

Jinchi Biotech Ltd.

Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

(Expressed in Euro)

Jinchi Biotech Ltd.

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For the years ended December 31, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

XiangYuanYang(2015)Audit No. 905

To the Board of Jinchi Biotech Ltd.:

We have audited the accompanying consolidated financial statements of Jinchi Biotech Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of profit or loss and other comprehensive income or loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Chinese Certified Public Accountants Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Hunan Yuanyang Certified Public Accountants Co., Ltd.
Changsha, Hunan Province, China
July 31, 2015



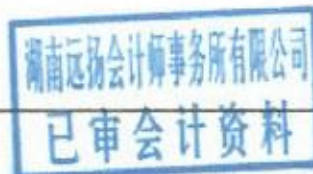
Jinchi Biotech Ltd.**Consolidated Statements of Financial Position**
(in Euros)

	December 31, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents <i>(note 4)</i>	€ 27,830	€ 50,402
Trade receivables <i>(note 5)</i>	64,191	49,858
Prepayments <i>(note 6)</i>	91,848	96,698
Other receivables <i>(note 7)</i>	68,888	108,829
Inventory <i>(note 8)</i>	134,995	21,662
Due from related parties <i>(note 20)</i>	47,425	-
	435,177	327,449
Non-current assets		
Plant and equipment <i>(note 9)</i>	1,537,514	1,521,733
Intangible assets <i>(note 10)</i>	4,082	-
Long-term deferred asset <i>(note 11)</i>	80,853	191,808
	€ 2,057,626	€ 2,040,990
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(note 12)</i>	61,971	13,531
Receipt in advance	-	8,430
Due to related parties <i>(note 20)</i>	-	1,132,509
	61,971	1,154,470
Equity		
Share capital <i>(note 13)</i>	100	100
Additional paid-in capital <i>(note 13)</i>	2,989,569	1,741,258
Foreign currency translation reserve	263,435	23,477
Accumulated deficit	(1,257,449)	(878,315)
	1,995,655	886,520
	€ 2,057,626	€ 2,040,990

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

Signed by "Haibo Zhang"
Director

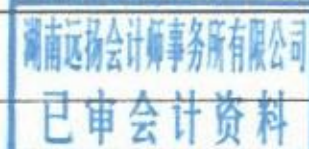
Signed by "Shurun Zhou"
Director

Jinchi Biotech Ltd.**Consolidated Statements of Operations and Comprehensive (Loss) Income**

*For the years ended December 31, 2014 and 2013
(in Euros)*

	December 31, 2014	December 31, 2013
Revenues (note 15)	€ 641,779	€ 388,063
Cost of goods sold	(199,644)	(174,871)
Sales taxes (note 16)	(11,641)	(4,462)
Gross profit	430,494	208,730
Selling expenses (note 17)	45,324	83,641
General and administrative expenses (note 18)	781,203	365,648
Operating loss	(396,033)	(240,559)
Other income(note 19)	15,100	349,435
Other expenses	(643)	(6,445)
Foreign exchange gain	2,442	-
(Loss) profit before income taxes	(379,134)	102,431
Provision for income taxes	-	-
(Loss) profit for the year	(379,134)	102,431
Other comprehensive income (loss)		
Foreign currency translation adjustment	239,958	(14,543)
Total comprehensive (loss) income	€ (139,176)	€ 87,888
(Loss) earnings per share		
Basic	(0.013)	0.003
Diluted	(0.013)	0.003
Weighted average number of common shares		
Basic	30,000,000	30,000,000
Diluted	30,000,000	30,000,000

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

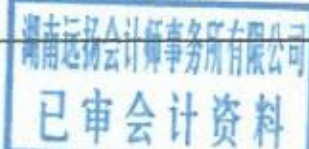
Jinchi Biotech Ltd.**Consolidated Statements of Changes in Equity**
(in Euros)

	Share capital	Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income/(loss)	Total equity
Balance, January 1, 2013	€100	€ 1,741,258	€ (980,746)	€ 38,020	€798,632
Profit for the year		-	102,431	-	102,431
Foreign currency translation adjustment		-	-	(14,543)	(14,543)
Balance, December 31, 2013	€100	€ 1,741,258	€ (878,315)	€23,477	€886,520
Loss for the year	-	-	(379,134)	-	(379,134)
Capital injection	-	1,248,311	-	-	1,248,311
Foreign currency translation adjustment	-	-	-	239,958	239,958
Balance, December 31, 2014	€ 100	€2,989,569	€ (1,257,449)	€263,435	€1,995,655

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

Jinchi Biotech Ltd.**Consolidated Statements of Cash Flows**

For the years ended December 31, 2014 and 2013
(in Euros)



	December 31, 2014	December 31, 2013
Cash flows (used in) from operating activities		
(Loss) profit for the year	€ (379,134)	€ 102,431
Items not affecting cash:		
Depreciation and amortization	267,547	207,812
Changes in non-cash working capital items:		
Trade receivables	(8,241)	(30,606)
Prepayments and other receivables	66,340	944,467
Inventory	(102,182)	37,341
Other current assets	-	29,619
Accounts payable and other payable	39,608	(10,259)
Customer deposits	(8,598)	(1,041)
	(124,660)	1,279,764
Cash flows used in investing activities		
Addition of fixed assets	(9,331)	(928,372)
Addition of intangible assets	(4,105)	-
	(13,436)	(928,372)
Cash flows used in financing activities		
Capital injection	1,293,793	-
Due to directors	(1,048,182)	(383,906)
Advance from related party	(133,303)	73,456
	112,308	(310,450)
Effect of foreign exchange rate changes on cash and cash equivalents	3,216	(1,066)
(Decrease) increase in cash and cash equivalents	(22,572)	39,876
Cash and cash equivalents, beginning of year	50,402	10,526
Cash and cash equivalents, end of year	€ 27,830	€ 50,402

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

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements *For the years ended December 31, 2014 and 2013* *(in Euros)*

1. Nature of Business

Jinchi Biotech Ltd. (the "Company") was incorporated on March 13, 2014 under the British Virgin Islands ("BVI") Business Companies Act. The principal activity of the Company is investment holding. Its wholly-owned subsidiary Jinchi Enterprise Ltd. (the "Jinchi Enterprise") was incorporated on March 25, 2014 under the BVI Business Company Act. Through Jinchi Enterprise's wholly-owned subsidiary, Divine Spring International Limited ("HK Divine Spring") which was registered in Hong Kong, and the Company incorporated a subsidiary – Zhangjiajie Divine Spring Enterprise Management and Consulting Co. Ltd. ("Zhangjiajie Divine Spring") in the People's Republic of China ("PRC") on March 24, 2014.

On May 16, 2014, Zhangjiajie Divine Spring entered an Exclusive Comprehensive Cooperation Agreements ("Agreements") with Zhangjiajie (China) Jinchi Giant Salamander Biological Technology Co., Ltd. ("Zhangjiajie Jinchi"), a limited liability company which was established on January 12, 2009. In accordance with the agreements, Zhangjiajie Jinchi retains Zhangjiajie Divine Spring as an exclusive service provider, including but not limited to corporate governance, management in operation and financial regulations, strategic consultation, and etc. Zhangjiajie Divine Spring is entitled to receive all of the net profits of Zhangjiajie Jinchi for each fiscal year as the consideration for the services provided.

ZhangjiajieJinchi, the operating company, is in Biotech Industry. Its approved scope of business includes: giant salamander protection; tourism and tourist souvenirs development and sales; biotechnology research and development and product sales; cigarettes and cigars retail; merchandise sales; Pre-packaged foods, bulk foods, dairy products (excluding infant formula milk powder) wholesale and retail.

2. Significant Accounting Policies

Statement of compliance

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). IFRS comprises IFRSs, International Accounting Standards, and interpretation issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement are described in Note 3 to the consolidated financial statements.

These consolidated financial statements were authorized for issuance by the Board of Directors of the Company on July 31, 2015.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

2. Significant Accounting Policies - continued

Basis of Consolidation

The consolidation financial statements have been prepared in conformity with IFRS, and reflect the accounts and operations of the Company and those of its wholly-owned subsidiaries. The Company also consolidates a Variable Interest Entities ("VIE"), for which it is the primary beneficiary. The primary beneficiary has both (a) the power to direct the activities of the VIE that most significantly affect the entity's economic performance, and (b) the obligation to absorb losses or the right to receive benefits. The Company, through its wholly-owned subsidiary – Zhangjiajie Divine Spring, has determined it as the primary beneficiary of Zhangjiajie Jinchi, the operating company, under the Agreement. As a result, the financial results of Zhangjiajie Jinchi are consolidated under the VIE consolidation model. The Company evaluates its relationship with the VIE on an ongoing basis to ensure that it continues to be the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

Functional Currency and Foreign Currency Transactions

The functional currency of all of the Company's subsidiaries in PRC is the Renminbi ("RMB"). For the purpose of the consolidated financial statements, the results and financial position of each of these subsidiaries are translated to Euro. The functional currency of the Company's and other subsidiaries outside PRC is Euro.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of foreign operations are translated to Euro using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated as foreign currency translation reserve in equity. Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency using the exchange rate in effect at the reporting date. Foreign exchange gains or losses are recorded in the consolidated statement of operations and comprehensive income (loss).

	December 31, 2014	December 31, 2013
Year end RMB: Euro exchange rate	7.5358	8.3491
Annual average RMB: Euro exchange rate	8.1857	8.1646

Cash and Cash Equivalents

Cash consists of cash in hand and bank deposits. Cash equivalents refer to short-term and highly-liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

(in Euros)

2. Significant Accounting Policies – continued

Financial Instruments

Financial Assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company recognizes and derecognizes all financial assets on the trade date, where their purchase or sale are under a contract whose terms require delivering the financial asset within the timeframe established by the market concerned, and initially measures them at fair value, plus directly attributable transaction costs, except for financial assets classified as at fair value through profit or loss, which the Company initially measures at fair value with transaction costs being expensed as incurred.

Financial assets at FVTPL are subsequently measured at fair value with gains or losses arising from changes in fair value recognized in profit or loss of the current period. Available-for-sale financial assets are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in equity. Loans and receivables and held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from de-recognition, impairment or amortization are recognized in profit or loss for the current period.

Financial Liabilities

The Company classifies its financial liabilities into two categories: financial liabilities that are held for trading and measured at fair value; and other financial liabilities measured at amortized cost using the effective interest method, with interest expense being recognized as finance costs.

Fair Value of Financial Assets and Financial Liabilities

- (1) If there is an active market for financial assets and financial liabilities, quoted prices in an active market are used to determine its fair value;
- (2) If there is no active market, valuation techniques are used to determine its fair value;
- (3) The initial measurement of financial assets and financial liabilities shall be based on quoted prices for identical or similar assets and liabilities in active markets, if not available, shall be derived from or corroborated by observable market data;
- (4) When using discounted cash flow method to determine the fair value of financial instruments, the discount rate shall be based on the yields of similar assets and liabilities in the market with the similar contract terms. For the short-term receivables and payables, if there is no indication shows the present value is substantially different from the actual transaction amount, the transaction amount shall be used.

2. Significant Accounting Policies – continued

Impairment of Financial Assets

The Company assesses the recoverable amount of financial assets at each reporting date. Provisions of impairment shall be made if there are significant indicators:

- (1) Financial assets at FVTPL: the Company shall measure the financial assets at FVTPL at fair value on balance sheet date. The change in fair value shall be recognized in profit or loss;
- (2) Receivables: the Company shall made assessment for receivables on the balance sheet date. Provision shall be made if there is evidence to indicate the carrying amount of receivables is not recoverable;
- (3) Held-to-maturity investments: Provision of impairment shall be made on the balance sheet date if there is evidence to indicate the carrying amount is higher than the present value of future cash flows;
- (4) Available-for-sale: Provision of impairment shall be made on the balance sheet date if the fair value of available-for-sale financial assets is significantly lower than the carrying value and the impairment is other than temporary.

Inventory

Inventories include raw materials, work-in-process, finished goods, consumption goods and packaging materials etc.

Weighted average method is used for inventory costing. On the reporting date, the Company values inventory at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

At each reporting date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognized.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

2. Significant Accounting Policies – continued

Plant and Equipment

Plant and equipment are initially recorded at cost, including all directly attributable costs to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management. Plant and equipment are subsequently stated in the statements of financial position at their cost less accumulated depreciation and accumulated impairment losses.

Depreciation is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized over the estimated useful life of each component of an item of plant and equipment, using the straight-line method and the following annual rates:

	<u>Methods</u>	<u>Residual Value</u>
Building	Straight-line for 20 year	5%
Machinery	Straight-line for 10 year	5%
Electronic equipment	Straight-line for 5 year	5%
Office equipment	Straight-line for 5 year	5%
Exhibition equipment	Straight-line for 20 year	5%
Furniture	Straight-line for 5 year	5%

The Company reviews the estimated useful lives, residual values and depreciation method at the end of each annual reporting period, accounting for the effect of any changes in estimate on a prospective basis.

Subsequent costs that meet the asset recognition criteria are capitalized, while costs incurred that do not extend the economic useful life of an asset are considered repairs and maintenance, which are accounted for as an expense recognized during the period.

The gain or loss arising on disposing of or retiring an item of plant and equipment is determined as the difference between the sales proceeds and the asset's carrying amount and is recognized in profit or loss.

Properties in the course of construction for production, supply or administrative purposes, are carried at cost, less any recognized impairment loss. Cost includes purchase price of raw materials, consumables used, direct labour and other costs directly attributable to constructing the assets and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(in Euros)

2. Significant Accounting Policies – continued

Impairment of non-financial assets

At the end of each reporting period, the Company reviews its plant and equipment and land use rights to determine whether there is any indication those assets have been impaired. If any such indication exists, the Company estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. When allocating an impairment loss of a CGU, the impairment loss is allocated to the individual asset within the CGU on a pro-rata basis based on the carrying amount of individual asset within the CGU.

Where an impairment loss subsequently reverses if the conditions that give rise to impairment are no longer present and it has determined that the asset (or CGU) is no longer impaired as a result, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

Intangible Assets

The intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives, being the terms of the patent and business licenses set by the Chinese government and laws. The Company reviews the estimated useful life and amortization method at the end of each reporting period.

Long-term Deferred Expenses

Long-term deferred expenses represent expenses incurred that should be borne and amortized over certain periods. Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements *For the years ended December 31, 2014 and 2013* *(in Euros)*

2. Significant Accounting Policies – continued

Employee Salaries and Benefits

Employee salaries and benefits represent the various payments made to the employees for the services provided. The salaries and benefits include: 1) wages, bonus and allowance; 2) welfare; 3) medical insurance, social security, unemployment insurance, workplace safety insurance, maternity insurance and other social benefits; 4) housing allowance; 5) union and education allowance; 6) non-monetary benefit; 7) compensation for termination of employment contract, and 8) other related expenses paid to employees for service rendered.

The Company records the unpaid salary as payables. Except for the compensations paid for the termination of employment contract, the expenditures are included in the cost of sales, labor costs, fixed assets, intangible assets or profit or loss of current period respectively based on the nature of employee services provided.

Revenue Recognition

The Company generates revenues mainly from the sales of museum tickets and sales of merchandise. Revenue is recognized as follows:

1) Sales of museum tickets:

Revenues from Giant Salamander Science and Technology museum ticket sales are recognized when the tickets are sold.

2) Sales of merchandise:

The Company recognizes revenue from the sale of its merchandise when goods are delivered and the following criteria are met:

- 1) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 2) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 3) the amount of revenue can be measured reliably;
- 4) it is more likely than not that the associated economic benefits will flow to the Company, and
- 5) the associated costs incurred or to be incurred can be measured reliably.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements *For the years ended December 31, 2014 and 2013* *(in Euros)*

2. Significant Accounting Policies – continued

Government grants

Government grants are not recognized until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Income Tax

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred income taxes are calculated using the asset and liability method of accounting for temporary differences. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unclaimed losses carried forward and are measured using the enacted or substantively enacted tax rates that will be in effect when the differences are expected to reverse or losses are expected to be utilized. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Borrowing costs

Borrowing costs directly attributable to acquiring, constructing or producing qualifying assets are capitalized as part of the cost of those assets until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Application of New and Revised International Financial Reporting Standards

IAS 32 – Financial instruments: presentation (“IAS 32”) was amended by the IASB in December 2011. The amendment clarifies that an entity has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 became effective for the Company on January 1, 2014. The Company determined that the adoption did not result in any change to the consolidated financial statements.

IAS 36 – Impairment of assets (“IAS 36”) was amended by the IASB in May 2013. The amendments require the disclosure of the recoverable amount of impaired assets when an impairment loss has been recognized or reversed during the period and additional disclosures about the measurement of the recoverable amount of impaired assets when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount. The amendments to IAS 36 became effective for the Company on January 1, 2014. Enhanced disclosures are included in these consolidated financial statements.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements *For the years ended December 31, 2014 and 2013* *(in Euros)*

2. Significant Accounting Policies – continued

Application of New and Revised International Financial Reporting Standards - continued

In May 2013, the IASB issued IFRIC 21 – Levies (“IFRIC 21”), an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (“obligating event”). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 became effective for the Company on January 1, 2014. The Company determined that the adoption did not have a material impact on the consolidated financial statements.

New and revised IFRSs issued but not yet effective

The standards and interpretations that are issued, but not yet effective, that the Company reasonably expects will have an impact on its current or future disclosures, financial position or performance when applied at a future date, are disclosed below.

IFRS 9 Financial Instruments

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39 Financial instruments: recognition and measurement. IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15, as issued in May 2014, establishes a new five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue or industry. The principles in IFRS 15 provides a more structured approach to measuring and recognizing revenue and will be applied using the following five steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. This new revenue standard, which has been jointly issued by the IASB and the US Financial Accounting Standards Board, is applicable to all entities and will supersede the current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017, but early adoption is permitted under IFRS. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

(in Euros)

2. Significant Accounting Policies – continued

New and revised IFRSs issued but not yet effective - continued

IAS 1 Presentation of Financial Statements

IAS 1 was amended by the IASB on December 18, 2014. The amendments to existing IAS 1 requirements relate to materiality; order of the notes; subtotals; accounting policies; and disaggregation. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments may reduce certain disclosures of the Company's consolidated financial statements.

IAS 16 Property, plant and equipment

IAS 16 was amended by the IASB on May 12, 2014. The amendments to IAS 16 clarify that the use of revenue-based methods to determine the depreciation of an asset is not appropriate. However, the amendments provide limited circumstances when a revenue-based method can be an appropriate basis for amortization. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a material impact on the Company's consolidated financial statements.

IAS 24 Related Party Disclosures

IAS 24 was amended by the IASB on December 12, 2013. The amendments clarify the identification and disclosure requirements for related party transactions when key management personnel services are provided by a management entity. The amendments are effective for annual periods beginning on or after July 1, 2014. The adoption of these amendments is not expected to have a material impact on the Company's consolidated financial statements.

IAS 38 Intangible Assets

IAS 38 was amended by the IASB on May 12, 2014. The amendments to IAS 38 clarify that an amortization method based on revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. However, the amendments provide limited circumstances when a revenue-based method can be an appropriate basis for amortization. The amendments are effective for annual periods beginning on or after January 1, 2016. The adoption of these amendments is not expected to have a material impact on the Company's consolidated financial statements.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

3. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from management's best estimates as additional information becomes available in the future.

In particular, information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are described below:

Useful lives and residual values of plant and equipment and land use rights: Management estimates the useful lives and residual values to calculate depreciation expense using the straight-line method.

Allowance for impairment of trade receivables and other receivables: Management assesses the credit worthiness and past collection history of each individual customer to arrive at and provide for an allowance for impairment of receivables.

Write-down of inventories: Management determines the write-down for inventories that are obsolete or for which cost is higher than net realizable value. These estimates are made with reference to analysis of aged inventories, projections of expected future saleability of goods and management experience and judgment.

Income taxes: Management is required to make estimates regarding the tax basis of assets and liabilities and related deferred income tax assets and liabilities, amounts recorded for uncertain tax positions and measurement of income tax expense and indirect taxes. A number of these estimates requires management to make estimate of its future taxable profit, and if actual results are significantly different from our estimates, the recognition of deferred tax asset in the consolidated financial statements could be impacted.

Estimated impairment of non-current assets or asset groups: Significant judgment is required to determine whether long-lived assets or cash-generating units ("CGU") should be tested for impairment and the grouping of assets for purpose of impairment testing.

Contingencies: By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

4. Cash and Cash Equivalent

	December 31, 2014	December 31, 2013
Cash on hand	€ 1,430	€ 5,768
Cash in bank	26,400	44,634
	€ 27,830	€ 50,402

5. Trade Receivable

	December 31, 2014	December 31, 2013
Small commodities sales	€ 25,850	€ 49,858
Tickets sales	38,341	-
	€ 64,191	€ 49,858

No allowance for doubtful debt was provided or reversed during the year ended December 31, 2014 and 2013.

Below is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on invoice dates at end of the reporting periods, which approximately the respective revenue recognition date.

	December 31, 2014	December 31, 2013
Within 90 days	€ 4,137	€ 38,422
91 - 180 days	52,157	7,210
181 - 365 days	7,897	4,226
	€ 64,191	€ 49,858

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

6. Prepayments

	December 31, 2014	December 31, 2013
By nature		
Deposits for purchase contracts	€ 56,162	€ 65,193
Prepayment for design fees	16,195	14,617
Prepayment for rents	-	8,486
Prepayment for raw materials	19,491	8,402
	€ 91,848	€ 96,698

The aged analysis of the current portion of prepayment is listed below:

	December 31, 2014	December 31, 2013
Within 90 days	€ 19,491	€ 8,486
91 - 180 days	-	-
181 - 365 days	-	-
Over 1 year	72,357	88,212
	€ 91,848	€ 96,698

7. Other receivable

	December 31, 2014	December 31, 2013
Government grants	€ -	€ 95,819
Deposits	27,867	12,097
Employee advances	35,921	913
Other business taxes	5,100	-
	€ 68,888	€ 108,829

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

7. Other receivable - continued

	December 31, 2014	December 31, 2013
Within 90 days	€ 19,158	€ 96,852
91 - 180 days	19,640	-
181 - 365 days	16,820	-
Over 1 year	13,270	11,977
	€ 68,888	€ 108,829

8. Inventory

	December 31, 2014	December 31, 2013
Small commodities	€ 12,478	€ 19,486
Cosmetics	84,687	2,176
Consignment materials	37,717	-
Raw materials	113	-
	€ 134,995	€ 21,662

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Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

9. Plant and Equipment

Movements in the carrying value of plant and equipment were as follows:

	Building	Machinery	Electronic equipment	Office equipment	Exhibition equipment	Furniture	Construction in Progress	Total
Cost								
Balance at								
December 31, 2012	€ 339,387	€ -	€ 75,652	€ 12,665	€ 18,125	€ 1,246	€ 297,750	€ 447,075
Additions	2,046	881,306	44,617	-	2,450	-	-	1,228,169
Transfer CIP	297,750	-	-	-	-	-	(297,750)	-
Effect of foreign currency exchange differences	(11,844)	(19,475)	(2,149)	(195)	(333)	(19)	-	(34,015)
Balance at								
December 31, 2013	€ 627,339	€ 861,831	€ 118,120	€ 12,470	€ 20,242	€ 1,227	-	€ 1,641,229
Additions	-	-	9,331	-	-	-	-	9,331
Effect of foreign currency exchange differences	67,705	93,013	13,553	1,346	2,184	132	-	177,933
Balance at								
December 31, 2014	€ 695,044	€ 954,844	€ 141,004	€ 13,816	€ 22,426	€ 1,359	-	€ 1,828,493

Movements in the accumulated depreciation of plant and equipment were as follows:

	Building	Machinery	Electronic equipment	Office equipment	Exhibition equipment	Furniture	Total
Accumulated depreciation							
Balance at December 31, 2012	€ 11,586	€ -	€ 15,257	€ 6,773	€ 855	€ 1,183	€ 35,654
Depreciation expense	24,581	44,065	13,071	4,025	553	-	86,295
Effect of foreign currency exchange differences	(721)	(973)	(523)	(193)	(25)	(18)	(2,453)
Balance at December 31, 2013	35,446	43,092	27,805	10,605	1,383	1,165	119,496
Depreciation expense	31,141	87,903	23,318	2,416	981	238	145,997
Effect of foreign currency exchange differences	6,510	12,232	5,011	1,353	233	147	25,485
Balance at December 31, 2014	€ 73,097	€ 143,227	€ 56,134	€ 14,374	€ 2,597	€ 1,550	€ 290,979
Net book amount							
At December 31, 2013	€ 591,893	€ 818,739	€ 90,315	€ 1,865	€ 18,859	€ 62	€ 1,521,733
At December 31, 2014	€ 621,947	€ 811,617	€ 77,754	€ 6,082	€ 19,829	€ 285	€ 1,537,514

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Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

9. Plant and Equipment - continued

- (1) The Company did not record any impairment provision for the years ended December 31, 2014 and 2013.
- (2) During the year ended December 31, 2013, the Company transferred €297,750 (RMB 2,447,716) from construction in progress to buildings and transferred €881,306 (RMB 7,195,510) from prepayments to Machinery.

10. Intangible Assets

	Patent	Trade mark	Total
<i>Cost</i>			
Balance at December 31, 2013	€ -	€ -	€ -
Additions	2,120	1,985	4,105
Effect of foreign currency exchange differences	182	171	353
Balance at December 31, 2014	€ 2,302	€ 2,156	€ 4,458

Movements in the accumulated depreciation of intangible assets were as follows:

	Patent	Trade mark	Total
<i>Accumulated depreciation</i>			
Balance at December 31, 2013	-	-	-
Depreciation expense	347	-	347
Effect of foreign currency exchange differences	29	-	30
Balance at December 31, 2014	€ 376	€ -	€ 377

	Patent	Trade mark	Total
<i>Net book amount:</i>			
At December 31, 2013	€ -	€ -	€ -
At December 31, 2014	€ 1,926	€ 2,156	€ 4,082

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Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

11. Long-term Deferred Assets

	December 31, 2014	December 31, 2013
Leasehold improvements	€ 191,808	€ 315,491
Amortization	(121,203)	(118,831)
Effect of foreign currency exchange differences	10,248	(4,852)
	€ 80,853	€ 191,808

Leasehold improvements are amortized over 5 years. The remaining life of leasehold improvement is 1 year and 7 months.

12. Accounts payable and accrued liabilities

	December 31, 2014	December 31, 2013
Trade payable	€ 39,744	€ 901
Other payable and accrued liabilities	22,227	5,116
Other tax payable	-	7,514
	€ 61,971	€ 13,531

13. Share Capital

Common share	Number of Shares	Share capital
Authorized and issued On March 13, 2014 (date of incorporation) and December 31, 2014	30,000,000	€ 100

On March 13, 2014, the Company was incorporated in BVI with authorized and issued common shares of Euro at no par value each. Upon the reorganization on May 16, 2014, the Company has become the ultimate holding company of the Company. A nominal amount of €100 is recorded as share capital as of December 31, 2014.

During the year ended December 31, 2014, additional capital contribution of €1,248,311 (RMB 10,530,000) was injected to Zhangjiajie Jinchi. The amount is recorded as additional paid in capital on the consolidated financial statement as of December 31, 2014.

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Notes to Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

(in Euros)

13. Share Capital - continued

On August 14, 2014, the original shareholder of the Company sold majority of his ownership to various parties at 0.06 Euro per share. After the transaction, the original shareholder owns 9.9% of the Company's common share, and there are two other parties own over 10% of common shares respectively.

14. Income Tax

Pursuant to the relevant laws and regulation in the PRC, the subsidiaries incorporated in the PRC are governed by the Income Tax Laws of the PRC and subject to income tax at effective rates of 25% on the income reported. The Company (legal parent) is incorporated in BVI, which is the country with exemption of income tax. The other subsidiaries incorporated at Hong Kong are subject to income taxes on their taxable income at tax rates of 16.5%, respectively in accordance with the relevant tax laws.

There is no income tax provision recognized by the Company as at December 31, 2014 due to no taxable income generated during the year. Unused tax losses arising from the PRC subsidiaries can be carried forward to offset taxable income for 5 years under PRC Income Tax Laws, however, full amount of unused tax losses at December 31, 2014 is recognized as allowance of temporary differences due to uncertainty of expected future profitability. Thus, no deferred tax assets has been recognized for the years ended December 31, 2014 and 2013.

15. Revenue

	December 31, 2014	December 31, 2013
Tickets sales	€ 179,394	€ 200,619
Small commodities sales	316,759	105,632
Cosmetics sales	145,626	81,812
	€ 641,779	€ 388,063

16. Business Taxes and Other Levies

	December 31, 2014	December 31, 2013
Business tax	€ 5,198	€ 3,350
City Maintenance and Construction Tax	3,758	649
Education Surtax	1,611	463
Local Education Surtax	1,074	-
	€ 11,641	€ 4,462

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

17. Selling Expenses

	December 31, 2014	December 31, 2013
Tickets commission fees	€ 236	€ 750
Small Commodities commission fees	-	27
Credit card processing fees	4	81
Advertising fees	30,935	44,944
Science and Technology Museum utilities fees	13,442	33,251
Conference expenses	-	4,588
Packaging	707	
	€ 45,324	€ 83,641

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Notes to Consolidated Financial Statements

For the years ended December 31, 2014 and 2013

(in Euros)

18. General and Administrative Expenses

	December 31, 2014	December 31, 2013
Salaries and employee benefits	€ 157,912	€ 59,675
Office supplies	8,200	3,934
Transportation expenses	291	170
Vehicle expenses	15,150	10,946
Meals and entertainments	8,154	25,832
Telephone charges	1,217	3,214
Utilities	91	373
Rental fees	611	612
Travel expenses	23,048	1,176
Meals	2,301	5,718
Depreciation	112,061	36,436
Amortization of long-term prepaid assets	126,791	149,828
Expenses for expert building	437	876
Employees welfare	2,400	2,132
Science and Technology Museum maintenance fees	-	2,880
Moving expenses	1,813	1,264
Local Taxes	2,475	(833)
Other fees	9,703	7,202
Low value consumptions	893	1,071
Repairs and maintenance costs	2,783	150
Land use fees	1,192	597
Disabled security payments	1,466	553
Union fees	1,140	764
Social securities	8,182	5,176
Unemployment insurance	850	471
Medical insurance	2,175	1,279
Research and development costs	37,568	41,300
Consulting fees	202,818	-
Legal fees	27,487	-
Bank charges	308	-
Advertising	18,858	-
Others	2,828	2,852
	€ 781,203	€ 365,648

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

19. Other Incomes

	December 31, 2014 ⁽²⁾	December 31, 2013 ⁽¹⁾
Government Grants	€ 15,026	€ 349,435
Interest income	74	-
	€ 15,100	€ 349,435

The government grants included the followings:

- (1) In July 2013, the Company received a patent grant of €367(RMB 3,000) from Intellectual Property Bureau of Zhangjiajie City; In October 2013, the Company received a grant for Giant Salamander antibacterial mechanism research of €3,674(RMB 30,000) from Science and Technology Program of Zhangjiajie City; In October 2013, the Company received a subsidy of €244,960(RMB 2,000,000)from the Strategic Emerging Industry Program of Hunan Province; In November 2013, the Company received a funding for science education of €2,450(RMB 20,000) from Science and Technology Bureau of Zhangjiajie City; As of December 2013, the Company had a grant receivable of €97,984(RMB 800,000)for support funding from Giant Salamander Biological Technology Service Center of Zhangjiajie City.
- (2) In January 2014, the Company received a grant of € 1,222 from Intellectual Property Bureau of Zhangjiajie City. In April 2014, the Company received a grant of € 6,108 from local government as subsidy for projects approved and supported. In December 2014, € 6,108 grant was received as subsidy from local government for standardized services project. In December 2014, the Company also received € 1,588 subject to patent application subsidy and development grants.

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Notes to Consolidated Financial Statements
For the years ended December 31, 2014 and 2013
(in Euros)

20. Related Parties and Related Parties Transactions

Balance due from (to) related parties

Accounts	Related Parties	December 31, 2013	December 31, 2014	Nature of the transactions
Due from (to) related parties	Hunan Jinchi Landscape Company Limited	(1,021,910)	6,379	Working capital borrowings
Due from (to) related parties	One director and a shareholder	(110,599)	(185,391)	Fees paid on behalf of the Company
Due from related parties	One Director and a shareholder	-	226,437	Advances

Hunan Jinchi Landscape Company Limited (the "Landscape") is a company under common control with the Company as at December 31, 2013, and 2014.

21. Commitments

The Company signed an agreement with Zhangjiajie Giant Salamander Rescue Center for the lease of land. The lease term has twenty years starting from January 1, 2010 to December 31, 2030. The Company has paid the lease deposit of €11,803 (RMB 100,000) which was recorded as other receivable. The rent for the first ten years is €23,606 (RMB 200,000) per annum, and the rent is subjected to an annual increase of €1,180 (RMB 10,000) for the years subsequent to the first ten years.

22. Capital Management

The Company's objective is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. Management defines capital as the Company's shareholders' equity. The Company has a significant amount of balance from shareholder and related parties for working capital purposes and therefore net earnings generated operations are not entirely available for reinvestment in the Company. The management does not establish quantitative return on capital criteria for management, but rather promotes year over year sustainable profitable growth. There were no changes in the Company's approach to capital management during the year.

Jinchi Biotech Ltd.

Notes to Consolidated Financial Statements For the years ended December 31, 2014 and 2013 (in Euros)

23. Financial Instruments

Financial	Instrument Classification	2014 €	2013 €
Financial assets:			
Cash and cash equivalents	Loans and receivables	27,830	50,402
Trade receivables	Loans and receivables	64,191	49,858
Other receivables	Loans and receivables	68,888	108,829
Due from related parties	Loans and receivables	47,425	-
Total financial assets		208,334	209,089
Financial liabilities:			
Accounts payable	Other financial liabilities	39,744	901
Other payable	Other financial liabilities	22,227	12,630
Total financial liabilities		61,971	13,531

The Company's financial instruments are exposed to certain financial risks including credit risk and liquidity risk.

Credit risk

The Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognized financial assets as stated in the consolidated statements of financial position.

The Company's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. A significant portion of the Company's trade receivables is from customers with long trading history with no default payment. 100% of trade receivable balances are within 90 days range for both year 2013 and 2014, and over the past three years, the Company has no suffered any significant credit related losses with any of its customers.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that sufficient cash and credit facilities are available to meet liabilities when due. The Company's financial liabilities, consisting of accounts payable and other payables, are expected to be realized within one year. Their carrying value on the consolidated statements of financial positions are stated as undiscounted cash flow based on the earliest date on which the Company can be required to satisfy the liabilities.

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Notes to Consolidated Financial Statements *For the years ended December 31, 2014 and 2013* *(in Euros)*

24. Financial instruments - continued

Fair Value

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidation financial statements approximate their fair value.

25. Comparative information

Certain comparative information in consolidated statements of cash flows has been reclassified to conform to current year presentation in the consolidation financial statements.