

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: 2007-07-27 | Period of Report: 2007-07-23
SEC Accession No. 0001144204-07-038730

(HTML Version on secdatabase.com)

FILER

Cartan Holdings Inc.

CIK: **1369774** | IRS No.: **000000000** | State of Incorporation: **NV** | Fiscal Year End: **0331**
Type: **8-K** | Act: **34** | File No.: **000-52743** | Film No.: **071007000**
SIC: **1000** Metal mining

Mailing Address
6260 FIELD PLACE
BURNABY A1 V5E 3W1

Business Address
6260 FIELD PLACE
BURNABY A1 V5E 3W1
800-343-5092

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): July 23, 2007

SHINER INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

333-136049
(Commission File
Number)

98-0507398
(I.R.S. Employer
Identification Number)

19/F, Didu Building, Pearl River Plaza, No. 2 North Longkun Road
Haikou, Hainan Province
China 570125

(Address of principal executive offices) (zip code)

86-898-68581104
(Registrant's telephone number, including area code)

CARTAN HOLDINGS INC.
999 Canada Place, Suite 404, Vancouver, B.C., Canada V6C 3E3
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On July 23, 2007, we entered into a Share Exchange Agreement and Plan of Reorganization (the “Share Exchange Agreement”) with Sino Palace Holdings Limited., a corporation formed under the laws of the British Virgin Islands (“Sino Palace”). Pursuant to the Agreement, we acquired from Sino Palace all of the issued and outstanding capital stock of each of Hainan Shiner Industrial Co., Ltd. (“Shiner Industrial”) and Hainan Shiny-day Color Printing Packaging Co., Ltd. (“Shiny-day”) as well as all of the issued and outstanding capital stock of their subsidiaries, Hainan Modern Hi-Tech Industrial Co., Ltd. (“Modern”) and Zhuhai Modern Huanuo Packaging Material Co., Ltd. (“Zhuhai”) in exchange for the issuance of an aggregate of 16,500,000 shares of our common stock to the shareholders of Sino Palace. Shiner Industrial, Shiny-day, Modern and Zhuhai are each Chinese corporations and are referred to collectively as the “Shiner Group.”

Concurrently with the closing of the transactions contemplated by the Share Exchange Agreement and as a condition thereof, we entered into an agreement with Zubeda Mohamed-Lakhani, our sole director and chief executive officer, pursuant to which she returned 4,750,000 shares of our common stock to us for cancellation. Ms. Mohamed-Lakhani was not compensated in any way for the cancellation of her shares of our common stock. Upon completion of the foregoing transactions, we had an aggregate of 21,150,000 shares of common stock issued and outstanding. We issued the shares of common stock to the shareholders of Sino Palace in reliance upon the exemption from registration provided by Regulation S under the Securities Act of 1933, as amended.

Item 2.01 Completion of Acquisition or Disposition of Assets

We refer to Item 1.01 above, “Entry into Material Definitive Agreement” and incorporate the contents of that section herein, as if fully set forth under this Section 2.01.

DESCRIPTION OF BUSINESS

Prior to the transaction described in Item 1.01, we were an exploration stage company involved in the search for mineral deposits. We own a 100% undivided right, title and interest in and to the mineral property known as the Cartan mineral claim. Our interest in the property consists of the right to explore for and remove minerals from the property. There is no assurance that a commercially viable mineral deposit exists on the property. At the current time the property is without known reserves and the proposed program is exploratory in nature. From and after the closing date of the share exchange transaction, our primary operations will now consist of the operations of each of the companies in the Shiner Group. We intend to dispose of our rights with respect to the Cartan mineral claim.

Description of Shiner Group

Shiner Industrial was incorporated under the laws of the People’s Republic of China on May 21, 2003 and is headquartered in the city of Haikou, Hainan Province, People’s Republic of China. Shiner Industrial produces four main types of packaging film: anti-counterfeit, coated films, shrinking and common Bi-axially Oriented Polypropylene (“BOPP”) film for package over-wraps. BOPP refers to the manufacture of polypropylene films using an orienting system. BOPP is manufactured by three different processes, with resulting films having different properties. Production can be through the bubble process, the sequential-machine direction orienting trans-direction (“MDTD”) stentering process, or the simultaneous MDTD orienting-stentering process. Shiner Industrial uses the sequential or the double bubble process, in which a polypropylene (“PP”) film is oriented in two directions (machine and transverse directions). BOPP films are widely applicable for printing, lamination and over-wrap packaging. The main benefits of BOPP films are stiffness and durability, high tensile strength and clear optics. BOPP films range from 15 to 50 microns and can be single or double coated with co-extruded structures, in transparent, opaque, or metalized varieties. Additionally, BOPP films can be treated with acrylic and PVDC coatings for increased sealing and barrier properties. The films use mainly homo-polymer PP and random co-polymer PP. Anti-counterfeit film is just one type of specialty product made from BOPP film. Shiner Industrial has 255 employees and four film production lines with annual capacity of 6,000 tons.

Shiny-day was incorporated under the laws of the People's Republic of China on March 19, 2004 and is headquartered in the city of Haikou, Hainan Province, Peoples Republic of China. Shiny-day fulfills printing needs of multiple manufacturers, primarily consumer goods companies, located in China and serves as a convenient add-on feature for customers looking for one-stop service in fulfilling their packaging and printing needs. Shiny-day has 188 employees and two eight-color production lines.

Modern was incorporated under the laws of the People's Republic of China on October 27, 2006 and is headquartered in the ShiZiLing FeiDi Industrial Park region of Haikou City, Peoples Republic of China. Modern does not presently own any operating assets. We established Modern to take advantage of special tax treatment in China for technology assets. We are in the process of applying for this special tax treatment. While there can be no assurance that our application will be approved by the Chinese government, we are confident that Modern will receive this approval.

Zhuhai was incorporated under the laws of the People's Republic of China on December 25, 2006 and is headquartered in Zhuhai, Guangdong Province, Peoples Republic of China. Zhuhai has one BOPP film production line with annual capacity of 7,000 tons. We formed Zhuhai to meet a substantial amount of our BOPP film raw material needs.

Industry Overview

Economies with a higher per capita gross domestic product have a greater demand for packaging films. Packaging films are used by food and consumer products manufacturers primarily to preserve texture, flavor, hygiene, convenience and safety of consumer products such as foods, medicine, tobacco and cosmetics. Packaging films encompass most clear flexible films based on petrochemical-based polymers [polyolefin]. Through the process of forming plastic films in cross-machine directions [biaxial orientation] the underlying tensile strength of the film can be strengthened and the resulting film product forms the basis for most packaging films.

Industrial growth is a key driver of demand for coated and laminated materials. In China, increasing demand during the past 3-5 years has been driven by:

- International consumer goods companies relocating operations into mainland China;
- Concerted efforts by the Chinese Government to improve safety, hygiene and sanitation in consumer products in order to reduce contamination and spoilage;
- Growth in consumer incomes in China during the past 5-10 years have led consumers to demand more convenience (individual packaged snacks) and attractive packaging without adding weight; and
- Concern over protection from product tampering.

From the manufacturer to the grocer and to the consumer's home, airtight plastic packaging helps keep foods and other products fresh and free from contamination without adding bulk.

- **Anti-Counterfeit Film**

Counterfeit product causes economic losses to manufacturers and health problems to consumers in China and around the world. The market for anti-counterfeit packaging films has grown to approximately \$6.5 billion in China and \$200 billion worldwide for all anti-counterfeiting products, including films. In the next five years, the anti-counterfeit packaging films market in China alone is expected to reach \$20 billion and world-wide growth of 15% in this market is expected.

- Coated Films, Tobacco and other

According to statistics of the International Plastics Industry, global and domestic demand in the packaging film industry for 2006 was:

	Global demand		China demand	
	(tons/year)	USD\$ Million	(tons/year)	USD\$ Million
BOPP tobacco film	170,000	\$546	80,000	\$256
Coating film	400,000	\$1,619	60,000	\$242

According to Research and Markets reports, from 2003-2008, the BOPP industry will experience worldwide growth of 7.6% annually; however during the period 2008-2013 growth will slow to a rate of 4.9% in most areas with the exception of developing countries such as China, India, the Middle East, Latin America, and Eastern Europe where growth is expected to keep pace with gross domestic product growth.

The packaging film industry in China is concentrated among a few qualified players and scattered smaller producers with limited capacity. Initial capital and technological requirements to produce anti-counterfeit, coated and shrinking films that meet national and international criteria are significant and thus stricter industry regulations and growing product specifications by the end-user are eliminating many of the industry's smaller players.

Products and Manufacturing

Our products include a variety of packaging films which are used by food and consumer products manufacturers to preserve texture, flavor, hygiene, convenience and to protect their product. The films are used in a variety of industries such as: bakery, beverage, candy/confections, cheese, cosmetics/personal, compact discs, dairy, fruit/vegetables, nuts, pharmaceuticals and tobacco. In addition, we provide printing services for a variety of consumer products.

- **Anti-counterfeit film:** a BOPP film which is embossed with a multi-dimensional insignia that creates eye-catching illusions and makes it easier to increase brand identity. Generally used in the packaging of high-end cigarettes, DVDs, and other frequently imitated or pirated products.

- **Coated films:** a functional packaging film in which a thin layer of polyolefin-based film is sealed either on one or both sides with a varying type of chemical substance (coating layer). Depending on which coating layer is used, coated films have greater endurance and tensile strength and can be produced in heat-resistant, shrink-wrap, peelable or other varieties. Coated films are known for their superior moisture, vapor, flavor and aroma barrier traits, as well as their clarity and superior printability. The base film is generally BOPP, Bi-oriented polyethylene terephthalate polyester film ("PET") or nylon ("BOPA"), depending on the needs of the end-user. When BOPP is used, it can be coated with Acrylic ("AC"), Poly-vinylidene Chloride ("PVDC") or Thermoplastic Poly Vinyl Alcohol ("PVOH"). PVDC is a type of recognized packaging material with high barrier properties for water vapor, oxygen, aroma or flavor and other gases such as nitrogen and carbon dioxide. PVOH has excellent oxygen barrier properties. When an AC layer is applied, it works as a protective armor and is well-suited for multiple types of water based ink or UV inks to print upon. The use of water-based inks is preferred by customers not only because of its cost savings but also its environmentally beneficial advantage compared with oil based inks. We are the only producer of AC coated film domestically in China. In terms of function of oxygen barrier, BOPP will have 2000 ml oxygen infiltrate for every square meter. PVDC will have 10ml oxygen infiltrate for every square meter. PVOH will have 0.7ml oxygen infiltrate for every square meter. All films can be surface-printed, reverse-printed or used unprinted.

- **BOPP Tobacco Film:** a box over-wrap film designed to meet the industry requirements for pack appearance, product freshness, and clear optics.
- **Color Printing:** Surface printing and reverse printing services mainly for consumer goods and beverage companies.

Shiner Industrial currently has:

- three anti-counterfeit film machines;
- three coated film lines with total capacity of 6,000 tons/year; and
- one BOPP tobacco film line with total capacity of 3,500 tons/year.

Coated film lines have the ability to apply single coated (one-side, either inside or outside) or double coated (both inside and outside) in a variety of plastic materials depending on the user need such as PVDC, PVOH or AC.

Shiny-day currently has two 8-color printing lines.

Zhuhai currently rents one BOPP film production line with capacity of 7,000 tons/year.

Modern currently does not have any operating assets.

For most packaging films, BOPP serves as the base film from which anti-counterfeit, coated, tobacco and other specialty films are designed. There are multiple manufacturers of BOPP in China qualified to meet international standards. However, packaged goods require different porosity levels for water vapor, gases, as well as fragrance and heat resistance barriers depending on whether the item is edible such as packaged dates, crackers, sweet cakes, freeze-dried coffee or a non-food product such as medicine, tobacco, or dried flowers. Shiner Industrial uses BOPP as the base film from which more sophisticated films such as anti-counterfeit, coated and tobacco films are produced.

Marketing

Since our inception, we have concentrated on forming an experienced, knowledgeable and customer-oriented marketing team. Of the 12 individuals in our marketing group, half have been working in the industry for the past five years and are familiar with buyers' needs and concerns. In order to effectively cater to the needs of different clients, marketing is broken out into four units: coated films, BOPP and tobacco films, color printing and international. The international marketing unit services both the coated and BOPP film products.

- ***Anti-Counterfeit films***

Piracy is a serious problem in the Chinese consumer market place with not only economic costs to manufacturers, but health and safety costs to consumers. In an effort to address this problem and to protect the patent holders, Shiner Industrial has developed a unique patented anti-counterfeit packaging film. The film has won several domestic awards and has the beneficial characteristics of other BOPP films such as heat and temperature resistance, shrink-wrap, flavor and aroma barrier.

- ***Coated Films***

We have established relationships with consumer goods manufacturers who compose the majority of coated films customers in China. Potential customer data is constantly updated through market research performed to identify customers and sales calls are generally made directly with these potential customers.

Various packaged goods require different porosity levels for oxygen, water vapor, and other gases as well as fragrance and heat resistance barriers depending on whether the item is edible such as packaged dates, crackers, sweet cakes and freeze-dried coffee or a non-

food product such as medicine, tobacco, or dried flowers. Thus, the experience of the marketing team plays a key function in acquiring and servicing these customers.

Shiny-day's marketing personnel often double up with coated films domestically in China as many domestic customers desire the convenience of "full service" with packaging and print services combined in one vendor.

- ***BOPP Tobacco films***

On the domestic China front, we have an established reputation in the business and generally are able to make direct contact with our prospective clients. As we have already achieved the approval of the Government, quality and price requirements, service and relationships play a greater role in maintaining established customers and obtaining new ones. Due to the location of the plant and facilities in Haikou, we frequently invite potential clients to visit and inspect our operations first-hand as Hainan Island is known as the "Hawaii" of China and thus many of the tobacco and other large industry management conventions are held there annually.

In the next five years, we believe that anti-counterfeit film products will play a much larger role in our sales growth. As such, we have formed a marketing team that targets famous brand liquor and tobacco companies as well as the entertainment industry to cover such products as DVDs and CDs.

- ***Color Printing***

While the industry tends to have a high degree of price elasticity, our customers are generally brand name consumer goods companies looking for quality printing. Through our market research, we identify potential customers and marketing is often performed in pairs with the coated and BOPP film teams making sales calls together.

- ***International***

In late 2004, we began to attend international packaging exhibitions and trade fairs held in Europe, Australia, and the Americas, mainly to inform global customers of our service capabilities and effective distribution system in the international market as well as to communicate the quality, service and price advantages of our films in a face-to-face setting. This methodology has proven highly effective in gaining new customers, and also in reaching multiple converters and distributors located in the US, Europe, and Middle East.

In 2006, we spent over \$160,000 on marketing and promotion and we have budgeted \$400,000 for such expenses in 2007, which includes travel, industry advertising, and exhibition fees.

We are able to effectively compete in both the domestic Chinese and international markets by means of proven quality, cost advantages and a service team that addresses customers before, during and after the sale process in order to build long-term customer relationships. This customer-oriented perspective permeates each business unit and is largely responsible for our ability to penetrate new markets and successfully build on sales to new customers.

- **Quality** - In the domestic Chinese market, our products generally exceed industry standards while in the international market our products have attained international and FDA certification and have proven to equal or even exceed the quality of industry leaders.

- **Price** - Domestically, we operate on a lower cost basis than most competitors due to economies of scale and the design of our own production lines, as noted above. In the international market, we are able to take advantage of lower labor and operating costs in comparison with western industry leaders and our prices are approximately 25% lower on same product sales.

- **Customer Service** - For each business line there is an accomplished sales and after-sales service team who are trained to respond without delay to any and all requirements from customers.

- **One-Stop Service** - By providing film making, packaging, and printing services, we are able save customers both lead-time and costs.

- **Research** - We have 12 patents and our research team includes over 20 engineers of which several hold master's degrees in related fields. In 2006, we signed a five-year research agreement with China's Science & Technology University for which we have proprietary rights to all findings and will pay estimated fees of \$12,850 annually.

Suppliers

Major raw materials required in the manufacturing process include petroleum-based resins and mixing chemicals and are sourced through Mitsubishi Chemicals, Exxon-Mobil, BP and Sumitomo. For these strategic raw materials, we generally maintain purchase contracts for a period of no greater than six months. However, for many other materials we can generally choose from multiple producers and thus orders are placed on an "as-needed" basis monthly.

As all BOPP films, including tobacco and anti-counterfeit, are petroleum based, the effects of any short-term fluctuations in the price of oil will be averaged into the earnings over the period due to the cyclical nature of production, inventory and sales. Any long-term increases in the price of oil will have an adverse impact on our earnings. However, as there are currently no synthetics or substitute materials available in the market, management believes that any long-term increase in the price of oil will be made up for by an increase in sales prices by all producers across the board.

Shiny-day purchases all raw materials domestically in China. There are numerous suppliers for each raw material on the international and domestic market and we generally select a supplier based on the best combination of quality, price and service. There are no raw materials used in Shiny-day's production process that are provided by sole source suppliers.

The base material for many of Shiner Industrial's products are derived from petroleum and thus approximately 60% of the raw materials for the BOPP tobacco film operations are imported from multi-national chemical companies such as Exxon Mobil, Mitsubishi Chemicals, BP and Sumitomo chemicals. In contrast, only about 7.1% of raw materials for coated films are imported as much of the current base BOPP film can be supplied through qualified domestic suppliers. Due to increases in demand for our BOPP tobacco films during 2006, we were forced to purchase 2,800 additional tons of BOPP film from domestic third party sources in order to satisfy the production needs of our coated film business.

In the future, the new BOPP tobacco film line in Zhuhai, with the capacity to provide 7,000 tons of BOPP film annually, will produce enough basic BOPP film to satisfy the needs of the coated film group and color printing group and alleviate the need to source BOPP film from third parties. We anticipate that this will save us approximately \$65 per ton in raw material costs.

In general, we do not have long term contracts with our suppliers. We maintain relationships with 2-3 approved suppliers for each raw material purchased and generally experience no delay in meeting our production needs on a timely basis.

Customers

Our customers are composed mainly of consumer products manufacturers, distributors, printers and converters. About 60% of our customers are located in China with the remainder located in Southeast Asia, Europe, the Middle East and North America. While our coated, tobacco, and anti-counterfeit packaging films are sold in the international market, our color printing business mainly serves customers in China who are looking for one-stop service to fulfill their printing and packaging needs in a single vendor.

Anti-Counterfeit

We introduced this product in 2005 as a superior alternative to the industry's hologram printed films. Our largest customer in the domestic Chinese market is Sony Music of Shanghai and our largest customer in the international market is Vintaba Tobacco of Vietnam. Anti-counterfeit sales more than doubled in 2006 to over \$2 million, of which Vintaba accounted for approximately 82%. A majority of our customers are brand name producers seeking to protect copyrights and reduce the occurrence of pirated product. Currently, we are targeting tobacco, alcohol and entertainment companies as sources of new sales.

Coated Film - China

We are the leading producer of coated films in China with an approximate 55% market share of domestic coated film output. Domestic competitors exist only in the form of smaller rivals with average capacity of several hundred tons. Approximately 80% of our sales are made directly to customers with 20% sold through domestic distributors servicing one-off small-scale packaging operations. As a premier producer of coated films nationally, we enjoy a reputation both for first-rate quality and service.

We maintain contracts with our larger customers generally for periods ranging from six months to one year. Smaller companies, or those that constitute less than 2% of our sales, are subject to pre-payment on all orders. Our largest customer in China, XuFuJi, a manufacturer of snacks and cakes, accounted for approximately 40% of our coated film sales in China and 12.5% of our total sales in 2006. While we anticipate that sales to XuFuJi will continue to grow at the rate of 20% annually, their sales have declined as a percentage of total sales as we have and continue to successfully grow our customer base in order to reduce the risk of customer concentration.

We enter into contracts bi-annually with XuFuJi based on their six month forecast production needs and works closely with them throughout the year to meet their anticipated needs.

Coated Film - International

During 2006, approximately 10 customers accounted for approximately 20% of overall coated film sales with an average sale amount of \$200,000 per customer. Approximately 20% of exported coated films are sold to printing and packaging companies located in the United States with the remainder sold to companies located in Southeast Asia, Turkey, South Africa, the Middle East and Australia. Approximately 50% of exported coated film sales are made to the "converter" industry which represents mass packaging operations mainly in Southeast Asia and Eastern Europe that serve as packaging hubs for products sold in the US and European markets. Rolls of finished coated film are sent to the converters where they print, cut, fold, and insert re-sealable zips to form pouches for such items as dried fruits, nuts, beverages and dairy products such as cheese and yogurt. During the past two years, our international sales have more than doubled and are expected to account for 50% of all coated film sales in 2007.

BOPP Tobacco Film - China

As tobacco remains one of the state-controlled industries in China, all of our domestic BOPP tobacco film sales are made to provincial cigarette manufacturers who can buy only from pre-approved domestic manufacturers meeting the quality and technical specifications as well as the standard price requirements of the Government. During 2006, total market demand in China from these entities was 80,000 tons, of which we supplied 2,565 tons or approximately 3%. Due to economies of scale and efficiency in production, we are able to earn a net margin of approximately 13.5% on each ton of film sold at an average price of \$2,500. In 2007, we have acquired the business of two additional provinces and have verbally contracted to sell over 3,500 tons of film to the Government during 2007. In 2006, sales in China accounted for over 80% of BOPP Tobacco sales or approximately \$7.9 million.

BOPP Tobacco Film - International

In the international market, we sell to cigarette manufacturers in South East Asia, Africa and Taiwan. Our largest international customer, Vintaba of Vietnam, accounted for approximately \$1 million in sales during 2006 which represented approximately 12% of BOPP sales and approximately 3% of overall sales. With the addition of two new customers located in Australia and Syria, the volume of BOPP tobacco film exports are expected to more than double in 2007. While we are not focused on growing our BOPP product sales, the business line provides a steady cash flow to cover operating costs and allows us to explore other more sophisticated film technology products.

Color Printing

The main customers of our color printing business are brand-name Chinese food and commodity companies that have strict requirements in terms of quality and service. Customers are also attracted to the one-stop service that we offer by fulfilling both their packaging film and printing requirements.

Our two largest customers, Guangzhou LiBai Enterprise Group Co., Ltd. (“LiBai”) and the Coconut Palm Group Company Limited (“Coconut Group”), accounted for 79% and 3.3%, respectively, of color printing sales in 2006. We have a contract with LiBai to continue to meet their operating needs through 2010 and Coconut Group renews its specific operating needs for the next six months bi-annually.

Intellectual Property

We hold 12 patents on both products and production equipment which have been issued by the State Intellectual Property Office of the People’s Republic of China. We have products and equipment for which applications are currently pending and are expected to be received during 2007.

Research and Development

We take great pride in our research ability both in the production line and in the finished product. Our internal engineers have designed two of the coated film production lines, not only reducing fixed asset investment by approximately 35% but also more appropriately meeting our specific manufacturing needs. The director in charge of research has over 15 years of working experience in the industry.

During 2005 and 2006, we spent approximately \$52,477 and \$120,675, respectively, on R&D projects with the majority expended on new product trials and experimental manufacturing techniques. In 2007, we plan to spend a minimum of \$133,767 in the area of new product trials including fog prevention, high heat shrinkable and powder wrapping films. All R&D costs are funded through our operating cash flow and are expensed as incurred.

In addition to the above in-house R&D, we have sponsored several projects with affiliated research institutions and universities in China of which we have proprietary rights to all work. While a formal agreement has been signed with China’s Science & Technology University through 2010 for which we have proprietary rights to all findings, informal alliances include those with Fudan University in Shanghai, Sun Yat Sen University [Zhong Shan] in Guangzhou and Tsinghua University in Beijing.

Employees

We have a centralized labor management system for all operating units, thus the labor and employment affairs of each subsidiary are managed by the central Human Resources department.

As of July 2007, we have 479 employees. 255 of these employees work for Shiner Industrial, 188 of these employees work for Shinyday and 36 of these employees work for Zhuhai. Most of these employees are working in the functional units as indicated in the table below.

Department	Total Number	Shiner		
		Industrial	Shiny-day	Zhuhai
Manager	7	5	2	0
Team Assistant	3	3	0	0
Finance Department	10	3	5	2
Purchasing Department	4	0	3	1
Administration	4	1	2	1
Technique Department	2	2	0	0
Color Printing Packaging Co., Sales	6	0	6	0
Coating Film Sales	5	5	0	0
Tobacco Film sales	6	6	0	0
International Sales	5	5	0	0
Color Printing Packaging Co., Production Dept	170	0	170	0
Coating Film Production Dept	118	118	0	0
Basic Film Production Dept	107	107	0	0
Tobacco Film Production Dept	32	0	0	32
Total Employees	479	255	188	36

Governmental and Environmental Regulation

Through the laws and regulations of the People's Republic of China and the provincial government of Haikou City government, our products are subject to regulation by governmental agencies responsible for food packaging and hygiene.

In general, the quality and hygiene requirements of customers, especially those located internationally exceed domestic requirements. Our PVDC and all coated films have already met the approval of US FDA requirements as well as those required for food products sold in the EU.

For the purposes of medical packaging, Shiny-day's compound film has received certification by China's Food & Drug Administration.

As such, the business registrations, production process, and certain products are certified on a regular basis and must be in compliance with the state governments and industry agencies.

We are also subject to China's National Environmental Protection Law as well as a number of other national and local laws and regulations regarding pollutant discharge for air, water and noise pollution. We believe that we are in compliance with such laws and regulations.

Competition

Anti-counterfeit film

We have designed our own patented and unique anti-counterfeit packaging film as a technically superior product to the current hologram film offered by international competitors. Although we just introduced this product in 2005, we have already garnered the business of Sony Music Distributors in Shanghai and overseas tobacco manufacturers seeking to protect goods from piracy.

As the Chinese Government is now focusing on piracy to improve its global trade status, we have received several recognition awards from national organizations since introducing the film in 2005.

Shiner Industrial was nominated as the National Standardization Creator for both coated and anti-counterfeit films by the Industrial's Standards Administration of the People's Republic of China ("SAC") in June 2007. This nomination recognizes that Shiner Industrial's products are created on the forefront of technology and perfected through its strong technological strength in the functional packaging films industry and heightens the barriers of entry for new market entrants.

Our BOPP Laser Holographic anti-counterfeit shrinkable film was awarded the 2004-2005 Annual Technology Advancing Certificate by People's Government of Haikou on August 2006.

Our BOPP laser anti-counterfeit film was awarded as National New Product by The Ministry of Science and Technology of the People's Republic of China and Ministry of Commerce of the People's Republic of China in June 2005.

Our BOPP laser anti-counterfeit film was selected to be listed in the China Reputable Products Database by China Enterprises Union on April 18, 2006.

Shiner Industrial has been assessed and certified as meeting the requirements of ISO 9001:2000 for designing and manufacture of BOPP films, PVDC coated film, BOPP laser holographic anti-counterfeit film for package by SGS. The certificate is valid until January 2009.

As the product is unique, we do not face direct competition. However, established international producers such as AET and Innovia do produce their own anti-counterfeit films based mainly on printed holograms, which are relatively simple to duplicate. Rather than direct competition, we are focusing on market awareness and educating buyers as to the superior quality of our products over these hologram-based counterfeit films. The advantages of our BOPP anti-counterfeit laser holograph films include:

- Specially designed BOPP basic film which has all the excellent characteristics of high polish shrinkable films, increasing the aesthetic feeling of packaged products. BOPP basic films can endure oil ink erosion and have a barrier to vapor and oxygen, which will maintain the aroma and extend storage life;
- The laser holograph layer improves the anti-static ability and prevents the conglutination of films; and
- To produce BOPP anti-counterfeit films, the manufacturers need to buy BOPP film production lines that are expensive for smaller players in this field.

With traditional laser holography using anti-counterfeit signs, counterfeit manufacturers can easily purchase these signs from the printing companies. In fact, counterfeit manufacturers can even illegally buy the mother board from these printing companies, so that they can be easily copied. In comparison, BOPP laser holograph anti-counterfeit films uses specially designed BOPP basic films and laser holograph technology with secret micro code which effectively prevents the duplication of the design.

Compared with other chemical or oil ink printing anti-counterfeit technology, our products are more environmentally friendly as consumers can directly tear the films and throw them into rubbish bin.

Compared with code and call center technology, it is easier for consumers to identify the products. The consumers do not need to call an anti-counterfeit center as well as having the added benefits of BOPP film

Coated Film

We are the leading producer of coated films in China with domestic competition only in the form of smaller rivals with average capacity of several hundred tons. We have numerous competitive advantages over our smaller domestic rivals with regards to total capacity, service, market research, quality, research and production line design.

In the international market we face strong competition from industry leaders such as Dupont, Innovia and Exxon-Mobil. Each of these corporations has much larger production capacity than us and have strong reputations as they have significant experience in the coated films market. Distinct from many other Chinese producers, we are able to effectively compete in the international arena. Our combination of internationally certified product quality with FDA and EEC, experienced after-sales service team and product selection in a low-cost setting continue to attract multinational buyers and propel sales growth.

BOPP Tobacco Film

As tobacco remains a state-owned and operated industry in China; the State will buy only from approved domestic vendors and competition exists only in the form of other domestic film companies. In addition, each province is required to maintain 2-3 suppliers, thus competition among qualified players is limited. In the domestic market there are several qualified large producers including:

- *Zhongda*, a Nanjing-based company listed in the Shanghai Stock Exchange. It is the largest manufacturer of BOPP Tobacco film in China and has annual capacity of 13,000 tons;
- *Fosu*, listed in Shanghai Stock Exchange, annual capacity 7,000 tons BOPP;
- *Zhanjiang*, in Guangdong, has annual capacity of 9,000 tons;
- *Kunling*, in Yunnan, has annual capacity of 7,000 tons;
- *Hongta*, in Yunnan has annual capacity of 8,000 ton; and
- *Yunmeng*, in Hubei, has annual capacity of 6,000 tons.

As we have attained certification as a government supplier, a certain level of annual sales are guaranteed to us from the Government. However, the process of maintaining and building the volume of sales has become largely a matter of industry relationships in which we have extensive experience.

In the international market, we face competition from large multi-nationals as well as Southeast Asian and Japanese firms. We have an absolute price advantage over our western competitors. Accordingly, it is Asian-based producers that pose the greater degree of competition. As we increase both our production capacity and marketing efforts, we expect our international sales to continue to grow. However, we continue to focus our efforts more on expanding our anti-counterfeit and specialty films as opposed to our international market for BOPP tobacco film.

Color Printing:

We are the largest color printing service provider in Hainan province and rank approximately 20th in the overall Chinese market. Due to low operating costs, the printing industry is highly fragmented with approximately 4,000 soft packaging and printing companies in China. Total domestic industry sales for 2006 were over \$9.454 billion with estimated industry growth of 16.1%.

With over 4,000 domestic printers, competition is fierce and industry margins are low. Accordingly, we maintain our printing services mainly as a convenience for current film customers who are more concerned with quality, service, and one-stop printing and packaging service than with price.

Large Chinese printers include Huanshan Yongxing in Anhui province whose main customers include Proctor & Gamble and Guangzhou Langqi, as well as Haining Changhai in Zhejiang province.

Description of Property

Our properties are located primarily in Haikou City, Hainan Province and Zhuhai, Guangdong province, as described below:

Shiner Industrial

We have been granted the right to use two plots of land in Haikou City by the Municipal Administration of state-owned land through January 2059 and October 2060 on which we own four buildings dedicated to film production and office facilities. We own three coated film production lines, 1 BOPP tobacco film line and all production equipment and research facilities at the site. We also rent one printing line.

Through a separate subsidiary, we have also leased factory space and equipment for our newly opened production operations in Zhuhai City for a period of 10 years through 2016 for which it pays annual rent and equipment usage fees of approximately \$85,000 and \$175,000, respectively.

Shiny-day

We do not own any land, but rather lease a factory and one printing line for current operations under leases extending through April 2007 for which we pay annual rent and equipment usage fees of approximately \$14,000 and \$59,000, respectively. As of April 2007, we also own one production line and related equipment, a warehouse and telecom equipment with net values of approximately \$99,000, 1,100,000 and \$77,000, respectively.

Zhuhai

We have rented a factory and production line in Zhuhai to produce our own BOPP basic film and to eliminate the need to source domestically in 2007.

Modern

We do not own or rent any property in Modern.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm business. We are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse affect on our business, financial condition or operating results.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing our company. Additional risks not presently known to us or that we currently believe are immaterial may also impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks and you may lose all or part of your investment. In assessing these risks, you should also refer to the other information contained in this prospectus, including our consolidated financial statements and related notes.

Risks Related to Our Business

We cannot be certain that our product innovations and marketing successes will continue.

We believe that our past performance has been based on, and our future success will depend upon, in part, our ability to continue to improve our existing products through product innovation and to develop, market and produce new products. We cannot assure you that we will be successful in the introduction, marketing and production of any new products or product innovations, or that we will develop and introduce in a timely manner innovations to our existing products which satisfy customer needs or achieve market acceptance. Our failure to develop new products and introduce them successfully and in a timely manner could harm our ability to grow our business and could have a material adverse effect on our business, results of operations and financial condition.

Our anti-counterfeiting technology may not satisfy the changing needs of our customers.

With any anti-counterfeiting/product authentication technology, including the technology of our current and proposed products, there are risks that the technology may not successfully address all of our customers' needs. While we have already established successful relationships with Chinese customers with regard to our products, our customers' ultimate needs may change or vary, thus introducing variables which may affect the ability of our proposed products to address all of our customers' ultimate technology needs in an economically feasible manner.

We may not be able to keep pace with rapid technological changes and competition in the anti-counterfeiting product industry.

The anti-counterfeiting/product authentication industry is a relatively new industry and market, especially in China and other parts of Asia, and thus continues to evolve in terms of customer's/market needs, applications, and technology. While we believe that we have hired or engaged personnel and outside consultants, who have experience, and/or are recognized within the industry to be experts, in the anti-counterfeiting/product authentication industry, including with respect to technology, and while we continue to seek out and develop "next generation" technology through acquisition, strategic partnerships, and our own research and development, there is no guarantee that we will be able to keep pace with technological developments and market demands in this evolving industry and market. Further, the industry is highly competitive. Although we believe that we have developed strategic relationships in China to best penetrate the China market, we face competition from other providers, some of which have greater financial and human resources, have had a longer operating history, and have greater name recognition than we do.

We are a major purchaser of many commodities that we use for raw materials in the manufacturing process of our products, and price changes for the commodities we depend on may adversely affect our profitability.

With the rapid growth of China's economy, the demand for certain raw materials is great while the supply may be more limited. This may affect our ability to secure the necessary raw materials we need in a cost-effective manner, including chemicals and other items needed for production of our products at the volume of purchase orders that we anticipate receiving.

Rising energy prices could adversely affect our operating results.

In the last few years, energy prices have risen dramatically, which has resulted in increased raw materials costs for our branded products. Petroleum is the prime ingredient in many plastics that we use to make our products. These include AC, PET and BOPP. We estimate that an increase in the price of crude oil of \$10.00 per barrel could cause our gross margin to decline by up to 6% on the sale of these products. Rising oil prices in the international market will continue to increase our operating costs, which would reduce our operating income and net income if we are unable to offset these increased costs with price increases for our products.

Our success depends on our management team and other key personnel, the loss of any of whom could disrupt our business operations.

Our future success will depend in substantial part on the continued service of our senior management and founders. The loss of the services of one or more of our key personnel could impede implementation and execution of our business strategy and result in the failure to reach our goals. We do not carry key person life insurance in respect of any of our officers or employees. Our future success will also depend on the continued ability to attract, retain and motivate highly qualified personnel in many fields of our operations. The rapid growth of the economy in The People's Republic of China has caused intense competition for qualified personnel. We cannot assure you that we will be able to retain our key personnel or that we will be able to attract, train or retain qualified personnel in the future.

We may not be able to adequately protect our technology and other proprietary rights.

Our success will depend in part on our ability to obtain and protect our products, methods, processes and other technologies, to preserve our trade secrets, and to operate without infringing on the proprietary rights of third parties both domestically and abroad. We have patents and patent applications pending in The People's Republic of China, and have worked and continue to work closely with Chinese patent officials to preserve our intellectual property rights. If we are unable to adequately protect or enforce our intellectual property rights with respect to our products, methods, processes and other technologies, our prospects for revenue growth could be significantly diminished. Additionally if our products, methods, processes and other technologies infringe on the intellectual property rights of other parties, we could incur substantial costs.

In each of our product lines, we have a large amount of sales concentrated in a small number of customers.

In each of our product lines, we have a large number of sales concentrated in a small number of customers. For example, approximately 82% of our anti-counterfeiting film sales in 2006 were to one customer. In 2006, approximately 40% of our coated film sales in China were to one customer and approximately 20% of our overall coated film sales were to ten international customers. In 2006, approximately 12% of our BOPP Tobacco Film Sales were to one customer and approximately 79% of our color printing sales were to one customer. Accordingly, the loss of significant business from any of these customers could have an adverse effect on our net revenues and operating income.

Risks Related to Our Business being Conducted in The People's Republic of China

We are subject to international economic and political risks over which we have little or no control and may be unable to alter our business practice in time to avoid the possibility of reduced revenues.

A substantial portion of our business is conducted in The People's Republic of China. Doing business outside the United States, particularly in The People's Republic of China, subjects us to various risks, including changing economic and political conditions, major work stoppages, exchange controls, currency fluctuations, armed conflicts and unexpected changes in United States and foreign laws relating to tariffs, trade restrictions, transportation regulations, foreign investments and taxation. We have no control over most of these risks and may be unable to anticipate changes in international economic and political conditions and, therefore, unable to alter our business practice in time to avoid the possibility of reduced revenues.

The People's Republic of China's economic policies could affect our business.

Substantially all of our assets are located in The People's Republic of China and a substantial amount of our revenue is derived from our operations in The People's Republic of China. Accordingly, our results of operations and prospects are subject, to a significant extent, to the economic, political and legal developments in The People's Republic of China.

While The People's Republic of China's economy has experienced significant growth in the past twenty years, such growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall economy of The People's Republic of China, but they may also have a negative effect on us. For example, operating results and financial condition may be adversely affected by the government control over capital investments or changes in tax regulations. The economy of The People's Republic of China has been changing from a planned economy to a more market-oriented economy. In recent years our government has implemented measures emphasizing the utilization of market forces for economic reform and the reduction of state ownership of productive assets, and the establishment of corporate governance in business enterprises; however, a substantial portion of productive assets in The People's Republic of China are still owned by our government. In addition, our government continues to play a significant role in regulating industry development by imposing industrial policies. It also exercises significant control over The People's Republic of China's economic growth through the allocation of resources, the control of payment of foreign currency-denominated obligations, the setting of monetary policy and the provision of preferential treatment to particular industries or companies.

We may have difficulty establishing adequate management, legal and financial controls in The People's Republic of China.

The People's Republic of China historically has not adopted a Western style of management and financial reporting concepts and practices, as well as in modern banking, computer and other control systems. We may have difficulty in hiring and retaining a sufficient number of qualified employees to work in The People's Republic of China. As a result of these factors, we may experience difficulty in establishing management, legal and financial controls, collecting financial data and preparing financial statements, books of account and corporate records and instituting business practices that meet Western standards.

Our bank accounts are not insured or protected against loss.

We maintain our cash with various banks and trust companies located in The People's Republic of China. Our cash accounts are not insured or otherwise protected. Should any bank or trust company holding our cash deposits become insolvent, or if we are otherwise unable to withdraw funds, we would lose the cash on deposit with that particular bank or trust company.

As we have limited business insurance coverage in The People's Republic of China, any loss which we suffer may not be insured or may be insured to only a limited extent.

The insurance industry in The People's Republic of China is still in an early state of development and insurance companies located in The People's Republic of China offer limited business insurance products. In the event of damage or loss to our properties, our insurance may not provide as much coverage as if we were insured by insurance companies in the United States.

Tax laws and regulations in China are subject to substantial revision, some of which may adversely affect our profitability.

The Chinese tax system is in a state of flux, and it is anticipated that the People's Republic of China's tax regime will be altered in the coming years. Tax benefits that we presently enjoy may not be available in the wake of these changes, and we could incur tax obligations to our government that are significantly higher than anticipated. These increased tax obligations could negatively impact our financial condition and our revenues, gross margins, profitability and results of operations may be adversely affected as a result.

Certain tax exemptions that we presently enjoy in China are scheduled to expire over the next several years.

As a substantial portion of our operations are located in a privileged economic zone, we are entitled to certain tax benefits. These tax benefits are presently scheduled to expire over the next several years. For example, Shiny-day was exempt from provincial tax and had a 100% exemption from federal taxes in China from January 1, 2005 to December 31, 2006. It presently enjoys a 50% exemption from federal tax from January 1, 2007 to December 31, 2009. Shiner Industrial currently has a 50% exemption from federal tax from January 1, 2006 to

December 31, 2008. When these exemptions expire, our income tax expenses will increase, reducing our net income below what it would be if we continued to enjoy these exemptions.

We may face judicial corruption in The People's Republic of China.

Another obstacle to foreign investment in The People's Republic of China is corruption. There is no assurance that we will be able to obtain recourse in any legal disputes with suppliers, customers or other parties with whom we conduct business, if desired, through The People's Republic of China's poorly developed and sometimes corrupt judicial systems.

If relations between the United States and The People's Republic of China worsen, investors may be unwilling to hold or buy our stock and our stock price may decrease.

At various times during recent years, the United States and The People's Republic of China have had significant disagreements over political and economic issues. Controversies may arise in the future between these two countries. Any political or trade controversies between the United States and The People's Republic of China, whether or not directly related to our business, could reduce the price of our common stock.

The government of The People's Republic of China could change our policies toward private enterprise or even nationalize or expropriate private enterprises, which could result in the total loss of our and your investment.

Our business is subject to significant political and economic uncertainties and may be affected by political, economic and social developments in The People's Republic of China. Over the past several years, the government of The People's Republic of China has pursued economic reform policies including the encouragement of private economic activity and greater economic decentralization. The government of The People's Republic of China may not continue to pursue these policies or may significantly alter them to our detriment from time to time with little, if any, prior notice.

Changes in policies, laws and regulations or in their interpretation or the imposition of confiscatory taxation, restrictions on currency conversion, restrictions or prohibitions on dividend payments to stockholders, or devaluations of currency could cause a decline in the price of our common stock, should a market for our common stock ever develop. Nationalization or expropriation could even result in the total loss of your investment.

The nature and application of many laws of The People's Republic of China create an uncertain environment for business operations and they could have a negative effect on us.

The legal system in The People's Republic of China is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. In 1979, The People's Republic of China began to promulgate a comprehensive system of laws and has since introduced many laws and regulations to provide general guidance on economic and business practices in The People's Republic of China and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. The promulgation of new laws, changes of existing laws and the abrogation of local regulations by national laws could cause a decline in the price of our common stock. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement involve significant uncertainty.

As we import goods into and export goods out of The People's Republic of China, fluctuation of the Renminbi may affect our financial condition by affecting the volume of cross-border money flow.

Although we use the United States dollar for financial reporting purposes, many of the transactions effected by our operating subsidiaries are denominated in The People's Republic of China's Renminbi. The value of the Renminbi fluctuates and is subject to changes in The People's Republic of China's political and economic conditions. We do not currently engage in hedging activities to protect against foreign currency risks. Even if we chose to engage in such hedging activities, we may not be able to do so effectively. Future movements in

the exchange rate of the Renminbi could adversely affect our financial condition as we may suffer financial losses when transferring money raised outside of China into the country or paying vendors for services performed outside of China.

We may not be able to obtain regulatory approvals for our products.

The manufacture and sale of our products in The People's Republic of China are regulated by The People's Republic of China and the local provincial governments. Although our licenses and regulatory filings are current, the uncertain legal environment in The People's Republic of China and our industry may be vulnerable to local government agencies or other parties who wish to renegotiate the terms and conditions of, or terminate their agreements or other understandings with us.

It will be extremely difficult to acquire jurisdiction and enforce liabilities against our officers, directors and assets based in The People's Republic of China.

As our executive officers and several of our directors, including the chairman of our Board of Directors, are Chinese citizens, it may be difficult, if not impossible, to acquire jurisdiction over these persons in the event a lawsuit is initiated against us and/or our officers and directors by a stockholder or group of stockholders in the United States. Also, because our operating subsidiaries and assets are located in The People's Republic of China, it may be extremely difficult or impossible for you to access those assets to enforce judgments rendered against us or our directors or executive offices by United States courts. In addition, the courts in The People's Republic of China may not permit the enforcement of judgments arising out of United States federal and state corporate, securities or similar laws. Accordingly, United States investors may not be able to enforce judgments against us for violation of United States securities laws.

Risks Related to Our Securities

Our common stock price is subject to significant volatility, which could result in substantial losses for investors.

Prices for our shares are determined in the marketplace and may accordingly be influenced by many factors, including, but not limited to:

- the depth and liquidity of the market for the shares;
- quarter-to-quarter variations in our operating results;
- announcements about our performance as well as the announcements of our competitors about the performance of their businesses;
- investors' evaluations of our future prospects and the food industry generally;
- changes in earnings estimates by, or failure to meet the expectations of, securities analysts;
- our dividend policy; and
- general economic and market conditions.

In addition, the stock market often experiences significant price fluctuations that are unrelated to the operating performance of the specific companies whose stock is traded. These market fluctuations could adversely affect the trading price of our shares.

The price at which investors purchase shares of our common stock may not be indicative of the price that will prevail in the trading market. Investors may be unable to sell their shares of common stock at or above their purchase price, which may result in substantial losses.

Shares of our common stock lack a significant trading market.

Shares of our common stock are not eligible as yet for trading on any national securities exchange. Our common stock is eligible for quotation in the over-the-counter market on the Over-The-Counter Bulletin Board pursuant to Rule 15c2-11 of the Securities Exchange Act of 1934. This market tends to be highly illiquid. There can be no assurance that an active trading market in our common stock will develop, or if such a market develops, that it will be sustained. In addition, there is a greater chance for market volatility for securities that trade on the Over-The-Counter Bulletin Board as opposed to securities that trade on a national exchange or quotation system. This volatility may be caused by a variety of factors, including the lack of readily available quotations, the absence of consistent administrative supervision of “bid” and “ask” quotations and generally lower trading volume.

Future sales of shares of our common stock by our stockholders could cause our stock price to decline.

We cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of common stock for sale will have on the market price prevailing from time to time. Sales of shares of our common stock in the public market covered under an effective registration statement, or the perception that those sales may occur, could cause the trading price of our common stock to decrease or to be lower than it might be in the absence of those sales or perceptions.

We may issue additional shares of our capital stock or debt securities to raise capital or complete acquisitions, which would reduce the equity interest of our stockholders.

Our certificate of incorporation authorizes the issuance of up to 75,000,000 shares of common stock, par value \$.001 per share. There are approximately 53,850,000 authorized and unissued shares of our common stock which have not been reserved and are available for future issuance. Although we have no commitments as of the date of this offering to issue our securities, we may issue a substantial number of additional shares of our common stock, to complete a business combination or to raise capital. The issuance of additional shares of our common stock:

- may significantly reduce the equity interest of investors in this offering; and
- may adversely affect prevailing market prices for our common stock.

The application of the “penny stock” rules could adversely affect the market price of our common stock and increase your transaction costs to sell those shares.

Holders of shares of our common stock may have difficulty selling those shares because our common stock will probably be subject to the penny stock rules. Shares of our common stock are subject to rules adopted by the Securities and Exchange Commission that regulate broker-dealer practices in connection with transaction in “penny stocks.” Penny stocks are generally equity securities with a price of less than \$5.00 which are not registered on a national securities exchange, provided that current price and volume information with respect to transaction in those securities is provided by the exchange or system. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission, which contains the following:

- a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- a description of the broker’s or dealer’s duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of securities laws;
- a brief, clear, narrative description of a dealer market, including “bid” and “ask” prices for penny stocks and the significance of the spread between the “bid” and “ask” price;
- a toll-free telephone number for inquiries on disciplinary actions;
- definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- such other information and is in such form (including language, type, size and format), as the Securities and Exchange Commission shall require by rule or regulation.

Prior to effecting any transaction in penny stock, the broker-dealer also must provide the customer with the following:

- the bid and offer quotations for the penny stock;
- the compensation of the broker-dealer and our salesperson in the transaction;

- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that, prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for a stock that becomes subject to the penny stock rules.

Our management owns a significant amount of our common stock, giving them influence or control in corporate transactions and other matters, and their interests could differ from those of other stockholders.

Our principal executive officers and directors own a large percentage of our outstanding common stock. As a result, they are in a position to significantly influence the outcome of matters requiring a stockholder vote, including the election of directors, the adoption of any amendment to our articles of incorporation or bylaws, and the approval of significant corporate transactions. Their control may delay or prevent a change of control on terms favorable to our other stockholders and may adversely affect your voting and other stockholders rights.

Capital outflow policies in The People's Republic of China may hamper our ability to declare and pay dividends to our shareholders.

The People's Republic of China has adopted currency and capital transfer regulations. These regulations may require us to comply with complex regulations for the movement of capital. Although our management believes that we will be in compliance with these regulations, should these regulations or the interpretation of them by courts or regulatory agencies change, we may not be able to pay dividends to our shareholders outside of The People's Republic of China. In addition, under current Chinese law, we must retain a reserve equal to 10 percent of net income after taxes, not to exceed 50 percent of registered capital. Accordingly, this reserve will not be available to be distributed as dividends to our shareholders. We presently do not intend to pay dividends in the foreseeable future. Our management intends to follow a policy of retaining all of our earnings to finance the development and execution of our strategy and the expansion of our business.

Tax Disclosure

We will not obtain an opinion of legal counsel regarding the United States income tax consequences of an investment in our securities.

We will not obtain an opinion of counsel regarding the U.S. income tax consequences of investing in our securities including whether we will be treated as a company for U.S. income tax purposes. Recent changes in tax laws have not, as yet, been the subject of administrative or judicial scrutiny or interpretation. Moreover, there is no assurance that future legislation may not further affect the tax consequences of an investment in our securities. INVESTORS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS REGARDING THE POSSIBLE U.S. FEDERAL, STATE, AND LOCAL TAX CONSEQUENCES OF INVESTING IN OUR SECURITIES.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cautionary Statement Regarding Forward-Looking Statements

The information in this report contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact made in this report are forward looking. In particular, the statements herein regarding industry prospects and future results of operations or financial position are forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements can be identified by the use of words such as “believes,” “estimates,” “could,” “possibly,” “probably,” “anticipates,” “projects,” “expects,” “may,” “will,” or “should” or other variations or similar words. No assurances can be given that the future results anticipated by the forward-looking statements will be achieved. Forward-looking statements reflect management’s current expectations and are inherently uncertain. Our actual results may differ significantly from management’s expectations. Some factors that might cause or contribute to such discrepancy include those factors listed in the section “Risk Factors” beginning on page 13.

The following discussion and analysis should be read in conjunction with our financial statements, included herewith. This discussion should not be construed to imply that the results discussed herein will necessarily continue into the future, or that any conclusion reached herein will necessarily be indicative of actual operating results in the future. Such discussion represents only the best present assessment of our management.

Overview

We develop, manufacture and distribute packaging film and color printed packaging through our four operating subsidiaries, Shiner Industrial, Shiny-day, Zhuhai and Modern. Our products include coated film, shrink film, common film, anti-counterfeit laser holographic film and color printed packaging materials. All of our operations are based in the People’s Republic of China and each of our subsidiaries was formed under the laws of the People’s Republic of China.

We currently conduct our business through the following four operating subsidiaries in China:

- Shiner Industrial located in Haikou, Hainan province;
- Shiny-day also located in n Haikou, Hainan Province;
- Zhuhai located in Zhuhai, Guangdong Province; and
- Modern located in the Shiziling Feidi Industrial Park of Haikou, Hainan Province.

We operate in several markets within the packaging film segment: Bi-axially Oriented Polypropylene or BOPP based films, coated films, and anti-counterfeit films. Color printed packaging products made up approximately 43% of 2006 annual sales with a gross margin of 14%, BOPP tobacco film made up approximately 23% of 2006 annual sales with a gross margin of 25%, coated film accounted for approximately 28% of 2006 annual sales with a 15% gross margin, while anti-counterfeit film sales equaled approximately 6% of total 2006 sales, with a gross margin of 51%.

Our current production capacity consists of:

- Three coated film lines with total capacity of 6,000 tons a year;
- One BOPP tobacco film production line with total capacity of 3,500 tons a year;
- Two color printing lines;
- One BOPP film production line with capacity of 7,000 tons a year; and
- Three anti-counterfeit film machines.

We are targeting growth through three main channels: (i) continuing our efforts to gain international market share in coated film through better pricing strategy and excellent after-sale service; (ii) expanding sales in anti-counterfeit film, especially to high-end brand spirits and cigarette manufacturers; and (iii) the development of next generation films.

Critical Accounting Policies

Basis of Presentation

The accompanying combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. Our functional currency is the Chinese Renminbi, however the accompanying combined financial statements have been translated and presented in United States Dollars (\$).

Use of Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to impairment of long-lived assets, and allowance for doubtful accounts. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions; however, we believe that our estimates, including those for the above-described items, are reasonable.

Foreign Currency Transactions

As of December 31, 2006 and March 31, 2007, our accounts were maintained and our consolidated financial statements were expressed in the Chinese Yuan Renminbi (CNY). Such consolidated financial statements were translated into U.S. Dollars (USD) in accordance with Statement of Financial Accounting Standards (SFAS) No. 52, "Foreign Currency Translation," with the CNY as the functional currency. According to the Statement, all assets and liabilities are translated at the exchange rate on the balance sheet date, stockholder's equity are translated at the historical rates and statement of operations items are translated at the weighted average exchange rate for the year. The resulting translation adjustments are reported under other comprehensive income in accordance with SFAS No. 130, "Reporting Comprehensive Income." Gains and losses resulting from the translation of foreign currency transactions and balances are reflected in the income statement.

Revenue Recognition

Our revenue recognition policies are in compliance with Staff Accounting Bulletin (SAB) 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations exist and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Stock Based Compensation

We account for our stock-based compensation in accordance with SFAS No. 123R, "Share-Based Payment, an Amendment of FASB Statement No. 123." We recognize in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. As of the date of this report, we have not granted any options to our employees or consultants.

Recent Accounting Pronouncements

Fair Value Measurements

In September 2006, FASB issued SFAS No. 157, “Fair Value Measurements,” which establishes a framework for measuring fair value, and expands disclosures about fair value measurements required under the accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. Additionally, it establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for fiscal year, including financial statements for an interim period within the fiscal year. We are currently evaluating the impact, if any, that SFAS No. 157 will have on our consolidated financial statements.

Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132R

In September 2006, the FASB issued SFAS, No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132R,” which requires employers to recognize the underfunded or overfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income. Additionally, SFAS No. 158 requires employers to measure the funded status of a plan as of the date of its year-end statement of financial position. The new reporting requirements and related new footnote disclosure rules of SFAS No. 158 are effective for fiscal years ending after December 15, 2006. We adopted the provisions of SFAS No. 158 for the year end 2006, and the effect of recognizing the funded status in accumulated other comprehensive income was not significant. The new measurement date requirement applies for fiscal years ending after December 15, 2008.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued SFAS 159, “The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115.” The statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. We are analyzing the potential accounting treatment.

Other-Than-Temporary Impairment

FASB Staff Position on FAS No. 115-1 and FAS No. 124-1 (the “FSP”), “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,” was issued in November 2005 and addresses the determination of when an investment is considered impaired, whether the impairment on an investment is other-than-temporary and how to measure an impairment loss. The FSP also addresses accounting considerations subsequent to the recognition of other-than-temporary impairments on a debt security, and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The FSP replaces the impairment guidance on Emerging Issues Task Force (EITF) Issue No. 03-1 with references to existing authoritative literature concerning other-than-temporary determinations. Under the FSP, losses arising from impairment deemed to be other-than-temporary, must be recognized in earnings at an amount equal to the entire difference between the securities cost and its fair value at the financial statement date, without considering partial recoveries subsequent to that date. The FSP also required that an investor recognize other-than-temporary impairment losses when a decision to sell a security has been made and the investor does not expect the fair value of the security to fully recover prior to the expected time of sale. The FSP is effective for reporting periods beginning after December 15, 2005. The adoption of this statement will not have a material impact on our consolidated financial statements.

FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No.109.”

Interpretation 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. The amount of tax benefits to be recognized for a tax position that meets the more-likely-than-not recognition threshold is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax benefits relating to tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met or certain other events have occurred. Previously recognized tax benefits relating to tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. Interpretation 48 also provides guidance on the accounting for and disclosure of tax reserves for unrecognized tax benefits, interest and penalties and accounting in interim periods. Interpretation 48 is effective for fiscal years beginning after December 15, 2006. The change in net assets as a result of applying this pronouncement will be a change in accounting principle with the cumulative effect of the change required to be treated as an adjustment to the opening balance of retained earnings on January 1, 2007, except in certain cases involving uncertainties relating to income taxes in purchase business combinations. In such instances, the impact of the adoption of Interpretation 48 will result in an adjustment to goodwill. While our analysis of the impact of adopting Interpretation 48 is not yet complete, we do not currently anticipate it will have a material impact on our consolidated financial statements.

Considering the Effects of Prior Year Misstatements in Current Year Financial Statements

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," ("SAB 108"), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. We adopted SAB 108 in the fourth quarter of 2006 with no impact on our consolidated financial statements.

Results of Operations for the Year Ended December 31, 2006 Compared to the Year Ended December 31, 2005

	Year Ended December 31, 2006	Year Ended December 31, 2005	\$ Change	% Change	
Revenues	\$33,951,965	\$27,854,924	\$6,097,041	21.9	%
Cost of Goods Sold	27,328,787	21,820,202	5,342,585	24.3	%
Gross Profits	6,623,178	5,868,722	754,456	12.9	%
Selling, General and Administrative Expenses	2,773,496	2,462,923	310,573	12.6	%
Interest Expense (net)	329,087	407,421	(78,334)	(19.2)	(%)
Other Income (Expense)	255,244	106,890	148,354	138.8	%
Income Tax Expense	214,504	-	214,504	-	
Net Income	3,561,335	3,105,268	456,067	14.7	%

Revenues

The primary reasons for the increase of revenues for the year ended December 31, 2006 were (i) a 29.5% or \$3.12 million increase in sales to Libai Group, our largest color printing client, and (ii) a 41.6 % or \$1.02 million growth in coated film sales.

International sales for the year ended December 31, 2006 were \$6.02 million, accounting for approximately 17.7 % of total revenues in comparison to \$4.23 million or approximately 15.2 % of total revenues for 2005, an increase of 42.3%. International sales increased in 2006 due to increased international marketing efforts, especially in relation to coated film sales.

Cost of Goods Sold

Cost of goods sold during the year ended December 31, 2006 were 80.5% of revenues as compared to 78.3% of revenues during the year ended December 31, 2005. Higher costs were due to the increase in the prices of raw materials, such as polypropylene that comes from crude oil. The price of polypropylene is directly affected by the floating of crude oil price. Compared with 2005, the price of main raw materials increased by approximately 8.5% during 2006.

Gross Profit

Our gross profit during the year ended December 31, 2006 was \$6,623,178, representing a gross margin of 19.5%, a decrease of 1.6% from gross margin of 21.1% that we experienced during the year ended December 31, 2005. The decrease in gross margin can be attributed to the increase in the costs of raw materials.

Selling, General and Administrative Expenses

Our general and administrative expenses increased by 19.1% or \$191,649 to \$1,194,911 for the year ended December 31, 2006 compared to \$1,003,262 for the year ended December 31, 2005. General and administrative expenses include rent, management and staff salaries, general insurance, marketing, accounting and legal expenses. Selling expenses for 2006 increased by 8.2% to \$1,578,585 in comparison to 2005 due to a 21.9% increase in sales during 2006. During 2006, we continued to implement better cost controls and management. In the year ended December 31, 2006, we more effectively controlled travel and entertainment expenses. The increase in general and administrative expense is mainly due to the raises of key employees' salaries and social insurance. We anticipate that salary expense will continue to increase as sales increase. Research and development expenses will also increase as we work to bring new products to the market. We intend to control increases in other administrative expenses in order to partially offset these increases.

Interest Expense

Lower interest expense during the year ended December 31, 2006 was mainly the result of repayment of \$1,825,120 debt, replaced by a new loan of \$366,000. Interest expense declined by \$ 78,334 in the year ended December 31, 2006.

Other Income (Expense)

The increase in Other Income was due to sale of leftover materials and unusable film. The prices of these materials have increased because of an increase in the price of oil in the same period.

Income Tax Expense

The effective tax rate for the year ended December 31, 2006 was equivalent to 5.7% as opposed to 0.0% for the year ended December 31, 2005. Since we operate in a privileged economic zone, we will continue to enjoy certain tax privileges albeit at a reduced rate.

Net Income

The increase in our net income in 2006 as compared to 2005 resulted from a 14.7% increase in our operating income from \$3,405,799 for 2005 to \$3,849,682 for 2006, a decrease of \$78,334 in Interest Expense in 2006 and an increase of \$148,354 in Other Income in 2006, offset by an increase in income tax expense from \$0 for 2005 to \$214,504 for 2006.

Results of Operations for the Three Months Ended March 31, 2007 Compared to Three Months Ended March 31, 2006

	Fiscal 2007- First Quarter	Fiscal 2006 - First Quarter	\$ Change	% Change	
Revenues	\$5,974,241	\$7,205,805	\$1,231,564	(17.1	%)
Cost of Goods Sold	4,969,523	5,820,273	(850,750)	(14.6 %)
Gross Profits	1,004,718	1,385,532	(380,814)	(27.5 %)
Selling, General and Administrative Expenses	537,325	573,873	(36,548)	(6.4 %)
Interest Expense (net)	17,388	12,779	4,609		36.1 %
Other Income (Expense)	155,790	33,698	122,092		362.3 %
Income Tax Expense	58,453	49,197	9,256		18.8 %
Net Income	546,601	782,529	(235,928)	(30.1 %)

Revenues

The primary reason for the decline of revenues in the first quarter of 2007 was that we made an adjustment in our product mix, reducing output of some low margin products such as ordinary BOPP tobacco films.

Compared to the same period of 2006, the sales of tobacco films decreased by 27% in the first quarter of 2007. The decrease was partially due to the acquisition of China Tobacco Corporation, our main customer, which resulted in the cancellation of the purchasing right of some small tobacco factories of China Tobacco Corporation by the Chinese Government. Compared to the same period of 2006, the sales of color printing products decreased by 33% in the first quarter of 2007. The main customer of color printing products, Libai Group, changed its products packaging style to reflect the logo and theme of the Beijing 2008 Olympic Games, resulting in a decrease in sales during the first quarter of 2007. We anticipate that the sales to Libai Group will resume in the second and third quarter of 2007 at levels comparable to the second and third quarters of 2006.

International sales in the first quarter of 2007 were \$1,554,791 accounting for 26.0% of total revenues in comparison to \$1,354,756 and 18.8% of total revenues for the same period last year, an increase of 14.8%. In 2006, we attended many trade fairs and exhibitions in the United States and United Kingdom, attaining greater market recognition for our products. The increase in international sales was principally achieved through the growth of coated film exports.

Cost of Goods Sold

Cost of goods sold during the first quarter of 2007 were 83.2% of revenues as compared to 80.1% of revenues during the three months ended March 31, 2006. Higher costs were due to the increase in the prices of raw materials, such as polypropylene that comes from crude oil. The price of polypropylene is directly affected by the floating of crude oil price. Compared with the same period of 2006, the price of main raw materials increased by 8.5% in the first quarter of 2007.

Gross Profit

Our gross profit in the first quarter of 2007 was \$1,004,718, representing a gross margin of 16.8%, a decrease of 2.4% from the first quarter of 2006 gross margin of 19.2%. The decrease in gross margin can be attributed to the increase in the costs of raw materials.

Selling, General and Administrative Expenses (SG&A)

Our general and administrative expenses increased by 32.1% or \$79,869 to \$328,800 for the three months period ended March 31, 2007 compared to \$248,931 for the three months ended March 31, 2006. General and administrative expenses include rent, management and staff salaries, general insurance, marketing, accounting and legal expenses. Selling expenses for the period decreased by 35.8% to \$208,525 in comparison to the same period last year due to a 17.1% decline in sales. During this period, we continued to implement better cost controls and management. In the first quarter of 2007, we more effectively controlled travel and entertainment expenses. The increase in general and administrative expense is mainly due to the raises of key employees' salaries and social insurance. We anticipate that salary expense will continue to increase as sales increase. Research and development expenses will also increase as we work to bring new products to the market. We intend to control increases in other administrative expenses in order to partially offset these increases.

Interest Expense

Higher interest expense during the first quarter of 2007 was the result of a new bank loan in the principal amount of RMB 6,000,000, or approximately \$779,000.

Other Income (Expense)

The increase in Other Income was due to proceeds we received from the disposal of some obsolete raw materials and products in 2007.

Income Tax Expense

The effective tax rate for the most recent quarter was equivalent to 9.7% as opposed to 5.9% for the first quarter of 2006. Since we operate in a privileged economic zone, we will continue to enjoy certain tax privileges albeit at a reduced rate.

Net Income

The decrease in our net income for the three months period ended March 31, 2007 as compared to the same period of 2006 resulted from a 42.4% decline in our operating income from \$811,659 for three months period ended March 31, 2006 to \$467,393 for the three months ended March 31, 2007 and an increase in the income tax expense from \$49,197 in the three months period ended March 31, 2006 to \$58,453 in the three months period ended March 31, 2007. The main reasons for the decline in net income include the decrease in total sales and the increase in the costs of raw material.

Off-Balance Sheet Arrangements

There were no off-balance sheet arrangements during the three months ended March 31, 2007 that have, or are reasonably likely to have, a current or future affect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to our interests.

Liquidity and Capital Resources

Cash Flows

At March 31, 2007, we had \$550,692 cash and cash equivalents on hand. Our principal demands for liquidity are to increase capacity, raw materials purchase, sales distribution and the possible acquisition of new subsidiaries in our industry as opportunities present themselves, as well as general corporate purposes. As of March 31, 2007, we had one short-term loan of \$776,880, with an interest rate of 6.732%, originally due July 15, 2007 and collateralized by our buildings, land use rights and equipment. The loan was rolled over and is now due on

January 15, 2008. As of March 31, 2007, we had working capital of \$3,633,935, an increase of \$347,120 on our working capital at December 31, 2006. We anticipate that we will have adequate working capital to fund our operations and growth in the foreseeable future.

Net cash flows provided by operating activities for the three months ended March 31, 2007 was \$3,773,700 compared to (\$5,302) for the three months period ended March 31, 2006. This change in cash flows from operating activities was mainly due to the increase of turnover of accounts receivable. The turnover rate of accounts receivable for the first quarter of 2007 was 120%, as compared to 88% for the same period last year.

We used \$410,579 in investing activities during the three months period ended March 31, 2007 for the acquisition of property and equipment and payments on notes receivable.

We used \$3,758,667 in financing activities in the three months period ended March 31, 2007, including \$2,950,356 used in the repayment of related parties' (stockholder's) advances and \$857,542 used in the payment of dividends. We received \$49,231 in capital contribution from one of our shareholders.

Assets

As of March 31, 2007, our accounts receivable decreased by \$1,357,786 compared with the balance as of December 31, 2006. The decrease in accounts receivable on the first quarter of 2007 was due to better collection practices. We intend to continue our efforts to maintain accounts receivable at reasonable levels in relation to our sales. Other receivables fell by \$72,595 in the same period. Advances to suppliers increased by \$284,104 while inventory increased by \$1,056,244 during the first quarter of 2007.

Liabilities

Our accounts payable increased by \$169,129 in the three months ended March 31, 2007. Other payables increased by \$2,407,202 as a result of short-term borrowings from unrelated companies. Unearned revenues (payments received before all the relevant criteria for revenue recognition are satisfied) grew by \$243,553 and tax and welfare payable increased by \$187,224 over the same period.

We intend to meet our liquidity requirements, including capital expenditures related to the purchase of equipment, purchase of raw materials, and the expansion of our business, through cash flow provided by operations and funds raised through private placement offerings of our securities.

The majority of our revenues and expenses were denominated primarily in Renminbi ("RMB"), the currency of the People's Republic of China.

There is no assurance that exchange rates between the RMB and the U.S. Dollar will remain stable. We do not engage in currency hedging. Inflation has not had a material impact on our business.

DIRECTORS AND EXECUTIVE OFFICERS

Executive Officers and Directors

The following sets forth certain biographical information concerning our current directors and executive officers:

Name	Position	Age
Ying Yuet	Chairman of the Board	53
Fu Jian	Chief Executive Officer	43
Xuezhu Xu	Chief Financial Officer	45
Mingbiao Li	Vice President of Technology	42

Ying Yuet, 53, has served as our Chairman since July 2007. Prior to that, Mr. Ying served as Chairman and a director of Sino Palace from January 2004 to July 2007. He served as Chairman of Nainan Modern Technology, the State-Owned predecessor company of Sino Palace from 1996 to December 2003. Mr. Ying received his Bachelor's Degree in Management from the Institute of the CPC Party School in April 2004. He received an Advanced certificate of MBA studies from Renmin People's University in 2004 during a one-year study program he attended.

Fu Jian, 43, has served as our Chief Executive Officer since July 2007. Prior to that, Mr. Fu served as Chief Executive Officer and a director of Sino Palace from January 2004 to July 2007. He worked at Hainan Plastic Industrial Co., Ltd. as Vice-Chairman of the Hainan Modern Technology Group from 1998 to December 2003 and as General Manager from 1985 to 1997. Mr. Fu received his undergraduate degree in Plastic Engineering Technique from South China Institute of Technology in 1985. He received an Advanced certificate of MBA studies from Renmin University in 2004.

Xuezhu Xu, 45, has served as our Chief Financial Officer since July 2007. Prior to that, Ms. Xu served as Chief Financial Officer of Sino Palace from January 2004 to July 2007. She worked at Hisense as Chief Financial Officer from 1996 to December 2003. From 1990 to 1996 Ms. Xu worked as Accounting Manager at Hainan Hisense Group. She worked as the Accounting Manager in Hainan WenChang Foreign Trade Co. from 1981 to 1990. Ms. Xu graduated from Hainan Supply and Marketing School in 1981 with a Bachelor's Degree in Accounting. She received an Advanced certificate of MBA studies from Renmin University in 2004.

Mingbiao Li, 42, has served as our Vice President of Technology since July 2007. Prior to that, Mr. Li served as General Manager of Hainan Shiner Technology Co., Ltd. from January 2003 to March 2005 and Chairman of Hainan Shiner Co. Ltd. from July 2004 to July 2007. He served as Chairman of the Board of the Color Printing Packaging Co. Ltd. from September 2003 to May 2004. From October 1997 to December 2002, he worked in Hainan Weilin Electron Co. as General Manager. Mr. Li served as Section Chief of the Project Investment and Evaluation group of the Guangxi Auto & Tractor Research Institution from 1995 to 1997. From 1990 to 1995, he headed up the automated equipment group at the Guangxi Auto & Tractor Research Institution. Mr. Li graduated from Tsinghua University in 1987 with a Bachelor's degree in Automotive Engineering. He later obtained his Master's in Transport Engineering from Beijing University in 1991.

Our directors are elected by the vote of a plurality in interest of the holders of our voting stock and hold office for a term of one year and until a successor has been elected and qualified. Our executive officers are appointed annually by the Board of Directors, at our annual meeting, to hold such office until an officer's successor has been duly appointed and qualified, unless an officer sooner dies, resigns or is removed by the Board. We presently do not have any independent directors.

Executive Compensation

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our executive officers by any person for all services rendered in all capacities to us for the fiscal year ended March 31, 2007.

Name and Principal Position	Fiscal Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Total (\$)
Zubeda Mohamed-Lakhani, Former President and Chief Executive Officer	2007	0	0	0	0	0

Ms. Mohamed-Lakhani, our sole executive officer for the fiscal year ended March 31, 2007, did not receive any compensation for services provided to us.

Stock Option Grants

We have not granted any stock options to the executive officer since our inception.

Consulting Agreements

We do not have any employment or consulting agreement with Ms. Mohamed-Lakhani. We do not pay her any amount for acting as a director

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Effective on the commencement of operations in July 2005, we began recognizing donated services of \$500 per month that our president, Zubeda Mohamed-Lakhani, provided to us. During the year ended March 31, 2007, we recognized \$6,000 in donated services.

As at March 31, 2007, we owe Ms. Mohamed-Lakhani \$791 for expenses she paid on our behalf. The amount due is non-interest bearing, unsecured and due on demand.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information, as of July 26, 2007, with respect to the beneficial ownership of the outstanding common stock by (i) any holder of more than five (5%) percent; (ii) each of our executive officers and directors; and (iii) our directors and executive officers as a group. Except as otherwise indicated, each of the stockholders listed below has sole voting and investment power over the shares beneficially owned.

<u>Title of Class</u>	<u>Name of beneficial owner¹</u>	<u>Number of Shares Beneficially Owned</u>	<u>Percent of Shares Beneficially Owned²</u>
Common Stock	Fu Jian	0	*
Common Stock	Xuezhu Xu	0	*
Common Stock	Mingbiao Li	0	*
Common Stock	Ying Yuet	11,518,408	54.46 %
Common Stock	All officers and directors (4 persons)	11,518,408	54.46 %

* Less than 1 percent

¹ Except as otherwise indicated, the address of each beneficial owner is 9/F. Didu Bldg. No. 2. North Longkun Road, Haikou Hainan, China

² Beneficial ownership has been determined in accordance with Rule 13d-3 under the Securities and Exchange Act of 1934. Unless otherwise noted, we believe that all person named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

DESCRIPTION OF SECURITIES

The following description of our securities and provisions of our articles of incorporation and bylaws is only a summary. You should also refer to the copies of our certificate and bylaws, copies of which have been incorporated by reference as exhibits to the Form 8-K. The following discussion is qualified in its entirety by reference to such exhibits.

Our authorized capital stock consists of 75,000,000 shares of common stock, par value \$0.001. As of July 26, 2007, 21,150,000 shares of common stock were issued and outstanding and held of record by 24 stockholders.

Under the articles of incorporation and bylaws, holders of common stock do not have cumulative voting rights. Holders of common stock, on the basis of one vote per share, have the right to vote for the election of the members of the board of directors and the right to vote on all other matters, except those matters on which a separate class of stockholders vote by class to the exclusion of the shares of common stock. Holders of common stock do not have any preemptive, subscription or conversion rights.

Holders of common stock are entitled to receive dividends declared by the board of directors out of legally available funds. Since our inception, we have not declared or paid any cash dividends on our common stock. We presently intend to retain future earnings, if any, for use in the operation and expansion of our business. We do not anticipate paying cash dividends in the foreseeable future. In the event of our liquidation, dissolution or winding up, common stockholders are entitled to share ratably in all assets legally available for distribution after payment of all debts and other liabilities, subject to the prior rights of any holders of outstanding shares of preferred stock, if any.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Empire Stock Transfer, Inc., 2470 St. Rose Parkway, Suite 304, Henderson, Nevada 89074. Our transfer agent's telephone number is (702) 818-5898.

MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

Our common stock is not listed on any stock exchange. On February 23, 2007, our common stock became eligible for quotation on the Over-the-Counter Bulletin Board under the symbol "CANH." There have not been any trade quotes posted on our common stock since this date.

We have 24 shareholders of record as at the date of this report.

Dividends

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

- we would not be able to pay our debts as they become due in the usual course of business; or
- our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We currently anticipate that any future earnings will be retained for the development of our business and do not anticipate paying any dividends in the foreseeable future.

Equity Compensation Plan Information

During the fiscal year ended March 31, 2007, we did not have any equity compensation plans in effect.

EQUITY COMPENSATION PLAN INFORMATION

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	-0-	-0-	-0-
Equity compensation plans not approved by security holders	-0-	-0-	-0-
Total	-0-	-0-	-0-

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Unless otherwise provided in the Articles of Incorporation, the corporation has the power to indemnify any individual made a party to a proceeding because he or she is or was an officer, director, employee or agent of the corporation against liability incurred in the proceeding, provided that, such individual acted in good faith and in a manner which such person reasonably believed has in the best interests of the corporation and, in the case of criminal proceedings, had no reasonable cause to believe the conduct was unlawful.

The expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, but only after receipt by the corporation of an undertaking by or on behalf of the officer or director on terms set by the Board of Directors, to repay the expenses advanced if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation.

The indemnification permitted herein is intended to be to the fullest extent permissible under the laws of the State of Nevada, and any amendments thereto.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may permit for directors, executive officers or persons controlling us pursuant to the foregoing provisions or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act of 1933, and is, therefore, unenforceable.

Item 3.02 Unregistered Sales of Equity Securities.

Pursuant to the Share Exchange Agreement, we issued an aggregate of 16,500,000 shares of common stock to eight non-U.S. persons (as contemplated by Rule 902 under the Securities Act of 1933). These issuances were exempt from registration requirements under Regulation S under the Securities Act of 1933, as amended. The shares issued pursuant to Regulation S were issued in an “offshore transaction” as defined in, and pursuant to, Rule 902 under the Securities Act of 1933, on the basis that the purchaser was not offered the shares in the United States and did not execute or deliver any agreement in the United States.

Item 5.01 Changes in Control of Registrant.

On July 24, 2007, we consummated the transactions contemplated by the Share Exchange Agreement. Following the closing date, the shareholders of Sino Palace control approximately 78% of our outstanding common stock and our operations primarily consist of the operations of the Shiner Group.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

In connection with the acquisition of Sino Palace on July 24, 2007, Ms. Mohamed-Lakhani resigned from her positions as our executive officer and sole director and Ying Yuet was elected to our board of directors. In addition, the following executive officers of Sino Palace were appointed as our executive officers:

<u>Name</u>	<u>Title</u>
Fu Jian	Chief Executive Officer
Xuezhu Xu	Chief Financial Officer
Mingbiao Li	Vice President of Technology

Biographies of the newly appointed directors and executive officers can be found in Item 2.01 above in the section entitled “DIRECTORS AND EXECUTIVE OFFICERS.”

Item 5.03 Amendments to Articles of Incorporation or Bylaws, Change in Fiscal Year

On July 23, 2007, our Board of Directors approved the following amendments to our Bylaws:

- Article I Section 6 was amended so that a quorum would be constituted by the presence of a majority of the shares of the Corporation entitled to vote as opposed to the presence of two shareholders.
- Article II Section 1(c) was amended to provide more specificity regarding the filling of vacancies on the Board.
- Article II Section 1(d) was amended to provide our Board of Directors with more flexibility in appointing one or more additional directors between successive annual shareholders’ meetings.
- Article II Section 4 was amended to allow shareholders representing a majority of the shareholders entitled to vote to fill vacancies caused by the removal of a director or directors at the same special meeting of shareholders where the removal occurred and, if shareholders do not fill the vacancy, to allow the Board of Directors to fill the vacancy.
- Article XIII (a) and (b) were deleted and Sections 1 through 5 of Article XIII were added pertaining to indemnification of any director, officer, employee, or agent of the Corporation.

A complete copy of the Amended and Restated Bylaws is attached as Exhibit 3.2 hereto and is incorporated herein by reference.

On July 24, 2007, our Board of Directors and a stockholder owning greater than a majority of our issued and outstanding common stock approved Amended and Restated Articles of Incorporation that changed our name to Shiner International, Inc. The Amended and Restated Articles of Incorporation were filed with the state of Nevada on July 25, 2007. A complete copy of the Amended and Restated Articles of Incorporation is attached as Exhibit 3.3 hereto and is incorporated herein by reference.

Item 5.06 Change in Shell Company Status.

On July 24, 2007, we consummated the transactions contemplated by the Share Exchange Agreement. Following the closing date, our operations primarily consist of the operations of Shiner Group and we no longer meet the definition of a shell company. See Item 2.01 for a description of the Shiner Group.

Item 9.01 Financial Statements and Exhibits.

- (a) Financial statements of business acquired.

The combined balance sheets of the Shiner Group for the year ended December 31, 2006 and the three months ended March 31, 2007 (unaudited) and the combined statements of income and other comprehensive income, stockholders' equity and cash flows for the years ended December 31, 2006 and 2005 and for the three months ended March 31, 2007 (unaudited) are incorporated herein by reference to Exhibit 99.1 to this Current Report on Form 8-K.

- (b) Pro forma financial information.

Our unaudited pro forma combined financial statements as of and for the year ended March 31, 2007 are incorporated herein by reference to Exhibit 99.2 to this Current Report.

Our unaudited pro forma combined balance sheet as of March 31, 2007 and our unaudited pro forma combined statement of operations for the year ended March 31, 2007 are incorporated herein by reference to Exhibit 99.2 to this Current Report, and are based on the historical financial statements of us and the Shiner Group after giving effect to the share exchange transaction. In accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" (SFAS 141), and the assumptions and adjustments described in the accompanying notes to the unaudited pro forma combined financial statements, the Shiner Group is considered the accounting acquiror. The share exchange transaction was completed on July 24, 2007. Because the Shiner Group's owners as a group retained or received the larger portion of the voting rights in the combined entity and the Shiner Group's senior management represents a majority of the senior management of the combined entity, the Shiner Group is considered the acquiror for accounting purposes and will account for the share exchange transaction as a reverse acquisition. The acquisition will be accounted for as the recapitalization of Shiner Group. Our fiscal year will end on December 31.

The unaudited pro forma combined balance sheet as of March 31, 2007 is presented to give effect to the share exchange transaction as if it occurred on March 31, 2007 and combines the historical balance sheet of Cartan at March 31, 2007 and the historical balance sheet of Shiner Group at March 31, 2007. The unaudited pro forma combined statement of operations of Cartan for the year ended March 31, 2007 includes the accounts of Shiner Group for the year ended December 31, 2006 and is presented as if the combination had taken place on April 1, 2006.

Reclassifications have been made to historical financial statements to conform to our historical financial statement presentation.

The unaudited pro forma combined financial statements should be read in conjunction with "Management's Discussion and Analysis" and the historical consolidated financial statements and accompanying notes of Cartan. The unaudited pro forma combined financial statements are not intended to represent or be indicative of our results of operations or financial condition that would have been reported had the share exchange transaction been completed as of the dates presented, and should not be taken as representative of the future results of operations or financial condition of the Registrant.

- (c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
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2.1	Share Exchange Agreement by and between Sino Palace Holdings Limited and Cartan Holdings Inc. dated as of July 23, 2007.
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2.2	Return to Treasury Agreement between Cartan Holdings, Inc. and Zubeda Mohamed-Lakhani, dated as of July 23, 2007.
3.1	Articles of Incorporation, is incorporated herein by reference to Exhibit 3.1 to the Corporation's Registration Statement on Form SB-2 dated July 26, 2006.
3.2	Amended and Restated Bylaws.
3.3	Amended and Restated Articles of Incorporation.
4.1	Specimen Stock Certificate.
99.1	Combined balance sheets of the Shiner Group for the year ended December 31, 2006 and the three months ended March 31, 2007 (unaudited) and the combined statements of income and other comprehensive income, stockholders' equity and cash flows for the years ended December 31, 2006 and 2005 and for the three months ended March 31, 2007 (unaudited).
99.2	Unaudited pro forma combined financial statements of Cartan Holdings Inc.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SHINER INTERNATIONAL, INC.

Dated: July 27, 2007

By: /s/ Fu Jian _____

Name: Fu Jian

Title: Chief Executive Officer

**SHARE EXCHANGE AGREEMENT AND PLAN OF
REORGANIZATION**

BY AND BETWEEN

SINO PALACE HOLDINGS LIMITED

and

CARTAN HOLDINGS INC.

Dated as of July 23, 2007

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SHARE EXCHANGE AGREEMENT AND PLAN OF REORGANIZATION

This **SHARE EXCHANGE AGREEMENT AND PLAN OF REORGANIZATION** (this "**Agreement**") is entered into as of July 23, 2007, by and between **SINO PALACE HOLDINGS LIMITED**, a British Virgin Islands registered company ("**Sino Palace**") and **CARTAN HOLDINGS INC.**, a Nevada corporation ("**Purchaser**").

RECITALS

WHEREAS, Sino Palace is the sole owner of (i) all of the issued and outstanding capital stock of Hainan Shiner Industrial Co., Ltd., a Chinese corporation ("**Shiner Industrial**") and (ii) all of the issued and outstanding capital stock of Hainan Shiny Day Color Printing Packaging Co., Ltd., a Chinese corporation ("**Shiny Day**");

WHEREAS, Shiner Industrial and Shiny Day own 60% and 40%, respectively of the issued and outstanding capital stock of Hainan Modern Hi-Tech Industrial Co., Ltd., a Chinese corporation ("**Modern**") and Shiner Industrial and Sino Palace own 70% and 30% respectively, of the issued and outstanding capital stock of Zhuhai Modern Huanuo Packaging Material Co., Ltd., a Chinese corporation ("**Zhuhai**");

WHEREAS, at times, Shiner Industrial, Shiny Day, Modern and Zhuhai are referred to herein collectively as "**Shiner Group**;"

WHEREAS, Purchaser and Sino Palace have agreed to the acquisition by Purchaser from Sino Palace of the issued and outstanding capital stock of each member of the Shiner Group pursuant to a voluntary share exchange transaction (the "**Share Exchange**") between Purchaser and Sino Palace upon the terms and subject to the conditions set forth herein;

WHEREAS, in furtherance thereof, the Board of Directors of Purchaser has approved the Share Exchange in accordance with the applicable provisions of the NGCL and upon the terms and subject to the conditions set forth herein;

WHEREAS, in furtherance thereof, the Board of Directors and shareholders of Sino Palace have each approved the Share Exchange in accordance with the applicable provisions of the laws of the British Virgin Islands and upon the terms and subject to the conditions set forth herein; and

WHEREAS, for United States federal income tax purposes, the parties intend that the Share Exchange shall constitute a tax-free reorganization within the meaning of Sections 368 and 1032 of the Code.

NOW, THEREFORE, in consideration of the premises, and the mutual covenants and agreements contained herein, the parties do hereby agree as follows:

ARTICLE I. DEFINITIONS

(a) “**Affiliate**” shall mean, as to any Person, any other Person controlled by, under the control of, or under common control with, such Person. As used in this definition, “control” shall mean possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person which owns or holds directly or indirectly five per cent (5%) or more of the voting securities or five per cent (5%) or more of the partnership or other equity interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such other Person.

(b) “**Agreement**” means this Share Exchange Agreement and Plan of Reorganization.

(c) “**Applicable Law**” or “**Applicable Laws**” means any and all laws, ordinances, constitutions, regulations, statutes, treaties, rules, codes, licenses, certificates, franchises, permits, principles of common law, requirements and Orders adopted, enacted, implemented, promulgated, issued, entered or deemed applicable by or under the authority of any Governmental Body having jurisdiction over a specified Person or any of such Person's properties or assets.

(d) “**Best Efforts**” means the efforts that a prudent Person desirous of achieving a result would use in similar circumstances to achieve that result as expeditiously as possible, provided, however, that a Person required to use Best Efforts under this Agreement will not be thereby required to take actions that would result in a Material Adverse Effect in the benefits to such Person of this Agreement and the Share Exchange.

(e) “**Breach**” means any breach of, or any inaccuracy in, any representation or warranty or any breach of, or failure to perform or comply with, any covenant or obligation, in or of this Agreement or any other Contract.

(f) “**Business**” means the research, manufacture, sale and distribution of packaging film and color printing for the packaging industry as presently conducted by each member of the Shiner Group.

(g) “**Business Day**” means any day other than (a) Saturday or Sunday or (b) any other day on which banks in Philadelphia, Pennsylvania are permitted or required to be closed.

(h) “**Closing**” shall mean the completion of the Share Exchange and the consummation of the transactions set forth herein.

(i) “**Closing Date**” shall mean the date on which the Closing is completed.

(j) “**Code**” shall mean the Internal Revenue Code of 1986, as amended.

(k) “**Competing Transaction**” has the meaning set forth in Section 7.6.

(l) “**Confidential Information**” means any information pertaining to the business, operations, marketing, customers, financing, forecasts and plans of any Party provided to or learned by any other Party during the course of negotiation of the Share Exchange. Information shall be treated as Confidential Information whether such information has been marked “confidential” or in a similar manner.

(m) “**Consent**” means any approval, consent, license, permits, ratification, waiver or other authorization.

(n) “**Contract**” means any agreement, contract, lease, license, consensual obligation, promise, undertaking, understanding, commitment, arrangement, instrument or document (whether written or oral and whether express or implied), whether or not legally binding.

(o) “**Disclosure Schedules**” means the disclosure schedules delivered by each Party to the other Parties as required by this Agreement on the date hereof and initialed by the Parties, as subsequently updated or supplemented by the Parties prior to the Closing. The Disclosure Schedules will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Agreement. The Disclosure Schedules shall be attached hereto as **Exhibit A** and by reference made a part hereof.

(p) “**Distribution Compliance Period**” shall have the meaning set forth in Section 3.1(e).

(q) “**Employee Benefit Plan**” has the meaning set forth in ERISA Section 3(3).

(r) “**Encumbrance**” means and includes:

(i) with respect to any personal property, any security or other property interest or right, claim, lien, pledge, option, charge, security interest, contingent or conditional sale, or other title claim or retention agreement or lease or use agreement in the nature thereof, interest or other right or claim of third parties, whether voluntarily incurred or arising by operation of law, and including any agreement to grant or submit to any of the foregoing in the future; and

(ii) with respect to any Real Property (whether and including owned real estate or Real Estate subject to a Real Property Lease), any mortgage, lien, easement, interest, right-of-way, condemnation or eminent domain proceeding, encroachment, any building, use or other form of restriction, encumbrance or other claim (including adverse or prescriptive) or right of Third Parties (including Governmental Bodies), any lease or sublease, boundary dispute, and agreements with respect to any real property including: purchase, sale, right of first refusal, option, construction, building or property service, maintenance, property management, conditional or contingent sale, use or occupancy, franchise or concession, whether voluntarily incurred or arising by operation of law, and including any agreement to grant or submit to any of the foregoing in the future.

- (s) “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations issued by the Department of Labor pursuant to ERISA or any successor law.
- (t) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.
- (u) “**GAAP**” means at any particular time generally accepted accounting principles in the United States, consistently applied on a going concern basis, using consistent audit scope and materiality standards.
- (v) “**Governing Documents**” means with respect to any particular entity, the articles or certificate of incorporation and the bylaws (or equivalent documents for entities of foreign jurisdictions); all equityholders’ agreements, voting agreements, voting trust agreements, joint venture agreements, registration rights agreements or other agreements or documents relating to the organization, management or operation of any Person or relating to the rights, duties and obligations of the equityholders of any Person; and any amendment or supplement to any of the foregoing.
- (w) “**Governmental Authorization**” means any Consent, license, registration or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Applicable Law.
- (x) “**Governmental Body**” means: (i) nation, state, county, city, town, borough, village, district, tribe or other jurisdiction; (ii) federal, state, local, municipal, foreign, tribal or other government; (iii) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers); (iv) multinational organization or body; (v) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or (vi) official of any of the foregoing.
- (y) “**Improvements**” means all buildings, structures, fixtures and improvements located on Land, including those under construction.
- (z) “**IRS**” means the United States Internal Revenue Service and, to the extent relevant, the United States Department of the Treasury.
- (aa) “**Knowledge**” means actual knowledge without independent investigation.
- (bb) “**Land**” means all parcels and tracts of land in which any Person has an ownership or leasehold interest.
- (cc) “**Material Adverse Effect**” or “**Material Adverse Change**” means, in connection with any Person, any event, change or effect that is materially adverse, individually or in the aggregate, to the condition (financial or otherwise), properties, assets, liabilities, revenues, income, business, operations, results of operations or prospects of such Person, taken as a whole.

(dd) **"Modern"** means Hainan Modern Hi-Tech Industrial Co., Ltd.

(ee) **"NGCL"** shall mean the Nevada General Corporation Law, as amended.

(ff) **"Order"** means any writ, directive, order, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body or arbitrator.

(gg) **"Ordinary Course of Business"** means an action taken by a Person will be deemed to have been taken in the Ordinary Course of Business only if that action: (i) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal, day-to-day operations of such Person; (ii) does not require authorization by the board of directors or shareholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature; and (iii) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other Persons that are in the same line of business as such Person.

(hh) **"Party"** or **"Parties"** means Sino Palace and/or Purchaser.

(ii) **"Person"** shall mean an individual, company, partnership, limited liability company, limited liability partnership, joint venture, trust or unincorporated organization, joint stock corporation or other similar organization, government or any political subdivision thereof, or any other legal entity.

(jj) **"Proceeding"** means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Body or arbitrator.

(kk) **"Purchaser"** means Cartan Holdings Inc.

(ll) **"Purchaser Balance Sheet"** has the meaning set forth in Section 5.1(f).

(mm) **"Purchaser Business"** means Purchaser's business of mining exploration.

(nn) **"Purchaser Common Stock"** means the common stock, par value \$.001 per share, of Purchaser.

(oo) **"Purchaser Contracts"** has the meaning set forth in Section 5.1(o).

(pp) **"Purchaser's Counsel"** means Greg Yanke, Esquire, Suite #603-409 Granville Street, Vancouver, BC, V6C1T2, Canada.

(qq) **"Purchaser Employee Plans"** has the meaning set forth in Section 5.1(r)(i).

(rr) “**Purchaser Financial Information**” has the meaning set forth in Section 5.1(f).

(ss) “**Purchaser Intellectual Property**” has the meaning set forth in Section 5.1(m).

(tt) “**Purchaser SEC Reports**” has the meaning set forth in Section 5.1(n).

(uu) “**Real Property**” means any Land and Improvements and all privileges, rights, easements, hereditaments and appurtenances belonging to or for the benefit of any Land, including all easements appurtenant to and for the benefit of any Land (a “**Dominant Parcel**”) for, and as the primary means of access between, the Dominant Parcel and a public way, or for any other use upon which lawful use of the Dominant Parcel for the purposes for which it is presently being used is dependent, and all rights existing in and to any streets, alleys, passages and other rights-of-way included thereon or adjacent thereto (before or after vacation thereof) and vaults beneath any such streets.

(vv) “**Related Agreements**” means the Return to Treasury Agreement.

(ww) “**Real Property Lease**” means any lease, rental agreement or rights to use land pertaining to the occupancy of any improved space on any Land.

(xx) “**Representative**” means with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other Representative of that Person.

(yy) “**Return to Treasury Agreement**” has the meaning set forth in Section 2.5.

(zz) “**SEC**” means the United States Securities and Exchange Commission.

(aaa) “**Securities Act**” means the Securities Act of 1933, as amended.

(bbb) “**Security Interest**” means any mortgage, pledge, security interest, Encumbrance, charge, claim, or other lien, other than: (a) mechanic's, materialmen's and similar liens; (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate Proceedings; (c) liens arising under worker's compensation, unemployment insurance, social security, retirement and similar legislation; (d) liens arising in connection with sales of foreign receivables; (e) liens on goods in transit incurred pursuant to documentary letters of credit; (f) purchase money liens and liens securing rental payments under capital lease arrangements; and (g) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money.

(ccc) “**Share Exchange**” has the meaning set forth in the preamble.

(ddd) “**Shares**” has the meaning set forth in Section 2.1.

- (eee) “**Shiner Group**” has the meaning set forth in the preamble.
- (fff) “**Shiner Group Balance Sheet**” has the meaning set forth in Section 4.6(c).
- (ggg) “**Shiner Group Contracts**” has the meaning set forth in Section 4.15.
- (hhh) “**Shiner Group Employee Plans**” has the meaning set forth in Section 4.18.
- (iii) “**Shiner Group Financial Information**” has the meaning set forth in Section 4.6.
- (jjj) “**Shiner Group Intellectual Property**” has the meaning set forth in Section 4.13(a).
- (kkk) “**Shiner Industrial**” means Hainan Shinier Industrial Co., Ltd.
- (lll) “**Shiny Day**” means Hainan Shiny Day Color Printing Packaging Co., Ltd.
- (mmm) “**Sino Palace**” means Sino Palace Holdings Limited.
- (nnn) “**Sino Palace Board**” has the meaning set forth in Section 4.4.
- (ooo) “**Sino Palace Shareholders**” has the meaning set forth in Section 2.1.
- (ppp) “**Sino Palace Tax Affiliate**” has the meaning set forth in Section 4.8(a).

(qqq) “**Subsidiary**” means with respect to any Person (the “Owner”), any corporation or other Person of which securities or other interests having the power to elect a majority of that corporation’s or other Person’s board of directors or similar governing body, or otherwise having the power to direct the business and policies of that corporation or other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred), are held by the Owner or one or more of its Subsidiaries.

(rrr) “**Tangible Personal Property**” means all machinery, equipment, tools, furniture, office equipment, computer hardware, supplies, materials, vehicles and other items of tangible personal property of every kind owned or leased by a Party (wherever located and whether or not carried on a Party’s books), together with any express or implied warranty by the manufacturers or sellers or lessors of any item or component part thereof and all maintenance records and other documents relating thereto.

(sss) “**Tax**” or “**Taxes**” means, with respect to any Person, (i) all income taxes (including any tax on or based upon net income, gross income, gross receipts, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all gross receipts, sales, use, ad valorem, transfer, franchise, license, withholding, payroll, employment, excise, severance, stamp, occupation, commercial rent, premium, property or windfall profit taxes, alternative or add-on minimum taxes, customs duties and other taxes, fees, assessments or charges of any kind whatsoever, together with all interest and penalties, additions to tax and other additional amounts imposed by any taxing authority (domestic or foreign) on such person (if any), (ii) all value added taxes and (iii) any liability for the payment of any amount of the type described in clauses (i) or (ii) above as a result of (A) being a “transferee” (within the meaning of Section 6901 of the Code or any Applicable Law) of another person, (B) being a member of an affiliated, combined or consolidated group or (C) a contractual arrangement or otherwise.

(ttt) “**Tax Return**” means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(uuu) “**Third Party**” means a Person that is not a Party to this Agreement.

(vvv) “**Zhuhai**” means Zhuhai Modern Huanuo Packaging Material Co., Ltd.

ARTICLE II. THE SHARE EXCHANGE

2.1 **The Share Exchange.** Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the NGCL, at the Closing, the parties shall cause the Share Exchange to be consummated by taking all appropriate actions to ensure that all of the issued and outstanding shares of capital stock of each of Shinier Industrial, Shiny Day, Modern and Zhuhai are delivered by Sino Palace to Purchaser duly executed and endorsed in blank (or accompanied by duly executed stock powers duly endorsed in blank), in proper form for transfer, in exchange for the issuance of an aggregate of 16,500,000 shares of Purchaser Common Stock (the “**Shares**”) to the shareholders of Sino Palace listed on Schedule 2.1 (the “**Sino Palace Shareholders**”).

2.2 **Tax Free Reorganization.** The Parties each hereby agree to use their Best Efforts and to cooperate with each other to cause the Share Exchange to be a tax-free reorganization within the meaning of Sections 368 and 1032 of the Code.

2.3 **Closing.** The Closing will occur via e-mail and facsimile on July 23, 2007 at 10:00 a.m. or such later date and time to be agreed upon by the parties (the “**Closing Date**”), following satisfaction or waiver of the conditions set forth in Article VIII.

2.4 **Reorganization.**

(a) Those individuals set forth on Schedule 2.4 shall, as of the Closing, be appointed as the directors of the Purchaser until their respective successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with Purchaser’s Articles of Incorporation and By-laws.

(b) Those individuals set forth on Schedule 2.4 shall, as of the Closing, be appointed as the officers of the Purchaser until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Purchaser’s Articles of Incorporation and By-laws. As of the Closing, Zubeda Mohamed-Lakhani shall resign from all positions as an officer of Purchaser.

(c) If at any time after the Closing, any party shall consider that any further deeds, assignments, conveyances, agreements, documents, instruments or assurances in law or any other things are necessary or desirable to vest, perfect, confirm or record in the Purchaser the title to any property, rights, privileges, powers and franchises of Shinier Industrial and Shiny Day by reason of, or as a result of, the Share Exchange, or otherwise to carry out the provisions of this Agreement, the remaining parties, as applicable, shall execute and deliver, upon request, any instruments or assurances, and do all other things necessary or proper to vest, perfect, confirm or record title to such property, rights, privileges, powers and franchises in the Purchaser, and otherwise to carry out the provisions of this Agreement.

2.5 Cancellation of Purchaser Common Stock.

At the Closing, immediately after consummation of the Share Exchange, Purchaser shall, pursuant to the terms and conditions of that certain Return to Treasury Agreement dated as of July 23, 2007 by and between Purchaser and Zubeda Mohamed-Lakhani (the “**Return to Treasury Agreement**”), cause 4,750,000 shares of the Purchaser’s Common Stock held by Zubeda Mohamed-Lakhani to be cancelled and extinguished.

ARTICLE III. COMPLIANCE WITH APPLICABLE SECURITIES LAWS

3.1 Covenants, Representations and Warranties of the Sino Palace Shareholders.

(a) The Sino Palace Shareholders acknowledge and agree that they are acquiring the Shares for investment purposes and will not offer, sell or otherwise transfer, pledge or hypothecate any of the Shares issued to them (other than pursuant to an effective Registration Statement under the Securities Act) directly or indirectly unless:

(i) The sale is to Purchaser;

(ii) the sale is made pursuant to the exemption from registration under the Securities Act, provided by Rule 144 thereunder; or

(iii) the Shares are sold in a transaction that does not require registration under the Securities Act, or any applicable United States state laws and regulations governing the offer and sale of securities, and the vendor has furnished to Purchaser an opinion of counsel to that effect or such other written opinion as may be reasonably required by Purchaser.

(b) The Sino Palace Shareholders acknowledge and agree that the certificates representing the Shares shall bear the following legend:

"THESE SECURITIES WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED HEREIN) PURSUANT TO REGULATIONS UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"). ACCORDINGLY, NONE OF THE SECURITIES TO WHICH THIS CERTIFICATE RELATES HAVE BEEN REGISTERED UNDER THE 1933 ACT, OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, NONE MAY BE OFFERED OR SOLD IN THE UNITED STATES OR, DIRECTLY OR INDIRECTLY, TO U.S. PERSONS (AS DEFINED HEREIN) EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE 1933 ACT AN IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THE SECURITIES MAY NOT BE CONDUCTED UNLESS IN ACCORDANCE WITH THE 1933 ACT."

(c) The Sino Palace Shareholders represent and warrant that:

(i) the Sino Palace Shareholders are located outside the United States;

(ii) the Sino Palace Shareholders are not aware of any advertisement of any of the shares being issued

hereunder;

(iii) the Sino Palace Shareholders will not acquire the shares as a result of, and will not itself engage in, any "directed selling efforts: (as defined in Regulation S under the Securities Act) in the United States in respect of the shares which would include any activities undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the resale of the shares; provided, however, that the Sino Palace Shareholders may sell or otherwise dispose of the shares pursuant to registration of the shares pursuant to the Securities Act and any applicable state and provincial securities laws or under an exemption from such registration requirements and as otherwise provided herein.

(d) The Sino Palace Shareholders acknowledge and agree that Purchaser will refuse to register any transfer of the shares not made in accordance with the provisions of Regulation S, pursuant to an effective registration statement under the Securities Act or pursuant to an available exemption from the registration requirements of the Securities Act and in accordance with applicable state and provincial securities laws;

(e) The Sino Palace Shareholders acknowledge and agree that offers and sales of any of the Shares, prior to the expiration of a period of one year after the date of transfer of the shares (the "**Distribution Compliance Period**"), shall only be made in compliance with the safe harbor provisions set forth in Regulation S, pursuant to the registration provisions of the Securities Act or an exemption therefrom, and that all offers and sales after the Distribution Compliance Period shall be made only in compliance with the registration provisions of the Securities Act or an exemption therefrom and in each case only in accordance with all applicable securities laws;

(f) The Sino Palace Shareholders acknowledge and agree not to engage in any hedging transactions involving the Shares prior to the end of the Distribution Compliance Period unless such transactions are in compliance with the provisions of the Securities Act; and

(g) The Sino Palace Shareholders hereby acknowledge and agree to Purchaser making a notation on its records or giving instructions to the registrar and transfer agent of Purchaser in order to implement the restrictions on transfer set forth and described herein.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF SINO PALACE

As a material inducement for Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby, Sino Palace makes the following representations and warranties as of the date hereof and as of the Closing Date, each of which is relied upon by Purchaser regardless of any investigation made or information obtained by Purchaser (unless and to the extent specifically and expressly waived in writing by Purchaser on or before the Closing Date):

4.1 Organization and Good Standing

(a) Sino Palace is a corporation duly organized, validly existing and in good standing under the laws of the British Virgin Islands. Sino Palace is duly qualified to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification and the failure to be so qualified would have a Material Adverse Effect on Sino Palace. Shiner Industrial and Shiny Day are each corporations duly organized, validly existing and in good standing under the laws of the People's Republic of China.

(b) Except as set forth on Schedule 4.1(b), Shiner Industrial and Shiny Day do not presently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, association, or other entity.

4.2 **Corporate Documents** Schedule 4.2 shall consist of a true and correct copy of a shareholder list setting forth all owners of the capital stock of Sino Palace.

4.3 **Capitalization of Sino Palace, Shiner Industrial and Shiny Day**. The entire authorized capital stock of Sino Palace consists of 50,000 shares of common stock having a par value of \$1.00 per share, of which 50,000 shares are issued and outstanding. All of Sino Palace's issued and outstanding shares of common stock have been duly authorized, are validly issued, fully paid and nonassessable, and are held of record by the stockholders listed on the shareholder list attached as Schedule 4.2. All issued and outstanding capital stock of each of Shiner Industrial and Shiny Day is owned of record and beneficially by Sino Palace. There are no outstanding or authorized options, warrants, rights, contracts, calls, puts, rights to subscribe, conversion rights, registration rights or other agreements or commitments to which Sino Palace, Shiner Industrial or Shiny Day is a party or which are binding upon Sino Palace, Shiner Industrial or Shiny Day providing for the issuance, disposition or acquisition of any of its capital stock, nor any outstanding or authorized stock appreciation, phantom stock or similar rights with respect to Sino Palace, Shiner Industrial or Shiny Day.

4.4 **Authorization of Transaction.** Sino Palace has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder. On the Closing Date, this Agreement shall be duly and validly authorized by all necessary action on the part of Sino Palace in accordance with Applicable Laws and Sino Palace's Governing Documents. This Agreement constitutes the valid and legally binding obligation of Sino Palace, enforceable in accordance with its terms and conditions. Sino Palace does not need to give any notice to, make any filing with, or obtain any Consent of any Governmental Body in order to consummate the Share Exchange. The Board of Directors of Sino Palace (the "**Sino Palace Board**") has duly and validly authorized the execution and delivery of this Agreement and approved the consummation of the transactions contemplated hereby, and has taken all corporate actions required to be taken by the Sino Palace Board for the consummation of the Share Exchange.

4.5 **Noncontravention.** Neither the execution and delivery of this Agreement, nor consummation of the Share Exchange, by Sino Palace will:

(a) violate any Applicable Law, Order, stipulation, charge or other restriction of any Governmental Body to which Sino Palace is subject or any provision of its Governing Documents; or

(b) conflict with, result in a Breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify or cancel, or require any notice under any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest or other arrangement to which Sino Palace is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets), except where the violation, conflict, Breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Security Interest would not have a Material Adverse Effect on the financial condition of Sino Palace or on the ability of the Parties to consummate the Share Exchange.

4.6 **Shiner Group Financial Information.** Schedule 4.6 shall include the following financial information (collectively, the "**Shiner Group Financial Information**"):

(a) audited combined balance sheets and statements of income, stockholders' equity and cash flow as of and for the year ended December 31, 2006 for Shiner Group;

(b) audited combined statements of income, stockholders' equity and cash flow for the year ended December 31, 2005 for Shiner Group; and

(c) an unaudited combined balance sheet as of March 31, 2007 (the “**Shiner Group Balance Sheet**”) and an unaudited combined statements of income for the three months ended March 31, 2007 for Shiner Group. The Shiner Group Financial Information presents fairly the financial condition of Shiner Group as of such dates and the results of operations of Shiner Group for such periods, in accordance with GAAP and are consistent with the books and records of Shiner Group (which books and records are correct and complete).

4.7 **Events Subsequent to Shiner Group Balance Sheet.** Since the date of the Shiner Group Balance Sheet, and except as disclosed on Schedule 4.7, there has not been, occurred or arisen, with respect to any member of the Shiner Group:

- (a) any change or amendment in its Governing Documents;
- (b) any reclassification, split up or other change in, or amendment of or modification to, the rights of the holders of any of its capital stock;
- (c) any direct or indirect redemption, purchase or acquisition by any Person of any of its capital stock or of any interest in or right to acquire any such stock;
- (d) any issuance, sale, or other disposition of any capital stock, or any grant of any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any capital stock;
- (e) any declaration, set aside, or payment of any dividend or any distribution with respect to its capital stock (whether in cash or in kind) or any redemption, purchase, or other acquisition of any of its capital stock;
- (f) the organization of any Subsidiary or the acquisition of any shares of capital stock by any Person or any equity or ownership interest in any business;
- (g) any damage, destruction or loss of any of the its properties or assets whether or not covered by insurance;
- (h) any sale, lease, transfer, or assignment of any of its assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;
- (i) the execution of, or any other commitment to any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) outside the Ordinary Course of Business;
- (j) any acceleration, termination, modification, or cancellation of any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than \$10,000 to which it is a party or by which it is bound;
- (k) any Security Interest or Encumbrance imposed upon any of its assets, tangible or intangible;

- (l) any grant of any license or sublicense of any rights under or with respect to any Sino Palace Intellectual Property;
- (m) any sale, assignment or transfer (including transfers to any employees, Affiliates or shareholders) of any Sino Palace Intellectual Property;
- (n) any capital expenditure (or series of related capital expenditures) involving more than \$25,000 and outside the Ordinary Course of Business;
- (o) any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) involving more than \$25,000 and outside the Ordinary Course of Business;
- (p) any issuance of any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation involving more than \$25,000;
- (q) any delay or postponement of the payment of accounts payable or other liabilities, other than those being contested in good faith;
- (r) any cancellation, compromise, waiver, or release of any right or claim (or series of related rights and claims) involving more than \$25,000 and outside the Ordinary Course of Business;
- (s) any loan to, or any entrance into any other transaction with, any of its directors, officers, and employees either involving more than \$1,000 individually or \$5,000 in the aggregate;
- (t) the adoption, amendment, modification, or termination of any bonus, profit-sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or taken away any such action with respect to any other Employee Benefit Plan);
- (u) any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement;
- (v) any increase in the base compensation of any of its directors, officers, and employees that is greater than Twenty Five Thousand Dollars (\$25,000) per annum;
- (w) any charitable or other capital contribution in excess of \$2,500;
- (x) any taking of other action or entrance into any other transaction other than in the Ordinary Course of Business, or entrance into any transaction with any insider of Sino Palace, except as disclosed in this Agreement and the Disclosure Schedules;

(y) any other event or occurrence that may have or could reasonably be expected to have a Material Adverse Effect on Sino Palace or any member of the Shiner Group (whether or not similar to any of the foregoing); or

(z) any agreement or commitment, whether in writing or otherwise, to do any of the foregoing.

4.8 **Tax Matters.**

(a) Except as set forth on Schedule 4.8: (i) Sino Palace and (ii) each member of the Shiner Group (“**Sino Palace Tax Affiliate**”), for the years that it was a Sino Palace Tax Affiliate:

(i) has timely paid or caused to be paid all Taxes required to be paid by it through the date hereof and as of the Closing Date (including any Taxes shown due on any Tax Return);

(ii) has filed or caused to be filed in a timely and proper manner (within any applicable extension periods) all Tax Returns required to be filed by it with the appropriate Governmental Body in all jurisdictions in which such Tax Returns are required to be filed; and all tax returns filed on behalf of Sino Palace and each Sino Palace Tax Affiliate were complete and correct in all material respects; and

(iii) has not requested or caused to be requested any extension of time within which to file any Tax Return, which Tax Return has not since been filed.

(b) Sino Palace, as a British Virgin Islands registered company, is not obligated to file any Tax Returns.

(c) Except as set forth in Schedule 4.8(c):

(i) since January 1, 2006, neither Sino Palace nor any Sino Palace Tax Affiliate (for the years that it was a Sino Palace Tax Affiliate) has been notified by any Governmental Body that any issues have been raised (and no such issues are currently pending) by any Governmental Body in connection with any Tax Return filed by or on behalf of Sino Palace or any Sino Palace Tax Affiliate; there are no pending Tax audits and no waivers of statutes of limitations have been given or requested with respect to Sino Palace or any Sino Palace Tax Affiliate (for years that it was a Sino Palace Tax Affiliate); no Tax liens have been filed against Sino Palace or unresolved deficiencies or additions to Taxes have been proposed, asserted or assessed against Sino Palace or any Sino Palace Tax Affiliate (for the years that it was a Sino Palace Tax Affiliate);

(ii) full and adequate accrual has been made (A) on the Shiner Group Balance Sheet, and the books and records of Shiner Group for all income taxes currently due and all accrued Taxes not yet due and payable by Shiner Group for all periods ending on or prior to the Shiner Group Balance Sheet Date, and (B) on the books and records of Shiner Group for all Taxes payable by Shiner Group for all periods beginning after the Shiner Group Balance Sheet Date;

(iii) No member of the Shiner Group has incurred any liability for Taxes from and after the Shiner Group Balance Sheet Date other than Taxes incurred in the Ordinary Course of Business and consistent with past practices;

(iv) Each member of the Shiner Group has complied in all material respects with all Applicable Laws relating to the collection or withholding of Taxes (such as Taxes or withholding of Taxes from the wages of employees);

(v) No member of the Shiner Group has any liability in respect of any Tax sharing agreement with any Person and all Tax sharing agreements to which any member of the Shiner Group has been bound have been terminated;

(vi) No member of the Shiner Group has incurred any liability to make any payments either alone or in conjunction with any other payments that would constitute a “parachute payment” within the meaning of Section 280G of the Code (or any corresponding provision of state local or foreign Applicable Law related to Taxes);

(vii) no claim has been made within the last three years by any taxing authority in a jurisdiction in which Sino Palace or any Sino Palace Tax Affiliate does not file Tax Returns that Sino Palace or any Sino Palace Tax Affiliate is or may be subject to taxation by that jurisdiction;

(viii) the consummation of the Share Exchange will not trigger the realization or recognition of intercompany gain or income to Sino Palace or any Sino Palace Tax Affiliate under the Federal consolidated return regulations with respect to Federal, state or local taxes; and

(ix) Sino Palace or any Sino Palace Tax Affiliate is not currently, nor has it been at any time during the previous five years, a “U.S. real property holding corporation” and, therefore, the Shares are not “U.S. real property interests,” as such terms are defined in Section 897 of the Code.

4.9 **Title to Assets.** Each member of the Shiner Group has good and marketable title to, or a valid leasehold interest in, the properties and assets owned or leased and used by it to operate the Business in the manner presently operated by it, as reflected in the Shiner Group Financial Information.

4.10 **Real Property.** Sino Palace does not own or hold an ownership interest in any Real Property.

4.11 **Leased Real Property.** Except as disclosed on Schedule 4.11, Sino Palace and each member of the Shiner Group does not own or hold a leasehold interest in or right to use any Real Property.

4.12 Condition of Facilities.

(a) Use of the Real Property of each member of the Shiner Group for the various purposes for which it is presently being used is permitted as of right under all Applicable Laws related to zoning and is not subject to “permitted nonconforming” use or structure classifications. All Improvements are in compliance with all Applicable Laws, including those pertaining to zoning, building and the disabled, are in good repair and in good condition, ordinary wear and tear excepted, and are free from latent and patent defects. No part of any Improvement encroaches on any real property not included in the Real Property of Sino Palace or the Shiner Group, and there are no buildings, structures, fixtures or other Improvements primarily situated on adjoining property which encroach on any part of the Land.

(b) Each item of Tangible Personal Property is in good repair and good operating condition, ordinary wear and tear excepted, is suitable for immediate use in the Ordinary Course of Business and is free from latent and patent defects. No item of Tangible Personal Property is in need of repair or replacement other than as part of routine maintenance in the Ordinary Course of Business. All Tangible Personal Property used in the Business is in the possession of Sino Palace or a member of the Shiner Group.

4.13 Shiner Group Intellectual Property.

(a) A member of the Shiner Group owns, or is licensed or otherwise possesses legal enforceable rights to use all: (i) trademarks and service marks (registered or unregistered), trade dress, trade names and other names and slogans embodying business goodwill or indications of origin, all applications or registrations in any jurisdiction pertaining to the foregoing and all goodwill associated therewith; (ii) patentable inventions, technology, computer programs and software (including password unprotected interpretive code or source code, object code, development documentation, programming tools, drawings, specifications and data) and all applications and patents in any jurisdiction pertaining to the foregoing, including re-issues, continuations, divisions, continuations-in-part, renewals or extensions; (iii) trade secrets, including confidential and other non-public information (iv) copyrights in writings, designs, software programs, mask works or other works, applications or registrations in any jurisdiction for the foregoing and all moral rights related thereto; (v) databases and all database rights; and (vi) Internet web sites, domain names and applications and registrations pertaining thereto (collectively, “**Shiner Group Intellectual Property**”) that are used in the Business except for any such failures to own, be licensed or process that would not be reasonably likely to have a Material Adverse Effect.

(b) Except as may be evidenced by patents issued after the date hereof, there are no conflicts with or infringements of any material Shiner Group Intellectual Property by any third party and the conduct of the Business as currently conducted does not conflict with or infringe any proprietary right of a third party.

(c) Schedule 4.13(c) sets forth a complete list of all patents, registrations and applications pertaining to the Shiner Group Intellectual Property owned by Sino Palace or a member of the Shiner Group. Except as set forth on Schedule 4.13(c), all such Shiner Group Intellectual Property listed is owned by Sino Palace or a member of the Shiner Group, free and clear of liens or Encumbrances of any nature.

(d) Schedule 4.13(d) sets forth a complete list of all material licenses, sublicenses and other agreements in which Sino Palace or a member of the Shiner Group has granted rights to any person to use the Shiner Group Intellectual Property. Sino Palace and the Shiner Group will not, as a result of the execution and delivery of this Agreement or the performance of its obligations under this Agreement, be in Breach of any license, sublicense or other agreement relating to the Shiner Group Intellectual Property.

(e) Sino Palace or a member of the Shiner Group owns or has the right to use all software currently used in and material to the Business.

4.14 **Affiliate Transactions.** Except as set forth on Schedule 4.14, no officer, director, or employee of Sino Palace or any member of the immediate family of any such officer, director or employee, or any entity in which any of such persons owns any beneficial interest (other than any publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than one percent of the stock of which is beneficially owned by any of such persons), has any agreement with a member of the Shiner Group or any interest in any of their property of any nature, used in or pertaining to the Business (other than the ownership of capital stock of the corporation as disclosed in Section 4.3). None of the foregoing Persons has any direct or indirect interest in any competitor, supplier or customer of the Shiner Group or in any Person from whom or to whom the Shiner Group leases any property or transacts business of any nature.

4.15 **Contracts.** Schedule 4.15 is a true, complete and accurate list of all material written or oral Contracts (including a brief description of all oral arrangements) executed by an officer or duly authorized employee of the Shiner Group or to which the Shiner Group is a party either:

(a) involving more than \$50,000, or

(b) in the nature of a collective bargaining agreement, employment agreement, or severance agreement with any of its directors, officers and employees.

Sino Palace has or will deliver prior to Closing to Purchaser a correct and complete copy of each Contract listed in Schedule 4.15 (the “**Shiner Group Contracts**”). Except as disclosed in Schedule 4.15: (i) each member of the Shiner Group has fully complied with all material terms of the Shiner Group Contracts to which it is a party ; (ii) other parties to the Shiner Group Contracts have fully complied with the terms of the Sino Palace Contracts; and (iii) there are no disputes or complaints with respect to nor has Sino Palace received any notices (whether oral or in writing) that any other party to the Shiner Group Contracts is terminating, intends to terminate or is considering terminating, any of the Shiner Group Contracts listed or required to be listed in Schedule 4.15.

4.16 **Powers of Attorney**. There are no outstanding powers of attorney executed on behalf of Sino Palace.

4.17 **Litigation**. Except as set forth in Schedule 4.17(a), there is no pending or, to Sino Palace's Knowledge, threatened Proceeding:

- (i) by or against Sino Palace or any member of the Shiner Group or that otherwise relates to or may affect the Business which, if adversely determined, would have a Material Adverse Effect; or
- (ii) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Share Exchange.

To the Knowledge of Sino Palace, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding. Sino Palace has delivered to Purchaser copies of all pleadings, correspondence and other documents relating to each Proceeding listed in Schedule 4.17(a). There are no Proceedings listed or required to be listed in Schedule 4.17(a) that could reasonably be expected to have a Material Adverse Effect.

(b) Except as set forth in Schedule 4.17(b):

- (i) there is no material Order to which Sino Palace, any member of the Shiner Group or the Business is subject; and
- (ii) to the Knowledge of Sino Palace, no officer, director, agent or employee of Sino Palace or the Shiner Group is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity or practice relating to the Business.

(c) Except as set forth in Schedule 4.17(c):

- (i) Each member of the Shiner Group has been and is in compliance with all of the terms and requirements of each Order to which it or the Business is or has been subject;
- (ii) No event has occurred or circumstance exists that is reasonably likely to constitute or result in (with or without notice or lapse of time) a violation of or failure to comply with any term or requirement of any Order to which Sino Palace or the Business is subject; and
- (iii) Sino Palace has not received any notice or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any Order to which Sino Palace any member of the Shiner Group or the Business is subject.

4.18 **Employee Benefits.**

(a) Schedule 4.18 lists all material (i) Employee Benefit Plans of the Shiner Group, (ii) bonus, stock option, stock purchase, stock appreciation right, incentive, deferred compensation, supplemental retirement, severance, and fringe benefit plans, programs, policies or arrangements, and (iii) employment or consulting agreements, for the benefit of, or relating to, any current or former employee (or any beneficiary thereof) of the Shiner Group, in the case of a plan described in (i) or (ii) above, that is currently maintained by the Shiner Group or with respect to which the Shiner Group has an obligation to contribute, and in the case of an agreement described in (iii) above, that is currently in effect (the “**Shiner Group Employee Plans**”). Sino Palace has heretofore made available to Purchaser true and complete copies of the Shiner Group Employee Plans and any amendments thereto, any related trust, insurance contract, summary plan description.

(b) There is no Proceeding pending or, to Sino Palace’s Knowledge, threatened against the assets of any Shiner Group Employee Plan or, with respect to any Shiner Group Employee Plan, against Sino Palace or any member of the Shiner Group other than Proceedings that would not reasonably be expected to result in a Material Adverse Effect, and to Sino Palace’s Knowledge there is no Proceeding pending or threatened in writing against any fiduciary of any Sino Palace Employee Plan other than Proceedings that would not reasonably be expected to result in a Material Adverse Effect.

(c) Each of the Shiner Group Employee Plans has been operated and administered in all material respects in accordance with its terms and applicable law.

(d) No director, officer, or employee of Sino Palace will become entitled to retirement, severance or similar benefits or to enhanced or accelerated benefits (including any acceleration of vesting or lapsing of restrictions with respect to equity-based awards) under any Shiner Group Employee Plan solely as a result of consummation of the Share Exchange.

4.19 **Banking Relationships.** Schedule 4.19 sets forth the names and locations of all banks, trust companies, savings and loan associations and other financial institutions at which any member of the Shiner Group maintains safe deposit boxes or accounts of any nature and the names of all persons authorized to have access thereto, draw thereon or make withdrawals therefrom.

4.20 **Insurance.** Schedule 4.20 is an accurate and complete description of all policies of insurance of any kind or nature, including, but not limited to, fire, liability, workmen's compensation and other forms of insurance owned or held by or covering any member of the Shiner Group or all or any portion of its property and assets.

4.21 **Employees.** Schedule 4.21 contains a complete and accurate list of each employee class of the Shiner Group and the number of employees in each class. To the Knowledge of Sino Palace and each member of the Shiner Group, no officer, director, agent, employee, consultant, or contractor of Sino Palace is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor (i) to engage in or continue or perform any conduct, activity, duties or practice relating to the Business or (ii) to assign to Sino Palace or to any other Person any rights to any invention, improvement, or discovery. No former or current employee of Sino Palace is a party to, or is otherwise bound by, any Contract that in any way adversely affected, affects, or will affect the ability of Sino Palace or Purchaser to conduct the Business as heretofore carried on by Sino Palace and the members of the Shiner Group.

4.22 **Labor Relations.** Neither Sino Palace nor any member of the Shiner Group is a party to any collective bargaining or similar agreement. To the Knowledge of Sino Palace, there are no strikes, work stoppages, unfair labor practice charges or grievances pending or threatened against Sino Palace by any employee of Sino Palace or any other Person or entity.

4.23 **Legal Compliance.**

(a) To the Knowledge of Sino Palace and each member of the Shiner Group, the Shiner Group is in material compliance with all Applicable Laws (including rules and regulations thereunder) of any Governmental Bodies having jurisdiction over the Shiner Group, including any requirements relating to antitrust, consumer protection, currency exchange, equal opportunity, health, occupational safety, pension and securities matters.

(b) Schedule 4.23(b) contains a complete and accurate list of each Governmental Authorization that is held by Sino Palace or a member of the Shiner Group or that otherwise relates to the Business. Each Governmental Authorization listed or required to be listed in Schedule 4.23(b) is valid and in full force and effect. The Governmental Authorizations listed in Schedule 4.23(b) collectively constitute all of the Governmental Authorizations necessary to permit Sino Palace to lawfully conduct and operate the Business.

4.24 **Brokers' Fees.** Except as set forth on Schedule 4.24, Sino Palace has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the Share Exchange for which Sino Palace, or any member of the Shiner Group could become liable or obligated.

4.25 **Undisclosed Liabilities.** To the Knowledge of Sino Palace, no member of the Shiner Group has any liability (and to the Knowledge of Sino Palace, there is no basis for any present or future Proceeding, charge, complaint, claim, or demand against any of them giving rise to any liability), except for

- (i) liabilities reflected or reserved against in the Shiner Group Balance Sheet; or
- (ii) liabilities which have arisen in the Ordinary Course of Business since the date of the Shiner

Group Balance Sheet.

4.26 **Disclosure.** The representations and warranties of Sino Palace contained in this Agreement do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained herein not misleading.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF PURCHASER

As a material inducement for Sino Palace to enter into this Agreement and to consummate the transactions contemplated hereby, Purchaser hereby makes the following representations and warranties as of the date hereof and as of the Closing Date, each of which is relied upon by Sino Palace regardless of any investigation made or information obtained by Sino Palace (unless and to the extent specifically and expressly waived in writing by Sino Palace on or before the Closing Date):

5.1 **Representations of Purchaser Concerning the Transaction.**

(a) **Organization and Good Standing.**

(i) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of State of Nevada. Purchaser is duly qualified to do business as a foreign corporation and is in good standing under the laws of each state or other jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification and the failure to be so qualified would have a Material Adverse Effect on Purchaser. Schedule 5.1(a)(i) contains a complete and accurate list of every jurisdiction in which Purchaser is qualified to do business.

(ii) Purchaser has no Subsidiary and does not own any shares of capital stock or other securities of any other Person.

(b) **Authorization of Transaction.** Purchaser has the corporate power to execute, deliver and perform this Agreement, the Related Agreements, and, subject to the satisfaction of the conditions precedent set forth herein, has taken all action required by law, its Governing Documents or otherwise, to authorize the execution and delivery of this Agreement and such related documents. The execution and delivery of this Agreement has been approved by the Boards of Directors of Purchaser. This Agreement is a valid obligation of Purchaser and is legally binding on each in accordance with its terms.

(c) **Capitalization of Purchaser.** The entire authorized capital stock of Purchaser consists of 75,000,000 shares of common stock having a par value of \$0.001 per share, of which 9,400,000 shares are issued and outstanding. All issued and outstanding shares of Purchaser Common Stock have been duly authorized, are validly issued, fully paid and nonassessable. Attached as Schedule 5.1(c) is a stockholder list setting forth all owners of the capital stock of Purchaser and the number of shares held by each stockholder of Purchaser. There are no outstanding or authorized options, warrants, rights, contracts, calls, puts, rights to subscribe, conversion rights or other agreements or commitments to which Purchaser is a party or which are binding upon Purchaser providing for the issuance, disposition or acquisition of any of its capital stock, nor any outstanding or authorized stock appreciation, phantom stock or similar rights with respect to Purchaser.

(d) Noncontravention. Neither the execution and delivery of this Agreement, nor consummation of the Share Exchange, will:

(i) violate any Applicable Law, Order, stipulation, charge or other restriction of any Governmental Body to which Purchaser is subject or any provision of its Governing Documents; or

(ii) conflict with, result in a Breach of, constitute a default under, result in the acceleration of, create in any Person the right to accelerate, terminate, modify or cancel, or require any notice under any contract, lease, sublease, license, sublicense, franchise, permit, indenture, agreement or mortgage for borrowed money, instrument of indebtedness, Security Interest, or other arrangement to which Purchaser is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets), except where the violation, conflict, Breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Security Interest would not have a Material Adverse Effect on the financial condition of Purchaser or on the ability of the Parties to consummate the Share Exchange.

(e) Affiliate Transactions. No officer, director, or employee of Purchaser or any member of the immediate family of any such officer, director or employee, or any entity in which any of such persons owns any beneficial interest (other than any publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than one percent of the stock of which is beneficially owned by any of such Persons), has any agreement with Purchaser or any interest in any of their property of any nature, used in or pertaining to the Purchaser Business, except as disclosed in Schedule 5.1(e). None of the foregoing Persons has any direct or indirect interest in any competitor, supplier or customer of Purchaser or in any Person from whom or to whom Purchaser leases any property or transacts business of any nature.

(f) Purchaser Financial Information. Schedule 5.1(f) shall include the following financial information (collectively, the "**Purchaser Financial Information**"):

(i) audited balance sheet and statements of income, changes in stockholders' equity and cash flow as of and for the fiscal years ended March 31, 2007 and March 31, 2006 for Purchaser; and

(ii) the names and locations of all banks, trust companies, savings and loan associations and other financial institutions at which Purchaser maintains safe deposit boxes or accounts of any nature and the names of all persons authorized to have access thereto, draw thereon or make withdrawals therefrom, as listed on Schedule 5.1(f).

The audited balance sheet dated as of March 31, 2007 of Purchaser shall be referred to as the "**Purchaser Balance Sheet**." Purchaser Financial Information presents fairly the financial condition of Purchaser as of such dates and the results of operations of Purchaser for such periods, in accordance with GAAP and are consistent with the books and records of Purchaser (which books and records are correct and complete).

(g) Events Subsequent to Purchaser Balance Sheet. Since the date of Purchaser Interim Balance Sheet, and except as disclosed on Schedule 5.1(g), there has not been, occurred or arisen, with respect to Purchaser:

- (i) any change or amendment in its Governing Documents;
- (ii) any reclassification, split up or other change in, or amendment of or modification to, the rights of the holders of any of its capital stock;
- (iii) any direct or indirect redemption, purchase or acquisition by any Person of any of its capital stock or of any interest in or right to acquire any such stock;
- (iv) any issuance, sale, or other disposition of any capital stock, or any grant of any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any capital stock;
- (v) any declaration, set aside, or payment of any dividend or any distribution with respect to its capital stock (whether in cash or in kind) or any redemption, purchase, or other acquisition of any of its capital stock;
- (vi) the organization of any Subsidiary or the acquisition of any shares of capital stock by any Person or any equity or ownership interest in any business;
- (vii) any damage, destruction or loss of any of the its properties or assets whether or not covered by insurance;
- (viii) any sale, lease, transfer, or assignment of any of its assets, tangible or intangible, other than for a fair consideration in the Ordinary Course of Business;
- (ix) the execution of, or any other commitment to any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) outside the Ordinary Course of Business;
- (x) any acceleration, termination, modification, or cancellation of any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses), involving more than \$10,000 to which it is a party or by which it is bound;
- (xi) any Security Interest or Encumbrance imposed upon any of its assets, tangible or intangible;
- (xii) any grant of any license or sublicense of any rights under or with respect to any Purchaser Intellectual Property;

(xiii) any sale, assignment or transfer (including transfers to any employees, affiliates or shareholders) of any Purchaser Intellectual Property;

(xiv) any capital expenditure (or series of related capital expenditures) involving more than \$10,000 and outside the Ordinary Course of Business;

(xv) any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) involving more than \$10,000 and outside the Ordinary Course of Business;

(xvi) any issuance of any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation involving more than \$25,000;

(xvii) any delay or postponement of the payment of accounts payable or other liabilities, other than those being contested in good faith or set forth in Schedule 5.1(g)(xvii);

(xviii) any cancellation, compromise, waiver, or release of any right or claim (or series of related rights and claims) involving more than \$25,000 and outside the Ordinary Course of Business;

(xix) any loan to, or any entrance into any other transaction with, any of its directors, officers, and employees either involving more than \$500 individually or \$2,500 in the aggregate;

(xx) the adoption, amendment, modification, or termination of any bonus, profit-sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or taken away any such action with respect to any other Employee Benefit Plan);

(xxi) any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement;

(xxii) any increase in the base compensation of any of its directors, officers, and employees;

(xxiii) any charitable or other capital contribution in excess of \$2,500;

(xxiv) any taking of other action or entrance into any other transaction other than in the Ordinary Course of Business, or entrance into any transaction with any insider of Purchaser, except as disclosed in this Agreement and the Disclosure Schedules;

(xxv) any other event or occurrence that may have or could reasonably be expected to have an Material Adverse Effect on Purchaser (whether or not similar to any of the foregoing); or

(xxvi) any agreement or commitment, whether in writing or otherwise, to do any of the foregoing.

(h) Tax Matters.

(i) Except as set forth on Schedule 5.1(h)(i): Purchaser:

(A) has timely paid or caused to be paid all Taxes required to be paid by it through the date hereof and as of the Closing Date (including any Taxes shown due on any Tax Return);

(B) has filed or caused to be filed in a timely and proper manner (within any applicable extension periods) all Tax Returns required to be filed by it with the appropriate Governmental Body in all jurisdictions in which such Tax Returns are required to be filed; and all tax returns filed on behalf of Purchaser and each Purchaser Tax Affiliate were completed and correct in all material respects; and

(C) has not requested or caused to be requested any extension of time within which to file any Tax Return, which Tax Return has not since been filed.

(ii) Purchaser has previously delivered true, correct and complete copies of all Federal Tax Returns filed by or on behalf of Purchaser through the date hereof for the periods ending after December 31, 2004.

(iii) Except as set forth in Schedule 5.1(h)(iii):

(A) since January 1, 2005, Purchaser has not been notified by the IRS or any other Governmental Body that any issues have been raised (and no such issues are currently pending) by the IRS or any other Governmental Body in connection with any Tax Return filed by or on behalf of Purchaser or any Purchaser Tax Affiliate; there are no pending Tax audits and no waivers of statutes of limitations have been given or requested with respect to Purchaser or any Purchaser Tax Affiliate (for years that it was a Purchaser Tax Affiliate); no Tax liens have been filed against Purchaser or unresolved deficiencies or additions to Taxes have been proposed, asserted or assessed against Purchaser or any Purchaser Tax Affiliate (for the years that it was a Purchaser Tax Affiliate);

(B) full and adequate accrual has been made (i) on the Purchaser Balance Sheet, and the books and records of Purchaser for all income Taxes currently due and all accrued Taxes not yet due and payable by Purchaser for all periods ending on or prior to the Purchaser Balance Sheet Date, and (ii) on the books and records of Purchaser and for all Taxes payable by Purchaser for all periods beginning after the Purchaser Balance Sheet Date;

(C) Purchaser has not incurred any liability for Taxes from and after the Purchaser Balance Sheet Date other than Taxes incurred in the Ordinary Course of Business and consistent with past practices;

(D) Purchaser has not (i) made an election (or had an election made on its behalf by another person) to be treated as a “consenting corporation” under Section 341(f) of the Code or (ii) a “personal holding company” within the meaning of Section 542 of the Code;

(E) Purchaser has complied in all material respects with all Applicable Laws relating to the collection or withholding of Taxes (such as Taxes or withholding of Taxes from the wages of employees);

(F) Purchaser has no liability in respect of any Tax sharing agreement with any Person and all Tax sharing agreements to which Purchaser has been bound have been terminated;

(G) Purchaser has not incurred any Liability to make any payments either alone or in conjunction with any other payments that:

(1) shall be non-deductible under, or would otherwise constitute a “parachute payment” within the meaning of Section 280G of the Code (or any corresponding provision of state local or foreign income Tax Law); or

(2) are or may be subject to the imposition of an excise Tax under Section 4999 of the Code;

(H) Purchaser has not agreed to (nor has any other Person agreed to on its behalf) and is not required to make any adjustments or changes on, before or after the Closing Date, to its accounting methods pursuant to Section 481 of the Code, and the Internal Revenue Service has not proposed any such adjustments or changes in the accounting methods of Purchaser;

(I) no claim has been made within the last three years by any taxing authority in a jurisdiction in which Purchaser does not file Tax Returns that Purchaser is or may be subject to taxation by that jurisdiction;

(J) the consummation of the Share Exchange will not trigger the realization or recognition of intercompany gain or income to Purchaser under the Federal consolidated return regulations with respect to Federal, state or local Taxes; and

(K) Purchaser is not currently, nor has it been at any time during the previous five years, a “U.S. real property holding corporation” and, therefore, the Purchaser Common Stock is not “U.S. real property interests,” as such terms are defined in Section 897 of the Code.

(i) Title to Assets. Purchaser has good and marketable title to, or a valid leasehold interest in, the properties and assets owned or leased and used by it to operate the Purchaser Business in the manner presently operated by Purchaser, as reflected in Purchaser Financial Information.

(j) Real Property. Except as set forth in Schedule 5.1(j) Purchaser does not own or hold an ownership interest in any Real Property.

(k) Leased Real Property. Except as set forth in Schedule 5.1(k) Purchaser does not own or a leasehold interest in any Real Property.

(l) Condition of Facilities.

(i) Use of the Real Property of Purchaser for the various purposes for which it is presently being used is permitted as of right under all Applicable Laws related to zoning and is not subject to “permitted nonconforming” use or structure classifications. All Improvements are in compliance with all Applicable Laws, including those pertaining to zoning, building and the disabled, are in good repair and in good condition, ordinary wear and tear excepted, and are free from latent and patent defects. To the Knowledge of Purchaser, no part of any Improvement encroaches on any real property not included in the Real Property of Purchaser, and there are no buildings, structures, fixtures or other Improvements primarily situated on adjoining property which encroach on any part of the Land.

(ii) Each item of Tangible Personal Property is in good repair and good operating condition, ordinary wear and tear excepted, is suitable for immediate use in the Ordinary Course of Business and is free from latent and patent defects. No item of Tangible Personal Property is in need of repair or replacement other than as part of routine maintenance in the Ordinary Course of Business. Except as disclosed in Schedule 5.1(l)(ii), all Tangible Personal Property used in the Purchaser Business is in the possession of Purchaser.

(m) Purchaser Intellectual Property.

(i) Purchaser owns, or is licensed or otherwise possesses legal enforceable rights to use all: (i) trademarks and service marks (registered or unregistered), trade dress, trade names and other names and slogans embodying business goodwill or indications of origin, all applications or registrations in any jurisdiction pertaining to the foregoing and all goodwill associated therewith; (ii) patentable inventions, technology, computer programs and software (including password unprotected interpretive code or source code, object code, development documentation, programming tools, drawings, specifications and data) and all applications and patents in any jurisdiction pertaining to the foregoing, including re-issues, continuations, divisions, continuations-in-part, renewals or extensions; (iii) trade secrets, including confidential and other non-public information (iv) copyrights in writings, designs, software programs, mask works or other works, applications or registrations in any jurisdiction for the foregoing and all moral rights related thereto; (v) databases and all database rights; and (vi) Internet Web sites, domain names and applications and registrations pertaining thereto (collectively, “**Purchaser Intellectual Property**”) that are used in the Purchaser Business except for any such failures to own, be licensed or process that would not be reasonably likely to have a Material Adverse Effect.

(ii) Purchaser owns or has the right to use all software currently used in and material to the Purchaser Business.

(n) SEC Reports and Financial Statements. Since January 1, 2005, Purchaser has filed with the SEC all reports and other filings required to be filed by Purchaser in accordance with the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder (the “**Purchaser SEC Reports**”). As of their respective dates, Purchaser SEC Reports complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the respective rules and regulations promulgated thereunder applicable to such Purchaser SEC Reports and, except to the extent that information contained in any Purchaser SEC Report has been revised or superseded by a later Purchaser SEC Report filed and publicly available prior to the date of this Agreement, none of the Purchaser SEC Reports contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of Purchaser included in Purchaser SEC Reports were prepared from and are in accordance with the accounting books and other financial records of Purchaser, were prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by the rules of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and presented fairly the consolidated financial position of Purchaser and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). Except as set forth in the Purchaser SEC Reports, Purchaser has no liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) other than liabilities or obligations incurred in the Ordinary Course of Business. The Purchaser SEC Reports accurately disclose (i) the terms and provisions of all stock option plans, (ii) transactions with Affiliates, and (iii) all material contracts required to be disclosed pursuant to Item 601(b)(10) of Regulation S-B promulgated by the SEC.

(o) Contracts. Schedule 5.1(o) is a true, complete and accurate list of all written or oral contracts, understandings, agreements and other arrangements (including a brief description of all such oral arrangements) executed by an officer or duly authorized employee of Purchaser or to which Purchaser is a party either:

(i) involving more than \$10,000, or

(ii) in the nature of a collective bargaining agreement, employment agreement, or severance agreement with any of its directors, officers and employees.

Purchaser has delivered or will, prior to Closing, deliver to Sino Palace a correct and complete copy of each Contract (redacted copies for names are acceptable) listed in Schedule 5.1(o) (the “**Purchaser Contracts**”). Except as disclosed in Schedule 5.1(o): (i) Purchaser has fully complied with all material terms of Purchaser Contracts; (ii) to the Knowledge of Purchaser, other parties to Purchaser Contracts have fully complied with the terms of Purchaser Contracts; and (iii) there are no disputes or complaints with respect to nor has Purchaser received any notices (whether oral or in writing) that any other party to Purchaser Contracts is terminating, intends to terminate or is considering terminating, any of Purchaser Contracts listed or required to be listed in Schedule 5.1(o).

(p) Powers of Attorney. There are no outstanding powers of attorney executed on behalf of Purchaser.

(q) Litigation.

(i) There is no pending or, to Purchaser’s Knowledge, threatened Proceeding:

(A) by or against Purchaser or that otherwise relates to or may affect the Purchaser Business which, if adversely determined, would have a Material Adverse Effect; or

(B) that challenges, or that may have the effect of preventing, delaying, making illegal or otherwise interfering with, the Share Exchange.

To the Knowledge of Purchaser, no event has occurred or circumstance exists that is reasonably likely to give rise to or serve as a basis for the commencement of any such Proceeding.

(ii) Except as set forth in Schedule 5.1(q)(ii):

(A) there is no material Order to which Purchaser or the Purchaser Business is subject; and

(B) to the Knowledge of Purchaser, no officer, director, agent or employee of Purchaser is subject to any Order that prohibits such officer, director, agent or employee from engaging in or continuing any conduct, activity or practice relating to the Purchaser Business.

(iii) Except as set forth in Schedule 5.1(q)(iii):

(A) Purchaser has been and is in compliance with all of the terms and requirements of each Order to which it or the Purchaser Business is or has been subject;

(B) No event has occurred or circumstance exists that is reasonably likely to constitute or result in (with or without notice or lapse of time) a violation of or failure to comply with any term or requirement of any Order to which Purchaser or the Purchaser Business is subject; and

(C) Purchaser has not received any notice, or received but subsequently resolved to the satisfaction of the Governmental Body or other Person (evidence of such approval is attached as Schedule 5.1(q)(iii)), or other communication (whether oral or written) from any Governmental Body or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any term or requirement of any Order to which Purchaser or the Purchaser Business is subject.

(r) Employee Benefits.

(i) Purchaser has no (i) Employee Benefit Plans, (ii) bonus, stock option, stock purchase, stock appreciation right, incentive, deferred compensation, supplemental retirement, severance, and fringe benefit plans, programs, policies or arrangements, and (iii) employment or consulting agreements, for the benefit of, or relating to, any current or former employee (or any beneficiary thereof) of Purchaser, in the case of a plan described in (i) or (ii) above, that is currently maintained by Purchaser or with respect to which Purchaser has an obligation to contribute, and in the case of an agreement described in (iii) above, that is currently in effect (the “**Purchaser Employee Plans**”).

(ii) No director, officer, or employee of Purchaser will become entitled to retirement, severance or similar benefits or to enhanced or accelerated benefits (including any acceleration of vesting or lapsing of restrictions with respect to equity-based awards) under any Purchaser Employee Plan solely as a result of consummation of the Share Exchange.

(s) Insurance. Schedule 5.1(s) is an accurate and complete description of all policies of insurance of any kind or nature, including, but not limited to, fire, liability, workmen's compensation and other forms of insurance owned or held by or covering Purchaser or all or any portion of its property and assets.

(t) Employees. Zubeda Mohamed-Lakhani is the sole employee of Purchaser and she presently does not receive any compensation for her services. To the Knowledge of Purchaser, no officer, director, agent, employee, consultant, or contractor of Purchaser is bound by any Contract that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor (i) to engage in or continue or perform any conduct, activity, duties or practice relating to the Purchaser Business or (ii) to assign to Purchaser or to any other Person any rights to any invention, improvement, or discovery. No former or current employee of Purchaser is a party to, or is otherwise bound by, any Contract that in any way adversely affected, affects, or will affect the ability of Purchaser to conduct the Purchaser Business.

(u) Labor Relations. Purchaser is not a party to any collective bargaining or similar agreement. To the Knowledge of Purchaser, there are no strikes, work stoppages, unfair labor practice charges or grievances pending or threatened against Purchaser by any employee of Purchaser or any other person or entity.

(v) Legal Compliance.

(i) To the Knowledge of Purchaser, Purchaser is in material compliance with all Applicable Laws of any Governmental Bodies having jurisdiction over Purchaser, including any requirements relating to antitrust, consumer protection, currency exchange, equal opportunity, health, occupational safety, pension and securities matters.

(ii) Schedule 5.1(v)(ii) contains a complete and accurate list of each Governmental Authorization that is held by Purchaser or that otherwise relates to the Purchaser Business. Each Governmental Authorization listed or required to be listed in Schedule 5.1(v)(ii) is valid and in full force and effect. The Governmental Authorizations listed in Schedule 5.1(v)(ii) collectively constitute all of the Governmental Authorizations necessary to permit Purchaser to lawfully conduct and operate the Purchaser Business.

(w) Brokers' Fees. Purchaser has no liability or obligation to pay any fees or commissions to any broker, finder or agent with respect to the Share Exchange for which Purchaser could become liable or obligated.

(x) Undisclosed Liabilities. To the Knowledge of Purchaser, it has no liability (and to the Knowledge of Purchaser, there is no basis for any present or future Proceeding, charge, complaint, claim, or demand against any of them giving rise to any liability), except for

(i) liabilities reflected or reserved against in the Purchaser Balance Sheet; or

(ii) liabilities which have arisen in the Ordinary Course of Business since the date of the Purchaser Balance Sheet.

(y) Disclosure. The representations and warranties of Purchaser contained in this Agreement do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained herein not misleading.

ARTICLE VI. ACCESS TO INFORMATION AND DOCUMENTS

6.1 Access to Information. Between the date hereof and the Closing Date, each Party will give to the other and its counsel, accountants and other Representatives full access to all the properties, documents, contracts, personnel files and other records and shall furnish copies of such documents and with such information with respect to its affairs as may from time to time be reasonably requested. Each Party will disclose to the other and make available to such Party and its Representatives all books, contracts, accounts, personnel records, letters of intent, papers, records, communications with regulatory authorities and other documents relating to the business and operations of Shiner Group or Purchaser, as the case may be. In addition, Sino Palace shall make available to Purchaser all such banking, investment and financial information as shall be necessary to allow for the efficient integration of Shiner Group's banking, investment and financial arrangements with those of Purchaser at the Closing. Access of Purchaser pursuant to the foregoing shall be granted at a reasonable time and upon reasonable notice.

6.2 **Effect of Access.**

(a) Nothing contained in this Article VI shall be deemed to create any duty or responsibility on the part of either Party to investigate or evaluate the value, validity or enforceability of any Contract or other asset included in the assets of the other Party.

(b) With respect to matters as to which any Party has made express representations or warranties herein, the Parties shall be entitled to rely upon such express representations and warranties irrespective of any investigations made by such Parties, except to the extent that such investigations result in actual knowledge of the inaccuracy or falsehood of particular representations and warranties.

ARTICLE VII. COVENANTS

7.1 **Preservation of Business.**

(a) Prior to the Closing or the termination of this Agreement, Sino Palace will use its Best Efforts to preserve the Business, to keep available to Purchaser the services of the present employees of the Shiner Group, and to preserve for Purchaser the goodwill of the suppliers, customers and others having business relations with the Shiner Group. The Shiner Group shall conduct its Business only in the usual and ordinary course as it has previously been conducted, including, without limitation, its policies and practices relating to the collection of accounts receivable and the payment of accounts payable and other liabilities, and not introduce any new methods of management, operations or accounting, without Purchaser's prior written consent (which shall not be unreasonably withheld); maintain its assets in as good working order and condition as at present, ordinary wear and tear excepted; perform all material obligations under material agreements and leases relating to or affecting it, and keep in full force and effect present insurance policies.

(b) Prior to the Closing or the termination of this Agreement, Purchaser will use its Best Efforts to preserve the Purchaser Business, to keep available to Purchaser the services of the present employees of Purchaser, and to preserve for Purchaser the goodwill of the suppliers, customers and others having business relations with Purchaser. Purchaser shall conduct the Purchaser Business only in the usual and ordinary course as it has previously been conducted, including, without limitation, its policies and practices relating to the collection of accounts receivable and the payment of accounts payable and other liabilities, and not introduce any new methods of management, operations or accounting, without the prior written consent of Sino Palace (which shall not be unreasonably withheld); maintain its assets in as good working order and condition as at present, ordinary wear and tear excepted; perform all material obligations under material agreements and leases relating to or affecting it, and keep in full force and effect present insurance policies.

7.2 **Current Information.** During the period from the date of this Agreement to the Closing, each Party hereto shall promptly notify each other Party of any (i) significant change in the normal course of business or operations of its business, (ii) Proceeding (or communications indicating that the same may be contemplated), or the institution or threat or settlement of Proceedings, in each case involving the Parties the outcome of which, if adversely determined, could reasonably be expected to have a Material Adverse Effect on the Party, taken as a whole or (iii) event which such Party reasonably believes could be expected to have a Material Adverse Effect on the ability of any party hereto to consummate the Share Exchange.

(b) During the period from the date of this Agreement to the Closing, Purchaser shall promptly notify Sino Palace of any correspondence received from the SEC and shall deliver a copy of such correspondence to Sino Palace within two (2) Business Days of receipt.

7.3 Material Transactions. Prior to the Closing, no Party will (other than (i) as contemplated by the terms of this Agreement and the Related Agreements, (ii) with respect to transactions for which there is a binding commitment existing prior to the date hereof disclosed in the Disclosure Schedules, and (iii) transactions described on Schedule 7.3 which do not vary materially from the terms set forth on such Schedule 7.3, or in the Ordinary Course of Business without first obtaining the written consent of the other Parties):

- (a) declare or pay any dividend or make any other distribution to shareholders, whether in cash, stock or other property;
- (b) amend its Governing Documents or enter into any agreement to merge or consolidate with, or sell a significant portion of its assets to, any other Person;
- (c) except pursuant to options, warrants, conversion rights or other contractual rights, issue any shares of its capital stock or any options, warrants or other rights to subscribe for or purchase such common or other capital stock or any securities convertible into or exchangeable for any such common or other capital stock;
- (d) directly redeem, purchase or otherwise acquire any of its common or other capital stock;
- (e) effect a reclassification, recapitalization, split-up, exchange of shares, readjustment or other similar change in or to any capital stock or otherwise reorganize or recapitalize;
- (f) enter into any employment contract which is not terminable upon notice of ninety (90) days or less, at will, and without penalty except as provided herein or grant any increase (other than ordinary and normal increases consistent with past practices) in the compensation payable or to become payable to officers or salaried employees, grant any stock options or, except as required by law, adopt or make any change in any bonus, insurance, pension or other Employee Benefit Plan, agreement, payment or agreement under, to, for or with any of such officers or employees;
- (g) make any payment or distribution to the trustee under any bonus, pension, profit -sharing or retirement plan or incur any obligation to make any such payment or contribution which is not in accordance with such Party's usual past practice, or make any payment or contributions or incur any obligation pursuant to or in respect of any other plan or contract or arrangement providing for bonuses, options, executive incentive compensation, pensions, deferred compensation, retirement payments, profit sharing or the like, establish or enter into any such plan, contract or arrangement, or terminate or modify any plan;

- (h) prepay any debt in excess of Twenty Five Thousand Dollars (\$25,000), borrow or agree to borrow any amount of funds except in the Ordinary Course of Business or, directly or indirectly, guarantee or agree to guarantee obligations of others, or fail to pay any monetary obligation in a timely manner prior to delinquency;
- (i) enter into any agreement, contract or commitment having a term in excess of three (3) months or involving payments or obligations in excess of Twenty Five Thousand Dollars (\$25,000) in the aggregate, except in the Ordinary Course of Business;
- (j) amend or modify any material Contract;
- (k) agree to increase the compensation or benefits of any employee (except for normal annual salary increases in accordance with past practices);
- (l) place on any of its assets or properties any pledge, charge or other Encumbrance, except as otherwise authorized hereunder, or enter into any transaction or make any contract or commitment relating to its properties, assets and business, other than in the Ordinary Course of Business or as otherwise disclosed herein;
- (m) guarantee the obligation of any person, firm or corporation, except in the Ordinary Course of Business;
- (n) make any loan or advance in excess of Twenty-Five Thousand Dollars (\$25,000) or cancel or accelerate any material indebtedness owing to it or any claims which it may possess or waive any material rights of substantial value;
- (o) sell or otherwise dispose of any Real Property or any material amount of any tangible or intangible personal property other than leasehold interests in closed facilities, except in the Ordinary Course of Business;
- (p) commit any act or fail to do any act which will cause a Breach of any Contract and which will have a Material Adverse Effect on its business, financial condition or earnings;
- (q) violate any Applicable Law which violation might have a Material Adverse Effect on such Party;
- (r) purchase any real or personal property or make any other capital expenditure where the amount paid or committed is in excess of Twenty-Five Thousand Dollars (\$25,000) per expenditure;

(s) except in the Ordinary Course of Business, enter into any agreement or transaction with any of such Party's Affiliates;

or

(t) engage in any transaction or take any action that would render untrue in any material respect any of the representations and warranties of such Party contained in this Agreement, as if such representations and warranties were given as of the date of such transaction or action.

7.4 **Public Disclosures.** Purchaser and Sino Palace will consult with each other before issuing any press release or otherwise making any public statement with respect to the transactions contemplated by this Agreement, and shall not issue any such press release or make any such public statement prior to such consultation except as may be required by Applicable Law. The Parties shall issue a joint press release, mutually acceptable to Sino Palace and Purchaser, promptly upon execution and delivery of this Agreement.

7.5 **Confidentiality.** Purchaser and Sino Palace shall hold, and shall use their best efforts to cause their respective auditors, attorneys, financial advisors, bankers and other consultants and advisors to hold, in strict confidence, unless compelled to disclose by judicial or administrative process or by other requirements of law, all Confidential Information, and each Party shall not release or disclose such Confidential Information to any other Person, except its auditors, attorneys, financial advisors, bankers and other consultants and advisors in connection with the transactions contemplated by this Agreement.

7.6 **No Shop.** From the date of this Agreement until the earlier of (i) the Closing, (ii) August 31, 2007, or (iii) until this Agreement is terminated in accordance with Article X hereof, neither Purchaser nor Sino Palace shall initiate, solicit or encourage (including by way of furnishing assistance or proprietary information), or take any other action to facilitate, any inquiries or the making of any proposal relating to, or that may reasonably be expected to lead to, any "Competing Transaction" (as defined below), or enter into any discussions or negotiate with any person or entity in furtherance of such inquiries or to obtain a Competing Transaction, or agree to or endorse any Competing Transaction, or authorize or permit any of its Representatives to take any such action, and each Party shall promptly notify the other Party of all relevant terms (including the identity of the parties involved) of any such inquiries and proposals received by such Party or any such officer, director, investment banker, financial advisor, attorney, accountant or other Representative relating to any of such matters and if such inquiry or proposal is in writing, such Party shall promptly deliver or cause to be delivered to the other Party a copy of such inquiry or proposal. For the purposes of this Agreement, "**Competing Transaction**" shall mean any of the following (other than the Share Exchange) (i) any merger, consolidation, share exchange, business combination or similar transaction; (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition of the assets of any Party; (iii) any tender offer or exchange offer for more than fifty percent (50%) of the outstanding shares of the capital stock of any Party or other form of investment in, or purchase of, capital stock of any Party; (iv) any current Affiliate acquiring beneficial ownership of, or any group (as such term is defined under Section 13(d) of the Exchange Act) being formed which beneficially owns or has the right to acquire beneficial ownership of, twenty-five percent (25%) or more of the outstanding shares of the capital stock of any Party; or (v) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing. In the event that the provisions of this Section 7.6 are violated by any Party or by any Party's Representatives, and the Share Exchange is not consummated, then, in addition to other remedies available to the non-violating Party, the non-violating Party will be entitled to receive from the violating Party all out-of-pocket expenses (including reasonable attorneys' fees and expenses relating to the Share Exchange), which such non-violating Party has incurred.

7.7 **Other Actions.** None of Sino Palace or Purchaser shall knowingly or intentionally take any action, or omit to take any action, if such action or omission would, or reasonably might be expected to, result in any of its representations and warranties set forth herein being or becoming untrue in any material respect, or in any of the conditions to the Share Exchange set forth in this Agreement not being satisfied, or delay the Closing or (unless such action is required by Applicable Law) which would have a Material Adverse Effect on the ability of Sino Palace or Purchaser to obtain any Consents required for the consummation of the Share Exchange without imposition of a condition or restriction which would have a Material Adverse Effect on the Surviving Corporation or which would otherwise materially impair the ability of Sino Palace or Purchaser to consummate the Share Exchange in accordance with the terms of this Agreement or materially delay such consummation. Without limiting the generality of the foregoing, Sino Palace shall use its reasonable best efforts to obtain all Consents required of Third Parties in respect of the Share Exchange under all material Contracts to which Sino Palace is a party

7.8 **Cooperation.**

(a) Purchaser and Sino Palace shall together or pursuant to an allocation of responsibility agreed to between them, (i) cooperate with one another in determining whether any filings are required to be made or consents are required to be obtained in any jurisdiction prior to the Closing in connection with the consummation of the Share Exchange and cooperate in making any such filings promptly and in seeking to obtain timely any such Consents, (ii) use their respective commercially reasonable efforts to cause to be lifted any impediment preventing consummation of the Share Exchange, or any part thereof, or the other transactions contemplated hereby, and (iii) furnish to one another and to one another's counsel all such information as may be required to affect the foregoing actions.

(b) Subject to the terms and conditions herein provided, and unless this Agreement shall have been validly terminated as provided herein, each of Purchaser and Sino Palace shall use all reasonable efforts (i) to take, or cause to be taken, all actions necessary to comply promptly with all legal requirements which may be imposed on such party (or any subsidiaries or Affiliates of such party) with respect to this Agreement and to consummate the Share Exchange, subject to the vote of its stockholders described above, and (ii) to obtain (and to cooperate with the other party to obtain) any Consent by any Governmental Body and/or any Third Party which is required to be obtained or made by such Party or any of its Affiliates in connection with this Agreement and the Share Exchange. Each of Purchaser and Sino Palace will promptly cooperate with and furnish information to the other in connection with any such burden suffered by, or requirement imposed upon, either of them or any of their Affiliates in connection with the foregoing.

ARTICLE VIII. CONDITIONS TO CLOSING

8.1 **Mutual Conditions.** The respective obligations of each party to effect the Share Exchange shall be subject to the satisfaction, at or prior to the Closing Date, of the following conditions (any of which may be waived in writing by Purchaser and Sino Palace):

(a) None of Purchaser, any member of Shiner Group or Sino Palace shall be subject to any Order by a court of competent jurisdiction which (i) prevents or materially delays the consummation of the Share Exchange or (ii) would impose any material limitation on the ability of Purchaser effectively to exercise full rights of ownership of the common stock of any member of the Shiner Group or any material portion of the assets or Business, taken as a whole.

(b) No statute, rule or regulation, shall have been enacted by any Governmental Body that makes the consummation of the Share Exchange illegal.

(c) Purchaser and Sino Palace shall have received all Consents of Third Parties that are required of such Third Parties prior to the consummation of the Share Exchange, in form and substance acceptable to Purchaser or Sino Palace, as the case may be, except where the failure to obtain such consent, approval or authorization would not have a Material Adverse Effect.

8.2 **Conditions to the Obligations of Purchaser.** The obligations of Purchaser under this Agreement are subject to the satisfaction, at or before the Closing, of each of the following conditions:

(a) The representations and warranties of Sino Palace contained herein that are qualified as to materiality shall be true in all respects on and as of the Closing Date with the same force and effect as though made on and as of such date, and each of the representations and warranties of Sino Palace that are not so qualified shall be true in all material respects.

(b) Sino Palace shall have performed and complied in all material respects with all covenants, agreements, obligations and conditions required by this Agreement to be performed or complied with by Sino Palace at or prior to the Closing.

(c) There shall not be threatened, instituted or pending any Proceeding by or before any court or Governmental Body requesting or looking toward an Order that (a) restrains or prohibits the consummation of the Share Exchange, (b) could have a Material Adverse Effect on Purchaser's ability to exercise control over or manage the Shiner Group after the Closing or (c) could have a Material Adverse Effect any member of the Shiner Group.

(d) On the Closing Date, there shall be no effective Order issued by a court of competent jurisdiction restraining or prohibiting the consummation of the Share Exchange.

(e) The Related Agreements to which Sino Palace is a party and all other documents to be delivered by Sino Palace to Purchaser at the Closing shall be satisfactory in form and substance to Purchaser.

(f) All Consents of all Third Parties and Governmental Bodies shall have been obtained that are necessary, in the opinion of Purchaser Counsel, in connection with (a) the execution and delivery by Sino Palace of this Agreement and the Related Agreements to which it is a Party or (b) the consummation by Sino Palace of the Share Exchange and copies of all such Consents shall have been delivered to Purchaser.

(g) Purchaser shall receive possession of the stock certificates evidencing ownership of the capital stock of each member of the Shiner Group.

(h) Sino Palace and Zubeda Mohamed-Lakhani shall have executed and delivered to Purchaser the Return to Treasury Agreement and shall simultaneously with the Closing consummate the transactions contemplated therein.

8.3 Conditions to the Obligations of Sino Palace. The obligations of Sino Palace under this Agreement are subject to the satisfaction, at or before the Closing, of each of the following conditions:

(a) The representations and warranties of Purchaser contained herein that are qualified as to materiality shall be true in all respects on and as of the Closing Date (except for the representations and warranties made as of a specific date which shall be true in all material respects as of such date) with the same force and effect as though made on and as of such date, and each of the representations and warranties of Purchaser that are not so qualified shall be true in all material respects.

(b) Purchaser shall have performed and complied in all material respects with all covenants, agreements, obligations and conditions required by this Agreement to be so performed or complied with by Purchaser at or prior to the Closing.

(c) There shall not be threatened, instituted or pending any Proceeding by or before any court or Governmental Body requesting or looking toward an Order, that (a) restrains or prohibits the consummation of the Share Exchange or (b) could have a Material Adverse Effect on Purchaser.

(d) On the Closing Date, there shall be no effective Order issued by a court of competent jurisdiction restraining or prohibiting the consummation of the Share Exchange.

(e) The Related Agreements to which Purchaser is a party and all other documents to be delivered by Purchaser to Sino Palace at the Closing shall be satisfactory in form and substance to Sino Palace.

(f) All Consents of all Third Parties and Governmental Bodies shall have been obtained that are necessary, in the opinion of counsel to Sino Palace, in connection with (a) the execution and delivery by Purchaser of this Agreement or the Related Agreements to which either of them is a party, and (b) the consummation by Purchaser of the transactions contemplated hereby or thereby, and copies of all such Consents shall have been delivered to Sino Palace.

(g) Purchaser shall have delivered to Sino Palace the resignation of Zubeda Mohamed-Lakhani from all positions as an officer and director of Purchaser effective upon Closing.

(h) Purchaser shall have delivered to Sino Palace evidence of the expansion of Purchaser's Board of Directors to two (2) members and evidence of the appointment of up one (1) new director nominated by Sino Palace.

(i) Purchaser shall deliver to each stockholder of Sino Palace a certificate evidencing ownership of the Shares described in Section 3.2.

(j) Purchaser shall deliver to Sino Palace evidence of the cancellation of 4,750,000 shares of Purchaser Common Stock held by Zubeda Mohamed-Lakhani.

(k) The stockholders of Sino Palace shall have given all necessary approvals and consents required under NGCL.

(l) The Share Exchange shall qualify as a tax-free transaction to each of Purchaser, Sino Palace and Sino Palace's stockholders.

(m) As of the Closing Date, Purchaser shall not have any debts or liabilities that are not disclosed in the Purchaser SEC Reports and shall not have any liens recorded against its properties or assets.

ARTICLE IX. SURVIVAL OF REPRESENTATIONS

9.1 Survival of Representations.

All representations and warranties made by any party to this Agreement or pursuant hereto, as modified by any Disclosure Schedule, exhibit, certificate or other document executed and delivered pursuant hereto shall survive the Closing and any investigation made by or on behalf of any party hereto for a period of one (1) year following the Closing Date. All statements contained herein or in any schedule, exhibit, certificate or other document executed and delivered pursuant hereto shall be deemed representations and warranties for purposes of Sections 9.1, 8.2(a), and 8.3(a). The right to any remedy based upon such representations and warranties shall not be affected by any investigation conducted with respect to, or any knowledge acquired at any time, whether before or after execution and delivery of this Agreement or the Closing Date, with respect to the accuracy or inaccuracy of any such representation or warranty.

ARTICLE X. TERMINATION, AMENDMENT AND WAIVER

10.1 Termination. This Agreement may be terminated at anytime prior to the Closing:

(a) by mutual written consent of Purchaser and Sino Palace;

(b) by Purchaser or Sino Palace:

(i) if the Share Exchange shall not have been consummated on or before August 31, 2007, unless the failure to consummate the Share Exchange is the result of a willful and material Breach of this Agreement by the Party seeking to terminate this Agreement;

(ii) if any court of competent jurisdiction or other Governmental Body shall have issued an Order or taken any other action permanently enjoining, restraining or otherwise prohibiting the Share Exchange and such order, decree, ruling or other action shall have become final and non-appealable;

(iii) in the event of a Breach by the other Party of any representation, warranty, covenant or other agreement contained in this Agreement which cannot be or has not been cured within ten (10) days after the giving of written notice to the breaching Party of such Breach (provided that the terminating Party is not then in Breach of any representation, warranty, covenant or other agreement contained in this Agreement);

(iv) in the event that (i) all of the conditions to the obligation of such Party to effect the Share Exchange set forth in Section 8.1 shall have been satisfied and (ii) any condition to the obligation of such Party to effect the Share Exchange set forth in Section 8.2 (in the case of Purchaser) or Section 8.3 (in the case of Sino Palace) is not capable of being satisfied prior to the end of the period referred to in Section 10.1(b)(i); or

(v) if there shall have occurred prior to the Closing changes in Applicable Law that, in the aggregate, shall have a Material Adverse Effect on either Party.

10.2 **Effect of Termination.** In the event of termination of this Agreement as provided in Section 10.1, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of any Party except to the extent that such termination results from the willful and material Breach by a Party of any of its representations, warranties, covenants or other agreements set forth in this Agreement, in which case the terminating Party shall have the right to pursue any remedies available to it at law or in equity.

10.3 **Amendment.** This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

10.4 **Extension; Waiver.** At any time prior to the Closing, the Parties may (i) extend the time for the performance of any of the obligations or other acts of the other Parties, (ii) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement or (iii) waive compliance with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

10.5 **Procedure for Termination, Amendment Extension or Waiver**. A termination of this Agreement pursuant to Section 10.1, an amendment of this Agreement pursuant to Section 10.3, or an extension or waiver pursuant to Section 10.4 shall, in order to be effective, require in the case of Purchaser or Sino Palace, action by its Board of Directors or the duly authorized designee of the Board of Directors.

ARTICLE XI. MISCELLANEOUS

11.1 **Notices**. Any communications required or desired to be given hereunder shall be deemed to have been properly given if sent by hand delivery or by facsimile and overnight courier or overnight courier to the parties hereto at the following addresses, or at such other address as either party may advise the other in writing from time to time:

If to Purchaser:

Ms. Zubeda Mohamed
Chief Executive Officer
Cartan Holdings Inc.
999 Canada Place, Suite 404
Vancouver, B.C., Canada V6C 3E3
Facsimile: (604) 526-1745

with a copy to:

Greg Yanke, Esquire
Suite #603-409 Granville Street
Vancouver, BC V6C 1T2
Canada
Facsimile: (604) 669-0774

If to Sino Palace:

Sino Palace Holdings Ltd.
19/F Didu Bldg., Pearl River Plaza
No. 2 North Longkin Road, Haikou
Hainan Province, China 570125
Facsimile: 86-898-68581513

with a copy to:

Saul Ewing LLP
1500 Market Street
Centre Square West, 38th Floor
Philadelphia, PA 19102
Attention: William W. Uchimoto, Esquire
Facsimile: (215) 972-1819

All such communications shall be deemed to have been delivered on the date of hand delivery or facsimile or on the next Business Day following the deposit of such communications with the overnight courier.

11.2 **Further Assurances.** Each Party hereby agrees to perform any further acts and to execute and deliver any documents which may be reasonably necessary to carry out the provisions of this Agreement.

11.3 **Governing Law.** This Agreement shall be interpreted, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, applied without giving effect to any conflicts-of-law principles.

11.4 **Commissions.** Except as set forth on Schedule 4.24, each of the Parties hereto represents and warrants that no broker or finder is entitled to any brokerage or finder's fee or other commission in connection with the Share Exchange. Each of the Parties hereto shall pay or discharge, and shall indemnify and hold the other harmless from and against, all claims or liabilities for brokerage commissions or finder's fees incurred by reason of any action taken by it.

11.5 **Captions.** The captions or headings in this Agreement are made for convenience and general reference only and shall not be construed to describe, define or limit the scope or intent of the provisions of this Agreement.

11.6 **Integration of Exhibits and Schedules.** All Exhibits and Disclosure Schedules to this Agreement are integral parts of this Agreement as if fully set forth herein.

11.7 **Entire Agreement.** This Agreement, the Related Agreements, including all Exhibits and Disclosure Schedules attached hereto and thereto contain the entire agreement of the parties and supersede any and all prior or contemporaneous agreements between the parties, written or oral, with respect to the transactions contemplated hereby. Such agreement may not be changed or terminated orally, but may only be changed by an agreement in writing signed by the party or parties against whom enforcement of any waiver, change, modification, extension, discharge or termination is sought.

11.8 **Expenses.** Except as expressly provided otherwise, each party hereto will bear its own costs and expenses (including fees and expenses of auditors, attorneys, financial advisors, bankers, brokers and other consultants and advisors) incurred in connection with this Agreement, the Related Agreements and the transactions contemplated hereby and thereby.

11.9 **Counterparts.** This Agreement may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute and be one and the same instrument.

11.10 **Binding Effect.** This Agreement shall be binding on, and shall inure to the benefit of, the Parties hereto, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No Party may assign any right or obligation hereunder without the prior written consent of the other Parties.

11.11 **No Rule of Construction**. The Parties agree that, because all Parties participated in negotiating and drafting this Agreement, no rule of construction shall apply to this Agreement which construes ambiguous language in favor of or against any Party by reason of that Party's role in drafting this Agreement.

[REMINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Purchaser and Sino Palace have caused this Share Exchange Agreement and Plan of Reorganization to be executed by their respective duly authorized officers, all as of the day and year first above written.

By Purchaser:

CARTAN HOLDINGS INC.

By: /s/ Zubeda Mohamed-Lakhani
Zubeda Mohamed-Lakhani
Chief Executive Officer

By Sino Palace:

SINO PALACE HOLDINGS LTD.

By: /s/ Ying Yuet
Ying Yuet
Chairman and Chief Executive Officer

SCHEDULE OF EXHIBITS

Exhibit A

Disclosure Schedules

RETURN TO TREASURY AGREEMENT

THIS AGREEMENT is made as of the 23rd day of July, 2007 between:

CARTAN HOLDINGS, INC., a corporation formed pursuant to the laws of the State of Nevada and having an office for business located at 999 Canada Place, Suite 404, Vancouver, B.C. Canada V6C 3E3 (the "Company"), and **ZUBEDA MOHAMED-LAKHANI**, an individual having an address located at 6760 Field Place, Burnaby, BC, Canada V5E 3W1, (the "Shareholder").

WHEREAS:

- A. The Shareholder is the registered and beneficial owner of 5,000,000 shares of the Company's common stock.
- B. The Company has entered into a Share Exchange Agreement and Plan of Reorganization with Sino Palace Holdings Limited., a company formed pursuant to the laws of the British Virgin Islands (the "Purchase Agreement").
- C. As a condition to the aforementioned Purchase Agreement, the Shareholder has agreed to return 4,750,000 shares of the Company's common stock (the "Surrendered Shares") held by her to the treasury of the Company for the sole purpose of the Company retiring the Surrendered Shares.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH THAT in consideration of the premises and sum of \$1.00 now paid by the Company to the Shareholder, the receipt and sufficiency whereof is hereby acknowledged, the parties hereto hereby agree as follows:

SURRENDER OF SHARES

1. The Shareholder hereby surrenders to the Company the Surrendered Shares by delivering to the Company herewith a share certificate or certificates representing the Shares, duly endorsed for transfer in blank, notary guaranteed. The Company hereby acknowledges receipt from the Shareholder of the certificates for the sole purpose of retiring the Surrendered Shares.

RETIREMENT OF SHARES

2. The Company agrees, subject to section 3 hereof, to forthwith after the closing of the Purchase Agreement to retire the Surrendered Shares which shall become authorized but unissued.

CONDITION PRECEDENT

3. Notwithstanding any other provision herein, in the event that the transactions contemplated by the Purchase Agreement do not close on or before the deadline set forth in said Purchase Agreement, this Agreement shall terminate and the Company shall forthwith return to the Shareholder the certificates representing the Surrendered Shares.

REPRESENTATIONS AND WARRANTIES

4. The Shareholder represents and warrants to the Company that she is the owner of the Surrendered Shares and that she has good and marketable title to the Surrendered Shares and that the Surrendered Shares are free and clear of all liens, security interests or pledges of any kind whatsoever.

GENERAL

5. Each of the parties will execute and deliver such further and other documents and do and perform such further and other acts as any other party may reasonably require to carry out and give effect to the terms and intention of this Agreement.

6. Time is expressly declared to be the essence of this Agreement.

7. The provisions contained herein constitute the entire agreement among the Company and the Shareholder respecting the subject matter hereof and supersede all previous communications, representations and agreements, whether verbal or written, among the Company and the Shareholder with respect to the subject matter hereof.

8. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

9. This Agreement is not assignable without the prior written consent of the parties hereto.

10. This Agreement may be executed in counterparts, each of which when executed by any party will be deemed to be an original and all of which counterparts will together constitute one and the same Agreement. Delivery of executed copies of this Agreement by telecopier will constitute proper delivery, provided that originally executed counterparts are delivered to the parties within a reasonable time thereafter.

IN WITNESS WHEREOF the parties have executed this Agreement effective as of the day and year first above written.

CARTAN HOLDINGS INC.

BY: /s/ Zubeda Mohamed-Lakhani

Name: Zubeda Mohamed-Lakhani

Title: President and CEO

/s/ Zubeda Mohamed-Lakhani

Zubeda Mohamed-Lakhani

AMENDED AND RESTATED BYLAWS

of

CARTAN HOLDINGS INC.

(the "Corporation")

ARTICLE I: MEETINGS OF SHAREHOLDERS

Section 1 - Annual Meetings

The annual meeting of the shareholders of the Corporation shall be held at the time fixed, from time to time, by the Board of Directors.

Section 2 - Special Meetings

Special meetings of the shareholders may be called by the Board of Directors or such person or persons authorized by the Board of Directors.

Section 3 - Place of Meetings

Meetings of shareholders shall be held at the registered office of the Corporation, or at such other places, within or without the State of Nevada as the Board of Directors may from time to time fix.

Section 4 - Notice of Meetings

A notice convening an annual or special meeting which specifies the place, day, and hour of the meeting, and the general nature of the business of the meeting, must be faxed, personally delivered or mailed postage prepaid to each shareholder of the Corporation entitled to vote at the meeting at the address of the shareholder as it appears on the stock transfer ledger of the Corporation, at least ten (10) days prior to the meeting. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, a shareholder will not invalidate the proceedings at that meeting.

Section 5 - Action Without a Meeting

Unless otherwise provided by law, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting, without prior notice and without a vote if written consents are signed by shareholders representing a majority of the shares entitled to vote at such a meeting, except however, if a different proportion of voting power is required by law, the Articles of Incorporation or these Bylaws, than that proportion of written consents is required. Such written consents must be filed with the minutes of the proceedings of the shareholders of the Corporation.

Section 6 - Quorum

- a) No business, other than the election of the chairman or the adjournment of the meeting, will be transacted at an annual or special meeting unless a quorum of shareholders, entitled to attend and vote, is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.
- b) Except as otherwise provided in these Bylaws, a quorum is constituted by the presence of a majority of the shares of the Corporation entitled to vote, which includes the shares present in person or by proxy, regardless of whether the proxy has authority to vote on all matters.
- c) If within half an hour from the time appointed for an annual or special meeting a quorum is not present, the meeting shall stand adjourned to a day, time and place as determined by the chairman of the meeting.

Section 7 - Voting

Subject to a special voting rights or restrictions attached to a class of shares, each shareholder shall be entitled to one vote for each share of stock in his or her own name on the books of the corporation, whether represented in person or by proxy.

Section 8 - Motions

No motion proposed at an annual or special meeting need be seconded.

Section 9 - Equality of Votes

In the case of an equality of votes, the chairman of the meeting at which the vote takes place is not entitled to have a casting vote in addition to the vote or votes to which he may be entitled as a shareholder or proxyholder.

Section 10 - Dispute as to Entitlement to Vote

In a dispute as to the admission or rejection of a vote at an annual or special meeting, the decision of the chairman made in good faith is conclusive.

Section 11 - Proxy

- a) Each shareholder entitled to vote at an annual or special meeting may do so either in person or by proxy. A form of proxy must be in writing under the hand of the appointer or of his or her attorney duly authorized in writing, or, if the appointer is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer or attorney. A proxyholder need not be a shareholder of the Corporation.
- b) A form of proxy and the power of attorney or other authority, if any, under which it is signed or a facsimiled copy thereof must be deposited at the registered office of the Corporation or at such other place as is specified for that purpose in the notice convening the meeting. In addition to any other method of depositing proxies provided for in these Bylaws, the Directors may from time to time by resolution make regulations relating to the depositing of proxies at a place or places and fixing the time or times for depositing the proxies not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the meeting or adjourned meeting specified in the notice calling a meeting of shareholders.

ARTICLE II: BOARD OF DIRECTORS

Section 1 - Number, Term, Election and Qualifications

- a) The first Board of Directors of the Corporation, and all subsequent Boards of the Corporation, shall consist of not less than one (1) and not more than nine (9) directors. The number of Directors may be fixed and changed from time to time by resolution of the Board of Directors of the Corporation.
- b) The first Board of Directors shall hold office until the first annual meeting of shareholders and until their successors have been duly elected and qualified or until there is a decrease in the number of directors. Thereinafter, Directors will be elected at the annual meeting of shareholders and shall hold office until the annual meeting of the shareholders next succeeding his or her election, or until his or her prior death, resignation or removal. Any Director may resign at any time upon written notice of such resignation to the Corporation.
- c) A vacancy in the Board, occurring as a result of resignation, death, removal, increase in the number of Directors, or otherwise, may be filled by the remaining Directors.
- d) Between successive annual meetings, the Directors have the power to appoint one or more additional Directors as such vacancies may arise. A Director so appointed holds office only until the next following annual meeting of the Corporation, but is eligible for election at that meeting. So long as he or she is an additional Director, the number of Directors will be increased accordingly.
- e) A Director is not required to hold a share in the capital of the Corporation as qualification for his or her office.

Section 2 - Duties, Powers and Remuneration

- a) The Board of Directors shall be responsible for the control and management of the business and affairs, property and interests of the Corporation, and may exercise all powers of the Corporation, except for those powers conferred upon or reserved for the shareholders or any other persons as required under Nevada state law, the Corporation's Articles of Incorporation or by these Bylaws.
- b) The remuneration of the Directors may from time to time be determined by the Directors or, if the Directors decide, by the shareholders.

Section 3 - Meetings of Directors

- a) The President of the Corporation shall preside as chairman at every meeting of the Directors, or if the President is not present or is willing to act as chairman, the Directors present shall choose one of their number to be chairman of the meeting.

b) The Directors may meet together for the dispatch of business, and adjourn and otherwise regulate their meetings as they think fit. Questions arising at a meeting must be decided by a majority of votes. In case of an equality of votes the chairman does not have a second or casting vote. Meetings of the Board held at regular intervals may be held at the place and time upon the notice (if any) as the Board may by resolution from time to time determine.

c) A Director may participate in a meeting of the Board or of a committee of the Directors using conference telephones or other communications facilities by which all Directors participating in the meeting can hear each other and provided that all such Directors agree to such participation. A Director participating in a meeting in accordance with this Bylaw is deemed to be present at the meeting and to have so agreed. Such Director will be counted in the quorum and entitled to speak and vote at the meeting.

d) A Director may, and the Secretary on request of a Director shall, call a meeting of the Board. Reasonable notice of the meeting specifying the place, day and hour of the meeting must be given by mail, postage prepaid, addressed to each of the Directors and alternate Directors at his or her address as it appears on the books of the Corporation or by leaving it at his or her usual business or residential address or by telephone, facsimile or other method of transmitting legibly recorded messages. It is not necessary to give notice of a meeting of Directors to a Director immediately following a shareholder meeting at which the Director has been elected, or is the meeting of Directors at which the Director is appointed.

e) A Director of the Corporation may file with the Secretary a document executed by him waiving notice of a past, present or future meeting or meetings of the Directors being, or required to have been, sent to him and may at any time withdraw the waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until the waiver is withdrawn no notice of a meeting of Directors need be given to the Director. All meetings of the Directors so held will be deemed not to be improperly called or constituted by reason of notice not having been given to the Director.

f) The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and if not so fixed is a majority of the Directors or, if the number of Directors is fixed at one, is one Director.

g) The continuing Directors may act notwithstanding a vacancy in their body but, if and so long as their number is reduced below the number fixed pursuant to these Bylaws as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a shareholder meeting of the Corporation, but for no other purpose.

h) All acts done by a meeting of the Directors, a committee of Directors, or a person acting as a Director, will, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of the Directors, shareholders of the committee or person acting as a Director, or that any of them were disqualified, be as valid as if the person had been duly elected or appointed and was qualified to be a Director.

- A resolution consented to in writing, whether by facsimile or other method of transmitting legibly recorded messages, by all of the Directors is as valid as if it had been passed at a meeting of the Directors duly called and held. A resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution must be filed with the minutes of the proceedings of the directors and is effective on the date stated on it or on the latest date stated on a counterpart.
- i)
- j) All Directors of the Corporation shall have equal voting power.

Section 4 - Removal

One or more or all the Directors of the Corporation may be removed with or without cause at any time by a vote of two-thirds of the shareholders entitled to vote thereon, at a special meeting of the shareholders called for that purpose. A vacancy caused by the removal of a Director or Directors by shareholders, may be filled by the shareholders representing a majority of the shareholders entitled to vote thereon at the same special meeting in which the removal occurred. In the event shareholders do not fill the vacancy, the Board of Directors may fill the vacancy in accordance with its authority set forth herein at Article II, Section 1.

Section 5 - Committees

- The Directors may from time to time by resolution designate from among its members one or more committees, and alternate members thereof; as they deem desirable, each consisting of one or more members, with such powers and authority (to the extent permitted by law and these Bylaws) as may be provided in such resolution. Each such committee shall serve at the pleasure of the Board of Directors and unless otherwise stated by law, the Certificate of Incorporation of the Corporation or these Bylaws, shall be governed by the rules and regulations stated herein regarding the Board of Directors.
- a)

- Each Committee shall keep regular minutes of its transactions, shall cause them to be recorded in the books kept for that purpose, and shall report them to the Board at such times as the Board may from time to time require. The Board has the power at any time to revoke or override the authority given to or acts done by any Committee.
- b)

ARTICLE III: OFFICERS

Section 1 - Number, Qualification, Election and Term of Office

- The Corporation's officers shall have such titles and duties as shall be stated in these Bylaws or in a resolution of the Board of Directors which is not inconsistent with these Bylaws. The officers of the Corporation shall consist of a president, secretary, treasurer, and also may have one or more vice presidents, assistant secretaries and assistant treasurers and such other officers as the Board of Directors may from time to time deem advisable. Any officer may hold two or more offices in the Corporation, and may or may not also act as a Director.
- a)

- The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of shareholders.
- b)

- Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his or her election, and until his or her successor shall have been duly elected and qualified, subject to earlier termination by his or her death, resignation or removal.
- c)
-

Section 2 - Resignation

Any officer may resign at any time by giving written notice of such resignation to the Corporation.

Section 3 - Removal

Any officer appointed by the Board of Directors may be removed by a majority vote of the Board, either with or without cause, and a successor appointed by the Board at any time, and any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

Section 4 - Remuneration

The remuneration of the Officers of the Corporation may from time to time be determined by the Directors or, if the Directors decide, by the shareholders.

Section 5 - Conflict of Interest

Each officer of the Corporation who holds another office or possesses property whereby, whether directly or indirectly, duties or interests might be created in conflict with his or her duties or interests as an officer of the Corporation shall, in writing, disclose to the President the fact and the nature, character and extent of the conflict and abstain from voting with respect to any resolution in which the officer has a personal interest.

ARTICLE V: SHARES OF STOCK

Section 1 - Certificate of Stock

- a) The shares of the Corporation may be represented by certificates or may be uncertificated shares.

Certificated shares of the Corporation shall be signed, either manually or by facsimile, by officers or agents designated by the Corporation for such purposes, and shall certify the number of shares owned by the shareholder in the Corporation. Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, and by a registrar, then a facsimile of the signatures of the officers or agents, the transfer agent or transfer clerk or the registrar of the Corporation may be printed or

- b) lithographed upon the certificate in lieu of the actual signatures. If the Corporation uses facsimile signatures of its officers and agents on its stock certificates, it cannot act as registrar of its own stock, but its transfer agent and registrar may be identical if the institution acting in those dual capacities countersigns or otherwise authenticates any stock certificates in both capacities. If any officer who has signed or whose facsimile signature has been placed upon such certificate, shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

- c) If the Corporation has issued uncertificated shares as provided for in these Bylaws, within a reasonable time after the issuance or transfer of such uncertificated shares, and at least annually thereafter, the Corporation shall send the shareholder a written statement certifying the number of shares owned by such shareholder in the Corporation.

- d) Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.
- e) If a share certificate:
 - (i) is worn out or defaced, the Directors shall, upon production to them of the certificate and upon such other terms, if any, as they may think fit, order the certificate to be cancelled and issue a new certificate;
 - (ii) is lost, stolen or destroyed, then upon proof being given to the satisfaction of the Directors and upon and indemnity, if any being given, as the Directors think adequate, the Directors shall issue a new certificate; or
 - (iii) represents more than one share and the registered owner surrenders it to the Corporation with a written request that the Corporation issue in his or her name two or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered, the Corporation shall cancel the certificate so surrendered and issue new certificates in accordance with such request.

Section 2 - Transfers of Shares

- a) Transfers or registration of transfers of shares of the Corporation shall be made on the stock transfer books of the Corporation by the registered holder thereof, or by his or her attorney duly authorized by a written power of attorney; and in the case of shares represented by certificates, only after the surrender to the Corporation of the certificates representing such shares with such shares properly endorsed, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and the payment of all stock transfer taxes due thereon.
- b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 3 - Record Date

- a) The Directors may fix in advance a date, which must not be more than 60 days permitted by the preceding the date of a meeting of shareholders or a class of shareholders, or of the payment of a dividend or of the proposed taking of any other proper action requiring the determination of shareholders as the record date for the determination of the shareholders entitled to notice of, or to attend and vote at, a meeting and an adjournment of the meeting, or entitled to receive payment of a dividend or for any other proper purpose and, in such case, notwithstanding anything in these Bylaws, only shareholders of records on the date so fixed will be deemed to be the shareholders for the purposes of this Bylaw.

- b) Where no record date is so fixed for the determination of shareholders as provided in the preceding Bylaw, the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, is the record date for such determination.

Section 4 - Fractional Shares

Notwithstanding anything else in these Bylaws, the Corporation, if the Directors so resolve, will not be required to issue fractional shares in connection with an amalgamation, consolidation, exchange or conversion. At the discretion of the Directors, fractional interests in shares may be rounded to the nearest whole number, with fractions of 1/2 being rounded to the next highest whole number, or may be purchased for cancellation by the Corporation for such consideration as the Directors determine. The Directors may determine the manner in which fractional interests in shares are to be transferred and delivered to the Corporation in exchange for consideration and a determination so made is binding upon all shareholders of the Corporation. In case shareholders having fractional interests in shares fail to deliver them to the Corporation in accordance with a determination made by the Directors, the Corporation may deposit with the Corporation's Registrar and Transfer Agent a sum sufficient to pay the consideration payable by the Corporation for the fractional interests in shares, such deposit to be set aside in trust for such shareholders. Such setting aside is deemed to be payment to such shareholders for the fractional interests in shares not so delivered which will thereupon not be considered as outstanding and such shareholders will not be considered to be shareholders of the Corporation with respect thereto and will have no right except to receive payment of the money so set aside and deposited upon delivery of the certificates for the shares held prior to the amalgamation, consolidation, exchange or conversion which result in fractional interests in shares.

ARTICLE VI: DIVIDENDS

- a) Dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine and shares may be issued pro rata and without consideration to the Corporation's shareholders or to the shareholders of one or more classes or series.
- b) Shares of one class or series may not be issued as a share dividend to shareholders of another class or series unless such issuance is in accordance with the Articles of Incorporation and:
- (i) a majority of the current shareholders of the class or series to be issued approve the issue; or
 - (ii) there are no outstanding shares of the class or series of shares that are authorized to be issued as a dividend.

ARTICLE VII: BORROWING POWERS

- a) The Directors may from time to time on behalf of the Corporation:
- (i) borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as they think fit,

- (ii) issue bonds, debentures and other debt obligations either outright or as security for liability or obligation of the Corporation or another person, and
- (iii) mortgage, charge, whether by way of specific or floating charge, and give other security on the undertaking, or on the whole or a part of the property and assets of the Corporation (both present and future).

A bond, debenture or other debt obligation of the Corporation may be issued at a discount, premium or otherwise, and with a special privilege as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at shareholder meetings of the Corporation, appointment of Directors or otherwise, and may by its terms be assignable free from equities between the Corporation and the person to whom it was issued or a subsequent holder thereof, all as the Directors may determine.

ARTICLE VIII: FISCAL YEAR

The fiscal year end of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors from time to time, subject to applicable law.

ARTICLE IX: CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be prescribed and altered, from time to time, by the Board of Directors. The use of a seal or stamp by the Corporation on corporate documents is not necessary and the lack thereof shall not in any way affect the legality of a corporate document.

ARTICLE X: AMENDMENTS

Section 1 - By Shareholders

All Bylaws of the Corporation shall be subject to alteration or repeal, and new Bylaws may be made by a majority vote of the shareholders at any annual meeting or special meeting called for that purpose.

Section 2 - By Directors

The Board of Directors shall have the power to make, adopt, alter, amend and repeal, from time to time, Bylaws of the Corporation.

ARTICLE XI: DISCLOSURE OF INTEREST OF DIRECTORS

a) A Director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Corporation or who holds an office or possesses property whereby, directly or indirectly, a duty or interest might be created to conflict with his or her duty or interest as a Director, shall declare the nature and extent of his or her interest in such contract or transaction or of the conflict with his or her duty and interest as a Director, as the case may be.

b) A Director shall not vote in respect of a contract or transaction with the Corporation in which he is interested and if he does so his or her vote will not be counted, but he will be counted in the quorum present at the meeting at which the vote is taken. The foregoing prohibitions do not apply to:

- (i) a contract or transaction relating to a loan to the Corporation, which a Director or a specified corporation or a specified firm in which he has an interest has guaranteed or joined in guaranteeing the repayment of the loan or part of the loan;
- (ii) a contract or transaction made or to be made with or for the benefit of a holding corporation or a subsidiary corporation of which a Director is a director or officer;
- (iii) a contract by a Director to subscribe for or underwrite shares or debentures to be issued by the Corporation or a subsidiary of the Corporation, or a contract, arrangement or transaction in which a Director is directly or indirectly interested if all the other Directors are also directly or indirectly interested in the contract, arrangement or transaction;
- (iv) determining the remuneration of the Directors;
- (v) purchasing and maintaining insurance to cover Directors against liability incurred by them as Directors; or
- (vi) the indemnification of a Director by the Corporation.

c) A Director may hold an office or place of profit with the Corporation (other than the office of Auditor of the Corporation) in conjunction with his or her office of Director for the period and on the terms (as to remuneration or otherwise) as the Directors may determine. No Director or intended Director will be disqualified by his or her office from contracting with the Corporation either with regard to the tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, and, no contract or transaction entered into by or on behalf of the Corporation in which a Director is interested is liable to be voided by reason thereof.

d) A Director or his or her firm may act in a professional capacity for the Corporation (except as Auditor of the Corporation), and he or his or her firm is entitled to remuneration for professional services as if he were not a Director.

e) A Director may be or become a director or other officer or employee of, or otherwise interested in, a corporation or firm in which the Corporation may be interested as a shareholder or otherwise, and the Director is not accountable to the Corporation for remuneration or other benefits received by him as director, officer or employee of, or from his or her interest in, the other corporation or firm, unless the shareholders otherwise direct.

ARTICLE XII: ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT

The Corporation shall, within sixty days after the filing of its Articles of Incorporation with the Secretary of State, and annually thereafter on or before the last day of the month in which the anniversary date of incorporation occurs each year, file with the Secretary of State a list of its president, secretary and treasurer and all of its Directors, along with the post office box or street address, either residence or business, and a designation of its resident agent in the state of Nevada. Such list shall be certified by an officer of the Corporation.

ARTICLE XIII: INDEMNIFICATION

Section 1 - Indemnification in Actions By Third Parties

To the fullest extent permitted by law, the Corporation shall have the power to indemnify any Director, Officer, employee or agent of the Corporation who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Corporation) against expenses, judgments, fines, settlements and other amounts actually or reasonably incurred in connection with such proceeding, provided that the Board shall find that the director officer, employee or agent acted in good faith and in a manner which such person reasonably believed in the best interests of the Corporation, and in the case of criminal proceedings had no reasonable cause to believe the conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere shall not in itself create a presumption that such person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that such person had reasonable cause to believe such person's conduct was unlawful.

Section 2 - Indemnification in Actions By or On Behalf of the Corporation

To the fullest extent permitted by law, the Corporation shall have the power to indemnify any Director, Officer, employee or agent of the corporation who was or is threatened to be made a party to any to any threatened, pending or completed legal action by or in the right of the Corporation to procure a judgment in its favor, against expenses actually and reasonably incurred by such person in connection with the defense or settlement, if the Board determine that such person acted in good faith, in a manner which such person reasonably believed in the best interests of the Corporation and with such are, including reasonable inquiry, as an ordinarily, prudent person would use under similar circumstances.

Section 3 - Authorization of Indemnification

Indemnification under this Article may be made by the Corporation only as authorized in the specific case upon determination that indemnification of the Director, Officer, employee or agent is proper in the circumstances. The Determination must be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to the proceedings at issue; or (ii) if a majority vote of a quorum consisting of directors who were not parties to the proceeding at issue so orders, by independent legal counsel in a written opinion; ,or (iii) if a quorum consisting of directors who are not parties to the proceeding at issue cannot be obtained, by independent legal counsel in a written opinion; or (iv) by the vote of the shareholders, represented by a majority of the shares entitled to vote.

Section 4 - Advancement of Expenses

Expenses incurred in defending any proceeding may be advanced by the Corporation prior to final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Director, Officer, employee or agent to repay such amount unless it is determined ultimately that the Director, Officer, employee or agent is entitle to be indemnified by this Article.

Section 5 - Insurance

The Directors may cause the Corporation to purchase and maintain insurance on behalf of any Director, Officer, employee or agent against any liability asserted against or incurred by the Director, Officer, employee of agent in such capacity or arising out of such person's status as such whether or not the Corporation would have the power to indemnify the Director, Officer, employee or agent against such liability under the provisions of this Article.

CERTIFIED TO BE THE AMENDED AND RESTATED BYLAWS OF:

CARTAN HOLDINGS INC.

/s/ Zubeda Mohamed

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

CARTAN HOLDINGS INC.

CARTAN HOLDINGS INC., a corporation existing under the laws of the State of Nevada (the “corporation”), hereby certifies as follows:

1. The name of the corporation is Cartan Holdings Inc. The date of the filing of the corporation’s original Articles of Incorporation was November 12, 2003.
2. This Amended and Restated Articles of Incorporation restates, integrates and amends the Articles of Incorporation of the corporation.
3. This Amended and Restated Articles of Incorporation was duly adopted by written consent of the stockholders of the corporation in accordance with the applicable provisions of NRS 78.320 of the General Corporation Law of the State of Nevada.
4. The text of the Articles of Incorporation as amended heretofore is further amended hereby to read as herein set forth in full:

FIRST. The name of the corporation is Shiner International, Inc.

SECOND. The registered office of the corporation in the State of Nevada is located at 1802 N. Carson Street, Suite 212, Carson City, Nevada 89701. The corporation may maintain an office, or offices, in such other places within or without the State of Nevada as may be from time to time designated by the Board of Directors or the By-Laws of the corporation. The corporation may conduct all corporation business of every kind and nature outside the State of Nevada as well as within the State of Nevada.

THIRD. The objects for which this corporation is formed are to engage in any lawful activity, and the corporation shall have the powers including, but not limited to the following:

- (a) Shall have such rights, privileges and powers as may be conferred upon corporations by any existing law.
- (b) May at any time exercise such rights, privileges and powers, when not inconsistent with the purposes and objects for which this corporation is organized.
- (c) Shall have power to have succession by its corporate name for the period limited in its certificate or articles of incorporation, and when no period is limited, perpetually, or until dissolved and its affairs wound up according to law.
- (d) Shall have power to sue and be sued in any court of law or equity.
- (e) Shall have power to make contracts.
- (f) Shall have power to hold, purchase and convey real and personal estate and to mortgage or lease any such real and personal estate with its franchises. The power to hold real and personal estate shall include the power to take the same by devise or bequest in the State of Nevada, or in any other state, territory or country.

- (g) Shall have power to appoint such officers and agents as the affairs of the corporation shall require, and to allow them suitable compensation.
- (h) Shall have power to make By-Laws not inconsistent with the constitution or laws of the United States, or of the State of Nevada, for the management, regulation and government of its affairs and property, the transfer of its stock, the transaction of its business, and the calling and holding of meetings of its stockholders.
- (i) Shall have power to wind up and dissolve itself, or be wound up or dissolved.
- (j) Shall have power to adopt and use a common seal or stamp, and alter the same at pleasure. The use of a seal or stamp by the corporation on any corporate documents is not necessary. The corporation may use a seal or stamp, if it desires, but such use or nonuse shall not in any way affect the legality of the document.
- (k) Shall have the power to borrow money and contract debts when necessary for the transaction of its business, or for the exercise of its corporate rights, privileges or franchises, or for any other lawful purpose of its incorporation; to issue bonds, promissory notes, bills of exchange, debentures, and other obligations and evidences of indebtedness, payable at a specified time or times, or payable upon the happening of a specified event or events, whether secured by mortgage, pledge or otherwise, or unsecured, for money borrowed, or in payment for property purchased, or acquired, or for any other lawful object.
- (l) Shall have power to guarantee, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bonds, securities or evidences of the indebtedness created by, any other corporation or corporations of the State of Nevada, or any other state or government, and, while owners of such stock, bonds, securities or evidences of indebtedness, to exercise all rights, powers and privileges of ownership, including the right to vote, if any.
- (m) Shall have power to purchase, hold, sell and transfer shares of its own capital stock, and use therefore its capital, capital surplus, surplus, or other property to fund.
- (n) Shall have power to conduct business, have one or more offices, and conduct any legal activity in the State of Nevada, and in any of the several states, territories, possessions and dependencies of the United States, the District of Columbia, and any foreign countries.
- (o) Shall have power to do all and everything necessary and proper for the accomplishment of the objects enumerated in its certificate or articles of incorporation, or any amendment thereof, or necessary or incidental to the protection and benefit of the corporation, and, in general, to carry on any lawful business necessary or incidental to the attainment of the objects of the corporation, whether or not such business is similar in nature to the objects set forth in the certificate or articles of incorporation of the corporation, or any amendments thereof
- (p) Shall have power to make donations for the public welfare or for charitable, scientific or educational purposes.
- (q) Shall have power to enter into partnerships, general or limited, or joint ventures, in connection with any lawful activities, as may be allowed by law.

FOURTH. That the total number of stock authorized that may be issued by the Corporation is Seventy-Five Million (75,000,000) shares of Common stock with a par value of One tenth of One Cent (\$0.001) per share and no other class of stock shall be authorized. Said shares may be issued by the corporation from time to time for such considerations as may be fixed by the Board of Directors.

FIFTH. The governing board of the corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the By-Laws of this corporation, providing that the number of directors shall not be reduced to fewer than one (1).

SIXTH. The capital stock, after the amount of the subscription price, or par value, has been paid in, shall not be subject to assessment to pay the debts of the corporation.

SEVENTH. The Resident Agent for this corporation shall be VAL-U-CORP SERVICES, INC. The address of the Resident Agent, and, the registered or statutory address of this corporation in the State of Nevada, shall be: 1802 N. Carson Street, Suite 212, Carson City, Nevada 89701.

EIGHTH. The corporation is to have perpetual existence.

NINTH. In furtherance and not in limitation of the powers conferred by the statute, the Board of Directors is expressly authorized:

- (a) Subject to the By-Laws, if any, adopted by the Stockholders, to make, alter or amend the By-Laws of the corporation.
- (b) To fix the amount to be reserved as working capital over and above its capital stock paid in; to authorize and cause to be executed, mortgages and liens upon the real and personal property of this corporation.
By resolution passed by a majority of the whole Board, to designate one (1) or more committees, each committee to consist of one or more of the Directors of the corporation, which, to the extent provided in the resolution, or in the By-Laws of the corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation. Such committee, or committees, shall have such name, or names as may be stated in the By-Laws of the corporation, or as may be determined from time to time by resolution adopted by the Board of Directors.
- (c) When and as authorized by the affirmative vote of the Stockholders holding stock entitling them to exercise at least a majority of the voting power given at a Stockholders meeting called for that purpose, or when authorized by the written consent of the holders of at least a majority of the voting stock issued and outstanding, the Board of Directors shall have power and authority at any meeting to sell, lease or exchange all of the property and assets of the corporation, including its good will and its corporate franchises, upon such terms and conditions as its Board of Directors deems expedient and for the best interests of the corporation.
- (d)

TENTH. No shareholder shall be entitled as a matter of right to subscribe for or receive additional shares of any class of stock of the corporation, whether now or hereafter authorized, or any bonds, debentures or securities convertible into stock, but such additional shares of stock or other securities convertible into stock may be issued or disposed of by the Board of Directors to such persons and on such terms as in its discretion it shall deem advisable.

ELEVENTH. No Director or Officer of the corporation shall be personally liable to the corporation or any of its stockholders for damages for breach of fiduciary duty as a Director or Officer involving any act or omission of any such Director or Officer; provided, however, that the foregoing provision shall not eliminate or limit the liability of a Director or Officer (i) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of the law, or (ii) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes. Any repeal or modification of this Article by the Stockholders of the corporation shall be prospective only, and shall not adversely affect any limitations on the personal liability of a Director or Officer of the corporation for acts or omissions prior to such repeal or modification.

TWELFTH. This corporation reserves the right to amend, alter, change or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, or by the Articles of Incorporation, and all rights conferred upon Stockholders herein are granted subject to this reservation.

I, the undersigned, being the Chief Executive Officer of the Corporation, do make and file these Amended and Restated Articles of Incorporation, hereby declaring and certifying that the facts herein stated are true, and accordingly have hereunto set my hand this July 24, 2007.

/s/ Fu Jian

Fu Jian

Chief Executive Officer

NUMBER

289

COMMON STOCK

SHARES

250

COMMON STOCK

CUSIP 146083 10 0

SEE REVERSE FOR CERTAIN DEFINITIONS

CARTAN HOLDINGS INC.

SHARES AUTHORIZED: 75,000,000
PAR VALUE: \$0.001

INCORPORATED UNDER THE LAWS OF THE STATE OF
NEVADA

THIS CERTIFIES THAT

CEDE & CO

is the Owner of

TWO HUNDRED FIFTY

FULLY PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

CARTAN HOLDINGS INC.

transferable on the books of the Corporation by the holder hereof, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

Witness this facsimile seal of said Corporation and the facsimile signatures of its duly authorized officers.

Dated: **March 5, 2007**

COUNTERSIGNED AND REGISTERED:

EMPIRE STOCK TRANSFER INC.

by

SPECIMEN
AUTHORIZED SIGNATURE

Transfer Agent and Registrar



Lakshani

SECRETARY

Lakshani

PRESIDENT

0000

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)
under Uniform Gifts to Minors Act

(State)

Additional abbreviations may also be used though not in the above list.

For Value Received, _____ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER

(PLEASE PRINT OR TYPE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE)

Shares of the Common Stock represented by this Certificate, and hereby irrevocably constitutes and appoints

Attorney to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated _____

NOTICE THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THIS CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

SIGNATURE(S) GUARANTEED

NOTICE THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM PURSUANT TO S.E.C. RULE 17AD-15.

SHINER GROUP
Combined Financial Statements
For The Years Ended December 31, 2006 and 2005
And The Three Months Ended March 31, 2007 and 2006 (unaudited)

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Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders of
Shiner Group

We have audited the accompanying combined balance sheet of Shiner Group as of December 31, 2006, and the related combined statements of income and other comprehensive income, stockholders' equity, and cash flows for the years ended December 31, 2006 and 2005. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Shiner Group Limited as of December 31, 2006, and the combined results of their operations and their combined cash flows for the years ended December 31, 2006 and 2005, in conformity with U.S. generally accepted accounting principles.

Goldman & Parks LLP

Tarzana, California

June 10, 2007

SHINER GROUP
COMBINED BALANCE SHEETS
AS OF DECEMBER 31, 2006 and MARCH 31, 2007

	<u>December 31,</u> <u>2006</u>	<u>March 31,</u> <u>2007</u> (Unaudited)
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash & cash equivalents	\$938,268	550,692
Accounts receivable, net of allowance for doubtful accounts	6,909,100	5,551,314
Advances to suppliers	1,311,639	1,595,743
Other receivable	440,388	367,793
Notes Receivable	94,726	200,694
Inventory	4,482,772	5,539,016
Prepaid expense and other current assets	33,662	8,452
	<hr/>	<hr/>
Total current assets	14,210,555	13,813,704
Property and Equipment, net	5,562,946	5,764,487
Deposit	-	141,179
Intangible assets	323,503	325,351
	<hr/>	<hr/>
TOTAL ASSETS	\$20,097,004	20,044,721
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable	\$4,194,865	4,363,994
Other payables	158,359	2,565,561
Unearned revenue	431,799	675,352
Accrued payroll	51,115	61,439
Short term loans	768,840	776,880
Advance from related party	3,536,094	610,499
Dividend Payable	1,649,116	805,268
Tax and welfare payable	133,552	320,776
	<hr/>	<hr/>
Total current liabilities	10,923,740	10,179,769
STOCKHOLDERS' EQUITY:		
Common stock	1,245,212	1,245,212
Additonal paid-in capital	60,113	109,344
Other comprehensive income	431,310	527,166
Statutory reserve	1,875,939	2,005,612
Retained earnings	5,560,690	5,977,618
	<hr/>	<hr/>
Total stockholders' equity	9,173,264	9,864,952
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$20,097,004	20,044,721

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

SHINER GROUP
COMBINED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005
AND THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (unaudited)

	Years Ended December 31, 2006	2005	Three Months Ended March 31, 2007 (unaudited)	2006 (unaudited)
Net Revenue	\$33,951,965	\$27,854,924	\$5,974,241	\$7,205,805
Cost of Revenue	27,328,787	21,986,202	4,969,523	5,820,273
Gross profit	6,623,178	5,868,722	1,004,718	1,385,532
Operating expenses				
Selling expenses	1,578,585	1,459,661	208,525	324,942
General and administrative expenses	1,194,911	1,003,262	328,800	248,931
Total operating expenses	2,773,496	2,462,923	537,325	573,873
Income from operations	3,849,682	3,405,799	467,393	811,659
Non-operating income (expense):				
Other income (expense)	278,545	109,002	155,790	33,698
Interest income	1,443	1,510	3,880	328
Interest expense	(330,530)	(408,931)	(21,268)	(13,107)
Exchange Gain (Loss)	(23,301)	(2,112)	(741)	(852)
Total non-operating income (expense)	(73,843)	(300,531)	137,661	20,067
Income before income tax	3,775,839	3,105,268	605,054	831,726
Income tax	214,504	-	58,453	49,197
Net income	3,561,335	3,105,268	\$546,601	\$782,529
Other comprehensive income				
Foreign currency translation gain	282,693	148,617	95,856	51,891
Comprehensive Income	<u>\$3,844,028</u>	<u>\$3,253,885</u>	<u>\$642,457</u>	<u>\$834,420</u>

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

SHINER GROUP
COMBINED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid in Capital	Other Comprehensive Income	Statutory Reserve	Retained Earnings	Total Stockholders' Equity
Balance January 1, 2005	\$1,245,212	-	-	\$551,844	\$2,136,125	\$3,933,181
Capital contribution		\$60,113.00				60,113
Change in foreign currency translation gain			148,617			148,617
Net income for the year ended December 31, 2005					3,105,268	3,105,268
Transfer to statutory reserve				606,660	(606,660)	-
Balance December 31, 2005	1,245,212	60,113	148,617	1,158,504	4,634,733	7,247,179
Change in foreign currency translation gain			282,693			282,693
Dividends					(1,917,943)	(1,917,943)
Net income for the year ended December 31, 2006					3,561,335	3,561,335
Transfer to statutory reserve				717,435	(717,435)	-
Balance December 31, 2006	1,245,212	60,113	431,310	1,875,939	5,560,690	9,173,264
Capital contribution (unaudited)		49,231				49,231
Change in foreign currency translation gain (unaudited)			95,856			95,856
Net income for the three months March 31, 2007 (unaudited)					546,601	546,601
Transfer to statutory reserve (unaudited)				129,673	(129,673)	-
Balance March 31, 2007 (unaudited)	<u>\$1,245,212.00</u>	<u>\$109,344</u>	<u>\$ 527,166</u>	<u>\$2,005,612</u>	<u>\$5,977,618</u>	<u>\$9,864,952</u>

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

SHINER GROUP
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2006 and 2005
AND THE THREE MONTHS ENDED MARCH 31, 2007 AND 2006 (unaudited)

	Years Ended December 31, 2006	2005	Three Months Ended March 31, 2007 (unaudited)	2006 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$3,561,335	\$3,105,268	\$546,601	\$782,529
Adjustments to reconcile net income to net cash provided in operating activities:				
Depreciation	494,216	440,296	160,773	117,523
Loss on disposal of property and equipment	17,991	2,613	-	18,608
Amortization	5,948	5,787	1,529	1,472
(Increase) / decrease in assets:				
Accounts receivable	(1,064,201)	717,208	1,424,140	(1,176,805)
Other receivable	(9,573)	238,993	76,882	1,576
Inventory	200,212	(716,452)	(1,005,045)	(146,080)
Advances to suppliers	(224,483)	(728,296)	(269,272)	(407,393)
Other assets	15,599	66,902	25,457	(7,662)
Increase / (decrease) in current liabilities:				
Accounts payable	735,793	738,957	124,746	734,910
Unearned revenue	111,142	231,837	238,051	74,836
Other payables	(706,358)	(7,444)	2,395,624	(96,366)
Due to related party				(20,694)
Accrued payroll	6,143	5,878	9,749	(10,532)
Tax and welfare payable	31,206	(52,288)	185,061	128,776
Deposit	-	-	(140,596)	-
Net cash provided (used) by operating activities	<u>3,174,970</u>	<u>4,049,259</u>	<u>3,773,700</u>	<u>(5,302)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments on (issuance of) notes receivable	394,772	(59,385)	(104,545)	36,024
Construction-in-process	1,187,706	(218,556)	-	(42,575)
Acquisition of property and equipment	(2,288,639)	(285,795)	(306,034)	(100,745)
Short-term Investment	-	-	-	(12,416)
Net cash used in investing activities	<u>(706,161)</u>	<u>(563,736)</u>	<u>(410,579)</u>	<u>(119,712)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Short -term loan payable	752,580	-	-	372,489
Repayment of related parties advances	(3,094,115)	(2,849,892)	(2,950,356)	(902,898)
Dividend payable	(303,703)	-	(857,542)	-
Capital contribution	-	-	49,231	-
Net cash used in financing activities	<u>(2,645,238)</u>	<u>(2,849,892)</u>	<u>(3,758,667)</u>	<u>(530,409)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>33,081</u>	<u>20,599</u>	<u>7,970</u>	<u>4,152</u>

NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(143,348)	656,230	(387,576)	(651,271)
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	1,081,616	425,386	938,268	1,081,616
CASH & CASH EQUIVALENTS, ENDING BALANCE	<u>\$938,268</u>	<u>\$1,081,616</u>	<u>550,692</u>	<u>\$430,345</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Loan interest paid	<u>\$21,841</u>	<u>\$-</u>	<u>\$13,040</u>	<u>\$3,811</u>
Notes discount interest paid	<u>\$32,794</u>	<u>\$34,742</u>	<u>\$8,228</u>	<u>\$7,165</u>
Income taxes paid	<u>\$119,230</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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

Note 1 - Organization and Basis of Presentation

Organization and Line of Business

The accompanying combined financial statements of the Shiner Group (the “Company”) include the accounts of Hainan Shiner Industrial Co., Ltd. (“Shiner”), Hainan Shiny-day Color Printing Packaging Co., Ltd., (“Shiny-day”), Hainan Modern Hi-Tech Industrial Co., Ltd. (“Modern”), and Zhuhai Modern Huanuo Packaging Material Co., Ltd. (“Zhuhai”). All four corporations are formed under the laws of the People’s Republic of China (“PRC”). All significant inter-company accounts and transactions have been eliminated in combined financial statements. Shiner and Shiny-day have one common shareholder, Sino Palace Holdings Limited (“Sino Palace”), a British Virgin Islands company. Modern, formed in December 2006, is 40% owned by Shiny-day and 60% owned by Shiner. Zhuhai, formed in January 2007, was 70% owned by Shiner and 30% owned by Hua Hai Sheng Hui (HK) Company Limited (“Hua Hai”) as of March 31, 2007. At June 8, 2007, Hua Hai transferred its 30% shares of Zhuhai to Sino Palace. The financial statements are shown on a combined basis as all four companies are under common ownership.

The Company is engaged in research, manufacture, sale, and distribution of packaging film and color printing for the packaging industry.

Basis of Presentation

The accompanying combined 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; however the accompanying combined financial statements have been translated and presented in United States Dollars (\$).

Foreign Currency Translation

As of December 31, 2006 and March 31, 2007, the accounts of the Company were maintained, and their financial statements were expressed in the 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. According to the Statement, all assets and liabilities were translated at the exchange rate on the balance sheet date, stockholder’s equity are translated at the historical rates and statement of operations items are translated at the weighted average exchange rate for the year. The resulting translation adjustments are reported under other comprehensive income in accordance with SFAS No. 130, “Reporting Comprehensive Income.” Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the income statement.

Interim Financial Statements

The unaudited financial information furnished herein reflects all adjustments, consisting only of normal recurring adjustments, which in the opinion of management, are necessary to fairly state the Company’s combined financial position, the combined results of their operations, and cash flows for the periods presented. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results for the entire fiscal year ending December 31, 2007. The accompanying unaudited financial statements are presented in accordance with the requirements for Form 10-QSB and Article 10 of Regulation S-X and Regulation S-B. Accordingly, they do not include all the disclosures normally required by generally accepted accounting principles.

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

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

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. Reserves are recorded primarily on a specific identification basis. Allowance for doubtful debts amounted to \$52,460 and \$53,008 (unaudited) at December 31, 2006 and March 31, 2007, respectively.

Advances to Suppliers

The Company advances to certain vendors for purchase of its material. The advances to suppliers are interest free and unsecured. The advances to suppliers amounted to \$1,311,639 and \$1,595,743 (unaudited) at December 31, 2006 and March 31, 2007, respectively.

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

Inventories

Inventories are valued at the lower of cost (determined on a weighted average basis) or market. The Management compares the cost of inventories with the market value and allowance is made for writing down their inventories to market value, if lower.

Notes Receivable

Notes receivable consist of several notes that are due from third parties that accrue no interest. The notes are generally due within six months from the date of issuance.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to earnings as incurred; additions, renewals and betterments are capitalized. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using the straight-line method for substantially all assets with estimated lives of:

Operating equipment	10 years
Vehicles	8 years
Office equipment	5 years
Buildings and improvements	20 years

At December 31, 2006 and March 31, 2007, the following are the details of the property and equipment:

	December 31, 2006	March 31, 2007 (unaudited)
Operating equipment	\$5,411,886	\$5,618,677
Vehicles	65,943	66,632
Office equipment	275,281	300,907
Buildings and improvements	1,250,026	1,394,961
	7,003,136	7,381,177
Less accumulated depreciation	(1,440,190)	(1,616,690)
	<u>\$5,562,946</u>	<u>\$5,764,487</u>

Depreciation expense for the years ended December 31, 2006 and 2005 and for the three months ended March 31, 2007 and 2006 was \$494,216, \$440,296, \$160,773 (unaudited) and \$117,523 (unaudited), respectively.

Long-Lived Assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," and the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations for a Disposal of a Segment of a Business." The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with SFAS 144. SFAS 144 requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets

to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of December 31, 2006 and March 31, 2007 there were no significant impairments of its long-lived assets.

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

Intangible Assets

Intangible assets consist of Rights to use land. The Company evaluates intangible assets for impairment, at least on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable from its estimated future cash flows. Recoverability of intangible assets, other long-lived assets and, goodwill is measured by comparing their net book value to the related projected undiscounted cash flows from these assets, considering a number of factors including past operating results, budgets, economic projections, market trends and product development cycles. If the net book value of the asset exceeds the related undiscounted cash flows, the asset is considered impaired, and a second test is performed to measure the amount of impairment loss.

Fair Value of Financial Instruments

Statement of financial accounting standard No. 107, Disclosures about fair value of financial instruments, requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Revenue Recognition

The Company's revenue recognition policies are in compliance with Staff accounting bulletin (SAB) 104. Sales revenue is recognized at the date of shipment to customers when a formal arrangement exists, the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectibility is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising Costs

The Company expenses the cost of advertising as incurred or, as appropriate, the first time the advertising takes place. Advertising costs for the years ended December 31, 2006 and 2005 and for the three months ended March 31, 2007 and 2006 were not significant.

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

Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with SFAS No. 123R, “Share-Based Payment, an Amendment of FASB Statement No. 123.” The Company recognizes in the statement of operations the grant-date fair value of stock options and other equity-based compensation issued to employees and non-employees. No options have been granted.

Income Taxes

The Company utilizes SFAS No. 109, “Accounting for Income Taxes,” which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

Earnings Per Share

Earnings per shares is not presented since these accompanying financial statements are presented on a combined basis and presenting earnings per share based on the total shares outstanding among the four combined entities would not be meaningful.

Foreign Currency Transactions and Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain statements, however, require entities to report specific changes in assets and liabilities, such as gain or loss on foreign currency translation, as a separate component of the equity section of the balance sheet. Such items, along with net income, are components of comprehensive income. The functional currency of the Company is Chinese Renminbi. The unit of Renminbi is in Yuan. Translation gains of \$431,310 and \$527,166 (unaudited) at December 31, 2006 and March 31, 2007, respectively, are classified as an item of other comprehensive income in the stockholders’ equity section of the combined balance sheet. During the years ended December 31, 2006 and 2005, and for the three months ended March 31, 2007 and 2006, other comprehensive income in the combined statements of income and other comprehensive income included translation gains of \$282,694, \$148,616, \$95,856 (unaudited), and \$51,891 (unaudited), respectively.

Statement of Cash Flows

In accordance with Statement of Financial Accounting Standards No. 95, “Statement of Cash Flows,” cash flows from the Company’s operations are calculated based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet.

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

Segment Reporting

Statement of Financial Accounting Standards No. 131 (“SFAS 131”), “Disclosure About Segments of an Enterprise and Related Information” requires use of the “management approach” model for segment reporting. The management approach model is based on the way a company’s management organizes segments within the company for making operating decisions and assessing performance. Reportable segments are based on products and services, geography, legal structure, management structure, or any other manner in which management disaggregates a company. SFAS 131 has no effect on the Company’s combined financial statements as the Company consists of one reportable business segment.

Recent Pronouncements

Fair Value Measurements

In September 2006, FASB issued SFAS No. 157, “Fair Value Measurements,” which establishes a framework for measuring fair value, and expands disclosures about fair value measurements required under the accounting pronouncements, but does not change existing guidance as to whether or not an instrument is carried at fair value. Additionally, it establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for fiscal year, including financial statements for an interim period within the fiscal year. The Company is currently evaluating the impact, if any, that SFAS No. 157 will have on its combined financial statements.

Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132R

In September 2006, the FASB, issued SFAS, No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106, and 132R,” which requires employers to recognize the underfunded or overfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in the funded status in the year in which the changes occur through accumulated other comprehensive income. Additionally, SFAS No. 158 requires employers to measure the funded status of a plan as of the date of its year-end statement of financial position. The new reporting requirements and related new footnote disclosure rules of SFAS No. 158 are effective for fiscal years ending after December 15, 2006. We adopted the provisions of SFAS No. 158 for the year end 2006, and the effect of recognizing the funded status in accumulated other comprehensive income was not significant. The new measurement date requirement applies for fiscal years ending after December 15, 2008.

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

Fair Value Option for Financial Assets and Financial Liabilities

In February of 2007 the FASB issued SFAS 159, “The Fair Value Option for Financial Assets and Financial Liabilities—Including an amendment of FASB Statement No. 115.” The statement permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. The Company is analyzing the potential accounting treatment.

Other-Than-Temporary Impairment

FASB Staff Position on FAS No. 115-1 and FAS No. 124-1 (“the FSP”), “The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments,” was issued in November 2005 and addresses the determination of when an investment is considered impaired, whether the impairment on an investment is other-than-temporary and how to measure an impairment loss. The FSP also addresses accounting considerations subsequent to the recognition of other-than-temporary impairments on a debt security, and requires certain disclosures about unrealized losses that have not been recognized as other-than-temporary impairments. The FSP replaces the impairment guidance on Emerging Issues Task Force (EITF) Issue No. 03-1 with references to existing authoritative literature concerning other-than-temporary determinations. Under the FSP, losses arising from impairment deemed to be other-than-temporary, must be recognized in earnings at an amount equal to the entire difference between the securities cost and its fair value at the financial statement date, without considering partial recoveries subsequent to that date. The FSP also required that an investor recognize other-than-temporary impairment losses when a decision to sell a security has been made and the investor does not expect the fair value of the security to fully recover prior to the expected time of sale. The FSP is effective for reporting periods beginning after December 15, 2005. The adoption of this statement will not have a material impact on our combined financial statements.

FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No.109.”

Interpretation 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Benefits from tax positions should be recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. The amount of tax benefits to be recognized for a tax position that meets the more-likely-than-not recognition threshold is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax benefits relating to tax positions that previously failed to meet the more-likely-than-not recognition threshold should be recognized in the first subsequent financial reporting period in which that threshold is met or certain other events have occurred. Previously recognized tax benefits relating to tax positions that no longer meet the more-likely-than-not recognition threshold should be derecognized in the first subsequent financial reporting period in which that threshold is no longer met. Interpretation 48 also provides guidance on the accounting for and disclosure of tax reserves for unrecognized tax benefits, interest and penalties and accounting in interim periods. Interpretation 48 is effective for fiscal years beginning after December 15, 2006. The change in net assets as a result of applying this pronouncement will be a change in accounting principle with the cumulative effect of the change required to be treated as an adjustment to the opening balance of retained earnings on January 1, 2007, except in certain cases involving uncertainties relating to income taxes in purchase business combinations. In such instances, the impact of the adoption of Interpretation 48 will result in an adjustment to goodwill. While the Company analysis of the impact of adopting Interpretation 48 is not yet complete, it do not currently anticipate it will have a material impact on the Company’s combined financial statements.

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

Considering the Effects of Prior Year Misstatements in Current Year Financial Statements

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements," ("SAB 108"), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. The Company adopted SAB 108 in the fourth quarter of 2006 with no impact on its combined financial statements.

Note 3 - Inventory

The inventory as of December 31, 2006 and March 31, 2007 consisted of the following:-

	December 31, 2006	March 31, 2007 (unaudited)
Raw Material	\$2,232,647	\$2,323,943
Work in process	707,457	507,110
Finished goods	1,617,188	2,779,492
	4,557,292	5,610,545
Less : Obsolescence Reserve	(74,520)	(71,529)
Net Inventory	<u>\$4,482,772</u>	<u>\$5,539,016</u>

Note 4 - Intangible Assets

Intangible assets at December 31, 2006 and March 31, 2007 were as follows:

	December 31, 2006	March 31, 2007 (unaudited)
Rights to use land	\$341,862	\$345,437
Less Accumulated amortization	(18,359)	(20,086)
	<u>\$323,503</u>	<u>\$325,351</u>

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

Per the People's Republic of China's governmental regulations, the Government owns all land. The Company has recognized the amounts paid for the acquisition of rights to use land as intangible asset and amortizing over the period the Company has use of the land which range from 54 to 57 years.

Amortization expense for the Company's intangible assets for the years ended December 31, 2006 and 2005 and for the three months ended March 31, 2007 and 2006 amounted to \$5,948, \$5,787, \$1,529 (unaudited) and \$1,472 (unaudited), respectively.

Amortization expense for the Company's intangible assets over the next five fiscal years is estimated to be: 2007-\$5,787, 2008-\$5,787, 2009-\$5,787, 2010-\$5,787, and 2011-\$5,787.

Note 5 - Short-term loans

Short-term loans at December 31, 2006 and March 31, 2007 consist of the following:

	December 31, 2007	March 31, 2007 (unaudited)
Short-term bank loan. The term of the loan is from December 15, 2006 to July 15, 2007 with an interest rate of 6.732%. The loan is collateralized by buildings land use rights and machines.	\$768,840	\$776,880

Note 6 - Advances from Related Parties.

Advances from related parties at December 31, 2006 and March 31, 2007 of \$3,536,094 and \$610,499 (unaudited) consist of amount due to certain stockholders of the Company. An advance from one related party bears interest rate of 6.732% and the others are interest free and payable upon demand.

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

Note 7 - Stockholders' Equity

At December 31, 2006 and March 31, 2007, two of the combining companies had un-called capital of \$480,525 and \$1,026,087 (unaudited), respectively.

Note 8 - Income Taxes

Local PRC Income Tax

Pursuant to the tax laws of China, general enterprises are subject to income tax at an effective rate of 33% (30% federal and 3% provincial).

A reconciliation of tax at United States federal statutory rate to provision for income tax recorded in the financial statements is as follows:

	Years Ended		Three Months Ended			
	December 31,		March 31,			
	2006	2005	2007	2006		
			(unaudited)	(unaudited)		
Tax provision at statutory rate	34	% 34	% 34	% 34	%	%
Foreign tax rate difference	(1	%) (1	%) (1	%) (1	%)	%)
Effect of tax holiday	(27	%) (33	%) (23	%) (27	%)	%)
	6	% 0	% 10	% 6	%	%

The Company operates in a privileged economic zone which entitles them to certain tax benefits (tax holiday) as follows:

Shiny-Day - Exempt from provincial tax and 100% exemption from federal tax from January 1, 2005 to December 31, 2006 and 50% exemption from federal tax from January 1, 2007 to December 31, 2009.

Shiner - Exempt from provincial tax and 100% exemption from federal tax from January 1, 2004 to December 31, 2005 and 50% exemption from federal tax from January 1, 2006 to December 31, 2008.

If the Company had not been exempt from paying income taxes due to operating in a privileged economic zone, net income for the year ended December 31, 2006 and 2005 and the three months ended March 31, 2007 and 2006 would have been lower by approximately \$1,031,000, \$1,025,000, \$141,000 (unaudited) and \$225,000 (unaudited), respectively.

Note 9 - Employee Welfare Plans

The Company has established its own employee welfare plan in accordance with Chinese law and regulations. The Company makes annual contributions of 14% of all employees' salaries to the employee welfare plan. The total expense for the welfare plan was \$106,912, \$105,031, \$12,451 (unaudited), and \$27,659 (unaudited) for the years ended December 31, 2006 and 2005 and for the three months ended March 31, 2007 and 2006, respectively. The Company has recorded welfare payable of \$15,556 and \$1,141 (unaudited) at December 31, 2006 and March 31, 2007, respectively, which is included in accrued expenses in the accompanying combined balance sheet.

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

Note 10 - Statutory Common Welfare Fund

As stipulated by the Company Law of the People's Republic of China (PRC), net income after taxation can only be distributed as dividends after appropriation has been made for the following:

- i. Making up cumulative prior years' losses, if any;
- ii. Allocations to the "Statutory surplus reserve" of at least 10% of income after tax, as determined under PRC accounting rules and regulations, until the fund amounts to 50% of the Company's registered capital;
- iii. Allocations of 10% of income after tax, as determined under PRC accounting rules and regulations, to the Company's "Statutory common welfare fund", which is established for the purpose of providing employee facilities and other collective benefits to the Company's employees; and
- iv. Allocations to the discretionary surplus reserve, if approved in the stockholders' general meeting.

Pursuant to the new Corporate Law effective on January 1, 2006, there is now only one "Statutory surplus reserve" requirement. The reserve is 10 percent of income after tax, not to exceed 50 percent of registered capital.

Pursuant to the "Circular of the Ministry of Finance (MOF) on the Issue of Corporate Financial Management after the Corporate Law Enforced" (No.67 [2006]), effective on April 1, 2006, issued by the MOF, the companies will transfer the balance of SCWF as of December 31, 2005 to Statutory Surplus Reserve. Any deficit in the SCWF will be charged in turn to Statutory Surplus Reserve, additional paid-in capital and undistributed profit of previous years. If a deficit still remains, it should be transferred to retained earnings and be reduced to zero by a transfer from after tax profit of following years. At December 31, 2006, the Company did not have a deficit in the SCWF. The Company has appropriated \$717,435 and \$606,660 as reserve for the statutory surplus reserve and welfare fund for the years ended December 31, 2006 and 2005, respectively.

Note 11 - Current Vulnerability Due to Certain Concentrations

Two vendors provided 14% and 11% of the Company's raw materials for the year ended December 31, 2006. Two vendors provided 13% and 13% of the Company's raw materials for the year ended December 31, 2005.

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

Two customers accounted for 37% and 11% of the Company's sales for the year ended December 31, 2006. Two customers accounted for 40% and 13% of the Company's sales for the year ended December 31, 2005.

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environments in the PRC, by the general state of the PRC's economy. The Company's business may be influenced by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Note 12 - Contingent Liabilities

At December 31, 2006 and March 31, 2007, the Company is contingently liable to banks for discounted and endorsed notes receivable and to vendors for endorsed notes receivable amounting to \$6,308,296 and \$1,354,158 (unaudited), respectively. \$6,308,296 and \$995,644 (unaudited) of the notes were paid by the maker subsequent to the balance sheet dates, respectively.

Note 13 - Geographical Sales

Geographical distribution of sales is as follows:

Geographical Areas	Years Ended December 31,		Three Months Ended March 31,	
	2006	2005	2007 (unaudited)	2006 (unaudited)
Chinese Main Land	\$27,927,943	\$23,623,978	\$4,419,450	\$5,851,049
Asia	4,106,900	3,658,483	1,004,267	777,434
Africa	268,636	61,073	35,638	100,285
Australia	134,792	23,764	192,209	-
USA	675,866	388,637	70,953	304,765
South America	52,379	49,978	37,683	-
Europe	785,449	49,011	214,041	172,272
	<u>\$33,951,965</u>	<u>\$27,854,924</u>	<u>\$5,974,241</u>	<u>\$7,205,805</u>

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

Notes 14 - Subsequent Event (Unaudited)

At June 8, 2007, Hua Hai Sheng Hui (HK) Company Limited (“Hua Hai”), Zhuhai’s original shareholder, transferred its 30% shares in Zhuhai to Sino Palace, which is the common shareholder of Shiner and Shiny-day.

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

**Cartan Holdings, Inc.,
and Shiner Group
Pro Forma Combined Financial Statements
(unaudited)**

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The accompanying notes are an integral part of these combined financial statements.

**Cartan Holdings, Inc.
and Shiner Group
Pro forma Combined Balance Sheet
As of March 31, 2007
(unaudited)**

	<u>Cartan Holdings (1)</u> (historical)	<u>Shiner Group (2)</u> (historical)	<u>Pro forma Adjustments</u>	<u>Pro forma Combined</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$4,990	\$550,692		\$\$555,682
Accounts receivable, net		5,551,314		5,551,314
Advances to supplier		1,595,743		1,595,743
Other receivables		367,793		367,793
Note Receivable		200,694		200,694
Inventory		5,539,016		5,539,016
Prepaid expenses and other current assets	173	8,452		8,625
TOTAL CURRENT ASSETS	<u>5,163</u>	<u>13,813,704</u>	-	<u>13,818,867</u>
PROPERTY AND EQUIPMENT, net		5,764,487		5,764,487
DEPOSIT		141,179		141,179
INTANGIBLE ASSETS		325,351		325,351
TOTAL ASSETS	<u>\$5,163</u>	<u>\$20,044,721</u>	<u>\$-</u>	<u>\$ 20,049,884</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable	\$2,152	\$4,363,994		\$\$4,366,146
Other payables	15,000	2,565,561		2,580,561
Unearned revenue		675,352		675,352
Accrued payroll		61,439		61,439
Short term loan		776,880		776,880
Advances from related parties	791	610,499		611,290
Dividend payable		805,268		805,268
Tax and welfare payable		320,776		320,776
TOTAL CURRENT LIABILITIES	<u>17,943</u>	<u>10,179,769</u>	-	<u>10,197,712</u>
COMMITMENT AND CONTINGENCIES	-	-	-	-

STOCKHOLDERS' EQUITY					-
Common Stock	9,400	1,245,212	a (1,228,712)	21,150	
			b (4,750)		
Additional paid in capital	18,000	109,344	a 1,228,712	1,320,626	
			b 4,750		
			c (40,180)		
Donated capital	11,300		c (11,300)	-	
Other comprehensive income		527,166		527,166	
Statutory reserve		2,005,612		2,005,612	
Retained earnings	(51,480)	5,977,618	c 51,480	5,977,618	
TOTAL STOCKHOLDERS' EQUITY	<u>(12,780)</u>	<u>9,864,952</u>	<u>-</u>	<u>9,852,172</u>	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$5,163</u>	<u>\$20,044,721</u>	<u>\$-</u>	<u>\$ 20,049,884</u>	

(1) Source: audited financial statements of Cartan Holdings, Inc.

(2) Source: unaudited financial statements of Shiner Group included elsewhere in this Form 8K.

See accompanying notes to pro forma combined financial statements

**Cartan Holdings, Inc.
and Shiner Group**
Pro forma Combined Statement of Operations
For the Year Ended March 31, 2007
(unaudited)

	<u>Cartan</u> <u>Holdings (1)</u> (historical)	<u>Shiner</u> <u>Group (2)</u> (historical)	<u>Pro forma</u> <u>Adjustments</u>	<u>Pro forma</u> <u>Combined</u>
Net Revenue	\$-	\$33,951,965	\$-	\$33,951,965
Cost of Revenue	-	27,328,787	-	27,328,787
Gross Profit	-	6,623,178	-	6,623,178
Operating expenses:				
Selling expenses		1,578,585	-	1,578,585
General and administrative expenses	41,731	1,194,911	-	1,236,642
Total operating expenses	41,731	2,773,496	-	2,815,227
Income from operations	(41,731)	3,849,682	-	3,807,951
Non-operating income (expense):				
Other income (expense)		278,545		
Interest income		1,443		
Interest expense	-	(330,530)	-	(330,530)
Exchange gain (loss)	-	(23,301)	-	(23,301)
Total non-operating income (expense)	-	(73,843)	-	(353,831)
Income before income tax	(41,731)	3,775,839	-	3,454,120
Income tax	-	214,504	-	214,504
Net income	<u>\$(41,731)</u>	<u>\$3,561,335</u>	<u>\$-</u>	<u>\$3,239,616</u>
Earnings per share	<u>\$(0.00)</u>			<u>\$0.15</u>
Weighted average shares outstanding	<u>9,400,000</u>			<u>21,150,000</u>

(1) Source: audited financial statements of Cartan Holdings, Inc.

(2) Source: audited financial statements of Shiner Group for the year ended December 31, 2006 included elsewhere in this Form 8K.

See accompanying notes to pro forma combined financial statements

**Cartan Holdings, Inc.,
and Shiner Group**
Notes to Pro form Combined Financial Statements

NOTE 1 - BASIS OF PRESENTATION

The accompanying pro forma combined balance sheet presents the accounts of Cartan Holdings, Inc., (“Cartan”) and Shiner Group (“Shiner”) as if the acquisition of Shiner Group by Cartan occurred on March 31, 2007. The accompanying pro forma combined statements of operations present the accounts of Cartan for the year ended March 31, 2007, which includes the statement of operations of the Shiner Group for the year ended December 31, 2006 as if the acquisition occurred on April 1, 2006. For accounting purposes, the transaction is being accounted for as a recapitalization of Shiner Group.

The following adjustments would be required if the acquisition occurred as indicated above:

- a. Recapitalization of Shiner Group to account for issuance of an aggregate of 16,500,000 shares of Cartan to the shareholders of Shiner Group;
- b. Cancellation of 4,750,000 shares of Cartan common stock owed by Zubeda Mohamed-Lakhani; and
- c. Eliminate pre-acquisition accumulated deficit and donated capital of Cartan.

The accompanying notes are an integral part of these combined financial statements.