Hi-Great Group Holding Company

CONSOLIDATED STATEMENTS OF OPERATIONS
As of June 30, 2010 AND 2011
(EXPRESSED IN US $ AND US$/BND=6.5411/6.8252 DURING 2011 AND 2010)

	THE MONTHS ENDED JUNE 30	
	2011	**2010**
OPERATING REVENUES		
Revenues	$873,568	$323,855
OPERATING EXPENSES		
Cost	$656,929	$284,241
General and administrative expenses	$210,150	$91,689
Selling expenses		
Sales tax		
Total Operating Expenses	$867,079	$375,930
Plus: Other operating income, net	(349)	
LOSS/INCOME BEFORE OTHER INCOME (EXPENSE)	$6,140	$(52,075)
OTHER INCOME (EXPENSE)		
Non-operating expense		
Interest expense, net	$284	$(104)
Prior year income adjustment		
Total Other Income (Expense)	$(284)	$104
NET LOSS/INCOME BEFORE PROVISION FOR INCOME TAXES	$5,856	$(52,179)
Provision for Income Taxes	-	
NET LOSS/INCOME APPLICABLE TO COMMON SHARES	$5,856	$(52,179)
NET LOSS/INCOME PER BASIC AND DILUTED SHARES	$0.00033	$(0.00290)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	18,000,000	18,000,000

CONSOLIDATED BALANCE SHEET

As of June 30, 2010 AND 2011
(EXPRESSED IN US$ AND US$/BND$=6.4716 AND 6.7909 ON JUN. 30 2011 AND 2010)

ASSETS

	JUN.30, 2011	JUN.30, 2010
Current Assets:		
Cash and cash equivalents	$37,251	$32,139
Accounts receivable, net	$434,056	$305,117
Investment tax credit receivable		
Inventory	$911,791	$493,664
Prepaid expenses and other current assets	$372,575	$521,010
Total Current Assets	$1,755,673	$1,351,930
Fixed assets, net of depreciation	$1,056,731	$916,903
Long-term deferred and prepaid expenses		
Project goods and material		
Intangible assets,net		
TOTAL ASSETS	$2,812,404	$2,268,833

LIABILITIES AND STOCKHOLDERS' (DEFICIT)

LIABILITIES

Current Liabilities:		
Bank overdraft		
Accounts payable	$491,351	$268,403
Advance from customers	$31,755	
Accrued and other current liabilities	$2,400,423	$2,079,081
Taxes payable	$13,401	$5,746

Accounts payable and accrued expenses		
Total Current Liabilities	$2,936,930	$2,353,230
Long-term Liabilities:		$238,519
Total Liabilities	$2,936,930	$2,591,749
STOCKHOLDERS' (DEFICIT)		
Common stock, $.001 Par Value; 100,000,000 shares authorized and 18,000,000 shares issued and outstanding	$18,000	$18,000
Additional paid-in capital	$683,866	$482,074
Retained Earnings	$(819,939)	$(879,595)
Gain(loss) on foreign currency exchange	$(6,453)	$56,605
Total Stockholders' (Deficit)	$(124,526)	$(322,916)
TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)	$2,812,404	$2,268,833

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS'
AS OF JUNE 30, 2010 AND 2011

	Preferred Stock		Common Stock		Additional Paid-in	Gain(lo on foreig curren
	Shares	**Amount**	**Shares**	**Amount**	**Capital**	**exchan**
Balance Dec. 31, 2007			**$16,320,000**	**$16,320**	**$483,754**	
Shares issued for acquisition			207,000	207	(207)	
Shares issued for cash						

Shares issued for services					
Contributed capital					
Effect of foreign currency translation					58,5
Net loss/income for the year					
Balance Dec. 31, 2008		**16,527,000**	**$16,527**	**483,547**	**58,5**
Contributed capital		1,473,000	1,473	(1,473)	
Shares issued for liability (services recorded in 2009)					
Effect of foreign currency translation					(2
Net loss/income for the year ended Dec. 31, 2009					
Balance Dec. 31, 2009		**18,000,000 -**	**18,000**	**482,074**	**58,3**
Contributed capital				201,792	
Shares issued for liability					
Effect of foreign currency translation					(7,5
Net loss/income for the month ended Dec. 31, 2010					
Balance Dec.31.2010		**18,000,000**	**18,000**	**683,866**	**50,8**

Contributed capital					
Shares issued for liability					
Effect of foreign currency translation					(57,2
Net loss/income for the month ended Jun. 30, 2011					
Balance Jun.30, 2011		**18,000,000**	**18,000**	**683,866**	**(6,4**

Note 1- Organization and Description of Business

Hi-Great Group Holding Company ("Hi-Great Group") was incorporated in the State of Nevada, USA on September 21, 2010 for the purpose of becoming the holding company of Hi-Great Electronic (Shanghai) Co., Ltd ("Hi-Great Electronic"). A Share Exchange Agreement was closed as of September 21, 2010, between Hi-Great Group and Hi-Great Electronic. The sole purpose of the transaction under the Agreement was the establishment of a U.S. Holding Company, i.e., Hi-Great Group by a Chinese operating entity, i.e., Hi-Great Electronic.

At the Closing, the shareholders of Hi-Great Electronic received from the Hi-Great Group 18,000,000 Shares of Common Stock of the Hi-Great Group in exchange for the transfer of 18,000,000 shares of the Common Stock of Hi-Great Electronic on an one share for one share basis.

Hi-Great Electronic was a company organized in China in 2000, and is Hi-Great Group's wholly-owned subsidiary at present. The principal activities of the Group are production and processing of SIM Card Bodies which hold SIM cards inside mobile phones and gears used in light drums of photocopiers and printers. Legal representative is Shuchun Yu, Company address is No.3689, Beiqing Road, Huaxin Town, Qingpu District, Shanghai, China; The paid-in capital is 701,792 US dollar.

Note 2-The Basis Used for the Preparation of Financial Statements

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The Company's functional currency is the Chinese Renminbi (CNY); however the accompanying financial statements have been translated and presented in United States Dollars (USD).

In the opinion of management, all adjustments (which include normal recurring adjustments) necessary to present a fair statement of the financial position as of Jun. 30, 2010 and 2011 have been made.

Note 3- Summary of Significant Accounting Policies

Policy of preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis, accrual basis and in accordance with conformity with accounting principles generally accepted in the United States of America (“US GAAP”).

Currency Translation

As of Jun.30, 2011, the accounts of Hi-Great Electronic were maintained, and its financial statements were presented in Chinese Yuan Renminbi (CNY). Such financial statements were translated into U.S. Dollars (USD) in accordance with Statement of Financial Accounts Standards ("SFAS") No. 52,"Foreign Currency Translation," with the CNY as the functional currency in China. According to the Statements, all assets and liabilities were translated at the current exchange rate, stockholder's equity are translated at the historical rates and income statement items are translated at the average exchange rate for the period.

The weighted-average exchange rates applied to the consolidated statements of income and expenditures for the year ended on Jun.30, 2011 and 2010 were translated at RMB 6.5411 and RMB 6.8252 to $1.00 respectively; asset and liability accounts as Jun.30, 2010 and 2011 were translated at RMB 6.7909 and RMB 6.4716 to $1.00.The RMB is not freely convertible into foreign currency and all foreign currency exchange transactions must take place through authorized institutions. No representation is made that the RMB amounts could have been, or could be, converted into US dollar at the rates used in translation. Translation gains and losses are classified as an item of other comprehensive income in the stockholders’ equity section of the consolidated balance sheet.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Actual results could differ from those estimates.

Accounts Receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves.

<u>Concentration and Risks</u>

a) Credit Risk

Financial instruments that potentially expose the Company's to concentrations of credit risk consist primarily of cash, cash equivalents, short and long-term investments, notes receivable and accounts receivable. The Company places its cash, cash equivalents, short and long-term investments with financial institutions that management believes are of high-credit ratings and quality.

The Company primarily collects revenues for advertising services up front and has not experienced significant losses from uncollectible accounts. The Company will continue to evaluate its collection experience and will provide for an allowance for doubtful accounts as appropriate.

b) Foreign Currency Risk

A majority of the Company's sales and expenses transactions and a significant portion of the Company's assets and liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China ("PBOC"). Remittances in currencies other than RMB by the Company in China must be processed through the PBOC or other China foreign exchange regulatory bodies which require certain supporting documentation in order to affect the remittance.

Basis of consolidation: The consolidated financial statements include the financial statements of the Company and its subsidiaries for the second quarter ended Jun 30, 2011 and 2010. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

<u>Main Taxes of the Company</u>

a) Income Taxes

A tax-resident enterprise accounts for income taxes in accordance with PRC's new Corporate Income Tax (CIT) Law.

b) Value added tax

Hi-Great is a general taxpayer of value added tax and the value added tax rate is 17%.

c) Urban maintenance and construction tax and surcharge for education

There are no urban maintenance and construction tax rate and educational surcharge rate for Hi-Great.

<u>Reclassification</u>

Certain prior period amounts were reclassified to conform to the current presentation.

Note 4: Explanations to main items of the financial report

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in bank.

Items	6/30/11	6/30/10	Flux	Flux Rate
	A	B	A-B	(A-B)/B
Cash on hand	13,113	918	12,194	1328%
Cash in bank	24,138	31,221	-7,082	-23%
Total	**37,251**	**32,139**	**5,112**	**1305%**

Property, Equipment and Depreciation

Property and equipment are initially recorded at cost less accumulated depreciation, depletion and amortization. Depreciation is computed using the straight-line method to allocate the cost of depreciable assets over the estimated useful lives of the assets as follows:

Items	Estimated Useful Life (in years)	Residual value rate
mechanical equipment	10	10%
office supplies	5	10%
automobile	5	10%
houses	20	10%

Provision for Bad Debts

At the end of the year, a complete analysis and estimation on the possibility of irretrievability of accounts receivable to be carried out to predict the possibility of losses due to bad debts. Withdrawal of Bad debt reserves is calculated by means of individual identification and the amount of loss is calculated using allowance methods. Bad debts can be recognized when a receivable that cannot be satisfied by the property or the patrimony of the debtor who is bankrupted or died; or the payment from the debtor is overdue and the receivable is apparently unredeemable.

Accounts receivable

Items	6/30/11	6/30/10	Flux	Flux Rate
	A	B	A-B	(A-B)/B
Accounts Receivable	402,302	305,117	97,185	32%
Bad Debt			0	
net accounts receivable	402,302	305,117	97,185	32%
Adjustments/reclassification	31,755		31,755	

Audited	**434,056**	**305,117**	**226,125**	74%

Other receivable

Items	**6/30/11**	**6/30/10**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Other Receivable	65,262	382,521	-317,259	-82.94%
Adjustments	-	-		
Audited	6,514	382,521	-376,007	-98.30%
reclassification	-	-		
Other Receivable, net	71,776	382,521	-310,745	-81.24%

Advanced to suppliers

Item	**6/30/11**	**6/30/10**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Advanced to suppliers	281,210	103,413	177,797	172%
Adjustments				
Audited	300,799	138,488	162,311	117%
reclassification	19,589	35,075	-15,486	-44%
Audit adjustment total	300,799	138,488	162,311	117%

Inventory

	Bal.@06/30/11	**Bal.@06/30/10**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
raw material	67,058	18,813	48,245	256.45%
finished goods	615,542	342,615	272,927	79.66%
cost of production	228,975	132,236	96,739	73.16%
Consigned processing material	216		216	
Total	911,791	493,664	418,127	84.70%

Fixed assets

	Bal.@06/30/11	**Bal.@06/30/10**	**Flux**	**Flux Rate**
Original Cost	A	B	A-B	(A-B)/B
Building	79,263	258,081	-178,818	-69.29%

Transportation facilities	30,136	28,719	1,417	4.93%
machinery equipment	1,273,246	1,027,153	246,094	23.96%
Office equipment	19,602	9,481	10,121	106.74%
Adjustment		-182,545	182,545	-100.00%
Sub total	1,402,248	1,140,890	261,358	22.91%
Accumulated depreciation				
Transportation facilities	10,039	53,953	-43,914	-81.39%
Transportation facilities	70,223	13,802	56,421	408.79%
machinery equipment	8,114	197,754	- 189,640	-95.90%
Office equipment	257,141	6,542	250,599	3830.56%
Adjustment		-48,064	48,064	-100.00%
Sub total	345,517	223,987	121,530	54.26%
Fixed assets-net	1,056,731	916,903	139,828	15.25%

Accounts Payable

Items	**6/30/11**	**6/30/10**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Accounts Payable	471,762	233,328	238,434	102%
Adjustments		-	-	
Audited	471,762	233,328	238,434	102%
reclassification	19,589	35,075	(15,486)	-44%
Audit adjustment total□	491,351	268,403	222,948	83%
Less: provision for bad debt		-	-	
Adjustments			-	
Sub total	491,351	268,403	222,948	83%
Accounts Payable, net	491,351	268,403	222,948	83%

Other Payable

Items	**6/30/11**	**6/30/10**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Other Payable	2,353,559	2,079,081	274,478	13.20%
Adjustments				
Audited	2,353,559	2,079,081	274,478	13.20%
reclassification	6,514	0	6,514	
Audit adjustment total□	2,360,073	2,079,081	280,992	13.52%
Less: provision for bad debt				
Adjustments				
Sub total	2,360,073	2,079,081	280,992	13.52%

Other Payable, net	2,360,073	2,079,081	280,992	13.52%

Advances from Customer

Items	6/30/11	6/30/10	Flux
	A	B	A-B
Advances from customer			
Adjustments			
Audited			
reclassification	31,755		31,755
Sub total	**31,755**		**31,755**

Tax payable

Items	6/30/11	6/30/10	Flux	Flux Rate
	A	B	A-B	(A-B)/B
Add Value Tax	84,569	5,746	78,823	1372%
Input Tax	315,006	49,587	265,419	535%
Paid Tax	69,322		69,322	
Output Tax	399,575	55,333	344,242	622%
individual income tax	1,845	0	1,845	
Sub total	13,401	5,746	7,655	133%

Long-term liabilities

Items	6/30/11	6/30/10	Flux	Flux Rate
	A	B	A-B	(A-B)/B
Long-term liabilities		238,519	-238,519	-100%
Sub total		238,519	-238,519	**-100%**

Common Stock

See shareholder list.

Capital Surplus

Item	6/30/11	6/30/10	Flux
	A	B	A-B
Additional paid-in capital	74	74	0
Total	**74**	**74**	**0**

Revenue Recognition

Revenue is recognized from our wholesale. Revenue within our wholesale operations is recognized at the time title passes and risk of loss is transferred to customers. Wholesale revenue is recorded net of returns, discounts and allowances. Returns and allowances require pre-approval from management. Discounts are based on trade terms. Estimates for end-of-season allowances are based on historical trends, seasonal results, an evaluation of current economic conditions and retailer performance. We review and refine these estimates on a monthly basis based on current experience. Our historical estimates of these costs have not differed materially from actual results. Licensing revenues are recorded based upon contractually guaranteed minimum levels and adjusted as actual sales data is received from licensees.

	Yr2011.1-6	**Yr2010.1-6**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Sales				
Card	23,698	22,830	868	4%
Gear wheel	276,637	110,749	165,888	150%
Axis	33,762	17,503	16,259	93%
Sprayer	111,852	0	111,852	
Plastic products	63,987	73,143	-9,157	-13%
Printing card	363,633	0	363,633	
Rubber tube	0	1,649	-1,649	-100%
Assette	0	751	-751	-100%
Module	0	23,793	-23,793	-100%
Ornamental lid	0	3,005	-3,005	-100%
Navigation	0	117	-117	-100%
Burglar Alarm	0	57,980	-57,980	-100%
Total	**873,568**	**323,855**	**549,713**	**170%**
Cost			0	
Card	38,270	22,334	15,935	71%
Gear wheel	225,784	89,714	136,070	152%
Axis	45,748	17,800	27,948	157%
Plastic products	0	60,897	-60,897	-100%
Ornamental lid	0	3,516	-3,516	-100%
Central control box	0	2,192	-2,192	-100%
Module	0	19,089	-19,089	-100%
Screen mesh	0	225	-225	-100%
Navigation	0	112	-112	-100%
Rubber tube	0	749	-749	-100%
Burglar Alarm	0	53,398	-53,398	-100%
Sprayer	127,810	0	127,810	
Plastic products	20,603	0	20,603	
Printing card	198,714	0	198,714	
Total	**656,929**	**284,241**	**372,688**	**131%**

Other Operating Revenue &Other Operating Cost

Items	Yr2011.1-6	Yr2010.1-6	Flux	Flux Rate
	A	B	A-B	(A-B)/B
Other Operating Revenue	0	12,333	-12,333	-100%
Other Operating Cost	0	14,215	-14,215	-100%

Gross margin

Items	Yr2011.1-6	Yr2010.1-6	Flux	Flux Rate
	A	B	A-B	(A-B)/B
Sales	873,568	323,854.7	549,713	170%
Cost	656,929	284,241.4	372,688	131%
Tax and associate charge	-	0.0	-	
Gross Profit	216,639	39,613.3	177,026	447%

G&A expenses

Items	Yr2011.1-6		Yr2010. 1-6		Flux	Flux Rate
	A		B		A-B	(A-B)/B
Salary	116,818	56.38%	24,388	26.72%	92,430	378.99%
Office allowance	7,680	3.71%	33,108	36.27%	(25,428)	-76.80%
travel expense	5,793	2.80%	9,511	10.42%	(3,719)	-39.10%
telecommunication expense	1,722	0.83%	1,387	1.52%	335	24.15%
repair charge	8,128	3.92%	1,733	1.90%	6,395	369.06%
electric charge	5,218	2.52%	1,427	1.56%	3,791	265.69%
depreciation expense	4,346	2.10%	7,638	8.37%	(3,292)	-43.10%
The labor insurance premium	16,414	7.92%	7,248	7.94%	9,166	126.46%
Tax	6,687	3.23%	2,468	2.70%	4,219	170.93%
property insurance	1,642	0.79%	624	0.68%	1,018	162.98%
board wages	3,611	1.74%	94	0.10%	3,517	3732.79%
Travelling expenses	8,731	4.21%	4,097	4.49%	4,634	113.12%
social insurance charges	5,816	2.81%	1,813	1.99%	4,002	220.75%

entertainment allowance or expenses	2,273	1.10%	155	0.17%	2,119	1369.30%
petty expenses	1,023	0.49%	(320)	-0.35%	1,343	-419.80%
training expense	(415)	-0.20%	-	0.00%	(415)	
stamp duty	459	0.22%	-	0.00%	459	
welfare expense	6,797	3.28%	-	0.00%	6,797	
mail charges	4,455	2.15%	-	0.00%	4,455	
Adjustments for depreciation expense	-	0.00%	(4,087)	-4.48%	4,087	-100.00%
Total	**207,197**	**100.00%**	**91,285**	**100.00%**	**115,911**	**126.98%**

Operating expenses

Items	**2011.1-6**	**2010.1-6**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Freight	2,954	404	2,550	632%
Total	**2,954**	**404**	**2,550**	**632%**

Financial expenses

Items	**2011.1-6**	**2010.1-6**	**Flux**	**Flux Rate**
	A	B	A-B	(A-B)/B
Bank Charge	367	118	249	211%
Interest Income	-83	-15	-69	472%
Interest Expense	1		1	
Sub total	284	104	181	175%

Non-operating expenses

Items	**2011.1-6**	**2010.1-6**	**Flux**
	A	B	A-B
sales of package machine	349		349
Total	349		349

<u>Related companies and amount incurred</u>

1. Big King Horn Electronic (Shanghai) C0., Ltd. is a Taiwanese-invested company built in 1995 under the approval of Foreign Economic and Trade Commission of Shanghai municipal government. The legal representative is You Zongwen.
2. BIG KING HORN ENTERPRISE（TAIBEI） CO., LTD. Business project include electronic siren, car security alarm system. The legal representative is

You Zongwen.

3. JI Lin Baixin Automobile Parts CO., LTD. The principal activities of the Group are production and processing plastic product and electronic products. The legal representative is Wang Dongjun.

Note 6- Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors on Aug. 4, 2011.

HI-GREAT GROUP HOLDING COMPANY

Aug. 4, 2011.