

The Fraud School, RINO, and FSIN

April 10, 2012



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RESEARCH

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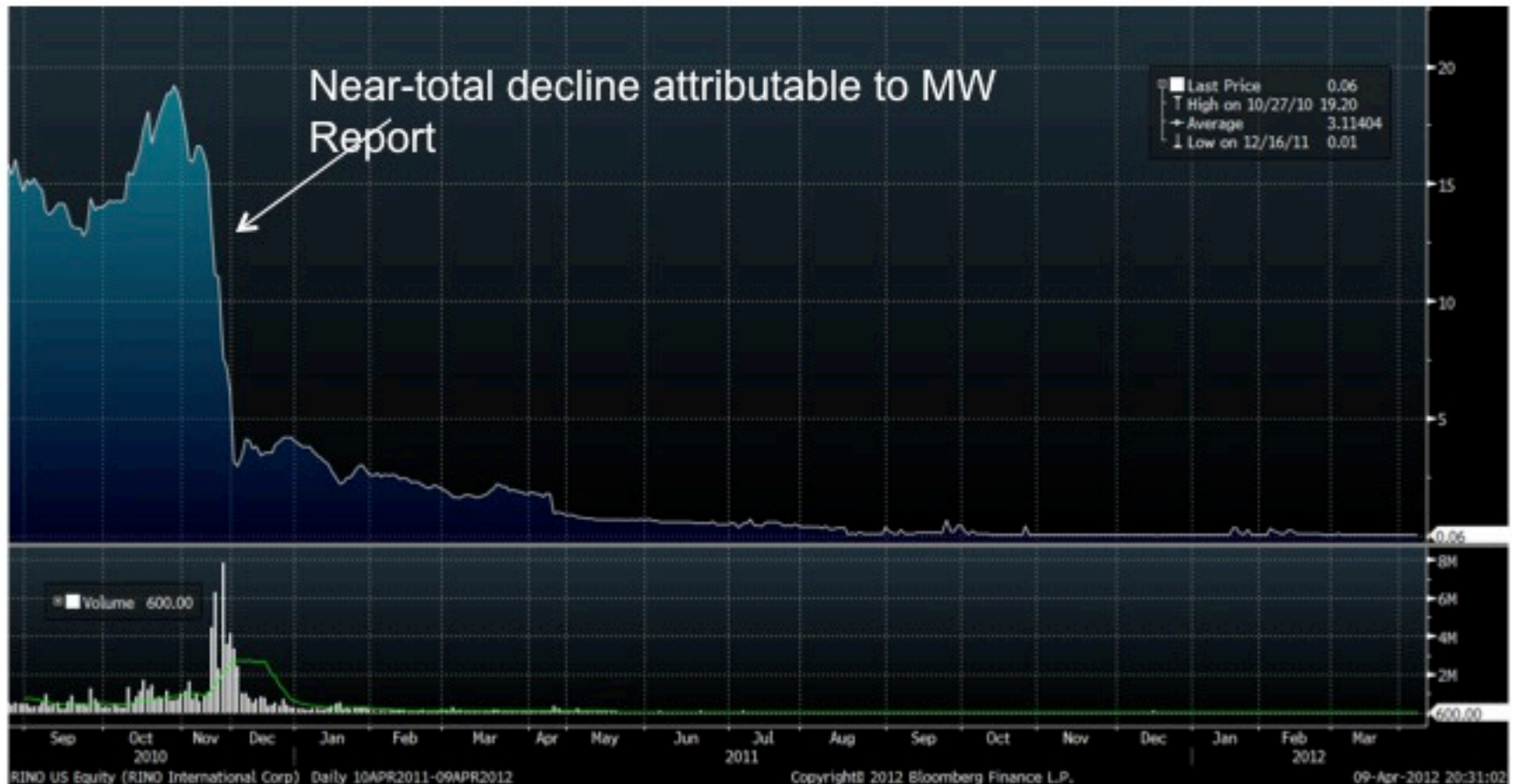
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2000

RINO



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The Pupils

Fraud School Pupils					
Company Name	Ticker	Price	Market Cap. (\$mm)	LTM P/E (x)	Prior FY Reported Revenue (\$mm)
American Lorain Corporation	AMEX: ALN	\$1.20	\$41.4	2.09x	\$213.2
Lihua International, Inc	NASDAQ: LIWA	\$4.39	\$131.9	2.49x	\$637.1
RINO International Corporation ¹	PINK: RINO	\$0.06	\$1.7	0.03x	\$192.6
Fushi Copperweld, Inc	NASDAQ: FSIN	\$5.79	\$221.4	6.93x	\$287.4

Note:

- 1 RINO stopped reporting financial results following Q3 2010. LTM Multiples are based off of the quarters ending with Q3 2010, and "Prior FY" figures are based off of the year ending December 31, 2009

The Professors

- Legitimate:
 - Law Firms
 - Accountants
 - Consultants
 - Investment Banks

Networks & Relationships

Chief Capital – RINO and FSIN Intersection

The screenshot displays the Chief Capital website. The header includes the company logo (致富 CHIEF), name (致富融资有限公司 CHIEF CAPITAL LTD), and navigation links (e.g., 网站首页, 致富概况). A sidebar on the left lists '成功案例' (Success Cases) with links for US, Hong Kong, and direct investment, and '最新会议' (Latest Meetings). The main content area, titled '首页 > 成功案例', is divided into '美国上市' (US Listing) and '香港上市' (Hong Kong Listing). The '美国上市' section features eight success stories, each with a company logo, name, and details of the financing round (e.g., '2010年10月向SEC申报的注册材料正式生效', 'Funding: \$10M', '2009年12月', '私募融资1500万美元'). The '香港上市' section is partially visible at the bottom.

致富 CHIEF 致富融资有限公司 CHIEF CAPITAL LTD

香港证监会持牌券商, CE No: ALW541.

网站首页 | 致富概况 | 公司业务 | 成功案例 | 新闻中心 | 融资课堂 | 研究报告 | 招贤纳士 | 联系我们

成功案例

- 美国上市
- 香港上市
- 直接投资

最新会议

首页 > 成功案例

美国上市

- 2010年10月向SEC申报的注册材料正式生效
东方医疗集团
- Funding: \$10M
2009年12月
武汉金鹰珠宝 私募融资1500万美元
- Funding: \$10M
2007年10月
大连绿诺 私募融资2500万美元
- OTCBB: SGAS
2006年08月
中德国际 私募融资900万美元
- OTCBB: CSAT
2010年06月
西南医疗美容 企业完成反向收购
- OTCBB: EXND
2008年01月
大连聪明集团 私募融资1700万美元
- Funding: \$100M
2007年02月
武汉鼓风机 私募融资2400万美元
- Funding: FSIN
2005年12月
傅氏国际 私募融资1200万美元

香港上市

Jimmy C.H. Cheung & Co. – RINO and FSIN Intersection




JIMMY C. H. CHEUNG & CO., CPA

A Kreston International Affiliated Firm, based in Hong Kong




Mission Statement

To serve every client with integrity, regardless of their size and to realize their utmost potential.



Integrity



Potential



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RINO & FSIN: Peas in a Pod

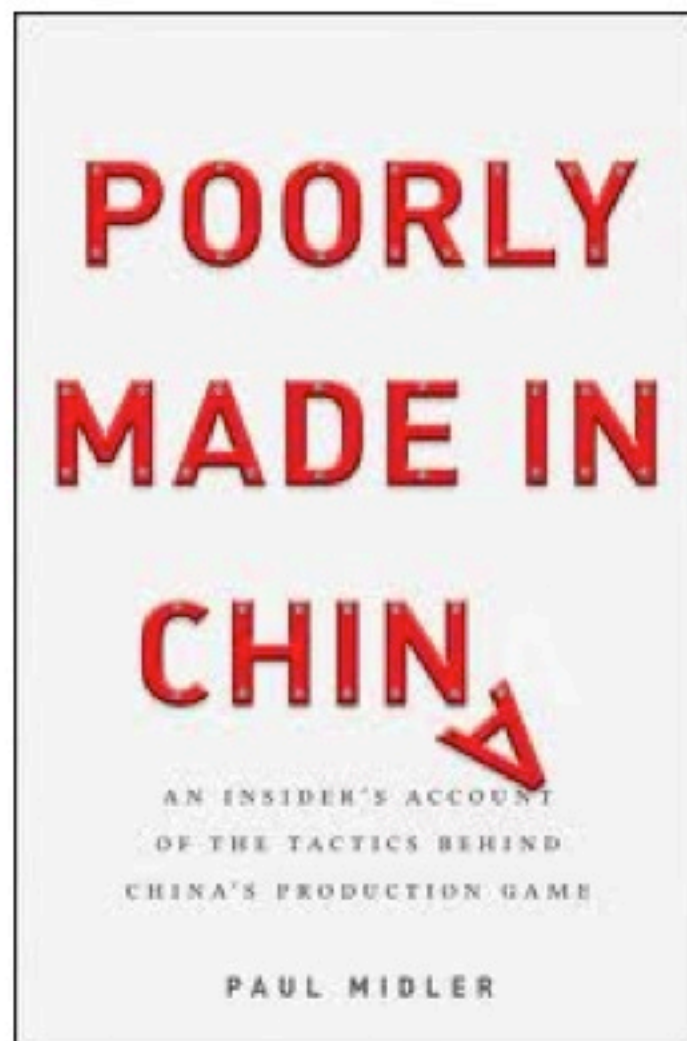


FSIN's Troubled Ties

- CBEH (PINK), China Integrated Energy, Inc., which was halted in April 2011 and subsequently delisted from NASDAQ on June 15, 2011. It had been the subject of fraud allegations by Alfred Little (www.alfredlittle.com)
- CGA (NYSE), China Green Agriculture. It had been the subject of negative research reports by IFRA (www.ifragroup.com) and J Capital Research (www.jcapitalresearch.com)
- ENHD (PINK), Energrouph Holdings Corp., which was delisted from OTCBB and filed Form 15 to terminate its registration and suspend all securities filings on January 3, 2011
- GSI (NYSE), General Steel Holdings, Inc.
- Harbin Electric, which was acquired by a group led by its chairman at \$24 per share. Prior to the acquisition, it had been the subject of negative research reports by Citron Research (www.citronresearch.com)
- NEP (AMEX), China Northeast Petroleum Holdings, Inc., which has been halted since March 1, 2012
- ONP (AMEX), Orient Paper, Inc. ONP was the subject of Muddy Waters's first fraud report
- SGTI (OTCBB), Shengtai Pharmaceutical, Inc., which has a market capitalization of \$9.6 million on reported 2011 revenue of \$171.7 million, trading at 0.16x book value and 2.3x P/E
- SHZ (AMEX), China Shenzhou Mining & Resources, Inc., which was the subject of negative a research report by Absaroka Capital Management, LLC (www.absaroka.com)

Making Lemons into Lemonade

Muddy Waters:
Ending Fraud,
One Unannounced Site
Visit/Channel Check at
a Time



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FSIN's Secret of Success #1: Maximize Margins by Minimizing Work Performed

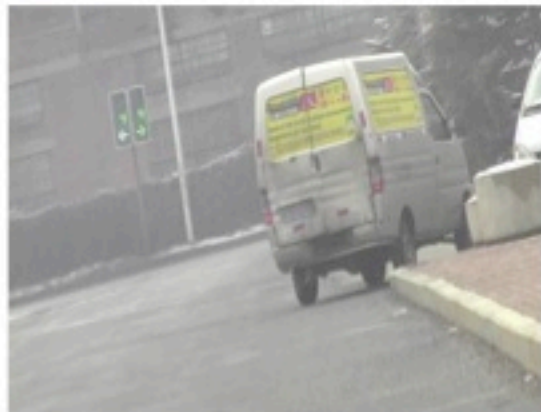


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Large Trucks Require Output



FSIN's Secret of Success #2: Save Money by Only Selling as Much as Fits in Your Car



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What is Actually Being Produced?

- FSIN claims the factory produces 29,000 tons / year.
- Possible as little as 2,250 tons / year.
- That's 92.2% lower.

When Less is Less: Dalian Jinchuan



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When Less is Less, Cont'd



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Cooking Classes

Book Cooking 101: Forged Documents

- Accounting documents
- Sales contracts
- Bank statements
- Government documents
- Government seals
- Document templates

Book Cooking Faux Pas #1: Wrong Taxes

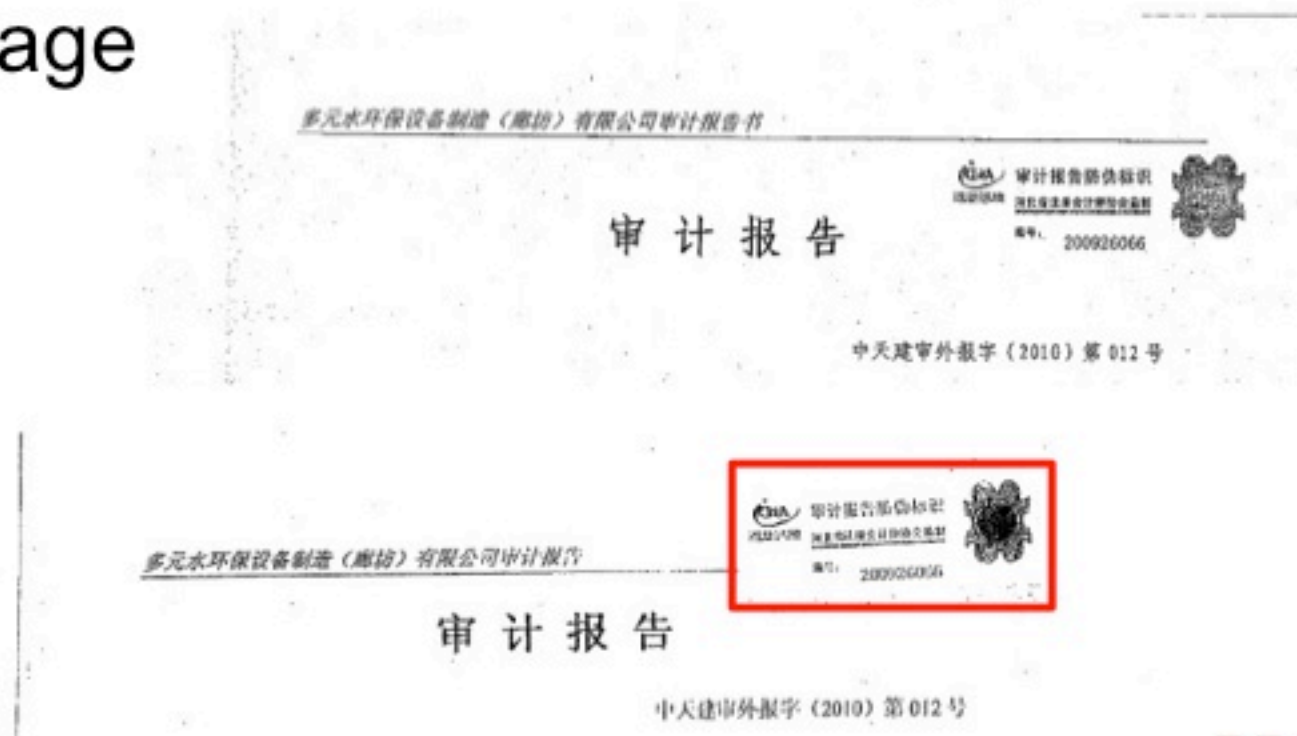
Entity	Claimed Tax Treatment	RINO's Explanation	Date / Form	Problems with Explanation
Innomind	2-year complete exemption, 3-year 50% exemption	Standard exemption for newly-formed Wholly-foreign owned enterprises ("WFOE") under 1991 tax law	2007 10-K & S-1	This is a misstatement of PRC tax law. No such treatment applied to Innomind. As of March 16, 2007, this treatment was no longer available to new WFOEs due to the new tax law being enacted. Innomind was formed on Jul. 9, 2007 and thus ineligible. Even if it were available, to qualify, at least 50% of income must come from production. Management fees received from VIE would not qualify as production income.
VIE	(no discussion)			
Innomind	3-year complete exemption, 3-year 50% exemption	Qualified under new tax law as environmental protection industry company.	Q1 2008 10-Q through 2008 10-K	This is a misstatement of PRC tax law. Under the new law, income related to certain environmental protection projects would have a 3-year / 3-year holiday. This is not a company-wide exemption. However, the projects and qualifying criteria were not stated until a Dec. 31, 2009 circular (Cai Shui [2009] 166). Therefore, there was no way to obtain project exemptions at the times of these filings.
VIE	3-year complete exemption, 3-year 50% exemption	Qualified under new tax law as environmental protection industry company.		This is a misstatement of PRC tax law. Under the new law, income related to certain environmental protection projects would have a 3-year / 3-year holiday. This is not a company-wide exemption. However, the projects and qualifying criteria were not stated until a Dec. 31, 2009 circular (Cai Shui [2009] 166). Therefore, there was no way to obtain project exemptions at the times of these filings.
Innomind	2-year complete exemption, 3-year 50% exemption	Qualified under new tax law as environmental protection industry company.	Q1 2009 10-Q through Q2 2009 10-Q	An odd switch to 2-year / 3-year. Again, a misstatement of PRC tax law because it was unavailable at the time of the filings. As of Dec. 31, 2009, applicable only to income from specified projects.
VIE	25% tax rate, no exemption	Taxed according to the new tax law. No exemptions applicable.		

Book Cooking Faux Pas #1: Wrong Taxes, Cont'd

Entity	Claimed Tax Treatment	RINO's Explanation	Date / Form	Problems with Explanation
Innomind	2-year complete exemption, 3-year 50% exemption	Qualified under new tax law as environmental protection industry company.	Q3 2009 10-Q	This is a misstatement of PRC tax law. Under the new law, income related to certain environmental protection projects would have a 3-year / 3-year holiday. This is not a company-wide exemption. Therefore, there was no such applicable exemption covering 2009 income.
VIE	15% tax rate However, taxable income reduced to zero	Reduction approved Dec. 10, 2008 All net income paid as management fees Innomind per the "Entrusted Management Agreement" dated Oct. 3, 2007		Impossible under PRC tax law. Per Article 49 of the Implementation Regulations of the Enterprise Income Tax Law, management fees (管理费) are not deductible. Thus, VIE would have paid taxes because the management fee is not deductible.
Innomind	2-year complete exemption, 3-year 50% exemption	Qualified under new tax law as environmental protection industry company.	2009 10-K - Present	This is a misstatement of PRC tax law. Under the new law, income related to certain environmental protection projects would have a 3-year / 3-year holiday. This is not a company-wide exemption. Therefore, there was no such applicable exemption covering 2009 income.
VIE	15% tax rate However, taxable income reduced to zero	Reduction approved Dec. 10, 2008 All net income paid as management fees Innomind per the "Entrusted Management Agreement" dated Oct. 3, 2007		Impossible under PRC tax law. Per Article 49 of the Implementation Regulations of the Enterprise Income Tax Law, management fees (管理费) are not deductible. Thus, VIE would have paid taxes because the management fee is not deductible.

Book Cooking Faux Pas #2: Poor Forgeries

- DGW – Auditor seal clearly glued onto page



Book Cooking Faux Pas #2: Poor Forgeries, Cont'd

- DGW– New date is in English and auditor seals have changed



中国注册会计师: [Signature]
中国注册会计师: [Signature]
二〇一〇年三月三日



中国注册会计师: [Signature]
中国注册会计师: [Signature]

2010年3月3日

Investors to Decide

- China Lumena New Materials



Dalian Jinchuan: FSIN's Ghost Town

Dalian Jinchuan Power Cable Financial Results			
All Figures in Thousands	2009	2010	2011
SAIC: Revenue (RMB)	36,635	26,489	NA
SAIC: Revenue (USD ¹)	5,363	3,913	NA
SAIC: Net Income (RMB)	481	354	NA
SAIC: Net Income (USD ¹)	70	52	NA
SEC: Revenue ^{2,3} (USD)	NA	29,109	31,702
SEC: Net Income ^{2,3} (USD)	NA	4,298	NA
Revenue Overstatement	NA	7.4x	NA
Net Income Overstatement	NA	12.1x	NA

Note:

- 1 Revenue converted to USD using the average annual exchange rates provided for each year in FSIN's 10-K filings
- 2 Figures obtained through FSIN 2011 10-K, F-9 & F-31
- 3 2010 revenue and net income is noted in FSIN's filings as being for the period of February 5 2010 through December 31, 2010

Dalian Jinchuan: FSIN's Ghost Town, Cont'd

Jinchuan 2009 Revenue				Jinchuan 2010 Revenue			
利 润 表				利 润 表			
企业名称: 大连金川电缆有限公司 2009 年度12月				大连金川电缆有限公司 2010 年度12月			
项 目	行次	本期数	本年累计数	项 目	行次	本期数	本年累计数
一、主营业务收入	1		36,635,082.56	一、主营业务收入	1	2,068,210.68	26,489,203.90
减: 主营业务成本	2		34,442,896.31	减: 主营业务成本	2	1,761,789.90	24,694,081.05
主营业务税金及附加	3		79,185.46	主营业务税金及附加	3		24,551.01
二、主营业务利润 (亏损以“-”号填列)	4	0.00	2,113,000.79	二、主营业务利润 (亏损以“-”号填列)	4	306,420.78	1,770,568.74
加: 其它业务利润 (亏损以“-”号填列)	5		12,263.48	加: 其它业务利润 (亏损以“-”号填列)	5		42,160.27
减: 营业费用	6		721,932.72	减: 营业费用	6	28,211.57	388,593.16
管理费用	7		1,364,171.14	管理费用	7	119,474.50	1,486,404.24
财务费用	8		-3,903.69	财务费用	8	-3,836.83	134,115.85
其中: 利息支出 (减利息收入)	9			其中: 利息支出 (减利息收入)	9		
汇兑损失 (减汇兑收益)	10			汇兑损失 (减汇兑收益)	10		
三、营业利润 (亏损以“-”号填列)	11	0.00	43,064.10	三、营业利润 (亏损以“-”号填列)	11	162,571.54	-196,381.24
加: 投资收益 (亏损以“-”号填列)	12		0.00	加: 投资收益 (亏损以“-”号填列)	12		0.00
补贴收入	13		0.00	补贴收入	13		0.00
营业外收入	14		438,083.25	营业外收入	14	216,051.00	550,335.76
减: 营业外支出	15		2.34	减: 营业外支出	15		0.00
四、利润总额 (亏损以“-”号填列)	16	0.00	481,145.01	四、利润总额 (亏损以“-”号填列)	16	378,622.54	353,951.52
减: 所得税	17			减: 所得税	17		
少数股东损益	18			少数股东损益	18		
加: 未确认的投资损失 (以“+”号填列)	19			加: 未确认的投资损失 (以“+”号填列)	19		
五、净利润 (净亏损以“-”号填列)	20	0.00	481,145.01	五、净利润 (净亏损以“-”号填列)	20	378,622.54	353,951.52

Jinchuan 2009
Net Income

Jinchuan 2010
Net Income

Fushi International Dalian: Forged SAIC Files?

- The 2008 and 2010 financial statements are missing the company's seal ("chop").
- The 2010 financial statements are missing the auditor's chop and the accountant's seals.
- The formatting in parts of the 2009 audit report appears unusually unprofessional.

Fushi International Dalian: Forged SAIC Files?

FSIN's company seal is consistently absent

资产负债表

大连福世国际(中国)设备租赁有限公司 2008年12月31日 单位: 元

资产	行次	期末余额	年初余额	负债和所有者权益 (或股东权益)	行次	期末余额	年初余额
流动资产:	1			流动负债:	26		
货币资金	2	438,051,082.54	551,481,711.19	短期借款	27	1,000,000,000.00	
交易性金融资产	3			应付账款	28		
应收票据	4	360,722.20	1,000,461.98	预收账款	29		
应收账款	5	385,758,711.42	525,558,589.19	应付利息	30	1,381,757.24	1,480,862.50
预付账款	6	185,443,463.24	554,786,687.97	其他应付款	31		
其他应收款	7			应付股利	32	60,798.67	60,798.67
存货	8			其他流动负债	33		
流动资产合计	9	1,024,561,947.40	1,633,727,449.33	非流动负债:	34		
长期股权投资	10			长期借款	35		
固定资产	11	12,526,960.87	36,889,368.59	其他非流动负债	36		
在建工程	12			负债合计	37	1,001,781,757.24	1,042,141,260.17
无形资产	13			所有者权益(或股东权益):	38		
开发支出	14			实收资本(或股本)	39	1,000,000,000.00	1,000,000,000.00
商誉	15			资本公积	40		
长期待摊费用	16			盈余公积	41		
递延所得税资产	17			未分配利润	42	44,781,741.90	63,727,189.33
其他流动资产	18			所有者权益合计	43	1,044,781,741.90	1,063,727,189.33
资产总计	19	1,037,088,908.27	1,670,554,638.66	负债和所有者权益(或股东权益)总计	44	1,037,088,908.27	1,670,554,638.66

利润表

大连福世国际(中国)设备租赁有限公司 2008年12月 单位: 元

项目	行次	本年金额	上年金额
一、营业收入	1	1,000,311,145.81	889,535,841.38
减: 营业成本	2	732,448,171.30	579,305,348.11
营业税金	3		
销售费用	4	16,867,199.88	11,101,511.31
管理费用	5	18,478,471.73	26,486,367.97
财务费用(利息支出“-”号填列)	6	4,758,921.18	751,431,688.81
资产减值损失	7		
加: 公允价值变动净收益(净损失“-”号填列)	8		
投资净收益(净损失“-”号填列)	9		
其他业务利润(净损失“-”号填列)	10	3,311,491.81	3,361,014.49
营业利润	11	111,486.88	388,888.88
二、营业外收入	12	303,763,111.78	219,361,884.88
减: 营业外支出	13		4,365,943.88
其中: 非流动资产处置净损失(净损失“-”号填列)	14	388,511.44	388,511.44
三、利润总额(亏损总额“-”号填列)	15	314,741,487.66	593,944,829.88
减: 所得税费用	16	311,348,108.31	589,941,348.78
四、净利润	17	3,393,379.35	10,003,481.10
五、每股收益:	18	277,311,348.80	278,941,348.78
(一) 基本每股收益	19		
(二) 稀释每股收益	20		
(三) 稀释每股收益	21		

现金流量表

大连福世国际(中国)设备租赁有限公司 2008年度 单位: 元

项目	行次	本年金额	上年金额
一、经营活动产生的现金流量:	1		
销售商品、提供劳务收到的现金	2	1,000,311,145.81	889,535,841.38
收到的税费返还	3	4,758,921.18	
收到其他与经营活动有关的现金	4	121,486.88	
经营活动现金流入小计	5	1,005,550,853.87	889,535,841.38
购买商品、接受劳务支付的现金	6	540,348,171.30	579,305,348.11
支付给职工以及为职工支付的现金	7	31,478,471.73	31,478,471.73
支付的各项税费	8	16,867,199.88	11,101,511.31
支付其他与经营活动有关的现金	9	46,867,199.88	31,478,471.73
经营活动现金流出小计	10	635,561,022.79	653,363,802.96
经营活动产生的现金流量净额	11	369,989,831.08	236,172,038.42
二、投资活动产生的现金流量:	12		
收回投资收到的现金	13		
取得投资收益收到的现金	14		
处置固定资产、无形资产和其他长期资产收回的现金净额	15		
处置子公司及其他营业单位收到的现金净额	16		
收到其他与投资活动有关的现金	17		
投资活动现金流入小计	18		
购建固定资产、无形资产和其他长期资产支付的现金	19	141,348,108.31	141,348,108.31
投资支付的现金	20		
取得子公司及其他营业单位支付的现金净额	21		
支付其他与投资活动有关的现金	22		
投资活动现金流出小计	23	141,348,108.31	141,348,108.31
投资活动产生的现金流量净额	24	-141,348,108.31	-141,348,108.31
三、筹资活动产生的现金流量:	25		
吸收投资收到的现金	26		
取得借款收到的现金	27	1,000,000,000.00	1,000,000,000.00
收到其他与筹资活动有关的现金	28		
筹资活动现金流入小计	29	1,000,000,000.00	1,000,000,000.00
偿还债务支付的现金	30		
分配股利、利润或偿付利息支付的现金	31	44,781,741.90	63,727,189.33
支付其他与筹资活动有关的现金	32		
筹资活动现金流出小计	33	44,781,741.90	63,727,189.33
筹资活动产生的现金流量净额	34	955,218,258.10	936,272,810.67
四、汇率变动对现金的影响	35		
五、现金及现金等价物净增加额	36	1,223,859,980.87	1,031,102,740.86
期初现金及现金等价物余额	37		
期末现金及现金等价物余额	38		

Fushi International Dalian: Forged SAIC Files?

我们相信，我们获取的审计证据是充分、适当的，为发表审计意见提供了基础。

三、审计意见

我们认为，傅氏国际（大连）双金属线缆有限公司的财务报表已经按照企业会计准则和《企业会计制度》的规定编制，在所有重大方面公允反映了傅氏国际（大连）双金属线缆有限公司 2010 年 12 月 31 日的财务状况以及 2010 年度的经营成果和现金流量。

- 附件：1、2010 年 12 月 31 日资产负债表
2、2010 年度利润表
3、2010 年度现金流量表
4、财务报表附注

The auditing firm and accountants' seals are missing from the 2010 SAIC filing

大连枫博云正会计师事务所有限公司

中国·大连

中国注册会计师：

中国注册会计师：

2011 年 4 月 22 日

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Fushi International Dalian: Forged SAIC Files?

傅氏国际（大连）双金属线缆有限公司

审计报告

弊或错误导致的财务报表重大错报风险的评估。在进行风险评估时，我们考虑与财务报表编制相关的内部控制，以设计恰当的审计程序，但目的并非对内部控制的有效性发表意见。审计工作还包括评价管理层选用会计政策的恰当性和做出会计估计的合理性，以及评价财务报表的总体列报。

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Formatting irregularities are present in the 2009 SAIC filing, such as the paragraph border mysteriously moving to left and lines across the files (as shown in the excerpt to the left)

附送：1、2009 年 12 月 31 日资产负债表

辽宁瑞源联合会计师事务所

电话 0411-62779716

0411-62789045

公司地址：大连市开发区金马路凯伦国际大厦 A 座 808 室

传真 0411-62779723

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Fraud School Career Center: Opportunities for Graduates

What Next?



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Dalian Jinchuan: Intentionally Misleading Shareholders

Date	Shareholders	Ownership %	Capital Contribution (RMB'000)	Legal Representative & Supervisor	Registered Capital (RMB'000)
April 2007	Yu Ju	61%	6,805	Legal Representative: Yu Ju	11,129
	Yan Ju	22%	2,400	Supervisor: Xueqin Zhang	
	Xueqin Zhang	17%	1,923		
27-Mar-08	Li Fu	78%	8,729	Legal Representative: Chunyan Xu	11,129
	Chunyan Xu	22%	2,400	Supervisor: Li Fu	
14-Dec-09	Binchang Liang	78%	8,729	Legal Representative: Chunyan Xu	11,129
	Luyuan Liu	22%	2,400	Supervisor: Li Fu	
6-Jan-10	Binchang Liang	78%	8,729	Legal Representative: Binchang Liang	11,129
	Luyuan Liu	22%	2,400	Supervisor: Li Fu	
1-Mar-10	Binchang Liang	78%	8,729	Legal Representative: Chunyan Xu	11,129
	Luyuan Liu	22%	2,400	Supervisor: Li Fu	
17-Mar-10	Fushi International (Dalian) Bimetallic Cable Co., Ltd.	100%	11,129	Legal Representative: Chunyan Xu Supervisor: Li Fu	11,129

Shanghai Hongtai: A Present for the Chairman, Courtesy of FSIN Shareholders

On May 31, 2010 (“the acquisition-date”), Fushi International completed the acquisition of Hongtai by designating the Company’s Co-Chief Executive Officer (“Co-CEO”) Li Fu to acquire Hongtai as the Company’s legal representative during this transitional period of Fushi Jiangsu as described above. Mr. Li Fu is currently appointed as the sole member of Hongtai’s board. Such duties carried out by the Company’s Co-CEO did not result in additional compensation provided to the Co-CEO. In addition, the Company funded all such considerations as described below related to the acquisition of Hongtai.

It is the Company’s intention that Hongtai be dissolved at the conclusion of the transitional period at which point Fushi Jiangsu becomes fully operational.

-FSIN Q2 2010 10-Q, p. 26.

Deposits for Land Use Rights

- MW now taking deposits for land use rights on the moon

During the year ended December 31, 2010, the Company prepaid USD9,480,129 for the purchase of a land use right. As of December 31, 2010, the Company has not obtained the title of the land use right yet. The prepayment is recorded in "deposits for land use right" in the consolidated balance sheet as of December 31, 2010 and will be reclassified to "land use rights" when the title is obtained.

	March 31, 2011 USD	December 31, 2010 USD
ASSETS		
<i>Current assets:</i>		
Cash	134,438,395	123,000,338
Accounts receivable, net of allowance for doubtful accounts	63,238,073	65,765,722
Inventories	18,624,451	16,143,922
Advances to suppliers	13,279,119	15,022,976
Prepaid expenses and other current assets	909,681	743,206
Total current assets	230,489,719	220,676,164
<i>Non-current assets:</i>		
Property, plant and equipment, net	121,766,952	124,177,512
Intangible assets	510,318	577,587
Land use rights	13,095,516	13,089,732
Deposits for land use rights	9,698,760	9,623,181
Goodwill	1,741,697	1,669,789
Other non-current assets	584,053	443,397
Total assets	377,887,015	370,257,363

Deposits for Land Use Rights, Cont'd: Q2 & Q3

2011

	June 30, 2011 USD	December 31, 2010 USD
ASSETS		
<i>Current assets:</i>		
Cash	141,879,243	123,000,338
Accounts receivable, net of allowance for doubtful accounts	75,191,031	65,765,722
Inventories	20,644,085	16,143,922
Advances to suppliers	10,369,102	15,022,976
Prepaid expenses and other current assets	806,117	743,206
Total current assets	248,889,578	220,676,164
Property, plant and equipment, net	120,422,102	124,177,512
Intangible assets	504,487	577,587
Land use rights	13,168,733	13,089,733
Deposits for land use rights	9,825,781	9,623,181
Goodwill	1,764,508	1,669,789
Other non-current assets	573,484	443,397
Total assets	395,148,673	370,257,363

	September 30, 2011 USD	December 31, 2010 USD
ASSETS		
<i>Current assets:</i>		
Cash	163,624,276	123,000,338
Accounts receivable, net of allowance for doubtful accounts	73,913,870	65,765,722
Inventories	18,899,317	16,143,922
Advances to suppliers	8,586,217	15,022,976
Prepaid expenses and other current assets	1,042,982	743,206
Total current assets	266,066,662	220,676,164
Property, plant and equipment, net	119,064,234	124,177,512
Intangible assets, net	468,518	577,587
Land use rights, net	13,240,167	13,089,733
Deposits for land use rights	9,957,883	9,623,181
Goodwill	1,768,231	1,669,789
Other non-current assets	518,477	443,397
Total assets	411,110,172	370,257,363

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Deposits for Land Use Rights, Cont'd: Q4 2011

During the year ended December 31, 2010, the Company prepaid \$9,480,129 for the purchase of a land use right. As of December 31, 2011, the Company has not obtained the title of the land use right yet. The prepayment is recorded in "deposits for land use right" in the consolidated balance sheets as of December 31, 2011 and 2010 and will be reclassified to "land use rights" when the title is obtained.

December 31	
2011	2010
USD	USD

ASSETS

Current assets:

Cash	200,451,902	123,000,338
Accounts receivable, net of allowance for doubtful accounts	63,978,861	65,765,722
Inventories	10,695,123	16,143,922
Advances to suppliers	6,793,904	15,022,976
Prepaid expenses and other current assets	1,332,204	743,206
Total current assets	283,251,994	220,676,164
Property, plant and equipment, net	117,405,523	124,177,512
Intangible assets, net	431,441	577,587
Land use rights	13,321,796	13,089,733
Deposits for land use right	10,090,621	9,623,181
Goodwill	1,812,068	1,669,789
Other non-current assets	491,380	443,397
Total assets	426,804,823	370,257,363

Unwinding the Frauds



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Chairman Fu's Bid

- Original bid November 3, 2010 of \$11.50
- Lowered to \$9.25 on November 21, 2011
- Raised to \$9.50 on December 28, 2011



Thank You

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