SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2013-01-10** | Period of Report: **2012-11-30**
SEC Accession No. 0001096906-13-000021

FILER

Huayue Electronics, Inc.

CIK:**1315756**| IRS No.: **202188353** | State of Incorp.:**DE** | Fiscal Year End: **0531**
Type: **10-Q** | Act: **34** | File No.: **000-54205** | Film No.: **13522810**
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U. S. Securities and Exchange Commission
Washington, D. C. 20549

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended November 30, 2012

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No. 0-54205

HUAYUE ELECTRONICS, INC.
(Name of Registrant in its Charter)

Delaware (State of Other Jurisdiction of incorporation or organization)	20-2188353 (I.R.S. Employer I.D. No.)

300 Somerset St., Room 469, Harrison, NJ 07029
(Address of Principal Executive Offices)

Issuer's Telephone Number: 646-512-5778

40 Wall Street, 28th Floor, New York, NY 10005
(Former Address, if Changed Since Last Report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes [ ] No [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer__Accelerated filer _ Non-accelerated filer__Smaller reporting company [X]

APPLICABLE ONLY TO CORPORATE ISSUERS: Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date:

January 10, 2013
Common Voting Stock: 31,327,741

HUAYUE ELECTRONICS, INC.
QUARTERLY REPORT ON FORM 10Q
FOR THE FISCAL QUARTER ENDED NOVEMBER 30, 2012

TABLE OF CONTENTS

HUAYUE ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS

	November 30, 2012	May 31, 2012
Assets		
Current assets:		
Cash and cash equivalent	$ 1,107,812	$ 1,085,784
Accounts receivables, net	8,894,884	3,689,990
Prepaid account	3,181,292	2,389,547
Due from related parties	896,411	1,390,074
Other receivables	1,895,999	1,079,165
Inventory	1,173,645	1,985,391
Deferred tax assets, current	39,573	38,238
Total current assets	**17,189,615**	**11,658,189**
Plant, property and equipment, net	495,309	549,322
Total assets	**17,684,924**	**12,207,511**
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	1,119,314	744,449
Tax payable	699,578	241,698
Short-term debt	3,339,058	6,787,152
Notes payable	1,590,027	1,578,407
Customer deposit	783,341	703,713
Due to related parties	82,212	194,312
Other payables	297,693	607,341
Total current liabilities	**7,911,223**	**10,857,071**
Total liabilities	**7,911,223**	**10,857,071**
Stockholders' equity		
Common stock, par value $0.001 per share; 60,000,000 shares authorized; 31,327,741 shares and 30,067,741 shares issued and outstanding at November 30, 2012 and May 31, 2012, respectively	31,328	30,068
Additional Paid In Capital	6,816,967	669,932
Statutory reserve	31,263	31,263
Retained earnings	2,559,095	529,803
Accumulated other comprehensive income	335,047	89,374
Total stockholders' equity	**9,773,700**	**1,350,440**
Total liabilities and stockholders' equity	**$ 17,684,924**	**$ 12,207,511**

See Notes to Consolidated Financial Statements

HUAYUE ELECTRONICS, INC.
CONSOLIDATED INCOME STATEMENTS

UNIT: USD$

	FOR THE THREE MONTHS ENDED NOVEMBER 30, 2012	FOR THE THREE MONTHS ENDED NOVEMBER 30, 2011	FOR THE SIX MONTHS ENDED NOVEMBER 30, 2012	FOR THE SIX MONTHS ENDED NOVEMBER 30, 2011
Sales Revenue	$ 4,795,580	$ 986,281	$ 6,872,252	$ 3,399,474
Cost of Goods Sold	2,776,543	842,207	4,166,842	3,157,141
Gross Profit	2,019,037	144,074	2,705,410	242,333
Selling Expenses	8,619	3,509	17,432	5,408
G&A Expenses	91,716	57,347	179,188	90,103
Total expenses	100,335	60,856	196,620	95,511
Income from operation	1,918,702	83,218	2,508,790	146,822
Interest Income (Expense)	(76,158)	(86,658)	(180,311)	(178,411)
Other income (Expense)	50,086	50,141	50,086	79,302
Profit before tax	1,892,630	46,701	2,378,565	47,713
Income tax	276,382	11,675	349,272	11,928
Net income	1,616,248	35,026	2,029,293	35,785
Other comprehensive income				
Foreign currency translation adjustment	69,175	12,107	245,673	24,205
Comprehensive income	$ 1,685,423	$ 47,133	$ 2,274,966	$ 59,990
Income (Loss) Per Share, Basic and Diluted	$ 0.05	$ 0.00	$ 0.07	$ 0.00
Weighted Average Number of Common Shares, Basic and Diluted	30,206,203	30,067,741	30,136,593	30,067,741

See Notes to Consolidated Financial Statements

HUAYUE ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

UNIT: USD$

	FOR THE SIX MONTHS ENDED NOVEMBER 30,	
	2012	2011
Cash Flows From Operating Activities:		
Net income	$ 2,029,293	$ 35,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	54,014	17,059
Changes in operating assets and liabilities:		
Accounts receivable	(5,204,894)	(523,448)
Inventory	811,746	(232,690)
Prepaid account	(791,745)	1,754,804
Other receivable	(816,834)	(675,144)
Due from related parties	493,663	(1,971,532)
Accounts payable	374,865	404,089
Customer deposit	79,628	166,860
Due to related parties	(112,100)	461,164
Taxes payable	457,880	39,883
Deferred tax assets	(1,335)	-
Other payables	(309,648)	602,083
Net cash provided by (used in) operating activities	**(2,935,467)**	**78,913**
Cash flows from investing activities:		
Addition to plant and equipment	-	-
Long-term Investment	-	825
Net cash provided by (used in) investing activities	**-**	**825**
Cash flows from financing activities:		
Short term debt	(3,448,094)	(647,566)
Notes payable	11,620	220,435
Capital contribution	6,148,295	-
Net cash provided by (used in) financing activities	**2,711,821**	**(427,131)**
Effect of exchange rate changes on cash and cash equivalents	**245,674**	**38,393**
Net increase (decrease) in cash and cash equivalents	22,028	(309,000)
Cash and cash equivalents at beginning of period	**1,085,784**	**2,701,516**
Cash and cash equivalents at end of period	**$ 1,107,812**	**$ 2,392,516**
Supplemental disclosures of cash flow information:		
Cash paid during the periods for:		
Interest	$ 180,959	$ 90,401
Income taxes	$ 305,106	$ -

See Notes to Consolidated Financial Statements

HUAYUE ELECTRONICS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED NOVEMBER 30, 2012 AND 2011

NOTE 1 – ORGANIZATION AND OPERATIONS

Huayue Electronics, Inc. ("Huayue Electronics" or the "Company") was incorporated under the laws of the State of Delaware on January 13, 2005. The Company was initially named "HXT Holdings, Inc.," but changed its name to Huayue Electronics, Inc. on November 2, 2011.

On September 2, 2011, Huayue Electronics acquired all of the outstanding capital stock of China Metal Holding, Inc. ("China Metal"), a privately owned corporation formed in the State of Delaware, United States of America, by merging HXT Acquisition Corp., a newly formed Delaware corporation that was wholly owned by the Company, into China Metal. China Metal is a holding company whose only asset, held through a subsidiary, is 100% of the registered capital of Changzhou Huayue Electronics Company, Limited ("Changzhou Huayue"), a limited liability company organized under the laws of the People's Republic of China ("China" or "PRC").

Changzhou Huayue has been engaged since its formation in developing, manufacturing and selling electrolytic capacitors. Since 2008 Changzhou Huayue has also been engaged in developing, manufacturing and selling energy efficient lighting products, including both high frequency induction lights and light bulbs utilizing a light emitting diode ("LED"). Changzhou Huayue's offices and manufacturing facilities are located in China.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements reflect the financial position of the Company and its subsidiary, Changzhou Huayue Electronic Co., Ltd., as of November 30, 2012 and May 31, 2012 and the results of operations and cash flows of the Company and its subsidiary, Changzhou Huayue Electronic Co., Ltd., for the three months and six months ended November 30, 2012 and 2011.

Principles of consolidation

The consolidated financial statements include the financial statements of China Metal Holding, Inc. and Changzhou Huayue Electronics Co., Ltd. All inter-company transactions and balances are eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates reflected in the Company's consolidated financial statements include: the allowance for bad debt, the valuation of inventory, and estimated useful lives and impairment of property and equipment.

Cash and cash equivalents

For purposes of the statement of cash flow, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Bad Debt

Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is established based on the management's assessment of the recoverability of accounts and other receivables. A considerable amount of judgment is required in assessing the realization of these receivables, including the current credit worthiness of each customer and the related aging analysis.

Inventory

Inventory is primarily composed of raw materials and packing materials for manufacturing, work in process, and finished goods. Inventories are valued at the lower of cost or market with cost determined on a weighted average basis. Management compares the cost of inventory with the market value and an allowance is made for writing down the inventory to its market value, if lower than cost.

Machinery and equipment

Machinery and equipment are stated at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and locations for its intended use. Depreciation is calculated using the straight-line method over the following useful lives:

Machinery, equipment, and automobiles	7-15 years

Expenditures for maintenance and repairs are charged to expense as incurred. Additions, renewals and betterments are capitalized.

Revenue recognition

The Company's revenue recognition policies are in compliance with Staff Accounting Bulletin ("SAB") 104, included in the Codification as ASC 605, *Revenue Recognition.* 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 collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Customer deposit

Revenue from the sale of goods or services is recognized at the time that goods are delivered or services are rendered. Receipts in advance for goods to be delivered or services to be rendered in a subsequent period are carried forward as customer deposit.

Prepaid account

Prepaid account represents the payments made and recorded in advance for goods and services received. The Company makes advances for raw materials purchased from certain domestic vendors. In order to maintain a long-term relationship with the vendors, the Company frequently needs to make advances from one and one-half months to three months ahead. The prepaid account was $3,181,292 as of November 30, 2012 and $2,389,547 as of May 31, 2012.

Impairment of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying amount of the assets.

Income taxes

The Company accounts for income tax under the asset and liability method as stipulated by Accounting Standards Codification ("ASC") 740, formerly Statement of Financial Accounting Standards ("SFAS") No. 109, "*Accounting for Income Taxes*", which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes will be recognized if significant temporary differences between tax and financial statements occur. Valuation allowances are established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. The deferred tax asset at November 30, 2012 and May 31, 2012 were $39,573 and $39,226, respectively.

Value-added tax

Sales revenue represents the invoiced value of goods, net of a Value-Added Tax ("VAT"). All of the Company's products that are sold in the PRC are subject to a Chinese value-added tax at a rate of 17% of the gross sales price. This VAT may be offset by VAT paid by the Company on raw materials and other materials included in the cost of producing their finished product.

The Company recorded $142,340 and $134,962 VAT payable net of payments in the financial statements as of November 30, 2012 and May 31, 2012, respectively.

Advertising costs

Advertising costs for newspaper and television are expensed as incurred. The Company incurred no advertising costs for the three months ended November 30, 2012 and incurred $6,610 advertising costs for the three months ended November 30, 2011.

The Company incurred advertising costs of $184 and $8,509 for the six months ended November 30, 2012 and 2011, respectively.

Mailing and handling costs

The Company accounts for mailing and handling fees in accordance with the *FASB ASC* 605-45 (Emerging *Issues Task Force* (EITF*) Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs)*. T he Company includes shipping and handling fees billed to customers in net revenues. Amounts incurred by the Company for freight are included in cost of goods sold. For the three months ended November 30, 2012 and 2011, the Company incurred $1,127 and $5,663 mailing and handling costs, respectively. For the six months ended November 30, 2012 and 2011, the Company incurred $8,251 and $6,494 mailing and handling costs, respectively.

Risks and uncertainties

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, and by the general state of the PRC's economy. The Company's operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in the North America and Western Europe. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company's results may be adversely affected 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.

Fair value of financial instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities.

As of November 30, 2012, the Company did not identify any financial instruments that are required to be presented on the balance sheet at fair value other than those whose carrying amounts approximate fair value due to their short maturities.

Foreign currency translation

The accounts of the Company's Chinese subsidiary are maintained in the RMB and the accounts of the U.S. parent company are maintained in the USD. The accounts of the Chinese subsidiary were translated into USD in accordance with Accounting Standards Codification ("ASC") Topic 830 "Foreign Currency Matters," with the RMB as the functional currency for the Chinese subsidiary. According to Topic 830, all assets and liabilities were translated at the exchange rate on the balance sheet date; stockholders' equity is translated at historical rates and statement of income items are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, "Comprehensive Income." Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the statements of income.

Translation adjustments resulting from this process amounted to $335,047 and $91,744 as of November 30, 2012 and May 31, 2012, respectively.

The following exchange rates were adopted to translate the amounts from RMB into United States dollars ("USD$") for the respective years:

	November 30 2012	May 31, 2012, 2012	November 30, 2011
Period End RMB Exchange Rate (RMB/USD$)	6.2892	6.3449	6.34824
Average Period RMB Exchange Rate (RMB/USD$)	6.3219	6.3277	6.4063

Statutory Reserve

Subsidiaries incorporated in China are required to make appropriations to reserve funds, based on after-tax net income determined in accordance with generally accepted accounting principles of the People's Republic of China ("PRC GAAP"). Effective January 1, 2006, the Company is only required to contribute to one statutory reserve fund at 10% of net income after tax per annum, and any contributions are not to exceed 50% of the respective companies' registered capital.

As of November 30, 2012, the Company has appropriated USD $31,263 to the statutory reserve.

New accounting pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The Company provides an allowance for doubtful accounts related to its receivables. The receivables and allowance balances at November 30, 2012 and May 31, 2012 are as follows:

	November 30, 2012	May 31, 2012
Accounts Receivable	$ 9,158,705	$ 3,951,883
Less: Allowance for Doubtful Accounts	(263,821)	(261,893)
Accounts Receivable, Net	$ 8,894,884	$ 3,689,990

NOTE 4 – PREPAID ACCOUNT

The prepaid account consisted of the follows:

	November 30, 2012	May 31, 2012
Prepayment for purchase of raw materials	$ 3,117,454	$ 2,319,805
Prepayment for advertisement, exhibitions, utilities, consulting fees, etc.	63,838	69,742
Total prepaid account	$ 3,181,292	$ 2,389,547

NOTE 5 – OTHER RECEIVABLE

The other receivable consisted of the follows:

	November 30, 2012	May 31, 2012
Other Receivable		
Receivables from Entities	$ 1,661,245	$ 431,503
Receivables from Individuals	234,755	647,662
Total	$ 1,895,999	$ 1,079,165

NOTE 6 – INVENTORY

Inventory consists of finished goods, work-in-process, and raw materials. No allowance for inventory was reserved as of November 30, 2012 and May 31, 2012.

The components of inventories as of November 30, 2012 and May 31, 2012 were as follows:

	November 30, 2012	May 31, 2012
Raw materials	$ 164,439	$ 410,729
Packaging	60,337	59,896
Work-in-progress	694,546	720,229
Finished goods	254,323	794,466
Total Inventories	**$ 1,173,645**	**$ 1,985,391**

NOTE 7 - PLANT, PROPERTY AND EQUIPMENT, NET

The components of plant, property and equipment as of November 30, 2012 and May 31, 2012 were as follows:

	November 30, 2012	May 31, 2012
Machinery	$ 1,258,249	$ 1,106,702
Electronic Equipment	69,938	182,934
Transportation Equipment	256,905	283,872
Subtotal	1,585,092	1,573,507
Less: Accumulated Depreciation	(1,089,783)	(1,024,186)
Total plant, property and equipment, net	**$ 495,309**	**$ 549,322**

The depreciation expense for the three months ended November 30, 2012 and 2011 was $25,540 and $29,425, respectively.

The depreciation expense for the six months ended November 30, 2012 and 2011 was $54,013 and $67,245, respectively

NOTE 8 - RELATED PARTY TRANSACTIONS AND BALANCES

An individual or entity is considered to be a related party if the person or the entity has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. An individual or entity is also considered to be related if the person or the entity is subject to common control or common significant influence.

The related parties of the company are comprised as follows:

Name of entity or individual	Relationship with the Company
Changzhou Hengchuan Plastics Co, Ltd	Entity controlled by Mr. Pan Shudong and His Wife
Changzhou Shiji Jinyue Packaging Co.,Ltd	Entity controlled by Mr. Pan Shudong's Sister
Changzhou Jinyue Electronic Co.,Ltd	Entity controlled by Mr. Pan Shudong's Sister
Changzhou Leyuan International Trade Co.,Ltd	Entity controlled by Mr. Pan Shudong's Sister
Mr. Pan Shudong	Controlling person of China Metal Holding, Inc.
Ms. Li Xingmei	Mr. Pan Shudong's Wife and Director of Changzhou Huayue Electronic Co.,Ltd
Pan Yile	Mr. Pan Shudong's Daughter and Employee of Changzhou Huayue Electronic Co.,Ltd

(i) Due from Related Party:

Due from Related Parties, at November 30, 2012 and May 31, 2012, consisted of the following balances:

	Transaction		November 30, 2012		May 31, 2012
Changzhou Hengchuan Plastics Co, Ltd	Prepayment & Other Receivable	$	409,740		375,334
Changzhou Jinyue Electronics Co., Ltd	Accounts receivable		795		49,278
Changzhou Shiji Jinyue Packaging Co.,Ltd	Accounts receivable		127,342		371,873
Changzhou Shiji Jinyue Packaging Co.,Ltd	Advance to Suppliers		-		61,427
Pan Yile	Other Receivable		-		312,630
Mr. Pan Shudong	Due from Mr. Pan		357,720		187,156
Ms. Xinmei Li	Due from Mr. Pan		814		32,376
Total due from related parties		**$**	**2,028,510**	**$**	**1,390,074**

(ii) Due to Related Parties

Due to Related Parties at November 30, 2012 and May 31, 2012 consisted of the follows:

			November 30, 2012		May 31, 2012
Changzhou Leyuan International Trade Co.,Ltd	Accounts payable	$	-	$	114,290
Pan Yile	Other payable		69,492		-
Changzhou Hengchuan Plastics Co, Ltd	Accounts payable		12,720		80,222
Total due to related parties		**$**	**82,212**	**$**	**194,312**

NOTE 10 – SHORT-TERM DEBT

The Company's short term debt consisted of the follows:

	November 30, 2012	May 31, 2012
	USD	USD
Loan from China Communication Bank ($0.79 million is due on 10/17/2012 with 8.528% annual interest rate , $0.95 million is due on 12/22/2012 with 8.528% annual interest rate, $0.63 million is due on 12/12/2012 with 8.528% annual interest rate)	$ -	$ 3,156,815
Loan from China Industrial and Commercial Bank ($0.48 million is due on 9/10/2013 with 5.810% annual interest rate and $0.47 million is due on 6/10/2013 with 6.560% annual interest rate)	954,016	947,044
Loan from Chinese Bank (6.893% annual interest rate, due on 8/8/2013)	1,113,019	1,420,567
Loan from Changzhou Wujinyintong Agriculture Credit Union (6% annual interest rate, due on 3/18/2013)	477,008	473,522
Loan from Changzhou Wujinyinfeng Agriculture Credit Union (6% annual interest rate, due on 3/18/2013)	795,014	789,204
Total short term debt	**3,339,057**	**6,787,152**

NOTE 11 – NOTES PAYABLE

	November 30, 2012	May 31, 2012
Notes payable to Huaxian Bank	$ 1,590,027	$ 1,578,407
Total notes payable	**$ 1,590,027**	**$ 1,578,407**

All notes payable were due within one year and bear 6% annual interest rate on the maturity date.

NOTE 12 - TAX PAYABLE

Tax payable at November 30, 2012 and May 31, 2012 are as follows:

	November 30, 2012	May 31, 2012
Corporate Income Tax	$ 536,257	$ 106,366
Value-Added Tax	142,340	134,962
Other Tax & Fees	20,981	370
Total Tax Payable	**$ 699,578**	**$ 241,968**

NOTE 13 - OTHER PAYABLE

The Company's other payable, at November 30, 2012 and May 31, 2012, consisted of the follows:

Type of Other payable:	November 30, 2012	May 31, 2012
Maintenance, utilities, and insurance	$ 38,315	$ 518,795
Payable to service fees	64,139	87,723
Others	195,239	824
Total other payable	$ **297,693**	**$ 607,341**

NOTE 14 - INCOME TAXES

For the six months ended November 30, 2012 and 2011, Changzhou Huayue Electronics Co., Ltd recorded income tax provisions of $249,272 and $11,928 respectively.

(i) The components of income (loss) before income tax expense are as follows:

	For the six months ended November 30, 2012	2011
P.R.China	2,378,565	47,713

(ii) The components of the income tax benefit (expense) are as follows:

	For the six months ended November 30, 2012	2011
Current	(388,845)	(11,928)
Deferred:	39,573	-
Total Income tax benefit (expense)	(349,272)	(11,928)

(iii) The following table summarizes deferred taxes resulting from differences between financial accounting basis and tax basis of assets and liabilities:

	For the six months ended November 30, 2012	2011
Current assets and liabilities		
Accounts receivable allowances	39,573	-
Deferred tax assets, net, current	39,573	-

Changzhou Huayue Electronics Co., Ltd is subject to the Enterprise Income Tax ("EIT") at a statutory rate of 25%. However, according to P.R. China tax law, the effective tax rate for the bad debt expense deduction is only 15%. The Company recognized $39,573 current deferred tax assets at enacted 15% tax deduction rate for the temporary differences between the financial reporting bases and the tax bases of its allowance for accounts receivable.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate resolution.

NOTE 15 – COMMON STOCK AND ADDITIONAL PAID IN CAPITAL

On July 26, 2012, the Company received $300,065 cash payment from its shareholders. The cash receipt was recorded as addition to the paid in capital. On July 25, 2012, Ms. Li Xinmei contributed $2,698,230 to the Company. The contribution was recognized as additional paid in capital. Ms. Li is a member of the Board of Directors, spouse of the CEO, and a principal shareholder of the Company. Both transactions did not increase the outstanding shares of the common stock.

On November 21, 2012, the Company's Board of Directors approved and authorized the sale of 1,260,000 shares at $2.50 per share to Ms. Li Xinmei. The Company received total proceeds of $3,150,000 from Ms. Li Xinmei in the quarter ended November 30, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULT OF OPERATIONS

Forward-Looking Statements: No Assurances Intended

In addition to historical information, this Quarterly Report contains forward-looking statements, which are generally identifiable by use of the words "believes," "expects," "intends," "anticipates," "plans to," "estimates," "projects," or similar expressions. These forward-looking statements represent Management's belief as to the future of Huayue Electronics, Inc. Whether those beliefs become reality will depend on many factors that are not under Management's control. Many risks and uncertainties exist that could cause actual results to differ materially from those reflected in these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Section 1A titled "Risk Factors" in the Company's Annual Report on Form 10-K filed on August 28, 2012. Readers are cautioned not to place undue reliance on these forward-looking statements. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements.

Outline of Our Business

Huayue Electronics, Inc. is a Delaware corporation that functions as a holding company. Through a wholly-owned subsidiary, we own all of the registered capital of Changzhou Huayue Electronic Co., Ltd. ("Changzhou Huayue"), a corporation organized and located in The People's Republic of China ("PRC"). Since 1999 Changzhou Huayue has been engaged in the production and sale of electrolytic capacitors. Since 2008, however, the growing portion of our business has been the production and sale of energy efficient lighting products. In the most recent fiscal quarter, over 93% of our sales revenue came from lighting products.

We first entered the market for energy efficient lighting in 2008 with a line of induction lights. In contrast to traditional lamps, induction lights do not involve either filaments or electrodes, and no electrical connection goes on inside the glass tube. Instead, energy is transferred through the glass tube solely by electromagnetic induction. Power to create the light is transferred from outside the glass tube by means of a magnetic field. As with a conventional fluorescent lamp, the power excites mercury or a mercury alloy, producing ultraviolet light which hits the phosphors resulting in visible light.

Our participation in the market for induction lighting benefits from our intellectual property. From 2008 to 2010, we obtained 60 patents from the PRC government relating to the induction lighting business, of which 33 are currently in use. Our induction lighting products also benefit from representing high quality at a low cost. The incorporation of smart cards into our lamps provides constant power control and the ability to automatically adjust brightness. We have the facilities to mass produce 300 watt induction lamps with long lives that do not require frequent maintenance, as backed up by our warranties.

After several years of research and development, in 2011 we added a line of LED lights to our product offerings. An LED light contains diodes comprised of a negatively charged semiconductor paired with a positively charged semiconductor. When exposed to a power source, the diode becomes electrically unbalanced, which causes its electrons to seek a different energy level, thus emitting light. The primary advantage of LED lights is efficiency: energy waste is reduced by 50% to 90% compared to conventional incandescent bulbs. In addition, LED lights have a far longer lifetime than conventional lights, are environmentally friendly, and do not produce the infrared radiation that makes incandescent bulbs hot to the touch.

For most of the past four years, our induction lights have been sold directly by our sales staff, as the primary market for our high-wattage bulbs consists of government and industrial applications such as high bays, roadways, tunnels and public facilities, where direct contact with the end user is important. In 2011 and 2012 we experimented with using sales agents to sell induction lights, but found the process less efficient than selling via our 32 person direct sales force. Our electrolytic capacitors are also sole directly by our sales staff, as we have a long-standing group of customers for those products.

The target market for our LED products consists of residential, office and garage applications. So with the introduction of our line of LED products in 2011, we began to develop a marketing network dedicated to distribution of our LED lights, in order to maximize distribution of these consumer products. We currently have 390 agents registered as participants in our marketing program. During 2013 we plan to organize these participants into a network of dedicated franchise stores located in urban areas throughout China. Changzhou Huayue believes that this strategic decision will enable us to expand our market throughout China in the coming year.

Results of Operations

Our operations during the second quarter of fiscal 2013 continued our growth trend. Sales revenue totaled $4,795,580 for the three months ended November 30, 2012, a nearly fourfold increase over revenue of $986,281 in the three months ended November 30, 2011. For the six months ended November 30, 2012, the 102% increase in sales is likewise sharp, albeit not as dramatic as second quarter sales. However, sales in the quarter ended August 31, 2011 included a transaction arranged prior to the September 2011, when we became a public company. $1,493,830 of the sales revenue in that prior quarter was attributable to a sale to a related party (Changzhou Teweile Energy Saving Lighting Technology Co., Ltd.) in which Changzhou Huayue sold goods to Changzhou Teweile at a loss of $109,193, permitting Changzhou Teweile to resell the goods to the ultimate customer at a profit. In the period since we became a public company, there have been no other sales at discount to market, and it is management's plan that such related party transactions will not be replicated in the future, except in circumstances where the benefit to Changzhou Huayue equals or exceeds the benefit it would receive from an arms-length transaction.

Even if the loss-sale to Changzhou Teweile in 2011 is taken into account, the growth in sales from the first half of fiscal 2012 to the first half of fiscal 2013 was marked. The primary reason for the improvement is the conversion of our marketing program from direct sales to sales through agents. In the first half of fiscal 2012, the agency program was still in its start-up phase. The marked improvement in sales in the first half of fiscal 2013 indicates that the new agents are gaining traction in their marketing efforts.

The margins on our sales improved significantly in the second quarter and first half of fiscal 2013, both as compared to the comparable periods of fiscal 2012 and as compared to the entirely of fiscal 2012. The improvement as compared to the first half of fiscal 2012 (39% vs. 7%) is in large part attributable to the loss-sale that accounted for 31% of revenue in that six month period. However, our gross margin for the year ended May 31, 2012 was itself only 13%, primarily due to our policy of seeking market position by introducing lighting products while they are still in the final development stages. The 42% gross margin achieved in the second quarter of fiscal 2013 and the 39% achieved in the first half of fiscal 2013 are indicative of our maturing position in the lighting market, which permits us to demand higher profits on our lighting sales.

Our selling expenses remain insignificant - $17,432 in the six months ended November 30, 2012 - due to our reliance on a network of independent sales agents. General and administrative expenses increased by 60% from $57,347 in the second quarter of fiscal 2012 to $91,716 in the second quarter of fiscal 2013, and by 99% in the first half of fiscal 2013. The primary reasons for the increase in G&A expenses were our efforts to promote our new lighting products, as well as an increase in the required contribution to the national pension fund. General and administrative expenses will continue to increase in the coming year, as we assume the obligations attendant to being a U.S. public company, including legal and accounting expenses and other expenses related to the nurturing of our new shareholder base.

As a result of our improved gross profit and the relatively small increase in our G&A expenses, our income from operations increased from $83,218 in the quarter ended November 30, 2011 to $1,918,702 in the quarter ended November 30, 2012, and from $146,822 in the six months ended November 30, 2011 to $2,508,790 in the six months ended November 30, 2012.

We rely on short-term bank debt for our liquidity, with the result that interest expenses often exceed our total operating expenses. Interest expense (net of interest income) of $180,311 in the first six months of fiscal 2013 exceeded the $178,411 recorded in the first six months of fiscal 2012 primarily due to increases in interest rates. As discussed below, we hope to access the international capital markets to obtain equity funding to pay off the debt and reduce this cost and our exposure to increasing interest rates.

Our net profit before tax for the quarter ended November 30, 2012 was $1,892,630, a significant improvement over the quarter ended November 30, 2011 when we barely broke even. China imposes a national corporate income tax rate of 25%. Currently, however, a portion of our net pre-tax income is deferred in accordance with Chinese tax regulations that favor technology companies in their growth stage. As a result, we accrued only $276,382 for income tax in the quarter ended November 30, 2012. As a result, our net income for the quarter was $1,616,248. For the six months ended November 30, 2012 our net income of $2,029,293 was a marked improvement over the net income of $35,785 we recorded in the six months ended November 30, 2011.

Our business operates primarily in Chinese Renminbi ("RMB"), but we report our results in our SEC filings in U.S. Dollars. The conversion of our accounts from RMB to Dollars will result in translation adjustments. While our net income will be added to the retained earnings on our balance sheet, the translation adjustments will be added to a line item labeled "accumulated other comprehensive income," since they will be more reflective of changes in the relative values of U.S. and PRC currencies than the success of our business. The amount added to "accumulated other comprehensive income" was $245,673 during the six months ended November 30, 2012. During the six months ended November 30, 2011, when the exchange rate was less volatile, our accumulated other comprehensive income increased by $24,205.

Liquidity and Capital Resources

Until recently the operations of the Company had been funded by contributions and short-term loans from our founder, Mr. Shudong Pan, his family, and entities related to them. In recent periods, however, we have developed bank lending relationships, which are now our primary source of liquidity. Today, our current liabilities are in large part made up of short term debt and notes payable to Chinese banks. Most of these debts have been guaranteed by related entities or secured by property owned by related parties. The proceeds of these loans have been utilized primarily to finance the development of our lighting business and the expanded sales effort for the new LED lighting products.

As is common in China, all of our bank borrowing is done on a short-term basis. As a result, the entire amount of $5,226,778 that we owed to lending institutions at November 30, 2012 has been classified as short-term debt, although we have every reason to believe that the institutions will replace the loans as they come due. Because our debts are all classified as short-term, at November 30, 2012 we had only $9,278,392 in working capital, despite cash contributions to capital during the first half of fiscal 2013 that totaled $6,148,295.

The largest component of our current assets was our accounts receivable. Accounts receivable of $8,894,884 at November 30, 2012, are large relative to recent revenue. Some of the increase is attributable to sales of induction lights made in connection with government lighting programs, payment for which is delayed pending completion of bureaucratic approval processes. In addition, in our efforts to achieve a substantial beachhead in the market for energy efficient lighting, we offer certain customers ninety days after delivery to make payment to us. In general, we do so only after we are assured that the customer has the capability and intent to make payment. This practice reduces our liquidity to some extent, but helps us develop long-term, repeat customers. As our lighting business matures, however, we will move toward more conventional payment terms.

The next largest component of our current assets was our prepaid expenses. In China, to secure a guaranteed supply of raw materials and components, it is common practice to make prepayments to your principal suppliers, often to the extent of several months' requirements. That security is the purpose for the $3,181,292 prepaid account on our November 30, 2012 balance sheet.

The amount due from related parties occurred because, in order to optimize our cash resources, Changzhou Huayue buys some of its raw materials from related parties, and sells a large portion of its finished goods to related parties. As a result, at November 30, 2012 we owed $82,212 to entities controlled by our CEO and his family, and those or other such entities owed $896,411 to us. Our plan is that as our business expands and our cash flows become more stable, we will reduce or eliminate the incidence of related party sales. As a result, during the six months ended November 30, 2012, our due from related parties account was reduced by $493,663.

Included in our current liabilities at November 30, 2012 was an "other payable" of $297,693. This represented an overnight loan that we secured to fund our bank deposit obligation. A significant portion of the bank loans that we have obtained require us, at the end of each month, to maintain deposits with lender equal to a percentage, typically 50%, of the amount loaned. At November 30, 2012, to meet that obligation we borrowed on an overnight basis the funds recorded as "other payable."

Cash used in operations during the six months ended November 30, 2012 was $2,932,796, despite our net income of $2,029,293 during the period. The primary reason for the disparity was the increase of $5,204,894 in our accounts receivable.

Despite the significant use of cash in operations during the quarter, our cash balance at November 30, 2012 was $1,107,812, slightly greater than at the May 31, 2012 end of our prior fiscal year. The presence of cash in our accounts was the result of capital contributions totaling $5,848,230 by Li Xinmei, a member of our Board. In addition, the prior shareholders of our subsidiary, China Metal Holding, Inc., contributed $300,065, which was required to satisfy the Chinese government regulations applicable to the acquisition of Changzhou Huayue by China Metal Holding. The cash balance that resulted should provide us sufficient liquidity to fund our operations for the coming year.

Our business plan is based on obtaining long term financing of $10 million during the next year. $6 million of this amount would be used to build a new production and distribution center for energy efficient lighting, and $4 million would be used to provide additional liquidity. A further capital raise of $20 million is projected for the following year. We hope to raise the new funds through the sale of equity in the Company, although this may prove not to be feasible. If we are forced to finance our capital needs through the issuance of debt or long term borrowing, the interest rates we pay and our interest cost of financing would increase. However, we believe that the incremental sales supported by the increased production capacity financed by the borrowing will more than offset these added expenses.

We believe growth of our production capacity is critical. If we are unable to raise additional funds through any means, we will be forced to postpone our expansion plans and the growth and profitability of the Company would be reduced.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition or results of operations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. Our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule13a-15(e) promulgated by the Securities and Exchange Commission) as of November 30, 2012. The evaluation revealed that there are material weaknesses in our disclosure controls, specifically:

- The relatively small number of employees who are responsible for accounting functions prevents us from segregating duties within our internal control system.
- Our accounting personnel lack expertise in identifying and addressing complex accounting issued under U.S. Generally Accepted Accounting Principles.

Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the Company's system of disclosure controls and procedures was not effective as of November 30, 2012.

Changes in Internal Controls. There was no change in internal controls over financial reporting (as defined in Rule 13a-15(f) promulgated under the Securities Exchange Act or 1934) identified in connection with the evaluation described in the preceding paragraph that occurred during the Company's second fiscal quarter that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A Risk Factors

There have been no material changes from the risk factors included in Section 1A of our Annual Report on Form 10-K filed on August 28, 2012.

Item 2 Unregistered Sale of Securities and Use of Proceeds

(a) Unregistered sales of equity securities

None.

(c) Purchases of equity securities

The Company did not repurchase any of its equity securities that were registered under Section 12 of the Securities Exchange Act during the 2nd quarter of fiscal 2013.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information.

None.

Item 6. Exhibits

31.1 Rule 13a-14(a) Certification – CEO
31.2 Rule 13a-14(a) Certification – CFO
32 Rule 13a-14(b) Certification

101.INS XBRL Instance
101.SCH XBRL Schema
101.CAL XBRL Calculation
101.DEF XBRL Definition
101.LAB XBRL Label
101.PRE XBRL Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

HUAYUE ELECTRONICS, INC.

Date: January 10, 2013

By: /s/ Pan Shudong
Pan Shudong, Chief Executive Officer

By: /s/ Gan Liuzhi
Gan Liuzhi, Chief Financial Officer, Chief Accounting Officer

EXHIBIT 31.1

Rule 13a-14(a) Certification

I, Pan Shudong, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Huayue Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 10, 2013

/s/ Pan Shudong
Pan Shudong
Chief Executive Officer

EXHIBIT 31.2

Rule 13a-14(a) Certification

I, Gan Liuzhi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Huayue Electronics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal controls over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrants other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 10, 2013

/s/ Gan Liuzhi
Gan Liuzhi
Chief Financial Officer

Rule 13a-14(b) Certification

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Huayue Electronics, Inc. (the "Company") certify that:

1. The Quarterly Report on Form 10-Q of the Company for the quarter ended November 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 10, 2013

/s/ Pan Shudong
Pan Shudong, Chief Executive Officer

January 10, 2013

/s/ Gan Liuzhi
Gan Liuzhi, Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Note 2 - Summary of Significant Accounting Policies: New Accounting Pronouncements (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
New Accounting Pronouncements	***New accounting pronouncements*** The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

Note 14 - Income Taxes: Schedule of Components of Income Tax Expense (Benefit) (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
Schedule of Components of Income Tax Expense (Benefit)	

	For the six months ended November 30,	
	2012	2011
Current	(388,845)	(11,928)
Deferred:	39,573	-
Total Income tax benefit (expense)	(349,272)	(11,928)

Note 8 - Related Party Transactions and Balances: Payables Due to Related Parties (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
Payables Due to Related Parties	Due to Related Parties at November 30, 2012 and May 31, 2012 consisted of the follows:

		November 30, 2012	May 31, 2012
Changzhou Leyuan International Trade Co.,Ltd	Accounts payable	$ -	$ 114,290
Pan Yile	Other payable	69,492	-
Changzhou Hengchuan Plastics Co, Ltd	Accounts payable	12,720	80,222
Total due to related parties		**$ 82,212**	**$ 194,312**

Note 8 - Related Party Transactions and Balances: Schedule of Related Party Transactions (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Changzhou Hengchuan Plastics Co, Ltd Other Receivable	$ 409,740	$ 375,334
Changzhou Jinyue Electronics Co., Ltd Accounts receivable	795	49,278
Changzhou Shiji Jinyue Packaging Co.,Ltd Accounts receivable	127,342	371,873
Changzhou Shiji Jinyue Packaging Co.,Ltd Advance to Suppliers		61,427
Pan Yile Other Receivable		312,630
Mr. Pan Shudong Due from Mr. Pan	357,720	187,156
Ms. Xinmei Li Due from Mr. Pan	814	32,376
Due from related parties	$ 896,411	$ 1,390,074

Note 14 - Income Taxes: ScheduleOfDifferenceBetweenAccountingBasisAndAssetsAndLiabilities (Tables)	3 Months Ended Nov. 30, 2012

Tables/Schedules

ScheduleOfDifferenceBetweenAccountingBasisAndAssetsAndLiabilities

	For the six months ended November 30,	
	2012	2011
Current assets and liabilities		
Accounts receivable allowances	39,573	-
Deferred tax assets, net, current	39,573	-

Note 14 - Income Taxes: Schedule of Components of Income Tax Expense (Benefit) (Details) (USD $)	3 Months Ended		6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Current Income Tax Expense (Benefit)			$ (388,845)	$ (11,928)
Deferred Income Tax Expense (Benefit)			39,573	
Income tax	$ (276,382)	$ (11,675)	$ (349,272)	$ (11,928)

Note 8 - Related Party Transactions and Balances: Related Party By Name (Tables)

3 Months Ended

Nov. 30, 2012

Tables/Schedules

Related Party By Name

Name of entity or individual	Relationship with the Company
Changzhou Hengchuan Plastics Co, Ltd	Entity controlled by Mr. Pan Shudong and His Wife
Changzhou Shiji Jinyue Packaging Co.,Ltd	Entity controlled by Mr. Pan Shudong' s Sister
Changzhou Jinyue Electronic Co.,Ltd	Entity controlled by Mr. Pan Shudong' s Sister
Changzhou Leyuan International Trade Co.,Ltd	Entity controlled by Mr. Pan Shudong' s Sister
Mr. Pan Shudong	Controlling person of China Metal Holding, Inc.
Ms. Li Xingmei	Mr. Pan Shudong' s Wife and Director of Changzhou Huayue Electronic Co.,Ltd
Pan Yile	Mr. Pan Shudong' s Daughter and Employee of Changzhou Huayue Electronic Co.,Ltd

Note 2 - Summary of Significant Accounting Policies: Advertising Costs (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Advertising Costs	***Advertising costs*** Advertising costs for newspaper and television are expensed as incurred. The Company incurred no advertising costs for the three months ended November 30, 2012 and incurred $6,610 advertising costs for the three months ended November 30, 2011. The Company incurred advertising costs of $184 and $8,509 for the six months ended November 30, 2012 and 2011, respectively.

Note 14 - Income Taxes: ScheduleOfDifferenceBetweenAccountingBasisAndAssetsAndLiabilities (Details) (USD $)	Nov. 30, 2013	May 31, 2012
Other Assets	$ 39,573	
Deferred tax assets, current	$ 39,573	$ 38,238

Note 11 - Notes Payable: Schedule of Notes Payable (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Notes Payable to Bank	$ 1,590,027	$ 1,578,407
Notes payable	$ 1,590,027	$ 1,578,407

Note 2 - Summary of Significant Accounting Policies: Income Taxes (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Deferred Tax Assets, Net of Valuation Allowance	$ 39,573	$ 39,226

Note 14 - Income Taxes (Details) (USD $)	3 Months Ended		6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Income tax	$ 276,382	$ 11,675	$ 349,272	$ 11,928
Effective tax rate for the bad debt expense deduction	15.00%		15.00%	
Tax deduction rate for the temporary differences between the financial reporting bases and the tax bases	15.00%		15.00%	

Note 14 - Income Taxes: Schedule of Accumulated Other Comprehensive Income (Loss) (Details) (USD $)	6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011
Other Comprehensive Income (Loss), before Tax	$ 2,378,565	$ 47,713

Note 8 - Related Party Transactions and Balances: Payables Due to Related Parties (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Changzhou Leyuan International Trade Co.,Ltd Accounts payable		$ 114,290
Pan Yile Other Payable	69,492	
Changzhou Hengchuan Plastics Co, Ltd Accounts Payable	12,720	80,222
Accounts Payable, Related Parties, Current	$ 82,212	$ 194,312

Note 2 - Summary of Significant Accounting Policies: Inventory (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Inventory	***Inventory*** Inventory is primarily composed of raw materials and packing materials for manufacturing, work in process, and finished goods. Inventories are valued at the lower of cost or market with cost determined on a weighted average basis. Management compares the cost of inventory with the market value and an allowance is made for writing down the inventory to its market value, if lower than cost.

Note 11 - Notes Payable: Schedule of Notes Payable (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
Schedule of Notes Payable	

	November 30, 2012	May 31, 2012
Notes payable to Huaxian Bank	$ 1,590,027	$1,578,407
Total notes payable	**$ 1,590,027**	**$1,578,407**

Note 4 - Prepaid Account: Prepaid Account (Tables)

3 Months Ended Nov. 30, 2012

Tables/Schedules

Prepaid Account

The prepaid account consisted of the follows:

	November 30, 2012	May 31, 2012
Prepayment for purchase of raw materials	$ 3,117,454	$ 2,319,805
Prepayment for advertisement, exhibitions, utilities, consulting fees, etc.	63,838	69,742
Total prepaid account	$ 3,181,292	$ 2,389,547

Note 13 - Other Payable: ScheduleOfAccountsPayableAndAccruedLiabilitiesTable (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Maintenance, utilities, and insurance	$ 38,315	$ 518,795
Payable to service fees	64,139	87,723
OthersPayables	195,239	824
Accrued expense and other payables	$ 297,693	$ 607,341

Note 2 - Summary of Significant Accounting Policies: Foreign Currency Translation (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Foreign Currency Translation	***Foreign currency translation*** The accounts of the Company' s Chinese subsidiary are maintained in the RMB and the accounts of the U.S. parent company are maintained in the USD. The accounts of the Chinese subsidiary were translated into USD in accordance with Accounting Standards Codification ("ASC") Topic 830 "Foreign Currency Matters," with the RMB as the functional currency for the Chinese subsidiary. According to Topic 830, all assets and liabilities were translated at the exchange rate on the balance sheet date; stockholders' equity is translated at historical rates and statement of income items are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, "Comprehensive Income." Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the statements of income.

Note 13 - Other Payable: ScheduleOfAccountsPayableAndAccruedLiabilitiesTable (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
ScheduleOfAccountsPayableAndAccruedLiabilitiesTable	The Company' s other payable, at November 30, 2012 and May 31, 2012, consisted of the follows:

Type of Other payable:	November 30, 2012	May 31, 2012
Maintenance, utilities, and insurance	$ 38,315	$518,795
Payable to service fees	64,139	87,723
Others	195,239	824
Total other payable	**$ 297,693**	**$607,341**

Note 6 - Inventory: Schedule of Inventory Current (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Inventory, Raw Materials, Gross	$ 164,439	$ 410,729
Retail Related Inventory, Packaging and Other Supplies	60,337	59,896
Inventory, Work in Process, Gross	694,546	720,229
Inventory, Finished Goods, Gross	254,323	794,466
Inventory	$ 1,173,645	$ 1,985,391

Note 2 - Summary of Significant Accounting Policies (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Translation Adjustment Functional to Reporting Currency, Net of Tax	$ 335,047	$ 91,744

Note 8 - Related Party Transactions and Balances: Schedule of Related Party Transactions (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
Schedule of Related Party Transactions	

	Transaction		November 30, 2012		May 31, 2012
Changzhou Hengchuan Plastics Co, Ltd	Prepayment & Other Receivable	$	409,740		375,334
Changzhou Jinyue Electronics Co., Ltd	Accounts receivable		795		49,278
Changzhou Shiji Jinyue Packaging Co.,Ltd	Accounts receivable		127,342		371,873
Changzhou Shiji Jinyue Packaging Co.,Ltd	Advance to Suppliers		-		61,427
Pan Yile	Other Receivable		-		312,630
Mr. Pan Shudong	Due from Mr. Pan		357,720		187,156
Ms. Xinmei Li	Due from Mr. Pan		814		32,376
Total due from related parties		**$**	**896,411**	**$**	**1,390,074**

Note 4 - Prepaid Account	**3 Months Ended Nov. 30, 2012**

[Notes]
[Note 4 - Prepaid Account]

NOTE 4 – PREPAID ACCOUNT

The prepaid account consisted of the follows:

	November 30, 2012	May 31, 2012
Prepayment for purchase of raw materials	$ 3,117,454	$ 2,319,805
Prepayment for advertisement, exhibitions, utilities, consulting fees, etc.	63,838	69,742
Total prepaid account	$ 3,181,292	$ 2,389,547

Note 2 - Summary of Significant Accounting Policies: Period End Exchange Rate (Details)	Nov. 30, 2012	May 31, 2012	Nov. 30, 2011
Foreign Currency Exchange Rate, Translation	6.2892	6.3449	6.34824
Average Foreign currency exchange rate translation	6.3219	6.3277	6.4063

Note 5 - Other Receivable: Schedule of Other Receivables (Tables)	3 Months Ended Nov. 30, 2012
Tables/Schedules	
Schedule of Other Receivables	The other receivable consisted of the follows:

	November 30, 2012	May 31, 2012
Other Receivable		
Receivables from Entities	$ 1,661,245	$ 431,503
Receivables from Individuals	234,755	647,662
Total	$ 1,895,999	$ 1,079,165

Note 2 - Summary of Significant Accounting Policies: Prepaid Account (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Prepaid Account	***Prepaid account*** Prepaid account represents the payments made and recorded in advance for goods and services received. The Company makes advances for raw materials purchased from certain domestic vendors. In order to maintain a long-term relationship with the vendors, the Company frequently needs to make advances from one and one-half months to three months ahead. The prepaid account was $3,181,292 as of November 30, 2012 and $2,389,547 as of May 31, 2012.

Note 2 - Summary of Significant Accounting Policies: Customer Deposit (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Customer Deposit	***Customer deposit*** Revenue from the sale of goods or services is recognized at the time that goods are delivered or services are rendered. Receipts in advance for goods to be delivered or services to be rendered in a subsequent period are carried forward as customer deposit.

Note 2 - Summary of Significant Accounting Policies: Prepaid Account (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Prepaid account	$ 3,181,292	$ 2,389,547

Note 6 - Inventory: Schedule of Inventory Current (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
Schedule of Inventory Current	The components of inventories as of November 30, 2012 and May 31, 2012 were as follows:

	November 30, 2012	May 31, 2012
Raw materials	$ 164,439	$ 410,729
Packaging	60,337	59,896
Work-in-progress	694,546	720,229
Finished goods	254,323	794,466
Total Inventories	**$ 1,173,645**	**$ 1,985,391**

Note 2 - Summary of Significant Accounting Policies: Impairment of Long-lived Assets (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Impairment of Long-lived Assets	***Impairment of long-lived assets*** The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying amount of the assets.

Note 2 - Summary of Significant Accounting Policies: Income Taxes (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Income Taxes	***Income taxes*** The Company accounts for income tax under the asset and liability method as stipulated by Accounting Standards Codification ("ASC") 740, formerly Statement of Financial Accounting Standards ("SFAS") No. 109, "*Accounting for Income Taxes"*, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes will be recognized if significant temporary differences between tax and financial statements occur. Valuation allowances are established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. The deferred tax asset at November 30, 2012 and May 31, 2012 were $39,573 and $39,226, respectively.

Note 3 - Accounts Receivable, Net	3 Months Ended Nov. 30, 2012

Notes

Note 3 - Accounts Receivable, Net

NOTE 3 – ACCOUNTS RECEIVABLE, NET

The Company provides an allowance for doubtful accounts related to its receivables. The receivables and allowance balances at November 30, 2012 and May 31, 2012 are as follows:

	November 30, 2012	May 31, 2012
Accounts Receivable	$ 9,158,705	$ 3,951,883
Less: Allowance for Doubtful Accounts	(263,821)	(261,893)
Accounts Receivable, Net	$ 8,894,884	$ 3,689,990

Note 2 - Summary of Significant Accounting Policies: Value-added Tax (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Value-added Tax	***Value-added tax*** Sales revenue represents the invoiced value of goods, net of a Value-Added Tax ("VAT"). All of the Company' s products that are sold in the PRC are subject to a Chinese value-added tax at a rate of 17% of the gross sales price. This VAT may be offset by VAT paid by the Company on raw materials and other materials included in the cost of producing their finished product. The Company recorded \$142,340 and \$134,962 VAT payable net of payments in the financial statements as of November 30, 2012 and May 31, 2012, respectively.

Note 2 - Summary of Significant Accounting Policies: Period End Exchange Rate (Tables)	3 Months Ended		
	Nov. 30, 2012		
Tables/Schedules			
Period End Exchange Rate			

	November 30, 2012	May 31, 2012	November 30, 2011
Period End RMB Exchange Rate (RMB/USD$)	6.2892	6.3449	6.34824
Average Period RMB Exchange Rate (RMB/USD$)	6.3219	6.3277	6.4063

Note 14 - Income Taxes: Schedule of Accumulated Other Comprehensive Income (Loss) (Tables)	3 Months Ended Nov. 30, 2012
Tables/Schedules	
Schedule of Accumulated Other Comprehensive Income (Loss)	

	For the six months ended November 30,	
	2012	2011
P.R.China	2,378,565	47,713

Note 10 - Short-term Debt: Schedule of Short-term Debt (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Loan from China Communication Bank		$ 3,156,815
Loan from China Industrial and Commercial Bank	954,016	947,044
Loan from Chinese Bank	1,113,019	1,420,567
Loan from Changzhou Wujinyintong Agriculture Credit Union	477,008	473,522
Loan from Changzhou Wujinyinfeng Agriculture Credit Union	795,014	789,204
Short-term debt	$ 3,339,058	$ 6,787,152

CONSOLIDATED BALANCE SHEET (USD $)	Nov. 30, 2012	May 31, 2012
Cash and cash equivalent	$ 1,107,812	$ 1,085,784
Accounts receivables, net	8,894,884	3,689,990
Prepaid account	3,181,292	2,389,547
Due from related parties	896,411	1,390,074
Other receivables	1,895,999	1,079,165
Inventory	1,173,645	1,985,391
Deferred tax assets, current	39,573	38,238
Total current assets	17,189,615	11,658,189
Plant, property and equipment, net	495,309	549,322
Total assets	17,684,924	12,207,511
Accounts payable	1,119,314	744,449
Tax payable	699,578	241,698
Short-term debt	3,339,058	6,787,152
Notes payable	1,590,027	1,578,407
Customer deposit	783,341	703,713
Due to related parties	82,212	194,312
Accrued expense and other payables	297,693	607,341
Total current liabilities	7,911,223	10,857,071
Total liabilities	7,911,223	10,857,071
Common stock, par value $0.001 per share; 60,000,000 shares authorized; and 31,327,741 shares and 30,067,741 shares issued and outstanding at November 30, 2012, and May 31, 2012, respectively	31,328	30,068
Additional Paid In Capital	6,816,967	669,932
Statutory reserve	31,263	31,263
Retained earnings	2,559,095	529,803
Accumulated other comprehensive income	335,047	89,374
Total stockholders' equity	9,773,700	1,350,440
Total liabilities and stockholders' equity	$ 17,684,924	$ 12,207,511

Note 7 - Plant, Property and Equipment, Net: PropertyPlantAndEquiptmentScheduleOfSignificantAcquisitionsAndDisposals (Tables)	3 Months Ended Nov. 30, 2012
Tables/Schedules	
PropertyPlantAndEquiptmentScheduleOfSignificantAcquisitionsAndDisposals	The components of plant, property and equipment as of November 30, 2012 and May 31, 2012 were as follows:

	November 30, 2012	May 31, 2012
Machinery	$ 1,258,249	$ 1,106,702
Electronic Equipment	69,938	182,934
Transportation Equipment	256,905	283,872
Subtotal	1,585,092	1,573,507
Less: Accumulated Depreciation	(1,089,783)	(1,024,186)
Total plant, property and equipment, net	**$ 495,309**	**$ 549,322**

Note 1 - Organization and Operations	3 Months Ended Nov. 30, 2012

NOTE 1 – ORGANIZATION AND OPERATIONS

Huayue Electronics, Inc. ("Huayue Electronics" or the "Company") was incorporated under the laws of the State of Delaware on January 13, 2005. The Company was initially named "HXT Holdings, Inc.," but changed its name to Huayue Electronics, Inc. on November 2, 2011.

On September 2, 2011, Huayue Electronics acquired all of the outstanding capital stock of China Metal Holding, Inc. ("China Metal"), a privately owned corporation formed in the State of Delaware, United States of America, by merging HXT Acquisition Corp., a newly formed Delaware corporation that was wholly owned by the Company, into China Metal. China Metal is a holding company whose only asset, held through a subsidiary, is 100% of the registered capital of Changzhou Huayue Electronics Company, Limited ("Changzhou Huayue"), a limited liability company organized under the laws of the People' s Republic of China ("China" or "PRC").

Changzhou Huayue has been engaged since its formation in developing, manufacturing and selling electrolytic capacitors. Since 2008 Changzhou Huayue has also been engaged in developing, manufacturing and selling energy efficient lighting products, including both high frequency induction lights and light bulbs utilizing a light emitting diode ("LED"). Changzhou Huayue' s offices and manufacturing facilities are located in China.

Note 2 - Summary of Significant Accounting Policies: Advertising Costs (Details) (USD $)	3 Months Ended		6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Advertising Expense	$ 0	$ 6,610	$ 184	$ 8,509

Note 2 - Summary of Significant Accounting Policies: Risks and Uncertainties (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Risks and Uncertainties	***Risks and uncertainties*** 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, and by the general state of the PRC' s economy. The Company' s operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in the North America and Western Europe. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company' s results may be adversely affected 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 4 - Prepaid Account: Prepaid Account (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Prepaid Expense and Other Assets, Current	$ 3,117,454	$ 2,319,805
Prepaid Advertising	63,838	69,742
Prepaid account	$ 3,181,292	$ 2,389,547

Note 2 - Summary of Significant Accounting Policies: Use of Estimates (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Use of Estimates	***Use of estimates*** The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates reflected in the Company' s consolidated financial statements include: the allowance for bad debt, the valuation of inventory, and estimated useful lives and impairment of property and equipment.

Note 2 - Summary of Significant Accounting Policies: Fair Value of Financial Instruments (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Fair Value of Financial Instruments	***Fair value of financial instruments*** For certain of the Company' s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities. As of November 30, 2012, the Company did not identify any financial instruments that are required to be presented on the balance sheet at fair value other than those whose carrying amounts approximate fair value due to their short maturities.

Note 2 - Summary of Significant Accounting Policies: Accounts Receivable and Allowance For Bad Debt (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Accounts Receivable and Allowance For Bad Debt	***Accounts Receivable and Allowance for Bad Debt*** Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is established based on the management's assessment of the recoverability of accounts and other receivables. A considerable amount of judgment is required in assessing the realization of these receivables, including the current credit worthiness of each customer and the related aging analysis.

Note 7 - Plant, Property and Equipment, Net: PropertyPlantAndEquiptmentScheduleOfSignificantAcquisitionsAndDisposals (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Machinery	$ 1,258,249	$ 1,106,702
Electronic Equipment	69,938	182,934
Transportation Equipment	256,905	283,872
Machinery and Equipment, Gross	1,585,092	1,573,507
Accumulated Depreciation, Depletion and Amortization, Property, Plant, and Equipment	(1,089,783)	(1,024,186)
Plant, property and equipment, net	$ 495,309	$ 549,322

Note 2 - Summary of Significant Accounting Policies	3 Months Ended
	Nov. 30, 2012

Notes

Note 2 - Summary of Significant Accounting Policies

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements reflect the financial position of the Company and its subsidiary, Changzhou Huayue Electronic Co., Ltd., as of November 30, 2012 and May 31, 2012 and the results of operations and cash flows of the Company and its subsidiary, Changzhou Huayue Electronic Co., Ltd., for the three months and six months ended November 30, 2012 and 2011.

Principles of consolidation

The consolidated financial statements include the financial statements of China Metal Holding, Inc. and Changzhou Huayue Electronics Co., Ltd. All inter-company transactions and balances are eliminated in consolidation.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounting estimates reflected in the Company's consolidated financial statements include: the allowance for bad debt, the valuation of inventory, and estimated useful lives and impairment of property and equipment.

Cash and cash equivalents

For purposes of the statement of cash flow, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Bad Debt

Accounts receivable are stated at net realizable value. An allowance for doubtful accounts is established based on the management's assessment of the recoverability of accounts and other receivables. A considerable amount of judgment is required in assessing the realization of these receivables, including the current credit worthiness of each customer and the related aging analysis.

Inventory

Inventory is primarily composed of raw materials and packing materials for manufacturing, work in process, and finished goods. Inventories are valued at the lower of cost or market with cost determined on a weighted average basis. Management compares the cost of inventory with the market value and an allowance is made for writing down the inventory to its market value, if lower than cost.

Machinery and equipment

Machinery and equipment are stated at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and locations for its intended use. Depreciation is calculated using the straight-line method over the following useful lives:

Machinery, equipment, and automobiles	7-15 years

Expenditures for maintenance and repairs are charged to expense as incurred. Additions, renewals and betterments are capitalized.

Revenue recognition

The Company' s revenue recognition policies are in compliance with Staff Accounting Bulletin ("SAB") 104, included in the Codification as ASC 605, *Revenue Recognition.* 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 collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Customer deposit

Revenue from the sale of goods or services is recognized at the time that goods are delivered or services are rendered. Receipts in advance for goods to be delivered or services to be rendered in a subsequent period are carried forward as customer deposit.

Prepaid account

Prepaid account represents the payments made and recorded in advance for goods and services received. The Company makes advances for raw materials purchased from certain domestic vendors. In order to maintain a long-term relationship with the vendors, the Company frequently needs to make advances from one and one-half months to three months ahead. The prepaid account was $3,181,292 as of November 30, 2012 and $2,389,547 as of May 31, 2012.

Impairment of long-lived assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying amount of the assets.

Income taxes

The Company accounts for income tax under the asset and liability method as stipulated by Accounting Standards Codification ("ASC") 740, formerly Statement of Financial Accounting Standards ("SFAS") No. 109, "*Accounting for Income Taxes"*, which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of the events that have been included in the financial statements or tax returns. Deferred income taxes will be recognized if significant temporary differences between tax and financial statements occur. Valuation allowances are established against net deferred tax assets when it is more likely than not that some portion or all of the deferred tax asset will not be realized. The deferred tax asset at November 30, 2012 and May 31, 2012 were $39,573 and $39,226, respectively.

Value-added tax

Sales revenue represents the invoiced value of goods, net of a Value-Added Tax ("VAT"). All of the Company' s products that are sold in the PRC are subject to a Chinese value-added tax at a rate of 17% of the gross sales price. This VAT may be offset by VAT paid by the Company on raw materials and other materials included in the cost of producing their finished product.

The Company recorded $142,340 and $134,962 VAT payable net of payments in the financial statements as of November 30, 2012 and May 31, 2012, respectively.

Advertising costs

Advertising costs for newspaper and television are expensed as incurred. The Company incurred no advertising costs for the three months ended November 30, 2012 and incurred $6,610 advertising costs for the three months ended November 30, 2011.

The Company incurred advertising costs of $184 and $8,509 for the six months ended November 30, 2012 and 2011, respectively.

Mailing and handling costs

The Company accounts for mailing and handling fees in accordance with the *FASB ASC* 605-45 (Emerging *Issues Task Force* (EITF*) Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs)*. The Company includes shipping and handling fees billed to customers in net revenues. Amounts incurred by the Company for freight are included in cost of goods sold. For the three months ended November 30, 2012 and 2011, the Company incurred $1,127 and $5,663 mailing and handling costs, respectively. For the six months ended November 30, 2012 and 2011, the Company incurred $8,251 and $6,494 mailing and handling costs, respectively.

Risks and uncertainties

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, and by the general state of the PRC' s economy. The Company' s operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in the North America and Western Europe. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange. The Company' s results may be adversely affected 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.

Fair value of financial instruments

For certain of the Company' s financial instruments, including cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term debt, the carrying amounts approximate their fair values due to their short maturities.

As of November 30, 2012, the Company did not identify any financial instruments that are required to be presented on the balance sheet at fair value other than those whose carrying amounts approximate fair value due to their short maturities.

Foreign currency translation

The accounts of the Company' s Chinese subsidiary are maintained in the RMB and the accounts of the U.S. parent company are maintained in the USD. The accounts of the Chinese subsidiary were translated into USD in accordance with Accounting Standards Codification ("ASC") Topic 830 "Foreign Currency Matters," with the RMB as the functional currency for the Chinese subsidiary. According to Topic 830, all assets and liabilities were translated at the exchange rate on the balance sheet date; stockholders' equity is translated at historical rates and statement of income items are translated at the weighted average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with ASC Topic 220, "Comprehensive Income." Gains and losses resulting from the translations of foreign currency transactions and balances are reflected in the statements of income.

Translation adjustments resulting from this process amounted to $335,047 and $91,744 as of November 30, 2012 and May 31, 2012, respectively.

The following exchange rates were adopted to translate the amounts from RMB into United States dollars ("USD$") for the respective years:

	November 30, 2012	May 31, 2012	November 30, 2011
Period End RMB Exchange Rate (RMB/USD$)	6.2892	6.3449	6.34824
Average Period RMB Exchange Rate (RMB/USD$)	6.3219	6.3277	6.4063

Statutory Reserve

Subsidiaries incorporated in China are required to make appropriations to reserve funds, based on after-tax net income determined in accordance with generally accepted accounting principles of the People's Republic of China ("PRC GAAP"). Effective January 1, 2006, the Company is only required to contribute to one statutory reserve fund at 10% of net income after tax per annum, and any contributions are not to exceed 50% of the respective companies' registered capital.

As of November 30, 2012, the Company has appropriated USD $31,263 to the statutory reserve.

New accounting pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

BALANCE SHEET PARENTHETICAL (USD $)	Nov. 30, 2012	May 31, 2012
Common stock par value	$ 0.001	$ 0.001
Common stock shares authorized	60,000,000	60,000,000
Common stock shares issued	31,327,741	30,067,741
Common stock shares outstanding	31,327,741	30,067,741

Note 13 - Other Payable	3 Months Ended Nov. 30, 2012
Notes	
Note 13 - Other Payable	**NOTE 13 - OTHER PAYABLE**

NOTE 13 - OTHER PAYABLE

The Company' s other payable, at November 30, 2012 and May 31, 2012, consisted of the follows:

Type of Other payable:	November 30, 2012	May 31, 2012
Maintenance, utilities, and insurance	$ 38,315	$ 518,795
Payable to service fees	64,139	87,723
Others	195,239	824
Total other payable	$ **297,693**	**$ 607,341**

Document and Entity Information	3 Months Ended Nov. 30, 2012	Jan. 10, 2013
Document and Entity Information		
Entity Registrant Name	Huayue Electronics, Inc.	
Document Type	10-Q	
Document Period End Date	Nov. 30, 2012	
Amendment Flag	false	
Entity Central Index Key	0001315756	
Current Fiscal Year End Date	--05-31	
Entity Common Stock, Shares Outstanding		31,327,741
Entity Filer Category	Smaller Reporting Company	
Entity Current Reporting Status	No	
Entity Voluntary Filers	No	
Entity Well-known Seasoned Issuer	No	
Document Fiscal Year Focus	2013	
Document Fiscal Period Focus	Q2	

Note 14 - Income Taxes

3 Months Ended
Nov. 30, 2012

Notes
Note 14 - Income Taxes

NOTE 14 - INCOME TAXES

For the six months ended November 30, 2012 and 2011, Changzhou Huayue Electronics Co., Ltd recorded income tax provisions of $349,272 and $11,928 respectively.

(i) The components of income (loss) before income tax expense are as follows:

	For the six months ended November 30,	
	2012	**2011**
P.R.China	2,378,565	47,713

(ii) The components of the income tax benefit (expense) are as follows:

	For the six months ended November 30,	
	2012	**2011**
Current	(388,845)	(11,928)
Deferred:	39,573	-
Total Income tax benefit (expense)	(349,272)	(11,928)

(iii) The following table summarizes deferred taxes resulting from differences between financial accounting basis and tax basis of assets and liabilities:

	For the six months ended November 30,	
	2012	**2011**
Current assets and liabilities		
Accounts receivable allowances	39,573	-
Deferred tax assets, net, current	39,573	-

Changzhou Huayue Electronics Co., Ltd is subject to the Enterprise Income Tax ("EIT") at a statutory rate of 25%. However, according to P.R. China tax law, the effective tax rate for the bad debt expense deduction is only 15%. The Company recognized $39,573 current deferred tax assets at enacted 15% tax deduction rate for the temporary differences between the financial reporting bases and the tax bases of its allowance for accounts receivable.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate resolution.

Note 15 - Common Stock and Additional Paid in Capital (Details) (USD $)	3 Months Ended		
	Nov. 30, 2011	Jul. 26, 2012	Jul. 25, 2012
Other Ownership Interests, Contributed Capital		$ 300,065	$ 2,698,230
Stock Issued During Period, Shares, Issued for Cash	1,260,000 [1]		
Stock Issued During Period, Value, Issued for Cash	$ 3,150,000		

[1] $2.50 per share

CONSOLIDATED INCOME STATEMENT (USD $)	3 Months Ended		6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Sales Revenue	$ 4,795,580	$ 986,281	$ 6,872,252	$ 3,399,474
Cost of Goods Sold	2,776,543	842,207	4,166,842	3,157,141
Gross Profit	2,019,037	144,074	2,705,410	242,333
Selling Expenses	8,619	3,509	17,432	5,408
G&A Expenses	91,716	57,347	179,188	90,103
Total expenses	100,335	60,856	196,620	95,511
Income from operation	1,918,702	83,218	2,508,790	146,822
Interest Income (Expense)	(76,158)	(86,658)	(180,311)	(178,411)
Other income (Expense)	50,086	50,141	50,086	79,302
Profit before tax	1,892,630	46,701	2,378,565	47,713
Income tax	276,382	11,675	349,272	11,928
Net income	1,616,248	35,026	2,029,293	35,785
Foreign currency translation adjustment	69,175	12,107	245,673	24,205
Comprehensive income	$ 1,685,423	$ 47,133	$ 2,274,966	$ 59,990
Income (Loss) Per Share, Basic and Diluted	$ 0.05	$ 0.00	$ 0.07	$ 0.00
Weighted Average Number of Common Shares, Basic and Diluted	30,206,203	30,067,741	30,136,593	30,067,741

Note 7 - Plant, Property and Equipment, Net	3 Months Ended Nov. 30, 2012
Notes	
Note 7 - Plant, Property and Equipment, Net	**NOTE 7 - PLANT, PROPERTY AND EQUIPMENT, NET** The components of plant, property and equipment as of November 30, 2012 and May 31, 2012 were as follows:

	November 30, 2012	May 31, 2012
Machinery	$ 1,258,249	$ 1,106,702
Electronic Equipment	69,938	182,934
Transportation Equipment	256,905	283,872
Subtotal	1,585,092	1,573,507
Less: Accumulated Depreciation	(1,089,783)	(1,024,186)
Total plant, property and equipment, net	**$ 495,309**	**$ 549,322**

The depreciation expense for the three months ended November 30, 2012 and 2011 was $25,540 and $29,425, respectively.

The depreciation expense for the six months ended November 30, 2012 and 2011 was $54,013 and $67,245, respectively

Note 6 - Inventory	3 Months Ended Nov. 30, 2012

Notes
Note 6 - Inventory

NOTE 6 – INVENTORY

Inventory consists of finished goods, work-in-process, and raw materials. No allowance for inventory was reserved as of November 30, 2012 and May 31, 2012.

The components of inventories as of November 30, 2012 and May 31, 2012 were as follows:

	November 30, 2012	May 31, 2012
Raw materials	$ 164,439	$ 410,729
Packaging	60,337	59,896
Work-in-progress	694,546	720,229
Finished goods	254,323	794,466
Total Inventories	**$ 1,173,645**	**$ 1,985,391**

Note 2 - Summary of Significant Accounting Policies: Cash and Cash Equivalents (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Cash and Cash Equivalents	***Cash and cash equivalents*** For purposes of the statement of cash flow, the Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Note 15 - Common Stock and Additional Paid in Capital	3 Months Ended
	Nov. 30, 2012
Notes	
Note 15 - Common Stock and Additional Paid in Capital	**NOTE 15 – COMMON STOCK AND ADDITIONAL PAID IN CAPITAL** On July 26, 2012, the Company received $300,065 cash payment from its shareholders. The cash receipt was recorded as addition to the paid in capital. On July 25, 2012, Ms. Li Xinmei contributed $2,698,230 to the Company. The contribution was recognized as additional paid in capital. Ms. Li is a member of the Board of Directors, spouse of the CEO, and a principal shareholder of the Company. Both transactions did not increase the outstanding shares of the common stock. On November 21, 2012, the Company's Board of Directors approved and authorized the sale of 1,260,000 shares at $2.50 per share to Ms. Li Xinmei. The Company received total proceeds of $3,150,000 from Ms. Li Xinmei in the quarter ended November 30, 2012.

Note 11 - Notes Payable	3 Months Ended Nov. 30, 2012
Notes	
Note 11 - Notes Payable	**NOTE 11 – NOTES PAYABLE**

	November 30, 2012	May 31, 2012
Notes payable to Huaxian Bank	$ 1,590,027	$ 1,578,407
Total notes payable	**$ 1,590,027**	**$ 1,578,407**

All notes payable were due within one year and bear 6% annual interest rate on the maturity date.

Note 2 - Summary of Significant Accounting Policies: Mailing and Handling Costs (Details) (USD $)	3 Months Ended		6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Shipping, Handling and Transportation Costs	$ 1,127	$ 5,663	$ 8,251	$ 6,494

Note 8 - Related Party Transactions and Balances	3 Months Ended Nov. 30, 2012

Notes
Note 8 - Related Party Transactions and Balances

NOTE 8 - RELATED PARTY TRANSACTIONS AND BALANCES

An individual or entity is considered to be a related party if the person or the entity has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. An individual or entity is also considered to be related if the person or the entity is subject to common control or common significant influence.

The related parties of the company are comprised as follows:

Name of entity or individual	Relationship with the Company
Changzhou Hengchuan Plastics Co, Ltd	Entity controlled by Mr. Pan Shudong and His Wife
Changzhou Shiji Jinyue Packaging Co.,Ltd	Entity controlled by Mr. Pan Shudong' s Sister
Changzhou Jinyue Electronic Co.,Ltd	Entity controlled by Mr. Pan Shudong' s Sister
Changzhou Leyuan International Trade Co.,Ltd	Entity controlled by Mr. Pan Shudong' s Sister
Mr. Pan Shudong	Controlling person of China Metal Holding, Inc.
Ms. Li Xingmei	Mr. Pan Shudong' s Wife and Director of Changzhou Huayue Electronic Co.,Ltd
Pan Yile	Mr. Pan Shudong' s Daughter and Employee of Changzhou Huayue Electronic Co.,Ltd

(i) Due from Related Party:

Due from Related Parties, at November 30, 2012 and May 31, 2012, consisted of the following balances:

	Transaction		November 30, 2012	May 31, 2012
Changzhou Hengchuan Plastics Co, Ltd	Prepayment & Other Receivable	$	409,740	375,334
Changzhou Jinyue Electronics Co., Ltd	Accounts receivable		795	49,278
Changzhou Shiji Jinyue Packaging Co.,Ltd	Accounts receivable		127,342	371,873
Changzhou Shiji Jinyue Packaging Co.,Ltd	Advance to Suppliers		-	61,427
Pan Yile	Other Receivable		-	312,630

Mr. Pan Shudong	Due from Mr. Pan	357,720	187,156
Ms. Xinmei Li	Due from Mr. Pan	814	32,376
Total due from related parties		**$ 896,411**	**$ 1,390,074**

(ii) Due to Related Parties

Due to Related Parties at November 30, 2012 and May 31, 2012 consisted of the follows:

		November 30, 2012	May 31, 2012
Changzhou Leyuan International Trade Co.,Ltd	Accounts payable	$ -	$ 114,290
Pan Yile	Other payable	69,492	-
Changzhou Hengchuan Plastics Co, Ltd	Accounts payable	12,720	80,222
Total due to related parties		**$ 82,212**	**$ 194,312**

Note 10 - Short-term Debt

3 Months Ended
Nov. 30, 2012

Notes

Note 10 - Short-term Debt

NOTE 10 – SHORT-TERM DEBT

The Company' s short term debt consisted of the follows:

	November 30, 2012	May 31, 2012
	USD	**USD**
Loan from China Communication Bank ($0.79 million is due on 10/17/2012 with 8.528% annual interest rate , $0.95 million is due on 12/22/2012 with 8.528% annual interest rate, $0.63 million is due on 12/12/2012 with 8.528% annual interest rate)	$ -	$3,156,815
Loan from China Industrial and Commercial Bank ($0.48 million is due on 9/10/2013 with 5.810% annual interest rate and $0.47 million is due on 6/10/2013 with 6.560% annual interest rate)	954,016	947,044
Loan from Chinese Bank (6.893% annual interest rate, due on 8/8/2013)	1,113,019	1,420,567
Loan from Changzhou Wujinyintong Agriculture Credit Union (6% annual interest rate, due on 3/18/2013)	477,008	473,522
Loan from Changzhou Wujinyinfeng Agriculture Credit Union (6% annual interest rate, due on 3/18/2013)	795,014	789,204
Total short term debt	**3,339,058**	**6,787,152**

Note 12 - Tax Payable

3 Months Ended
Nov. 30, 2012

Notes

Note 12 - Tax Payable

NOTE 12 - TAX PAYABLE

Tax payable at November 30, 2012 and May 31, 2012 are as follows:

	November 30, 2012	May 31, 2012
Corporate Income Tax	$ 536,257	$ 106,366
Value-Added Tax	142,340	134,962
Other Tax & Fees	20,981	370
Total Tax Payable	**$ 699,578**	**$ 241,698**

Note 3 - Accounts Receivable, Net: Schedule Of Accounts And Notes Receivable (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Accounts Receivable, Gross, Current	$ 9,158,705	$ 3,951,883
Allowance for Doubtful Accounts Receivable	(263,821)	(261,893)
Accounts receivables, net	$ 8,894,884	$ 3,689,990

Note 5 - Other Receivable: Schedule of Other Receivables (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Receivables from Entities	$ 1,661,245	$ 431,503
Receivables from Individuals	234,755	647,662
Other receivables	$ 1,895,999	$ 1,079,165

Note 2 - Summary of Significant Accounting Policies: Statutory Reserve (Details) (USD $)	Nov. 30, 2012
Statutory reserve	$ 31,263

Note 2 - Summary of Significant Accounting Policies: Mailing and Handling Costs (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Mailing and Handling Costs	***Mailing and handling costs*** The Company accounts for mailing and handling fees in accordance with the *FASB ASC* 605-45 (Emerging *Issues Task Force* (EITF*) Issue No. 00-10, Accounting for Shipping and Handling Fees and Costs)*. The Company includes shipping and handling fees billed to customers in net revenues. Amounts incurred by the Company for freight are included in cost of goods sold. For the three months ended November 30, 2012 and 2011, the Company incurred \$1,127 and \$5,663 mailing and handling costs, respectively. For the six months ended November 30, 2012 and 2011, the Company incurred \$8,251 and \$6,494 mailing and handling costs, respectively.

Note 12 - Tax Payable: Schedule of Tax Payable (Tables)

3 Months Ended

Nov. 30, 2012

Tables/Schedules

Schedule of Tax Payable

Tax payable at November 30, 2012 and May 31, 2012 are as follows:

	November 30, 2012	May 31, 2012
Corporate Income Tax	$ 536,257	$ 106,366
Value-Added Tax	142,340	134,962
Other Tax & Fees	20,981	370
Total Tax Payable	**$ 699,578**	**$ 241,698**

Note 2 - Summary of Significant Accounting Policies: Principles of Consolidation (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Principles of Consolidation	***Principles of consolidation*** The consolidated financial statements include the financial statements of China Metal Holding, Inc. and Changzhou Huayue Electronics Co., Ltd. All inter-company transactions and balances are eliminated in consolidation.

Note 2 - Summary of Significant Accounting Policies: Machinery and Equipment (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Machinery and Equipment	***Machinery and equipment*** Machinery and equipment are stated at cost. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and locations for its intended use. Depreciation is calculated using the straight-line method over the following useful lives: Machinery, equipment, and automobiles 7-15 years Expenditures for maintenance and repairs are charged to expense as incurred. Additions, renewals and betterments are capitalized.

Note 10 - Short-term Debt: Schedule of Short-term Debt (Tables)

3 Months Ended

Nov. 30, 2012

Tables/Schedules

Schedule of Short-term Debt

The Company' s short term debt consisted of the follows:

	November 30, 2012	May 31, 2012
	USD	**USD**
Loan from China Communication Bank ($0.79 million is due on 10/17/2012 with 8.528% annual interest rate , $0.95 million is due on 12/22/2012 with 8.528% annual interest rate, $0.63 million is due on 12/12/2012 with 8.528% annual interest rate)	$ -	$3,156,815
Loan from China Industrial and Commercial Bank ($0.48 million is due on 9/10/2013 with 5.810% annual interest rate and $0.47 million is due on 6/10/2013 with 6.560% annual interest rate)	954,016	947,044
Loan from Chinese Bank (6.893% annual interest rate, due on 8/8/2013)	1,113,019	1,420,567
Loan from Changzhou Wujinyintong Agriculture Credit Union (6% annual interest rate, due on 3/18/2013)	477,008	473,522
Loan from Changzhou Wujinyinfeng Agriculture Credit Union (6% annual interest rate, due on 3/18/2013)	795,014	789,204
Total short term debt	**3,339,058**	**6,787,152**

Note 3 - Accounts Receivable, Net: Schedule Of Accounts And Notes Receivable (Tables)	3 Months Ended
	Nov. 30, 2012
Tables/Schedules	
Schedule Of Accounts And Notes Receivable	The Company provides an allowance for doubtful accounts related to its receivables. The receivables and allowance balances at November 30, 2012 and May 31, 2012 are as follows:

	November 30, 2012	May 31, 2012
Accounts Receivable	$ 9,158,705	$ 3,951,883
Less: Allowance for Doubtful Accounts	(263,821)	(261,893)
Accounts Receivable, Net	$ 8,894,884	$ 3,689,990

CONSOLIDATED STATEMENT OF CASH FLOWS (USD $)	6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011
Net income	$ 2,029,293	$ 35,785
Depreciation and amortization	54,014	17,059
Change in Accounts receivable	(5,204,894)	(523,448)
Change in Inventory	811,746	(232,690)
Change in Prepaid account	(791,745)	1,754,804
Change in Other receivable	(816,834)	(675,144)
Change in Due from related parties	493,663	(1,971,532)
Change in Accounts payable	374,865	404,089
Change in Customer deposit	79,628	166,860
Change in Due to related parties	(112,100)	461,164
Change in Taxes payable	457,880	39,883
Change in Deferred tax assets	1,335	
Change in Accured expense and other payables	(309,648)	602,083
Net cash provided by (used in) operating activities	2,935,467	78,913
Addition to plant and equipment		
Long-term Investment		825
Net cash provided by (used in) investing activities		825
Short term debt financing	(3,448,094)	(647,566)
Notes payable financing	11,620	220,435
Shareholder's capital contribution	6,148,295	
Net cash provided by (used in) financing activities	2,711,821	(427,131)
Effect of exchange rate changes on cash and cash equivalents	245,674	38,393
Net increase (decrease) in cash and cash equivalents	22,028	(309,000)
Cash and cash equivalents at beginning of period	1,085,784	2,701,516
Cash and cash equivalents at ending of period	1,107,812	2,392,516
Cash paid for interest	180,959	90,401
Cash paid for income taxes	$ 305,106	

Note 5 - Other Receivable	3 Months Ended Nov. 30, 2012

Notes

Note 5 - Other Receivable

NOTE 5 – OTHER RECEIVABLE

The other receivable consisted of the follows:

		November 30, 2012		May 31, 2012
Other Receivable				
Receivables from Entities	$	1,661,245	$	431,503
Receivables from Individuals		234,755		647,662
Total	$	1,895,999	$	1,079,165

Note 2 - Summary of Significant Accounting Policies: Value-added Tax (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Value-added tax at a rate	17.00%	
Value-added Tax Payable	$ 142,340	$ 134,962

Note 7 - Plant, Property and Equipment, Net (Details) (USD $)	3 Months Ended		6 Months Ended	
	Nov. 30, 2012	Nov. 30, 2011	Nov. 30, 2012	Nov. 30, 2011
Depreciation Expense	$ 25,540	$ 29,425	$ 54,013	$ 67,245

Note 2 - Summary of Significant Accounting Policies: Revenue Recognition (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Revenue Recognition	***Revenue recognition*** The Company' s revenue recognition policies are in compliance with Staff Accounting Bulletin ("SAB") 104, included in the Codification as ASC 605, *Revenue Recognition.* 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 collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are recorded as customer deposits.

Note 12 - Tax Payable: Schedule of Tax Payable (Details) (USD $)	Nov. 30, 2012	May 31, 2012
Corporate Income Tax	$ 536,257	$ 106,366
Value-Added Tax	142,340	134,962
Other Tax & Fees	20,981	370
Tax payable	$ 699,578	$ 241,698

Note 2 - Summary of Significant Accounting Policies: Statutory Reserve (Policies)	3 Months Ended Nov. 30, 2012
Policies	
Statutory Reserve	***Statutory Reserve*** Subsidiaries incorporated in China are required to make appropriations to reserve funds, based on after-tax net income determined in accordance with generally accepted accounting principles of the People's Republic of China ("PRC GAAP"). Effective January 1, 2006, the Company is only required to contribute to one statutory reserve fund at 10% of net income after tax per annum, and any contributions are not to exceed 50% of the respective companies' registered capital. As of November 30, 2012, the Company has appropriated USD $31,263 to the statutory reserve.

Note 2 - Summary of Significant Accounting Policies: Basis of Presentation (Policies)	3 Months Ended
	Nov. 30, 2012
Policies	
Basis of Presentation	***Basis of presentation*** The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The financial statements reflect the financial position of the Company and its subsidiary, Changzhou Huayue Electronic Co., Ltd., as of November 30, 2012 and May 31, 2012 and the results of operations and cash flows of the Company and its subsidiary, Changzhou Huayue Electronic Co., Ltd., for the three months and six months ended November 30, 2012 and 2011.