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**INITIAL COMPANY INFORMATION AND DISCLOSURE STATEMENT**  
**PURSUANT TO RULE 15C-211(A)(5)**  
**OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**AND**  
**THE PINK OTC MARKETS GUIDELINES FOR PROVIDING ADEQUATE CURRENT**  
**INFORMATION**

**JUNE 5, 2012**

**TAMBAAO ANTIQUES AND ART GROUP**  
**A NEVADA CORPORATION**

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**TOMBAO ANTIQUES AND ART GROUP**  
(a Nevada corporation)

**Initial Company Information and Disclosure Statement**

**Part A General Company Information**

**Item I The exact name of the issuer and its predecessor (if any).**

**Name:** Tombao Antiques and Art Group

**Former Name(s):** Environmental Technology Systems, Inc.  
North American Graphics, Ltd.  
Equity Systems Ltd.

**Item II The address of the issuer's principal executive offices.**

Rm 818, Suite A, Huifeng Building  
No. 77 Xianlie Middle Road, Yuexiu District, Guangzhou  
Guangdong Province, P.R. China 510700

**Telephone Number:** 011-86-20-87321478

**Facsimile Number:** 011-86-20-83576341

**Website URL:** <http://www.taaicn.cn/>

**Company**  
**Contact:** Jianmin Li, Chairman

**Item III The jurisdiction(s) and date of the issuer's incorporation or organization.**

Nevada

**Date of incorporation:** Formed (as Equity Systems, Ltd) in Nevada on April 3, 1995.

**Part B Share Structure and Issuance History**

**Item IV The exact title and class of securities outstanding.**

**Common Stock:** Par value \$0.001 per share

**Name:** Common stock  
**CUSIP No.:** 889864104

**Trading Symbol:** TAAI

**Item V Par or stated value and description of securities.**

Our authorized capital stock consists of 75,000,000 shares of common stock, par value \$0.001 per share.

*Common Stock*

Holders of the common stock have no preemptive rights to purchase additional shares of common stock or other subscription rights. The common stock carries no conversion rights and is not subject to redemption or to any sinking fund provisions. All shares of common stock are entitled to share equally in dividends from sources legally available, therefore, when, as and if declared by our Board of Directors, and upon our liquidation or dissolution, whether voluntary or involuntary, to share equally in our assets available for distribution to our stockholders.

Our Board of Directors is authorized to issue additional shares of common stock not to exceed the amount authorized by our articles of incorporation, on such terms and conditions and for such consideration as our Board may deem appropriate without further stockholder action.

*Voting Rights*

Each holder of common stock is entitled to one vote per share on all matters on which such shareholders are entitled to vote. Since the shares of common stock do not have cumulative voting rights, the holders of more than 50% of the shares voting for the election of directors can elect all the directors if they choose to do so and, in such event, the holders of the remaining shares will not be able to elect any person to our Board of Directors.

*Dividend Policy*

Holders of our common stock are entitled to dividends if declared by the Board of Directors out of funds legally available therefor. We do not anticipate the declaration or payment of any dividends in the foreseeable future. We intend to retain earnings, if any, to finance the development and expansion of our business. Future dividend policy will be subject to the discretion of our Board of Directors and will be contingent upon future earnings, if any, our financial condition, capital requirements, general business conditions and other factors. Therefore, there can be no assurance that any dividends of any kind will ever be paid.

*Preferred Stock*

We are not authorized to issue any shares of preferred stock.

### *Anti-Takeover Provisions*

Sections 78.378 through 78.3793 of the Nevada Revised Statutes relate to control share acquisitions that may delay to make more difficult acquisitions or changes in our control. These provisions only apply when we have 200 or more shareholders of record, at least 100 of whom have addresses in the State of Nevada appearing on our stock ledger, and we do business in this state directly or through an affiliated corporation. Because our current business operations are outside the State of Nevada, we do not believe that these provisions apply to us. We also presently have fewer than 100 shareholders of record with addresses in the State of Nevada on our stock ledger.

### *Shell Company Status.*

Based on information from prior management and to the best of current management's knowledge, the Company is not and has never been a "shell corporation" as defined in the Rule 405 under the 33 Act.

### **Item VI The number of shares or total amount of the securities outstanding for each class of securities authorized.**

The following table sets forth certain information as to each class of our outstanding securities (i) as of the end of the fiscal quarter ended March 31, 2012 and (ii) as of the end of our last two fiscal years.

| Class of Stock and Reporting Period | Shares Authorized | Shares Outstanding | Freely Tradable Shares (Public Float) | Record Shareholders | Beneficial Holders (est.) |
|-------------------------------------|-------------------|--------------------|---------------------------------------|---------------------|---------------------------|
| Common Stock                        |                   |                    |                                       |                     |                           |
| Quarter Ended March 31, 2012        | 75,000,000        | 36,600,748         | 1,504,576                             | 537                 | 537                       |
| Year Ended December 31, 2011        | 50,000,000        | 17,100,748         | 1,504,576                             | 536                 | 536                       |
| Year Ended December 31, 2010        | 50,000,000        | 17,100,748         | 1,504,576                             | 536                 | 536                       |

The foregoing table (1) reflects a one for 300 reverse stock split affected March 12, 2012 and an increase in the authorized shares from 50,000,000 to 75,000,000 on March 12, 2012 and (2) does not reflect the issuance of 23,200,000 shares in connection with the acquisition of our current business or the issuance of an aggregate of 4,955,100 shares to 16 parties for consulting fees and other consideration in May 2012.

Pro forma, after giving effect to the transactions listed in the previous paragraph, the number of shares outstanding will be approximately 28,322,499 of which approximately 5,120 will be free trading and the number of shareholders will be approximately 552.

## **Part C Business Information**

### **Item VII The name and address of the transfer agent.**

Pacific Stock Transfer Company  
4045 S. Spencer Street, Suite 403  
Las Vegas, NV 89119  
Phone: (702) 361-3033 Ext 117  
Fax: (702) 433-1979  
Toll Free: (800) 785-PSTC (7782)

The transfer agent is registered under the Exchange Act, and is regulated by the Securities and Exchange Commission.

### **Item VIII The nature of the issuer's business.**

#### *Background and Overview of Corporate Entity*

The Company was formed in April 1995 under the name Equity Systems, Ltd and changed its name to North American Graphics, Ltd to reflect its business operations in graphics services. This business was not profitable and on August 7, 1997, the Company changed its name to Environmental Technology Systems, Inc. and engaged in the business of recycling and capturing spent refrigerants such as HCFC and other pollutants with operations in California, Texas and Georgia and sought to expand into the Middle East. The Company was for a time quoted on the OTCBB under the symbol EVTK. However, these businesses were unable to continue profitably and the principal operating subsidiary, Refrigerant Exchange Corp., was forced to seek Chapter 11 protection. In January 2012, Mr. Haining Zhang purchased a controlling interest in the Company and changed its name to Tombao Antiques and Art Group while affecting a one for 300 reverse stock split. Mr. Zhang entered into a transaction with Hong Kong Hengda Int'l Investment Limited , a Hong Kong corporation (Hengda") which was consummated on May 21, 2012. The owner of Hengda, Jianmin Li, was issued 23,200,000 shares of our stock in exchange for the shares of Hengda and our business became the business of Hengda. We are no longer in the environmental remediation business. The share issuances to Messrs Zhang and Li were both exempt from registration under the Securities Act of 1933, as amended (the "33 Act") pursuant to Section 4(2) thereof as transactions by an issuer not involving a public offering.

## *Our Current Business*

Hengda operates through subsidiaries in Hong Kong and the mainland China. The immediate subsidiary of the Hengda is Tombao Antiques & Art International Holdings Limited (TAAI) is an international investment company specializes in the cultural artwork business. The operating entity of its brand—TAAI China Exhibition Trading Center, is an internet based operating platform for art collections. With the service concept based on creating value for customers and its original Six-as-One business mode, TAAI has built a chain of art investment value, integrating functions such as identification, custody, exhibitions, sales, auctions and exchanges, setting off an innovation revolution among Chinese collectors.

Management believes that we have entered a new era by global Social Networking Services (SNS), TAAI will further develop a new online trading platform -- the TAAI Collection Club, which, in a more practical and interactive communication way, provides a social-oriented e-commerce platform for millions of customers in artwork investment.

TAAI operates ten retail outlets in cities throughout mainland China to further its art related business and presents exhibitions of contemporary and traditional art and various cultural exchanges. The integration of the traditional and the modern, the native and the international, shapes TAAI as an artwork market of wide-range and inclusive scope.

TAAI was founded on June 6, 2006, and headquartered located in Guangzhou, PRC. It has set up branches in Beijing, Shanghai, Wuhan, Changsha, Taiyuan, Fuzhou, Chengdu and Chongqing, and other cities with tens of thousands of square meters of trading halls providing high-quality art investment services for art collectors. By virtue of its leading position among Chinese collectors and its developed marketing network, TAAI has held more than 100 auctions a year with cooperation of well-known international and domestic auction houses.

Chinese culture has many objects in ancient and modern art. The native Chinese population owns more than 70 million art collections. “Rooting in the Chinese collection industry and serving the Chinese arts and culture industry” is the goal and pursuit of TAAI. Ever since its founding, TAAI has established good cooperation relations with several state-level authoritative institutions such as the Beijing Palace Museum, National Museum of China, and CCTV’s Treasure Identification column, and held about one thousand large-scale activities across China such as object identification exchange conferences and art investment lectures, which have played a great role in enhancing the public level of art appreciation, and made an outstanding contribution to standardizing and improving the sound development of the Chinese artwork collection market.

Our objective is to “Let the Chinese culture go into the world, and the world culture into China” and to accelerate the pace of international cultural exchanges. In 2012, TAAI will create two Chinese artworks exhibition and trading centers as its international markets in New York and Hong Kong. Our goal is that TAAI becomes a leader for the East-West cultural exchange and for global art investment.

### *Regulation*

Our business is not materially affected by governmental regulation.

### *Research and Development*

We do not spend material amounts on research and development.

### *Employees*

We currently have about 300 employees, including 92 in management, 15 in web operations, in 40 clerical and 136 in retail.

### *Other Company Information*

The Company's primary SIC Code is 5999. The Company's fiscal year end is December 31. The Company operates through Hengda, TAAI and their operating subsidiaries, which are PRC corporations.

### *Forward-Looking Statements*

Certain statements contained in this document (including information incorporated by reference) are "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Our forward-looking statements include, without limitation:

- Statements regarding future earnings;
- Estimates of [complete as appropriate – using press release information as a start and any similarly situated companies as model for consideration];
- Estimates of future costs applicable to sales, other expenses and taxes for specific operations and on a consolidated basis;
- Estimates of future revenue or cash flows;
- Estimates of advertising expenditures and response time and effectiveness;
- Estimates of future capital expenditures and other cash needs, for specific operations and on a consolidated basis, and expectations as to the funding thereof;
- Estimates regarding timing of future capital expenditures, website construction and operation activities;
- Statements as to the projected development of certain web capabilities, including estimates of development and other capital costs and financing plans for these activities;
- Statements regarding the availability and costs related to future borrowing, debt repayment and financing;
- Statements regarding modifications to hedge and derivative positions;
- Statements regarding future transactions;

- Statements regarding the impacts of changes in the legal and regulatory environment in which we operate; and
- Estimates of future costs and other liabilities for certain environmental matters.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are subject to risks, uncertainties, and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Such risks include, but are not limited to: delays in obtaining additional funding, delays in achieving operational goals, development of competing internet or retail store based art collector service sources, and general economic conditions in China and throughout the world. Given these uncertainties, readers are cautioned not to place undue reliance on our forward-looking statements.

All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company disclaims any intention or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## **Item IX The nature of products or services offered.**

### *Overview*

Hengda operates through subsidiaries in Hong Kong and Mainland China. The immediate subsidiary of the Hengda is Tombao Antiques & Art International Holdings Limited (TAAI) is an international investment company specializes in the cultural artwork business. The operating entity of its brand—TAAI China Exhibition Trading Center, is an internet based operating platform for art collections. With the service concept based on creating value for customers and its original Six-as-One business mode, TAAI has built a chain of art investment value, integrating functions such as identification, custody, exhibitions, sales, auctions and exchanges, setting off an innovation revolution among Chinese collectors.

Management believes that we have entered a new era by global Social Networking Services (SNS), TAAI will further develop a new online trading platform -- the TAAI Collection Club, which, in a more practical and interactive communication way, provides a social-oriented e-commerce platform for millions of customers in artwork investment.

TAAI operates ten retail outlets in cities throughout mainland China to further its art related business and presents exhibitions of contemporary and traditional art and various cultural exchanges. The integration of the traditional and the modern, the native and the international, shapes TAAI as an artwork market of wide-range and inclusive scope.

TAAI was founded on June 6, 2006, and headquartered located in Guangzhou, PRC. It has set up branches in Beijing, Shanghai, Wuhan, Changsha, Taiyuan, Fuzhou, Chengdu and Chongqing, and other cities with tens of thousands of square meters of trading halls providing high-quality art investment services for art collectors. By virtue of its leading position among Chinese collectors and its developed marketing network, TAAI has held more than 100 auctions a year with cooperation of well-known international and domestic auction houses.

Chinese culture has many objects in ancient and modern art. The native Chinese population owns more than 70 million art collections. “Rooting in the Chinese collection industry and serving the Chinese arts and culture industry” is the goal and pursuit of TAAI. Ever since its founding, TAAI has established good cooperation relations with several state-level authoritative institutions such as the Beijing Palace Museum, National Museum of China, and CCTV’s Treasure Identification column, and held about one thousand large-scale activities across China such as object identification exchange conferences and art investment lectures, which have played a great role in enhancing the public level of art appreciation, and made an outstanding contribution to standardizing and improving the sound development of the Chinese artwork collection market.

Our objective is to “Let the Chinese culture go into the world, and the world culture into China” and to accelerate the pace of international cultural exchanges. In 2012, TAAI will create two Chinese artworks exhibition and trading centers as its international markets in New York and Hong Kong. Our goal is that TAAI becomes a leader for the East-West cultural exchange and for global art investment.

#### *Litigation*

We are not subject to any material legal proceedings outside the ordinary course of our business.

#### *Current Initiatives*

We are currently seeking private equity financing and seeking to expand our retail operations into additional cities in the Peoples Republic of China and New York City.

**Item X The nature and extent of the issuer's facilities.**

We currently lease offices in Hong Kong and Guangzhou which comprise an aggregate of 15,000 square feet in space and have a rental of \$ 200,000 per month. We also operate ten retail locations which range in size from 7,500 to 20,000 square feet with rentals of approximately \$ 1.50 per square foot per month and 40,000 square feet of warehousing facilities of \$0.50 square feet.

**Part D Management and Control Structure****Item XI The name of the chief executive officer, members of the board of directors, as well as control persons.**

The names of our executive officers and board of directors, their ages as of June 6, 2012 and certain biographical information about them, are set forth below. The address for each of our officers and directors is in care of the Company at our principal executive offices.

| Name             | Age | Position                        |
|------------------|-----|---------------------------------|
| Jainmin Li       | 50  | Director and Chairman           |
| Zehuang Chen     | 42  | Director and CEO                |
| Xiaoyi Huang     | 35  | Director and COO                |
| Bin Shen         | 43  | Director and CFO                |
| Hongxiang Chen   | 36  | CAO                             |
| Xiaohua Hu       | 41  | Secretary                       |
| Frank J. Hariton | 63  | Counsel and Assistant Secretary |

Dr. Jianmin Li, Chairman and a Director

President of Tombao Antiques & Art International Holdings Limited,  
President of Guangzhou Licang Cultural Exchange Co., Ltd.  
Chairman of China Huimin Engineering Joint Investment Group Limited (Hong Kong),  
Deputy Secretary-General Zhude Public Foundation Council,  
Honorary Vice President & Professor of Business College of China,  
One of the "Harmonious China--2008 Annual Influential People" Top Ten Leaders,  
Guangdong excellent Harmonious enterprises culture constructor.

Mr.Zehuang Chen, CEO and a Director

College: Jiangxi Normal University  
Overseas Education College Shanghai Jiaotong University MBA  
1999-2001 Guangzhou Longxiang Development Co., Ltd.  
2001-2005 Shanghai Xijin Trade Co.,ltd. General Manager  
2005-2007 Guangzhou Licang Cultural Exchange Co.,Ltd. President Assistant  
2007-2010 Shanghai Licang Cultural Exchange Co., Ltd., General Manager

2010-Present Tombao Antiques & Art International Holdings Limited CEO

Mr. Xiaoyi Huang COO and a Director

College: Jiangxi Radio and TV University  
1997-2000 Clerk of Bureau of Radio and Television in Guangzhou, Jiangxi  
2000-2003 Director Assistant of Bureau of Radio and Television in Guangzhou, Jiangxi  
2004-2006 Business Supervisor of Guangzhou Licang Cultural Exchange Co., Ltd  
2006-2008 General Manager of Anhui Licang Cultural Exchange Co., Ltd  
2009-Present Operations Supervisor of Guangzhou Gu Jin Tong Bao Exhibition Co., Ltd; General Manager of Guangzhou Subsidiary of Guangzhou Gu Jin Tong Bao Exhibition Co., Ltd; COO of Tombao Antiques & Art International Holdings Limited and General Manager of Guangzhou Gu Jin Tong Bao Exhibition Co., Ltd.

Ms. Bin Shen CFO and a Director

Educational background: Bechelor, Professional title: Accountant  
1990-1999 Accountant of Zhejiang Linghua Group Company  
1999-2001 Auditor of Panyu Xinda Accounting Firm  
2002-2005 Legal Representatives and General Manager of Health Care Production Company Limited  
2005-Now Financial Controller of Guangzhou Licang Cultural Exchange Co., Ltd and CFO of Tombao Antiques & Art International Holdings Limited

Ms. Hongxiang Chen CAO

College: Jiangxi University  
2005-2006 General Manager Assistant of Guangzhou Licang Cultural Exchange Co., Ltd  
2006-2007 BU Director of Guangzhou Licang Cultural Exchange Co., Ltd  
2007-2008 Vice-General Manager of Guangzhou Gu Jin Tong Bao Exhibition Co., Ltd  
2008-2009 General Manager of Chengdu Licang Cultural Exchange Co., Ltd  
2009-2011 Workstation Head of China Huimin Project Guangzhou Workstation  
2011-Present CAO of Tombao Antiques & Art International Holdings Limited

Xiaoha Hu Secretary

College: Southern China Ethnicity University, BA and MA in Management, EMBA from Zhongshan University.

1990s The Founder and General Manager of Yunnan Horticulture Company  
2005-2007 National Sales Manager Guangzhou Bottled Water Company  
2007-2010 Marketing Manager of Shenzhen Financial Service Corp  
2010-Present Secretary of Tombao Antiques & Art International Holdings Limited

Frank J. Hariton, Assistant Secretary and Counsel is a graduate of Case Western Reserve University (B.A. 1971; J.D. 1974) and is an attorney in private practice. He is a member of the New York State Bar and specializes in laws involving securities regulation. He has represented dozens of small and medium sized public companies and broker-dealers with respect to various regulatory matters.

#### *Board Composition*

In general to be consistent with current public policy, a board of directors should be composed of a majority independent members. This is generally required by all national securities exchanges, subject to certain exceptions such as when an issuer is a “small business issuer” under the regulations of the SEC. In these circumstances, an issuer may be permitted to have less than a majority of independent members. This standard is presently not applicable to us and we have determined that we do not have any independent directors under the listing standards of the Nasdaq Stock Market and the applicable rules promulgated by the SEC.

#### *Meetings of the Board of Directors*

In 2012, our board has taken action by unanimous written consent on two occasions. There were no formal meetings of the board. The newly constituted post Hengda acquisition Board of Directors intends to hold regular meetings at least three times a year in the future.

#### *Committees of the Board of Directors*

Our Board does not have any committees.

#### *Employment Contracts and Termination of Employment and Change-in-Control Arrangements*

#### **NEED EMPLOYMENT CONTRACTS**

### *Indemnification*

Our articles of incorporation provide that the personal liability of our directors shall be limited to the fullest extent permitted by law. Section 78-138 of the Nevada Revised Statutes generally provides that no director or officer shall be liable personally to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his capacity as a director or officer unless it is proven that (a) his act or failure to act constituted a breach of his fiduciary duties as a director or officer; and (b) his breach of those duties involved intentional misconduct, fraud or a knowing violation of law. Under NRS Section 78-300, directors may be liable for certain unlawful distributions to stockholders.

In addition, our articles of incorporation and bylaws provide that we shall, to the fullest extent permitted by law, indemnify all directors and officers. Section 78-7502 of the NRS permits a corporation to indemnify person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, except an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful.

Section 78-7502 of the NRS also provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit if he: (a) is not liable pursuant to NRS 78.138; or (b) acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation.

We do not currently maintain directors' and officers' liability insurance, but will seek the same in the future. We believe it is important to obtain directors' and officers' liability insurance covering certain liabilities that may be incurred by our directors and officers in connection with the performance of their duties. The entire premium for this insurance will be paid by the Company.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to our directors and officers, and to persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

*Transactions with Related Persons*

Dr. Jianmin Li acquired 23,200,000 shares of our common stock in exchange for the shares of Hengda in May 2012 and was issued an additional 1,150,000 shares in exchange for \$ 2.3 million of indebtedness owed to him by Hengda in May 2012.

Mr. Hariton is retained, at the rate of \$4,000 per month to provide legal services to the Company and has been issued 100,000 shares of our stock.

Except as set forth above and for employment or consulting relationships or securities purchases described elsewhere in this document, the Company does not believe that there are any other material transactions, relationships or conflicts of interest between the Company and any of its officers, directors or stockholders.

**Item XII Financial information for the issuer's most recent fiscal period.**

The following financial statements are included herein for the Company for the years ended December 31, 2011 and 2010 and for the quarter ended March 31, 2012 and March 31, 2011:

- 1) balance sheet;
- 2) statement of income;
- 3) statement of cash flows;
- 4) statement of changes in stockholders' equity; and
- 5) financial statement notes.

**Item XIII Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.**

NA

**Item XIV Beneficial Owners.**

The following table sets forth the ownership, as of June 6, 2012, of our common stock by (1) each person known to us to beneficially own more than five percent of our common stock, (2) each director, (3) our named executive officers, and (4) all directors and executive officers as a group. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, or the SEC. In computing the number of shares beneficially owned by a person and the percentage of ownership of that person, shares of common stock that may be acquired by that selling person within 60 days of June 6, 2012 are included. Those shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Each person's percentage of ownership in the following table is based upon 28,322,499 shares of common stock outstanding at June 6, 2012 (as adjusted for the acquisition of Hengda on May 21, 2012 and stock issuances authorized on May 21, 2012. Information in this table regarding beneficial holders is based on information provided by our transfer agent

or by the holders themselves. Unless otherwise indicated in the footnotes and subject to community property laws where applicable, to the best of our knowledge each of the owners has sole voting and/or investment power with respect to such shares.

| Name and Address of Beneficial Owner<br>Directors and Officers(1) | Amount<br>of Beneficial<br>Ownership | Percent of<br>Class |
|---|--------------------------------------|---------------------|
| Jianmin Li  | 24,350,000                           | 86.1%               |
| Zehuang Chen  | 0                                    | *                   |
| Xiaoyi Huang  | 0                                    | *                   |
| Bin Shen  | 0                                    | *                   |
| Hongxiang Chen  | 0                                    | *                   |
| Xiaoha Hu   | 0                                    | *                   |
| Frank J. Hariton  | 100,000                              | 0.4%                |
| (All officers and Directors<br>As a Group 7 Persons)              | 24,450,000                           | 86.5%               |

\* Less than one tenth of a percent.

(1) The address for each of the directors and officers of the Company is in care of the Company at Rm 818, Suite A, Huifeng Building, No. 77 Xianlie Middle Road, Yuexiu District, Guangzhou, Guangdong Province, P.R. China 510700

**Item XV The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to the operations, business development and disclosure:**

1. Investment Banker

None engaged.

2. Promoters

None.

3. Counsel

Frank Hariton  
1065 Dobbs Ferry Road  
White Plains, NY 10607  
(914) 674-4373, Fax (914)663-2963, e-mail Hariton@sprynet.com

**4. Accountant or Auditor**

Stan J.H. Lee, CPA  
2160 North Central Rd Suite 203 ♦ Fort Lee ♦ NJ 07024  
P.O. Box 436402♦ San Ysidro♦ CA 92143-9402  
619-623-7799 ♦ Fax 619-564-3408 ♦ stan2u@gmail.com

**5. Public Relations Consultant(s)**

None engaged.

**6. Investor Relations Consultant**

Motion Communications, Inc.  
Michael Briola  
(972) 769-9480.

**7. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.**

None engaged.

**Item XVI      Management's Discussion and Analysis or Plan of Operation.**

*Plan of Operation*

We are a development stage company and have not generated any revenues. Our plan is to complete a private placement transaction which will raise gross proceeds of up to \$ 20 million. The proceeds of this private placement will be applied to enable us to expand our operations to more cities the United States and elsewhere.

*Off-Balance Sheet Arrangements*

The Company does not currently have any material off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the issuer's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

**Part E Issuance History**

**Item XVII      List of securities offerings and shares issued for services in the past two years.**

During the last two years, we have issued securities to the persons, as described below. None, none of these transactions involved any underwriters, underwriting discounts or commissions, or any public offering, and the Company believes that each transaction was exempt from the registration requirements of the 33 Act by virtue of Section 4(2) thereof and/or Rule 506 of Regulation D promulgated thereunder. Pursuant to Section 18(b)(1)(A) and (b)(4)(D) of the Securities Act, all such offerings were exempt from qualification under state “blue sky” laws. All recipients had adequate access, through their relationships with the Company, to information about the Company. As a result of the exempt nature of the transactions in which the shares were issued, all such shares were “restricted securities” within the meaning of the 33 Act, and all such shares were issued with a restrictive legend. As such, the resale of such shares requires registration or an exemption from registration, such as that provided by Rule 144 under the 33 Act.

We issued 9,500,000 pre reverse split (31,667 post reverse split) shares to our then CEO Dennis O’Meara for services in December 2011.

We issued 23,200,000 post reverse split shares to Jianmin Li in May 2012 in connection with the acquisition of Hengda.

We issued 4,955,100 shares to consultants and creditors in May 2012.

## **Part F Exhibits**

The following exhibits are described in or attached to this Disclosure Statement:

- 19.1        Articles of Incorporation as amended to date
- 19.2        By Laws
- 20.1        Affiliated purchasers table
- 21.1        Chief Executive Officer’s Certification

## **Exhibit 20.1**

For purposes of this Exhibit 20.1, “Affiliated Purchasers Table”

“Affiliated Purchaser” means: (1) a person acting, directly or indirectly, in concert with the Company for the purpose of acquiring the Company’s securities; or (2) an affiliate who, directly or indirectly, controls the Company’s purchases of such securities, whose purchases are controlled by the Company, or whose purchases are under common control with those of the Company; *provided, however,* that “Affiliated Purchaser” does not include a broker, dealer, or other person solely by reason of such broker, dealer, or other person effecting purchases on behalf of the Company or for its account, and shall not include an officer or director of the Company solely by reason of that officer or director’s participation in the decision to authorize purchases by or on behalf of the Company.

All affiliated purchasers are persons who received their shares in exchange for shares of Hengda or as consultants or debt conversion and are as set forth in Item XIV. There are no issuer purchases of its outstanding securities in the last four years.

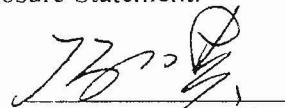
**Exhibit 21.1**

**Chief Executive Officer's Certification**

I, Zehuang Chen, the Chief Executive Officer of Tombao Antiques and Group, a Nevada corporation (the "Company") certify that:

1. I have reviewed this Initial Company Information and Disclosure Statement of the Company;
2. Based on my knowledge, this Initial Company Information and Disclosure Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Initial Company Information and Disclosure Statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this Initial Company Information and Disclosure Statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this Initial Company Information and Disclosure Statement.

Date: June 6, 2012



Name: Zehuang Chen  
Title: Chief Executive Officer

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Management and Members of  
HongKong Hengda Int'l Investment Limited

We have audited the accompanying consolidated balance sheet of HongKong Hengda International Investment Limited (the "Company") as of December 31, 2011 and 2010 and the related consolidated statements of operations, stockholders' equity and cash flows for the years then ended . These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HongKong Hengda International Investment Limited (the "Company") as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



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Stan J.H. Lee, CPA  
March 15, 2012  
Fort Lee , New Jersey, US

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**Hongkong Hengda International Investment Limited**  
**Consolidated Balance Sheets**  
**(Expressed in US dollars)**

|   | As of December 31, 2011 | As of December 31, 2010 |
|---|-------------------------|-------------------------|
| <b>ASSETS</b>                                     |                         |                         |
| Current Assets                                    |                         |                         |
| Cash and cash equivalents                         | \$ 1,424,433            | \$ 1,285                |
| Accounts receivable                               | 36,961                  | -                       |
| Inventory   | 244,901                 | -                       |
| Prepayment and deposit                            | 161,545                 | -                       |
| Other receivables                                 | 389,830                 | -                       |
| Due from related parties                          | 895,216                 | -                       |
| <b>Total Current Assets</b>                       | <b>3,152,886</b>        | <b>1,285</b>            |
| Property, plant and equipment , net               | 412,500                 | -                       |
| Intangible assets                                 | 538                     | -                       |
| <b>Total Assets</b>                               | <b>\$ 3,565,924</b>     | <b>\$ 1,285</b>         |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                         |                         |
| Current liabilities                               |                         |                         |
| Accounts Payable                                  | \$ 253,454              | \$ -                    |
| Advances from customers                           | 686,096                 | -                       |
| Accrued expenses                                  | 45,756                  | -                       |
| Income tax payable                                | 121,538                 | -                       |
| Other payables                                    | 723,029                 | -                       |
| Due to related parties                            | 921,100                 | -                       |
| <b>Total Liabilities</b>                          | <b>2,750,973</b>        | <b>-</b>                |
| Commitments and contingencies                     |                         |                         |
| Stockholders' Equity                              |                         |                         |
| Paid-in capital                                   | 1,285                   | 1,285                   |
| Retained earnings                                 | 808.606                 | -                       |
| Accumulated Other Comprehensive Income            | 5,269                   | -                       |
| <b>Total Stockholders' Equity</b>                 | <b>814,951</b>          | <b>1,285</b>            |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$ 3,565,924</b>     | <b>\$ 1,285</b>         |

(The accompanying notes are an integral part of these consolidated financial statements.)

**Hongkong Hengda International Investment Limited**  
**Consolidated Statements of Operations**  
**(Expressed in US dollars)**

|   | For the years ended December 31, |             |
|---|----------------------------------|-------------|
|   | 2011                             | 2010        |
| Revenue                                     | \$ 1,251,830                     | \$ -        |
| Cost of sales                               | 239,433                          | -           |
| <b>Gross profit</b>                         | <b>1,012,397</b>                 | <b>-</b>    |
| Operating expenses                          |                                  |             |
| Selling expense                             | 462,482                          | -           |
| General and administrative expense          | 372,340                          | -           |
| <b>Total expenses</b>                       | <b>834,822</b>                   | <b>-</b>    |
| Operating income (loss)                     | 177,575                          | -           |
| Other income (Expenses)                     |                                  |             |
| Gain on acquisition of TomBao               | 695,527                          | -           |
| <b>Total other income (expense)</b>         | <b>695,527</b>                   | <b>-</b>    |
| Net income (loss) before income tax expense | 873,102                          | -           |
| Income tax expense                          | (64,496)                         |             |
| <b>Net income (loss)</b>                    | <b>\$ 808,606</b>                | <b>\$ -</b> |
| Other comprehensive income                  |                                  |             |
| Foreign currency translation adjustment     | 5,060                            | -           |
| <b>Comprehensive income</b>                 | <b>\$ 813,666</b>                | <b>\$ -</b> |

(The accompanying notes are an integral part of these consolidated financial statements.)

**Hongkong Hengda International Investment Limited**  
**Consolidated Statements of Cash Flows**  
**(Expressed in US dollars)**

|  | For the years ended December 31, |                 |
|--|----------------------------------|-----------------|
|  | 2011                             | 2010            |
| <b>Cash flows from operating activities</b>                                |                                  |                 |
| Net income   | \$ 808,606                       | \$ -            |
| Adjustment to reconcile net loss to net cash used in operating activities: |                                  |                 |
| Depreciation and amortization  | 16,855                           | -               |
| Gain on acquisition of TomBao  | (695,527)                        | -               |
| Changes in operating assets and liabilities:                               |                                  |                 |
| Accounts receivable  | 3,062                            | -               |
| Inventory  | (63,729)                         | -               |
| Prepayment and deposit   | (10,069)                         | -               |
| Other receivables  | 94,323                           | -               |
| Accounts payable   | 135,700                          | -               |
| Advances from customers  | (79,395)                         | -               |
| Accrued expenses   | (2,331)                          | -               |
| Income tax payable   | 64,496                           | -               |
| Other payables   | (158,603)                        | -               |
| Net cash provided by operating activities                                  | <u>113,388</u>                   | <u>-</u>        |
| <b>Cash flows from investing activities</b>                                |                                  |                 |
| Purchase of equipment and furniture  | (149,469)                        | -               |
| Purchase of TomBao   | (473,233)                        | -               |
| Cash acquired from TomBao  | 1,157,290                        | -               |
| Due from related parties   | 6,909                            | -               |
| Net cash provided by investing activities                                  | <u>541,497</u>                   | <u>-</u>        |
| <b>Cash flows from financing activities</b>                                |                                  |                 |
| Due to related parties   | 763,814                          | -               |
| Paid-in Capital by shareholders  | -                                | 1,285           |
| Net cash provided by financing activities                                  | <u>763,814</u>                   | <u>1,285</u>    |
| Effect of exchange rate changes on cash                                    | <u>4,449</u>                     | <u>-</u>        |
| Increase in cash   | 1,423,148                        | 1,285           |
| Cash and cash equivalents at beginning of year                             | <u>1,285</u>                     | <u>-</u>        |
| Cash and cash equivalents at end of year                                   | <u>\$ 1,424,433</u>              | <u>\$ 1,285</u> |

(The accompanying notes are an integral part of these consolidated financial statements.)

**Hongkong Hengda Internatinal Investment Limited**  
**Consolidated Statement of Stockholders' Equity**  
**For the years ended December 31, 2011 and 2010**  
**(Expressed in US dollars)**

|  | Paid-in<br>Capital | Retained earnings | Accumulated<br>Comprehensive<br>Income | Total   |
|--|--------------------|-------------------|--|---------|
| Balance as at December 31,<br>2009         | -                  | -                 | -                                      | -       |
| Paid-in Capital by shareholders            | 1,285              | -                 | -                                      | 1,285   |
| Net income                                 | -                  | -                 | -                                      | -       |
| Balance as at December 31,<br>2010         | 1,285              | -                 | -                                      | 1,285   |
| Net income                                 | -                  | 808,606           | -                                      | 808,606 |
| Foreign currency translation<br>adjustment | -                  | -                 | 5,060                                  | 5,060   |
| Balance as at December 31,<br>2011         | 1,285              | 808,606           | 5,060                                  | 814,951 |

(The accompanying notes are an integral part of these consolidated financial statements.)

**Hongkong Hengda International Investment Limited  
Notes to Consolidated Financial Statements  
December 31, 2010 and 2011**

**1. BUSINESS DESCRIPTION AND ORGANIZATION**

**COMPANY INTRODUCTION**

Hongkong Hengda International Investment Limited incorporated in Hongkong on September 7,2007

On October.27,2011 Hongkong Hengda International Investment Limited purchased Guangzhou TomBao Antiques & Arts Collection Co., Ltd.. Hongkong Hengda International Investment Limited paid RMB 3,000,000 to the selling shareholders in exchange for 100% share of Guangzhou TomBao Antiques & Arts Collection Co., Ltd .

**BUSINESS DESCRIPTION**

Hongkong Hengda International Investment Limited is a non-operating holding company and all of its operating profit comes from its wholly-owned subsidiary, Guangzhou TomBao Antiques & Arts Collection Co., Ltd. which has seven branches in the city of Wuhan,Changsha,Taiyuan,Shanghai,Chengdu,Chongqing ,China.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION**

The consolidated financial statements for all periods from the date of acquisition include the accounts of Guangzhou TomBao Antiques & Arts Collection Co., Ltd. The consolidated statements have been prepared in accordance with US GAAP. All significant intercompany transactions have been eliminated.

The Company has determined the People's Republic of China Chinese Yuan Renminbi ("RMB") to be its functional currency. The accompanying consolidated financial statements are presented in United States (US) dollars. The consolidated financial statements are translated into US dollars from RMB at year-end exchange rates for assets and liabilities, and weighted average exchange rates for revenues and expenses. Capital accounts are translated at their historical exchange rates when the capital transactions occurred.

RMB is not freely convertible into the currency of other nations. All such exchange transactions must take place through authorized institutions. There is no guarantee the RMB amounts could have been, or could be, converted into US dollars at rates used in translation.

**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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SIGNIFICANT ESTIMATES**

Several areas require significant management estimates relating to uncertainties for which it is reasonably possible that there will be a material change in the near term. The more significant areas requiring the use of

management estimates related to the valuation of acquired companies, equipment, patent rights, accrued liabilities and stock options, and the useful lives for amortization and depreciation.

#### REVENUE RECOGNITION

We recognize revenue using various revenue recognition policies based on the nature of the sale and the terms of the contract.

Revenues from sale of Art collections and Modern business cultural gifts related products and services are recognized when goods are delivered or as services are performed. The contractual terms of the purchase agreements or services agreements dictate the recognition of revenues by us. We recognize revenue in accordance with Staff Accounting Bulletin No. 104. Accordingly, four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectibility is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products or services delivered and the collectibility of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. We defer any revenue for which the product has not been delivered or is subject to refund until such time that we and our customer jointly determine that the product has been delivered or no refund will be required.

#### CASH AND CASH EQUIVALENTS

The Company invests idle cash primarily in money market accounts, certificates of deposits and short-term commercial paper. Money market funds and all highly liquid debt instruments with an original maturity of three months or less are considered cash equivalents.

#### INVENTORY

Inventories are stated at the lower of cost, determined on a weighted average basis, or market. Costs of inventories include purchase and related costs incurred in bringing the products to their present location and condition. Market value is determined by reference to selling prices after the balance sheet date or to management's estimates based on prevailing market conditions. The management will write down the inventories to market value if it is below cost. The management also regularly evaluates the composition of its inventories to identify slow-moving and obsolete inventories to determine if valuation allowance is required.

#### COST OF SALES

Cost of sales includes the expenses incurred to acquire and produce inventory for sale, including product costs, freight-in and import costs.

#### PROPERTY AND EQUIPMENT

Impairment of long-lived assets is recognized when events or changes in circumstances indicate that the carrying amount of the asset, or related groups of assets, may not be recoverable. Under the provisions of SFAS No. 144, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of", the Company recognizes an "impairment charge" when the expected net undiscounted future cash flows from an asset's use and eventual disposition are less than the asset's carrying value and the asset's carrying value exceeds its fair value. Measurement of fair value for an asset or group of assets may be based on appraisal, market values of similar assets or estimated discounted future cash flows resulting from the use and ultimate disposition of the asset or assets.

Expenditures for maintenance, repairs and betterments, which do not materially extend the normal useful life of an asset, are charged to operations as incurred. Upon sale or other disposition of assets, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or income (loss) is reflected in income.

Depreciation and amortization are provided for financial reporting purposes primarily on the straight-line method over the estimated useful lives of the respective assets as follows:

|  | <i>Estimated<br/>Useful Life</i> |
|--|----------------------------------|
| <i>Transportation equipment</i>                | <i>5 years</i>                   |
| <i>Office, computer software and equipment</i> | <i>5 years</i>                   |
| <i>Furniture and fixtures</i>                  | <i>5 years</i>                   |
| <i>Production equipment</i>                    | <i>10 years</i>                  |
| <i>Building and improvements</i>               | <i>20 years</i>                  |
| <i>Construction in progress</i>                | <i>20 years</i>                  |

#### INCOME TAXES

We are currently subject to income taxes according to applicable tax laws in the PRC. The tax rates are 25% for both Beijing SOD and Chongqing SOD.

On March 16, 2007, the National People's Congress of China passed the new Enterprise Income Tax Law, or EIT Law, and on November 28, 2007, the State Council of China passed the Implementing Rules for the EIT Law, or Implementing Rules, which took effect on January 1, 2008. The EIT Law and Implementing Rules impose a unified EIT of 25.0% on all domestic-invested enterprises and foreign invested entities, or FIEs, unless they qualify under certain limited exceptions. Therefore, nearly all FIEs are subject to the new tax rate alongside other domestic businesses rather than benefiting from the FEIT, and its associated preferential tax treatments, beginning January 1, 2008.

Despite these changes, the EIT Law gives the FIEs established before March 16, 2007, or Old FIEs, a five-year grandfather period during which they can continue to enjoy their existing preferential tax treatments. During this five-year grandfather period, the Old FIEs which enjoyed tax rates lower than 25% under the original EIT Law shall gradually increase their EIT rate within 5 years until the tax rate reaches 25%. In addition, the Old FIEs that are eligible for the "two-year exemption and three-year half reduction" or "five-year exemption and five-year half-reduction" under the original EIT Law, are allowed to remain to enjoy their preference until these holidays expire. The discontinuation of any such special or preferential tax treatment or other incentives would have an adverse effect on the Company's business, fiscal condition and current operations in China.

In addition to the changes to the current tax structure, under the EIT Law, an enterprise established outside of China with "de facto management bodies" within China is considered a resident enterprise and will normally be subject to an EIT of 25.0% on its global income. The Implementing Rules define the term "de facto management bodies" as "an establishment that exercises, in substance, overall management and control over the production, business, personnel, accounting, etc., of a Chinese enterprise". If the PRC tax authorities subsequently determine that we should be classified as a resident enterprise, then the organization's global income will be subject to PRC income tax of 25.0% .

that are recognized for income tax purposes. In accordance with Statement of Financial Accounting Standard ("SFAS") No. 109 ("ASC Topic 740"), "Accounting for Income Taxes," these deferred taxes are measured by applying currently enacted tax laws.

The Company did not provide any current or deferred income tax provision or benefit for any period presented to date.

There are net operating income (loss) carry forwards allowed under China Governments' tax system.

## RELATED PARTY TRANSACTIONS AND STOCKHOLDER'S LOAN

The caption "Due to Related Company" are loans that are unsecured, non-interest bearing and have no fixed terms of repayment, therefore, deemed payable on demand.

## COMPREHENSIVE INCOME (LOSS)

The accompanying financial statements are presented in United States (US) dollars. The functional currency is the Renminbi (RMB). The financial statements are translated into US dollars from RMB at year-end exchange rates for assets and liabilities, and weighted average exchange rates for revenues and expenses. Capital accounts are translated at their historical exchange rates when the capital transactions occurred. Currency translation adjustments are presented as other comprehensive income.

RMB is not freely convertible into the currency of other nations. All such exchange transactions must take place through authorized institutions. There is no guarantee the RMB amounts could have been, or could be, converted into US dollars at rates used in translation.

## NEW ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued ASC 105 (previously SFAS No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("GAAP") - a replacement of FASB Statement No. 162), which will become the source of authoritative accounting principles generally accepted in the United States recognized by the FASB to be applied to nongovernmental entities. The Codification is effective in the third quarter of 2009, and accordingly, the Quarterly Report on Form 10-Q for the quarter ending September 30, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature. The Company does not believe that this will have a material effect on its consolidated financial statements.

In June 2009, the FASB issued ASC 855 (previously SFAS No. 165, Subsequent Events), which establishes general standards of accounting for and disclosures of events that occur after the balance sheet date but before the financial statements are issued or available to be issued. It is effective for interim and annual periods ending after June 15, 2009. There was no material impact upon the adoption of this standard on the Company's consolidated financial statements.

SFAS No. 159 (ASC Topic 825), The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115. This Statement provides all entities with an option to report selected financial assets and liabilities at fair value. The Statement is effective as of the beginning of an entity's first fiscal year beginning after November 15, 2007, with early adoption available in certain circumstances.

SFAS No. 141 (Revised) (ASC Topic 805), Business Combinations. SFAS No. 141R broadens the guidance of SFAS No. 141, extending its applicability to all transactions and other events in which one entity obtains control over one or more other businesses. It broadens the fair value measurement and recognition of assets acquired, liabilities assumed, and interests transferred as a result of business combinations. SFAS No. 141R expands on required disclosures to improve the statement users' abilities to evaluate the nature and financial effects of business combinations.

SFAS No. 160 (ASC Topic 810), Non-controlling Interests in Consolidated Financial Statements - an amendment of ARB No. 51. SFAS No. 160 requires that ownership interests in subsidiaries held by parties other than the parent are to be included in the equity section of the balance sheet, but apart from the parent's equity. All changes in the parent's ownership interest in a subsidiary are to be accounted for as equity transactions. Any retained non-controlling equity interest in a deconsolidated subsidiary is to be initially measured at fair value, with any gain or loss on consolidation measured using this fair value.

SFAS NoSOP No. 07-01, Clarification of the Scope of the Audit and Accounting Guide "Investment Companies" and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies. SOP 07-01 provides guidance for determining whether an entity is within the scope of the AICPA Audit and Accounting Guide Investment Companies. The provisions of the SOP are effective for fiscal years beginning on or after December 15,

2007, with earlier application encouraged. As of December 1, 2007 the FASB has proposed an indefinite deferral of this SOP.

EITF Issue No. 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards. In this Issue, a consensus was reached that a realized income tax benefit from dividends or dividend equivalents that are charged to retained earnings and are paid to employees for equity-classified nonvested equity shares, nonvested equity share units, and outstanding equity share options should be recognized as an increase in additional paid-in capital. This Issue should be applied prospectively to the income tax benefits that result from

dividends on equity-classified employee share-based payment awards that are declared in fiscal years beginning after December 15, 2007, and interim periods within those fiscal years. Early application is permitted.

In January 2010, the FASB issued Accounting Standards Update No. 2010-06 (ASU 2010-06), Fair Value Measurements and Disclosures which amends ASC Topic 820, adding new requirements for disclosures for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU 2010-06 is effective for interim and annual periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010; early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2009-14 on its financial statements.

### 3. INVENTORIES

Inventories consist mainly of art collections and modern business cultural gifts. The balance at December 31, 2011 and 2010 is \$ 244,941 and \$-0-, respectively.

### 4. PREPAYMENT AND DEPOSIT

The breakdown of prepayment and deposit set forth below:

| Items                         | December 31, 2010 | December 31, 2011 |
|-------------------------------|-------------------|-------------------|
| Advances to suppliers         | -                 | \$112,786         |
| Prepaid and deferred expenses | -                 | 48,759            |
| Total                         | -                 | \$ 161,545        |

### 4. DUE FROM RELATED PARTIES

The from related parties breakdown set forth following ,

| Related party                               | December 31, 2010 | December 31, 2011 |
|---|-------------------|-------------------|
| Guangzhou Licang Cultural Exchange Co., Ltd | -                 | \$ 782,246        |
| Guangzhou Huimin department store Co., Ltd  | -                 | 112,270           |

|       |   |            |
|-------|---|------------|
| Total | - | \$ 895,216 |
|-------|---|------------|

## 5. PROPERTY,PLANT,AND EQUIPMENT ,NET

Property, plant and equipment, net as of December 31, 2010 and December 31, 2011 consisted of the following:

| Fixed assets                    | December 31, 2010 | December 31, 2011 |
|---------------------------------|-------------------|-------------------|
| Office equipment                |                   | \$ 276,009        |
| Motor vehicles                  |                   | <u>283,782</u>    |
| Subtotal                        |                   | 559,791           |
| Less : Accumulated depreciation |                   | <u>147,291</u>    |
| Total                           |                   | <u>\$ 412,500</u> |

Depreciation expenses for the year ended December 31, 2010 and 2011 amounted to \$0, \$147,291 respectively.

## 6. ADVANCES FROM CUSTOMER

Advance from customers represents the deposit of services fee from clients who paid in advance and want to their art collections sold or auctioned by the company who provides (but not limited to) the services of promotion, exhibition, sale on the internet, auction, safekeeping and etc. for a definite time period. .

## 7. ACQUISITION

On October 27, 2011, the Company completed its acquisition of 100% equity interest in Guangzhou TomBao Antiques & Arts Collection Co., Ltd ("TomBao") from Jianmin Li and Xianzhong Li for a consideration of approximately \$474,436 (RMB3,000,000). The Company also assumed certain trade payables, accrued expenses and receivables associated with the assets being acquired.

The following table summarizes the fair values of the assets acquired and liabilities of TomBao assumed at the October 27, 2011 acquisition date:

|                                    |              |
|------------------------------------|--------------|
| Cash and cash equivalents          | \$ 1,157,290 |
| Accounts receivable                | 39,892       |
| Inventories                        | 180,296      |
| Prepayment and deposit             | 150,902      |
| Other receivables                  | 482,784      |
| Due from related parties           | 898,954      |
| Property and equipment             | 241,883      |
| Intangible assets                  | 557          |
| Total identifiable assets acquired | 3,189,063    |
| Current liabilities                | (1,971,175)  |
| Accrued expenses                   | (47,925)     |
| Total liabilities assumed          | (2,019,100 ) |
| Net assets acquired                | \$ 1,169,963 |

The fair value of the net identifiable assets acquired and liabilities assumed of \$1,169,963 exceeded the purchase price of \$474,436. Consequently, the Company reassessed the recognition and measurement of identifiable assets acquired and liabilities assumed and concluded that the valuation procedures and resulting measures were appropriate. As a result, the Company recognized a gain of \$696,527 in fiscal 2011 associated with the acquisition of the TomBao. The gain is included in the line item "Gain on acquisition of a business" in the consolidated statement of operations.

## **8 DUE TO RELATED PARTIES**

The due to related parties \$921,100 as of December 31,2011 represents the amount owed to the directors of related company Guangzhou Licang Cultural Exchange Co., Ltd

## **9 INCOME TAXES**

The Company accounts for income taxes in accordance with the provisions of SFAS No. 109 (ASC Topic 740"), "Accounting for Income Taxes.

Income tax expense is based on reported income before income taxes. Deferred income taxes reflect the effect of temporary differences between assets and liabilities that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes. In accordance with SFAS No. 109, "Accounting for Income Taxes", these deferred income taxes are measured by applying currently enacted tax laws.

The Company and its subsidiaries in the PRC were generally subject to PRC enterprise income tax at 33%. On March 16, 2007, the PRC government promulgated a new tax law, China's Unified Corporate Income Tax Law ("New CIT Law"), which took effect from January 1, 2008. Under the New CIT Law, foreign-owned enterprises as well as domestic companies are subject to a unified tax rate of 25%. Accordingly, the Company's subsidiaries in the PRC have been subject to the PRC corporate statutory tax rate of 25% on their taxable income arising in the PRC commencing from January 1, 2008. The income taxes payable as of December 31,2011 is 121,538

## **NOTE 10. COMMITMENT AND CONTIGENCY**

There is no commitment or contingency to disclose during the period ended December 31, 2011 and 2010.

## **NOTE 11. SUBSEQUENT EVENTS**

The Company has performed an evaluation of subsequent events in accordance with ASC Topic 855 and the Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**Hongkong Hengda Int'l Investment Limited**  
**Consolidated Balance Sheets**  
**(Expressed in US dollars)**

March 31, 2012      2011

**ASSETS**

|                                     |                     |                     |
|-------------------------------------|---------------------|---------------------|
| Current Assets                      |                     |                     |
| Cash and cash equivalents           | \$ 2,481,488        | \$ 1,424,433        |
| Accounts receivable                 | 53,592              | 36,961              |
| Inventory                           | 249,320             | 244,901             |
| Prepayment and deposit              | 159,804             | 161,545             |
| Other receivables                   | 380,736             | 389,830             |
| Due from related parties            | 814,022             | 895,216             |
| Total Current Assets                | 4,138,962           | 3,152,886           |
| Property, plant and equipment , net | 516,547             | 412,500             |
| Intangible assets                   | 521                 | 538                 |
| <b>Total Assets</b>                 | <b>\$ 4,656,030</b> | <b>\$ 3,565,924</b> |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Current liabilities      |                  |                  |
| Accounts Payable         | \$ 234,527       | \$ 253,454       |
| Advances from customers  | 1,038,302        | 686,096          |
| Accrued expenses         | 152,208          | 45,756           |
| Income tax payable       | 121,665          | 121,538          |
| Other payables           | 1,265,151        | 723,029          |
| Due to related parties   | 1,005,897        | 921,100          |
| <b>Total Liabilities</b> | <b>3,817,750</b> | <b>2,750,973</b> |

Commitments and contingencies

|   |                     |                     |
|---|---------------------|---------------------|
| Stockholders' Equity                              |                     |                     |
| Paid-in capital                                   | 1,285               | 1,285               |
| Retained earnings                                 | 831,003             | 808,606             |
| Accumulated Other Comprehensive Incom             | 5,992               | 5,060               |
| <b>Total Stockholders' Equity</b>                 | <b>838,280</b>      | <b>814,951</b>      |
| <b>Total Liabilities and Stockholders' Equity</b> | <b>\$ 4,656,030</b> | <b>\$ 3,565,924</b> |

**Hongkong Hengda Int'l Investment Limited**  
**Consolidated Statements of Operations**  
**(Expressed in US dollars)**

|   | For Three Months Ended March 31, |             |
|---|----------------------------------|-------------|
|   | 2012                             | 2011        |
| Revenue                                 | \$ 1,591,540                     | \$ -        |
| Cost of sales                           | 457,747                          | -           |
| Gross profit                            | <u>1,133,793</u>                 | <u>-</u>    |
| Operating expenses                      |                                  |             |
| Selling expense                         | 371,679                          | -           |
| General and administrative expense      | 734,216                          | -           |
| Total expenses                          | <u>1,105,895</u>                 | <u>-</u>    |
| Operating income                        | <u>27,898</u>                    | <u>-</u>    |
| Other income (Expenses)                 |                                  |             |
| Other income, net                       | 771                              | -           |
| Total other income (expense)            | <u>771</u>                       | <u>-</u>    |
| Income before income tax expense        | <u>28,669</u>                    | <u>-</u>    |
| Income tax expense                      | (6,272)                          | -           |
| Net income                              | <u>\$ 22,397</u>                 | <u>\$ -</u> |
| Other comprehensive income              |                                  |             |
| Foreign currency translation adjustment | 932                              | -           |
| Comprehensive income                    | <u>\$ 23,329</u>                 | <u>\$ -</u> |

**Hongkong Hengda Int'l Investment Limited**  
**Consolidated Statements of Cash Flows**  
**(Expressed in US dollars)**

|  | For Three Months ended March 31, |      |
|--|----------------------------------|------|
|  | 2012                             | 2011 |
| <b>Cash flows from operating activities</b>                                |                                  |      |
| Net income   | \$ 22,397                        | \$ - |
| Adjustment to reconcile net loss to net cash used in operating activities: |                                  |      |
| Depreciation and amortization  | 31,964                           | -    |
| Changes in operating assets and liabilities:                               |                                  |      |
| Accounts receivable  | (16,578)                         | -    |
| Inventory  | (4,159)                          | -    |
| Prepayment and deposit   | 1,909                            | -    |
| Other receivables  | 9,494                            | -    |
| Accounts payable   | (19,176)                         | -    |
| Advances from customers  | 351,185                          | -    |
| Accrued expenses   | 106,314                          | -    |
| Income tax payable   | 0                                | -    |
| Other payables   | 540,306                          | -    |
| Net cash provided by operating activities                                  | 1,023,656                        | -    |
| <b>Cash flows from investing activities</b>                                |                                  |      |
| Purchase of equipment and furniture  | (135,471)                        | -    |
| Due from related parties   | 82,062                           | -    |
| Net cash provided by investing activities                                  | (53,409)                         | -    |
| <b>Cash flows from financing activities</b>                                |                                  |      |
| Due to related parties   | 84,526                           | -    |
| Net cash provided by financing activities                                  | 84,526                           | 0    |
| Effect of exchange rate changes on cash                                    | 2,282                            | -    |
| Increase in cash   | 1,057,055                        | 0    |
| Cash and cash equivalents at beginning of year                             | 1,424,433                        | -    |
| Cash and cash equivalents at end of year                                   | \$ 2,481,488                     | \$ 0 |