

TOOLUX SANDING SA

**Consolidated annual report
Prepared as at and for the Year Ended
31 December 2013**

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1. General information

TOOLUX SANDING SA (the parent company) and its subsidiaries (the Group) represent a Chinese group whose main activity is manufacturing and processing of Hand tools, hardware tools.

The registered office is located at 3B, boulevard du Prince Henri, L-1724 Luxembourg.

The company was incorporated on October 2nd, 2008 as a Société Anonyme with a fully paid share capital of EUR 350 000.

On 13th October 2008, the directors increased, by a contribution in kind, the capital of the Company by EUR 1 000 000 to bring it from EUR 350 000 to EUR 1 350 000 by the issuance of 1 000 000 new shares with a nominal value of EUR 1 each.

The contribution in kind was represented by 100 % of the share capital of Giant Dragon Holdings Ltd (Samoa), a company incorporated in Samoa on 17th January 2007 with registered number 30466 and located at Level 2, Nia Mall, Vaea Street, Apia, Samoa. The contribution in kind value was based on Giant Dragon Holdings Ltd net asset value as at June 30, 2008.

On December 17, 2008, in connection with the admission of the Company on Alternext Market of Euronext Paris, the board of directors realized an increase of the issued share capital paid up in cash to bring it from EUR 1 350 000 to EUR 1 753 667 (1 753 667 shares of EUR 1 each). The total amount of the contribution is five million eighty-two thousand one hundred and sixty seven Euros fifty three cents (EUROS 5 082 167,53) represented by four hundred and three thousand six hundred and sixty seven Euros (403 667) for the capital and four million six hundred and seventy-eight thousand five hundred euro fifty three cents (4 678 500,53 Euros) for the share premium.

On December 2, 2008, the company acquired from Giant Dragon Holdings Ltd, for a consideration of USD 2 998 000, 100 % of the share capital of Shaoxing Sanding Tools Ltd, a Chinese company with registered office at Industrial Park, Ganlin Town, Shengzhou City, Zhejiang Province, China.

On May 12, 2010, Giant Dragon holding Ltd has been dissolved after decision of the Company. All the assets and the liabilities have been taken by the company.

The main activities of Shaoxing Sanding Tools and of its subsidiary, Zhejiang Sanding Tools are the manufacturing and selling of plastic and metal tools.

2. Research and development

The companies of the Group carry out no independent research. The companies cooperate on the utilization of the potential of its technical equipment and specialized staff.

3. Environmental protection

Given the nature of its production, the companies strive to protect the health of its employees and protect the environment. The condition of the premises of the companies of the Group is monitored on an ongoing basis with respect to potential environmental findings.

4. Labour relations

The companies of the Group comply with all legal standards in China. All our employees are regularly trained about work safety. The companies of the Group support the further education of its employees.

5. Organizational component abroad

The parent company does not have organizational component abroad.

6. Assessment of the year 2013

The sales of the Group had mainly been realized by the Chinese subsidiaries, Zhejiang Sanding Tool Co., Ltd and Shaoxing sanding Tool Co., Ltd.

As of December 31st, 2013, the principal figures of the consolidated income statement are:

Sales of main operation:	EUR	8 886 781
Gross profit:	EUR	2 865 200
Operating income:	EUR	34 935
Profit before tax:	EUR	23 429
Net income:	EUR	-26 223

7. Supposed development

During 2013 financial year, despite the economic crisis, the Group plan to increase its revenues with the development of new markets.

8. The companies of the Group

The companies of TOOLUX SANDING SA are:

Country of Incorporation	Name	Address
Luxembourg	Toolux Sanding SA	3B, boulevard du Prince Henri, L-1724 Luxembourg
PRC	Toolux Sanding tools	Shengzhou City, Zhejiang, China
PRC	Zhejiang Sanding tools	Shengzhou City, Zhejiang, China
PRC	Shengzhou Sanding Business Travelling Service	Shengzhou City, Zhejiang, China

9. Events after balance sheet date

The Group had no significant post balance events.

Approval of Consolidated annual report

These Consolidated annual report were approved by the board of directors and authorized for issue on 5th May, 2014



徐明

TOOLUX SANDING SA

By Mr XUE MING

Director