

KAIYUE INTERNATIONAL INC.

Interim Financial Statements
First Quarter, Year 2011
Ended March 31, 2011

(Unaudited – Prepared by Management)

Kaiyue International Inc.**(A Capital Pool Company)****Unaudited Interim Balance Sheet**

	March 31, 2011 \$	December 31, 2010 \$
Assets		
Current Assets		
Cash	187,163	176,841
Total assets	<u>187,163</u>	<u>176,841</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	15,413	53,298
Total current liabilities	<u>15,413</u>	<u>53,298</u>
Shareholders' equities		
Share capital (note 3)	261,527	261,527
Shares to be issued	100,000	-
Deficit	(189,777)	(137,984)
Total shareholders' equity	<u>171,750</u>	<u>123,543</u>
Total liabilities and shareholders' equity	<u>187,163</u>	<u>176,841</u>

Nature of operations (note 1)**On behalf of the Board**

(signed) "Joseph Chan"**(signed) " Paul Zhang"**

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

Kaiyue International Inc.**(A Capital Pool Company)****Unaudited Interim Statement of Operations and Deficit**

	Three month ended March 31, 2011	Three month ended March 31, 2010
	\$	\$
General and Administrative Expenses		
Bank charges	(291)	-
Filing fees	(16,300)	(13,001)
Professional fees	(35,202)	(2,000)
	<u>(51,793)</u>	<u>(15,001)</u>
Other income		
Interest and other income	-	124
	<u>-</u>	<u>124</u>
Net loss and comprehensive loss for the period	(51,793)	(14,877)
Deficit, beginning of period	<u>(137,984)</u>	<u>(17,193)</u>
Deficit, end of period	<u><u>(189,777)</u></u>	<u><u>(32,070)</u></u>
Basic and diluted loss per common share	<u><u>(0.01)</u></u>	<u><u>(0.01)</u></u>
Weighted average number of common shares outstanding		
Basic & Diluted	<u><u>4,180,000</u></u>	<u><u>2,153,333</u></u>

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

Kaiyue International Inc.
(A Capital Pool Company)
Unaudited Interim Statement of Cash Flows

	Three month ended March 31, 2011 \$	Three month ended March 31, 2010 \$
Cash flows from operating activities		
Net loss for the period	(51,793)	(14,877)
Changes in non-cash operating working capital		
Accounts payable and accrued liabilities	(37,885)	15,001
	<u>(89,678)</u>	<u>124</u>
Cash flows from financing activities		
Proceeds received for common shares to be issued	<u>100,000</u>	<u>5,000</u>
Increase in cash	10,322	5,124
Cash, beginning of period	<u>176,841</u>	<u>103,982</u>
Cash, end of period	<u><u>187,163</u></u>	<u><u>109,106</u></u>
Supplementary cash flow information:		
Interests received	-	124
Income tax paid	-	-

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

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 *(Unaudited)*

1 Nature of operations

Kaiyue International Inc. (“Kaiyue” or the “Company”) was incorporated under the Business Corporation Act of Alberta on November 23, 2009.

The Company intends to carry on business as a Capital Pool Company (“CPC”) as defined in the Policy 2.4 “Capital Pool Companies” of the TSX Venture Exchange (the “Exchange”). The Company’s principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholders approval and acceptance by the Exchange. As at March 31, 2011, the Company has no business operations. Where an acquisition or participation (the “Qualifying Transaction”) is warranted, additional funding will be required. The ability of the Company to fund its potential future operations and commitments is dependent upon the ability of the Company to obtain additional financing. Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company’s shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company’s shares from trading should it not meet these requirements.

In order to complete its Qualifying Transaction, the Company has entered into an agreement effective December 3, 2010 with China Easy-Pay Technology Inc. (“China Easy-Pay”) and its sole shareholder Soar High Group Limited (“Soar High”), to purchase all of the issued and outstanding shares of China Easy-Pay (the “Acquisition”). The Acquisition, if completed, will constitute the Company’s Qualifying Transaction under Policy 2.4- Capital Pool Company of the Exchange. China Easy-Pay and Soar High are at arm’s length to the Company, as such, the Company anticipates that the Acquisition will not be subject to approval of the Company’s shareholders.

On May 25, 2010, the Company filed the prospectus for the issuance of 2,000,000 common shares at \$0.10 per share for gross proceeds of \$200,000 (the “Offering”).

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 *(Unaudited)*

1 Nature of operations (continued)

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or business for future investment, with the exception that up to lesser of 30% of the gross proceeds or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange.

The Company engaged M Partners (the “Agent”) as its agent to complete an initial public offering to raise minimum proceeds of \$200,000 pursuant to the terms set out in the provisions of the CPC Policy (the “Offering”). In consideration for services to be performed by the Agent in connection with the Offering, the Company has agreed to pay the Agent a cash commission equal to 4% of the gross proceeds raised pursuant to the Offering and a corporate finance fee of \$5,000 plus applicable taxes. In addition, at the closing of the Offering, the Agent will receive an option (the “Agent’s Option “) exercisable at any time up to 24 months following the respective date of closing on purchase up to that number of treasury shares equal to 4% of the number of common shares sold pursuant to the Offering. The terms of the Agent’s Option shall be in compliance with the CPC Policy.

On August 6, 2010, the Offering is close with the issuance of 2,000,000 common shares at \$0.10 per share. The gross and net proceeds received from the Offering are \$200,000 and \$173,527, respectively.

On August 12, 2010, the Company is listed on the TSX Venture Exchange under the symbol “KYU.P”.

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 (Unaudited)

2 Summary of Significant Accounting Policies

Basis of presentation

These unaudited interim financial statements have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as required by the Canadian Accounting Standards Board in its announcement in February 2008, and should be read in conjunction with the audited financial statements for the Company’s most recently completed fiscal year ended December 31, 2010. They do not include all disclosure required in the annual financial statements but rather are prepared in accordance with the recommendations for interim financial statements. The unaudited interim financial statements reflect, in the opinion of management, all adjustments (which include reclassifications and normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as at March 31, 2011, and for all periods presented. The significant accounting policies are summarized as follows:

Income taxes

The Company applies the asset and liability method of measuring income taxes based on temporary differences between the financing reporting and tax bases of assets and liabilities. Future income tax assets and liabilities are measured using substantively enacted tax rates and laws that are expected to apply when the tax liabilities or assets are to be either settled or realized. The effect of a change in a tax rate is recognized in income in the year that includes the date of enactment or substantive enactment. The recognition of future benefits is limited to the extent that the realization of such benefits is more likely than not.

Measurement uncertainty

The preparation of financial statements in conformity with International financial reporting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and changes in these estimates are recorded when known. Significant estimates made by management include accrued liabilities of the Company.

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 (Unaudited)

2 Summary of Significant Accounting Policies (continued)

Loss per share

Loss per share is determined using the weighted average number of shares outstanding during the period. Diluted loss per share is determined using the treasury stock method. Under this method, the dilutive effect of loss per share is recognized on the use of proceeds that could be obtained from exercise of options, warrants and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the year. As of March 31, 2011, the calculation of basic and diluted loss per share is the same as the Company does not have any dilutive instruments.

Financial instruments recognition, measurement, disclosure and presentation

Under section 3855, all financial instruments are classified into one of these five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recognized in net loss. Available-for-sale financial instruments are measured at fair value, with changes in fair value recorded in OCI until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity instruments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchase exemption. Changes in the fair value of derivatives that are not exempted are recorded in net loss.

The Company has classified cash as held-for-trading, which is measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. At March 31, 2011 and December 31, 2010, the Company had no other types of financial instruments.

Kaiyue International Inc

Notes to Interim Financial Statements For the three months ended March 31, 2011 *(Unaudited)*

2 Summary of Significant Accounting Policies (continued)

Comprehensive income

Comprehensive income includes both net loss and other comprehensive income ("OCI"). OCI is the change in shareholders' equity from non-owner sources which is not included in the calculation of net loss until realized. Cumulative changes in OCI are included in Accumulated Other Comprehensive Income ("AOCI"), which is presented as a separate category of shareholders' equity on the balance sheet. The Company had no OCI transactions during the three months ended March 31, 2011.

New Accounting Pronouncements

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009; section 1582, Business Combinations, Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests. These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the potential impact that the adoption of these new standards may have on the Company's financial position, results of operations, and cash flow.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards ("IFRS") 3 -Business Combinations. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statement subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standard ("IAS") 27- Consolidated and Separate Financial Statements and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 (Unaudited)

2 Summary of Significant Accounting Policies (continued)

International Financial Reporting Standards

In February 2008 the Canadian Accounting Standards Board announced 2011 as the changeover date for profit-oriented publicly accountable companies to use IFRS, replacing Canada's own generally accepted accounting principles. The specific implementation is set for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's changeover date of January 1, 2011 will require restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun the adoption of IFRS relating to fiscal year beginning on or after January 1, 2011, the expected financial reporting impact of the transition to IFRS can not be reasonably determined until the Company completes its qualified transaction. As at March 31, 2011, the Company has no business and it has only cash and accounts payable and accrued liabilities.

3 Share Capital

Authorized

An unlimited number of common shares

Issued and outstanding

	Number of Shares	Amount (\$)
Balance - January 1, 2010 and March 31, 2011, net of share issue cost of \$47,473	4,180,000	261,527

Shares to be issued

	Number of Shares	Amount (\$)
Shares to be issued for cash	666,667	100,000

In February and March 2011, the Company received from two persons \$70,000 and \$30,000 respectively to subscribe for 466,667 and 200,000 common shares of the Company at a subscription price of \$0.15 per share. The total proceeds of \$100,000 were recorded as shares to be issued at December 31, 2010.

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 (Unaudited)

Escrow shares

Subject to an Escrow Agreement pursuant to the requirements of the TSX Venture Exchange, all of the shares issued on and prior to January 6, 2010 will be held in escrow. Under the terms of the Escrow Agreement (assuming at least 75% of the securities pursuant to the Qualifying Transaction are "value securities"), these shares will be released as to 10% thereof on the completion of the Company's Qualifying Transaction, as defined in the policies of the Exchange, and as to 15% thereof on each of the 6th, 12th, 18th, 24th, 30th and 36th months following the initial release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction must also be in escrow until the Final Exchange Bulletin is issued.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be escrowed.

Stock option

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the directors of the Corporation may from time to time, in their discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares received for issue will not exceed 10% of the number of outstanding common shares.

Stock option will be exercisable for a period of up to five years after date of grant thereof. The number of common shares reserved for issue to any individual director or officer will not exceed five percent of the number of then outstanding common shares and the number of common shares reserved for issue to all technical consultants will not exceed two percent of the number of then outstanding common shares. Options may be exercised the greater of 12 months after completion of the Qualifying Transaction and 90 days following cessation of the optionee's position with the Corporation, provided that the cessation of office, directorship, or technical consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death,

Kaiyue International Inc.

Notes to Interim Financial Statements For the three months ended March 31, 2011 (Unaudited)

Stock option (continued)

subject to the expiry date of such option. Any common shares acquired pursuant to the exercise of options prior to completion of the Qualifying Transaction must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

200,000 common shares pursuant to the exercise of the Directors' and Officers' Options, exercisable at \$0.10 per share, were granted at the closing of the Offering on August 6, 2010 and outstanding as of September 30, 2010. These options will expire on August 6, 2015.

In addition, the Company granted to the underwriters of the Offering Options ("Underwriters' options") to purchase up to 80,000 common shares at a price of \$0.10 per common share and which may be exercised for a period of 24 months after the day of listing on August 12, 2010, hence expiring on August 12, 2012.

3 Financial Instruments

The Company's approach in managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at March 31, 2011, the Company had cash of \$187,163 to settle current liabilities of \$15,413. The Company is not exposed to significant credit, liquidity or market risk.

The carrying value of cash and accounts payable and accrued liabilities reflected in the balance sheet approximates fair value due to the limited terms of these instruments.

4 Capital Management

The Company's objective is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to allow the Company to complete a qualifying transaction. Management defines capital as the Company's cash balance.

5 Segment Information

The Company has no operations and all assets are located in Canada.

Kaiyue International Inc.

(A Capital Pool Company)

Unaudited Interim Statement of Operations and Deficit

	For year ended 31 Dec 2010	Q4 2010	Total of Q1 to Q3, 2010	Q3 2010	Q2 2010	Q1 2010
	\$	\$				
General and Administrative Expenses						
Bank charges	(698)					
Incorporation costs & filing fees	(15,750)					
Professional fees	(104,933)					
	(121,381)	(97,017)	(24,364)	(710)	(8,653)	(15,001)
Other income						
Interest and other income	590.00	223	367	123	120	124
Net loss and comprehensive loss for the period	(120,791)	(96,794)	(23,997)	(587)	(8,533)	(14,877)
Deficit, beginning of period	(113,987)	(17,193)				
Deficit, end of period	(234,778)	(113,987)				
Basic and diluted loss per common share	(0.04)	(0.02) OK AW				
Weighted average number of common shares outstanding						
Basic & Diluted	2,984,384	4,180,000		(0.0232)		

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

Weighted average number of common shares outstanding	# of shares o/s	# of days o/s	Weighted Ave # of shares for Q4 2010
Issued and outstanding at 30 Sep 2010	30-Sep-10	4,180,000	92
	31-Dec-10	4,180,000	4,180,000