</u>	<u>(£777,164)</u>	<u>(£629,771)</u>

20. GOODWILL

	GBP
Cost :-	
As at 1 January, 2010	-
Acquisition of subsidiaries	28,481

As at 31 December, 2010	28,481
Less : Written off on dissolution of a subsidiary (note 12)	(12,500)

As at 31 December, 2011	15,981

Accumulated impairment loss :-	
As at 1 January, 2010	-
Impairment loss	28,481

As at 31 December, 2010	28,481
Less : Written off on dissolution of a subsidiary (note 12)	(12,500)

As at 31 December, 2011	15,981

Net carrying amount :-	
As at 31 December, 2011	£ -
	=====
As at 31 December, 2010	£ -
	=====

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

21. DIRECTORS' REMUNERATION AND DIRECTORS' INTERESTS

The directors had the following interests in the shares of the Company at 31 December, 2011 and 2010 :

Directly and indirectly held by the directors

	<u>2011</u>	<u>2010</u>	
Anthony Charles Drury	-	-	
Wing Tak Jack Law	1,810,000	1,610,000	Ordinary shares
Wing Sang Wilson Hui	140,000	140,000	Ordinary shares
Garry Alides Willinge	-	-	
Nicholas John Arnold Littlewood	223,750	223,750	Ordinary shares
Man Sang Eric Tsang	-	-	
Andrew Pawley	-	-	
Chi Ming Wallace Tse	-	267,500	Ordinary shares
	=====	=====	

Details of the directors' annual remuneration are as follows :

	<u>2011</u> <u>GBP</u>	<u>2010</u> <u>GBP</u>
Anthony Charles Drury	2,560	-
Wing Tak Jack Law	36,480	38,657
Wing Sang Wilson Hui	4,800	4,400
Garry Alides Willinge	4,800	3,600
Nicholas John Arnold Littlewood	24,000	22,800
Man Sang Eric Tsang	3,600	2,000
Andrew Pawley	400	3,600
Chi Ming Wallace Tse	-	11,040
	-----	-----
	£76,640	£86,097
	=====	=====

All directors shall retire from office by rotation and retiring directors shall be eligible for re-election in the forthcoming Annual General Meeting.

22. COMMITMENTS

As at 31 December, 2011 the Group did not have (2010 : had) capital commitments contracted for but not yet incurred :-

	<u>2011</u> <u>GBP</u>	<u>2010</u> <u>GBP</u>
Capital contribution to its subsidiary in PRC	£ -	£87,986
	=====	=====

FORD EAGLE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2011

23. RELATED PARTY TRANSACTIONS

As defined in International Accounting Standard 24 "Related Party Disclosures", parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions are transfers of resources or obligations between related parties, regardless of whether a price is charged.

Apart from the following related party transactions and balances, there were no other related party transactions incurred by the Group during the year :-

(a) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company's directors as disclosed in note 21.

(b) At the end of the reporting date, the Company had the following balances with its related parties :-

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u> GBP	<u>2010</u> GBP	<u>2011</u> GBP	<u>2010</u> GBP
Wing Tak Jack Law				
- a director	101,445 *	64,864	90,763	51,108
Chongju Jennifer Guo				
- a shareholder	203,998	-	203,998	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	£305,443	£64,864	£294,761	£51,108
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

*Net of a balance of £3,013 due from Wing Tak Jack Law to Ford Eagle Capital Limited, a subsidiary, at 31 December, 2011.

24. NET (LIABILITIES)/ASSET VALUATION

The net (liabilities)/asset valuation per share is calculated by dividing the net (liabilities)/assets attributable to the equity holders of the Company at the end of the reporting period by the number of shares in issue.

	<u>2011</u> GBP	<u>2010</u> GBP
Net (liabilities)/assets	(296,873)	19,112
Number of Ordinary Shares in issue	3,205,500	3,205,500
Net (liabilities)/asset valuation per share	(£0.09)	£0.01
	<u> </u>	<u> </u>

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25. WARRANTS

Under the Deed of Warrant Grant dated 16 June, 2010, the Company has issued 150,000 warrants which are exercisable at 21 pence per share up to 1 August, 2015 to Axiom Nominees Limited, the nominee of Axiom Capital Limited, the then corporate financial advisor of the Company for the application for admission to PLUS Stock Exchange.

26. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and Renminbi. Foreign exchange risk arises from commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

Net liabilities denominated in Hong Kong dollar and Renminbi at the year end amounted to £20,313 (2010: net liabilities of £12,623), representing the Group's investments in China companies.

At 31 December 2011, had the exchange rate between the Hong Kong dollar, Renminbi and Sterling increased or decreased by 10% with all other variables held constant, the increase or decrease respectively in net assets/liabilities would amount to approximately £1,469 (2010 : £1,148).

(ii) Cash flow and fair value interest rate risk and sensitivity

The Group's cash and cash equivalents are invested at short-term market interest rates. There are no other financial assets and liabilities which are interest bearing. The Group is therefore not subject to significant cash flow or fair value interest rate risk and therefore a sensitivity analysis has not been provided.

(b) Credit risk

The Group's credit risk is primarily attributable to trade receivables and cash balances held with financial institutions. Management has a credit policy in place and the exposure to credit risk of trade receivables are monitored on an ongoing basis while cash balances are held with high-credit-quality financial institutions.

In respect of trade receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

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26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of reporting period, the trade receivables were due from two customers (2010 : Nil).

As part of the Group's trade receivable monitoring and evaluation procedures, during the year, the Group identified an amount of trade receivable of £30,000 was impaired and full provision had therefore been made. Management has since then tightened its credit policy over new clients and business.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding.

The following table details the remaining contractual maturities at the reporting end date of the Group's and the Company's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates) and the earliest date the Company can be required to pay :-

The Group

	2011				2010			
	Carrying amount GBP	Total contractual undiscounted cash flow GBP	Within 1 year or on demand GBP	Over 1 year GBP	Carrying amount GBP	Total contractual undiscounted cash flow GBP	Within 1 year or on demand GBP	Over 1 year GBP
Trade and other payables	44,196	(44,196)	(44,196)	-	24,668	(24,668)	(24,668)	-
Loans from related parties	305,443	(305,443)	-	(305,443)	64,864	(64,864)	-	(64,864)
	£349,639	(£349,639)	(£44,196)	(£305,443)	£89,532	(£89,532)	(£24,668)	(£64,864)

The Company

	2011				2010			
	Carrying amount GBP	Total contractual undiscounted cash flow GBP	Within 1 year or on demand GBP	Over 1 year GBP	Carrying amount GBP	Total contractual undiscounted cash flow GBP	Within 1 year or on demand GBP	Over 1 year GBP
Trade and other payables	37,281	(37,281)	(37,281)	-	21,784	(21,784)	(21,784)	-
Loans from related parties	294,761	(294,761)	-	(294,761)	51,108	(51,108)	-	(51,108)
	£332,042	(£332,042)	(£37,281)	(£294,761)	£72,892	(£72,892)	(£21,784)	(£51,108)

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26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values

The Group does not have financial instruments measured at fair value at the reporting period end date. The carrying amounts of the Company's financial instruments carried at cost are not materially different from their fair values as at 31 December, 2011 and 2010.

27. SUBSEQUENT EVENTS

On 19 April, 2012, the Company issued 641,100 Ordinary Shares of 10 pence each at 15 pence per share in exchange for the 10% interest in a company incorporated in Hong Kong, the principal activity of which is holding an investment property in Hong Kong.