

EARLY WARNING REPORT

Filed Pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*

(a) Name and Address of Offeror:

Hilda Sung (the “Offeror”)
Room 6506, Office Tower, Shun Hing Quare Commercial Centre
5002 Shennan Road, East
Shenzhen, China

(b) The designation and number or principal amount of securities and the Offeror's securityholding percentage in the class of securities of which the Offeror acquired ownership or control in the transaction or occurrence giving rise to the obligation to file this report, and whether it was ownership or control that was acquired in those circumstances:

On October 21, 2011, the Offeror acquired ownership of 4,000,000 common shares (the “Shares”) in the capital of Kaiyue International Inc. (“Kaiyue”) at a price of \$0.15 per Share for an aggregate of \$600,000, as part of a \$1,500,00 non-brokered private placement (the “Private Placement”) of Kaiyue that closed on October 21, 2011.

As a result of the Private Placement, the Offeror acquired ownership of approximately 40% of the issued and outstanding Shares of Kaiyue¹.

(c) The designation and number or principal amount of securities and the Offeror's securityholding percentage in the class of securities immediately after the transaction or occurrence giving rise to the reporting obligation:

As at October 21, 2011 immediately following the Private Placement, the Offeror owns 5,700,000 Shares, representing 40% of the issued and outstanding Shares of Kaiyue.

(d) The designation and number or principal amount of securities and the percentage of outstanding securities of the class of securities referred to in paragraph (c) over which:

(i) the Offeror, either alone or together with any joint actors, has ownership and control;

The Offeror owns 5,700,000 Shares of Kaiyue (40%).

(ii) the Offeror, either alone or together with any joint actors, has ownership but control is held by other persons or companies other than the Offeror or any joint actor; and

Not applicable.

(iii) the Offeror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

¹ The number of issued and outstanding Shares of Kaiyue for the purpose of this Early Warning Report is 14,180,000 issued and outstanding Shares.

- (e) **The name of the market in which the transaction or occurrence that gave rise to the news release took place:**

All Shares were acquired pursuant to a private placement by Kaiyue and were issued from treasury by Kaiyue.

- (e.1) **The value, in Canadian dollars, of any consideration offered per security if the Offeror acquired ownership of a security in the transaction or occurrence giving rise to the obligation to file a news release:**

The Offeror acquired 4,000,000 Shares at a price of \$0.15 per Share in cash, being \$600,000 in the aggregate.

- (f) **Purpose of the Offeror and any joint actors in effecting the transaction or occurrence that gave rise to the reporting obligation, including any future intention to acquire ownership of, or control over, additional securities of the reporting issuer:**

This transaction was entered into for investment purposes only. The Offeror intends to continuously review its holding in Kaiyue and may increase or decrease her holding of securities of Kaiyue in the future.

- (g) **The general nature and the material terms of any agreement, other than lending arrangements, with respect to securities of the reporting issuer entered into by the Offeror, or any joint actor, and the issuer of the securities or any other entity in connection with the transaction or occurrence giving rise to the reporting obligation, including agreements with respect to the acquisition, holding, disposition or voting of any of the securities:**

Not applicable.

- (h) **The names of any joint actors in connection with the disclosure required herein:**

None.

- (i) **In the case of a transaction or occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, the nature and value of the consideration paid by the Offeror:**

Pursuant to the Private Placement, the Offeror acquired 4,000,000 Shares at a price of \$0.15 per Share in cash, being \$600,000 in the aggregate.

- (j) **If applicable, a description of any change in any material fact set out in a previous report by the entity under the early warning requirements or Part 4 of National Instrument 62-103 in respect of the reporting issuer's securities:**

Not applicable.

- (k) **If applicable, a description of the exemption from securities legislation being relied on by the Offeror and the facts supporting that reliance.**

On the basis of her financial holdings, the Offeror relied on the "Accredited Investor" exemption from prospectus and registration requirements in connection with the foregoing transaction, contained in Section 2.3 of National Instrument 45-106 – *Prospectus and Registration*

Exemptions (“**NI 45-106**”). The Offeror is an “accredited investor” within the meaning of subparagraph (k) of the definition of “accredited investor” in section 1.1 of NI 45-106.

DATED this 21st day of October 2011.

“*Hilda Sung*”

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