

**Report
on the Preparation
of the Annual Financial Statements
as at 31. Dezember 2012**

of

China BPIC Surveying Instruments AG
Hamburg

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Acceptance of the engagement

1.1 Client and definition of the engagement

The Management of

**China BPIC Surveying Instruments AG,
Hamburg**

- hereinafter also abbreviated to "China BPIC" or the "Company" -

engaged us to prepare the annual financial statements as at 31. Dezember 2012 on the basis of the accounting records that we prepared, as well as the additional vouchers and inventory records provided to us, which we have not audited in accordance with the terms of our engagement, taking into account the information provided to us in accordance with the statutory requirements and in accordance with the instructions by the Client within this framework to exercise existing accounting options. We performed this engagement to prepare the annual financial statements with no assessments from April to June 2013 in our office in Hamburg.

The duty to prepare the annual financial statements was the responsibility of the Management of the Company that engaged us to prepare the financial statements, which was required to decide on the exercise of all accounting options and legislative provisions related to preparation of the financial statements.

The Company is a micro corporation according to the size classes set out in section 267a of the *Handelsgesetzbuch* (HGB – German Commercial Code).

The size-related exemptions set out in sections 267, 276, 288 and 274a of the *Handelsgesetzbuch* (HGB – German Commercial Code) were partly applied in preparing the annual financial statements.

Our engagement to prepare the annual financial statements comprised all activities necessary in order to prepare the annual financial statements legally required by the German Commercial Code, comprising the balance sheet and income statement to the financial statements, on the basis of the accounting records and the inventory records as well as the information obtained by us on recognition, presentation and measurement issues and the accounting policies required to be applied, including preparation of the closing entries.

As the preparation of a report on the preparation of the annual financial statements was agreed, but the concrete nature and scope of our reporting were not expressly defined in the agreements governing our engagement, we have reported on the scope and results of our activities in accordance with customary professional standards within the meaning of the *Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen* (Pronouncement by the German Federal Chamber of Tax Advisers on the Principles for the Preparation of Annual Financial Statements) dated 12/13 April 2010.

On acceptance of the engagement, we received an assurance from our Client that the documents and explanations necessary for the performance of the engagement would be provided to us in full.

General engagement terms

The agreed “General Engagement Terms for Tax Advisers and Tax Advisory Firms” attached to this report apply to the performance of the engagement and our responsibility, including in respect of third parties.

1.2 Performance of the engagement

We observed the principles of cost-effectiveness and materiality when preparing the annual financial statements.

The annual financial statements were prepared in accordance with the statutory provisions of commercial and tax law, German accepted accounting principles and the provisions of the articles of association.

Under the terms of the engagement issued to us, we complied with the statutory provisions for the preparation of annual financial statements and German accepted accounting principles. Compliance with other statutory provisions and the detection and clarification of criminal offences, and of administrative offences outside the accounting system, were not the subject of our engagement.

Representation letter

The Management assured us in a standard professional representation letter that the balance sheet contains all assets, liabilities and risks of the Company that are required to be recognised correctly and in full.

REPORT ON THE PREPERATION as at 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

Basis of preparation of the annual financial statements

2.1 Accounting records and inventory records, information provided

The Company is required by section 238 of the *Handelsgesetzbuch* (HGB – German Commercial Code) to keep accounting records.

The accounting was prepared using our IT systems. In accordance with a certificate issued by Ernst & Young GmbH on 31 January 2013, the DATEV eG “Kanzlei-Rechnungswesen pro” accounting software used for this purpose satisfies the requirements for proper financial accounting and preparation of the annual financial statements.

The asset accounting was prepared using our IT systems. In connection with a certificate issued by Ernst & Young GmbH on 31 January 2013 on the audit of the propriety of the “Kanzlei-Rechnungswesen pro” software, the DATEV eG “Anlagenbuchführung pro” asset accounting software used for this purpose satisfies the requirements for proper asset accounting.

All requested information, explanations and documentary evidence were readily provided by the Management and the employees nominated as information providers.

2.2 Findings on the basis of preparation of the annual financial statements

The annual financial statements were prepared using our IT systems. In accordance with a certificate issued by Ernst & Young GmbH on 31 Januar 2013, the DATEV eG, Nuremberg, “Kanzlei-Rechnungswesen pro” accounting software used for this purpose satisfies the requirements for proper financial accounting and preparation of the annual financial statements.

We agreed any entries arising during the course of our annual financial statement preparation with the Management of our Client. The closing entries were prepared by the date of completion of our activities.

The classification of the annual financial statements complies with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code), and in particular with the provisions of sections 266 and 275 of the HGB). Changes in fixed assets are properly recorded in an inventory record.

The applicable measurement provisions of commercial law were observed in compliance with the going concern assumption. The measurement policies applied to the preceding annual financial statements were retained.

REPORT ON THE PREPERATION as at 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

Adequate provisions and valuation allowances were recognised to take account of all risks existing at the balance sheet date that were identifiable by the date of preparation of the annual financial statements.

REPORT ON THE PREPERATION as at 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

Legal and economic position

3.1 Legal position

Company name:	China BPIC Surveying Instruments AG
Legal form:	AG
Date of formation:	18.07.2012
Registered office:	Amtsgericht Hamburg, HRB 123952
Address:	Schopenstehl 22, 20095 Hamburg
Entered in commercial register:	Amtsgericht Hamburg, HRB 123952
Articles of association:	Valid in the version dated 18.07.2012
incomplete financial year:	18.07. to 31.12.
Duration of the company:	indeterminate
Purpose of the company:	holding company
Subscribed capital:	€ 5.154.646,00
Executive Board:	Mrs. Yan ZHAO Mr. Took Jwee NGOH Mr. Wei XIE
	Supervisory Board: Mrs. Moll Xiaoping ZHAO Mr. Jie LUO Mr. Matthias Schroeder (since 19 June 2013) Mr. Philip MOFFAT (until 19 June 2013)
Significant changes in the legal position after the closing date:	not available

REPORT ON THE PREPERATION as at 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

3.2 Tax position

Responsible tax office: Hamburg-Mitte

Tax no.: 48/711/02622

The company is subject to corporate income tax in accordance with section 1 of the *Körperschaftsteuergesetz* (KStG – German Corporate Income Tax Act).

The trade or business is subject to trade tax in accordance with section 2(1) of the *Gewerbsteuergesetz* (GewStG – German Trade Tax Act).

REPORT ON THE PREPERATION as at 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

Nature and scope of the preparation work

Unless documented in this report on the preparation of the annual financial statements, we documented the nature, scope and results of the individual preparation activities performed during of our engagement in our working papers.

ENCLOSURES I

Jahresabschluss zum 31.12.2012
(Original German version of the financial statements as at 31.12.2012)

BILANZ zum 31. Dezember 2012
China BPIC Surveying Instruments AG, Hamburg

AKTIVA

PASSIVA

	€		€
A. Anlagevermögen		A. Eigenkapital	
I. Finanzanlagen		I. Gezeichnetes Kapital	5.154.646,00
1. Anteile an verbundenen Unternehmen	5.000.000,00	II. Kapitalrücklage	95.880,52
B. Umlaufvermögen		III. Jahresfehlbetrag	211.173,85-
I. Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks	141.155,15	B. Rückstellungen	
		1. Sonstige Rückstellungen	14.950,00
		C. Verbindlichkeiten	
		1. Verbindlichkeiten aus Lieferungen und Leistungen	86.852,48
		- Davon mit einer Restlaufzeit bis zu einem Jahr € 86.852,48	
	5.141.155,15		5.141.155,15
	5.141.155,15		5.141.155,15

GEWINN- UND VERLUSTRECHNUNG vom 18.07.2012 bis 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

	€
1. Abschreibungen auf immaterielle Vermögensgegenstände des Anlagevermögens und Sachanlagen	393,06
2. Sonstige betriebliche Aufwendungen	<u>210.780,79</u>
3. Ergebnis der gewöhnlichen Geschäftstätigkeit	<u>211.173,85-</u>
4. Jahresfehlbetrag	<u><u>211.173,85</u></u>

Bescheinigung der Steuerberatungsgesellschaft über die Erstellung

Wir haben auftragsgemäß den vorstehenden Jahresabschluss – bestehend aus Bilanz und Gewinn- und Verlustrechnung – der China BPIC Surveying Instruments AG für das Rumpfgeschäftsjahr vom 18. Juli 2012 bis 31. Dezember 2012 unter Beachtung der deutschen handelsrechtlichen Vorschriften und der ergänzenden Bestimmungen der Satzung erstellt.

Grundlage für die Erstellung waren die von uns geführten Bücher und die uns darüber hinaus vorgelegten Belege und Bestandsnachweise, die wir auftragsgemäß nicht geprüft haben, sowie die uns erteilten Auskünfte.

Die Buchführung sowie die Aufstellung des Inventars und des Jahresabschlusses nach den deutschen handelsrechtlichen Vorschriften und den ergänzenden Bestimmungen der Satzung liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft.

Wir haben unseren Auftrag unter Beachtung der Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen durchgeführt. Dieser umfasst die Entwicklung der Bilanz und der Gewinn- und Verlustrechnung auf Grundlage der Buchführung und des Inventars sowie der Vorgaben zu den anzuwendenden Bilanzierungs- und Bewertungsmethoden.

Hamburg, den 18.07.2013

that´s consulting
Steuerberatungsgesellschaft mbH

Th. Schwarz
Steuerberater

A. Surborg
Rechtsanwältin/Steuerberaterin

ENCLOSURES II

Translation of the original German version for the financial statements as at 31.12.2012 into English

BALANCE to the 31.12.2012
China BPIC Surveying Instruments AG, Hamburg

ASSETS

Equity and liabilities

	€		€
A. Fixed assets		A. Equity	
I. Long-term financial assets		I. Subscribed capital	5.154.646,00
1. Shares in affiliated companies	5.000.000,00	II. Capital reserves	95.880,52
B. Current assets		III. Net loss for the financial year	211.173,85-
I. Cash-in-hand, central bank balances, bank balances and cheques	141.155,15	B. Provisions	
		1. Other provisions	14.950,00
		C. Liabilities	
		1. Trade payables	86.852,48
		- Of which due within one year	
		€ 86.852,48	
	<u>5.141.155,15</u>		<u>5.141.155,15</u>
	<u><u>5.141.155,15</u></u>		<u><u>5.141.155,15</u></u>

INCOME STATEMENT from 18.07.2012 to 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

	€	€
1. Depreciation, amortisation and write Amortisation and write-downs of intangible fixed assets, de- preciation and write-downs of tangible fixed assets and amor- tisation of capitalised business start-up and expansion ex- penses		393,06
2. Other operating expenses	<u>210.780,79-</u>	
3. Result from ordinary activities		<u>211.173,85-</u>
4. Net loss for the financial year		<u><u>211.173,85</u></u>

Attestation report on preparation by the tax advisory firm

In accordance with the terms of our engagement, we have prepared the preceding annual financial statements – comprising the balance sheet and income statement to the financial statements – of China BPIC Surveying Instruments AG for the incomplete financial year from 18. Juli 2012 to 31. Dezember 2012 in accordance with the provisions of German commercial law and the supplementary provisions of the articles of association.

The basis of preparation was the accounting records maintained by us and the additional vouchers and inventory records provided to us, which we have not audited in accordance with the terms of our engagement, as well as the information provided to us.

The accounting records and the preparation of the inventory records and the annual financial statements in accordance with the provisions of German commercial law and the supplementary provisions of the articles of association are the responsibility of the Company's Management.

We performed our engagement in accordance with the *Verlautbarung der Bundessteuerberaterkammer zu den Grundsätzen für die Erstellung von Jahresabschlüssen* (Pronouncement by the German Federal Chamber of Tax Advisers on the Principles for the Preparation of Annual Financial Statements). This engagement comprises the preparation of the balance sheet and income statement to the financial statements, on the basis of the accounting records, the inventory records and the accounting policies required to be applied.

Hamburg, 18.07.2013

that's consulting
Steuerberatungsgesellschaft mbH

Th. Schwarz
tax adviser

A. Surborg
lawyer/tax adviser

ENCLOSURES III

ACCOUNT STATEMENT to the BALANCE as at 31. Dezember 2012

China BPIC Surveying Instruments AG , Hamburg

ASSETS

Account	Designation	€
	Shares in affiliated companies	
05000	Shares in affltd cmpnies (fixed assets)	5.000.000,00
	Cash-in-hand, central bank balances, bank balances and cheques	
12000	Bank	141.155,15
		<hr/>
	Total assets	5.141.155,15
		<hr/> <hr/>

ACCOUNT STATEMENT to the BALANCE as at 31. Dezember 2012

China BPIC Surveying Instruments AG , Hamburg

Equity and liabilities

Account	Designation		€
	Subscribed capital		
08000	Subscribed capital		5.154.646,00
	Capital reserves		
08410	Cap. res. issuance sh. notional amnt		95.880,52
	Net loss for the financial year		
	Net loss for the financial year		211.173,85-
	Other provisions		
09700	Other provisions	1.950,00	
09770	Provsns period-end closing / audit costs	<u>13.000,00</u>	
			14.950,00
	Trade payables		
16000	Trade payables		86.852,48
	Of which due within one year		
	€ 86.852,48		
16000	Trade payables		
			<hr/>
	Total Equity and liabilities		5.141.155,15
			<hr/> <hr/>

ACCOUNT STATEMENT to the INCOME STATEMENT from 18.07.2012 to 31.12.2012

China BPIC Surveying Instruments AG, Hamburg

Account	Designation	€	€
	Depreciation, amortisation and write		
	Amortisation and write-downs of intangible fixed assets, depreciation and write-downs of tangible fixed assets and amortisation of capitalised business start-up and expansion expenses		
48550	Immediate write-off of low-value assets		393,06
	Occupancy costs		
42100	Rent (immovable property)		1.200,00
	Advertising and travel expenses		
46400	Corporate hospitality expenses	338,32	
46500	Entertainment expenses	539,00	
46540	Non-deductible entertainment expenses	<u>231,00</u>	
			1.108,32
	Selling and distribution expenses		
47300	Outgoing freight	96,56	
47800	Third-party services (distribution)	4.991,25	
47810	expenses exchange trading/stock listing	94.156,15	
47850	fees board of management	<u>1.428,00</u>	
			100.671,96
	Miscellaneous operating costs		
49500	Legal and consulting costs	91.523,13	
49550	Bookkeeping costs	750,00	
49570	Period-end closing and audit costs	15.490,31	
49700	Incidental monetary transaction costs	<u>37,07</u>	
			107.800,51
	Net loss for the financial year		
	Net loss for the financial year		<u>211.173,85</u>

**General Engagement Terms for Tax Advisers
and Tax Advisory Firms**