

ANTI-AGING HOUSE HOLDING LIMITED

(ARBN: 606 301 106)



ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

CONTENT

1. Corporate Governance Statement
2. Director's Report
3. Remuneration Report
4. Stock Exchange Information
5. Corporate Directory
6. Independent Audit Report

1. CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring that the Company is properly managed so as to protect and enhance shareholders' interests in a manner that is consistent with the Company's responsibility to meet its obligations to governance policies with which it interacts. The Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below:

Director's Access to Independent Advice

It is the Board's policy that any committees established by the Board should:

- a. Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise; and
- b. Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require; and
- c. Operate in accordance with the terms of reference established by the Board.

Audit Board and Risk Management Committee

The Board meets with the external auditors at least once a year. The specific activities include assessing and monitoring:

- a. The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations; and
- b. The adequacy of the financial risk management processes.
 - The appointment of the external auditor
 - Any reports prepared by the external auditor
 - Listing rules with the external auditor

Remuneration Committee

The Board in fulfilling its responsibilities to shareholders by:

- a. Reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders; and
- b. The Board ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration.

Management Succession Planning Committee

The Board will monitor this development:

- a. Maintaining a Board that has an appropriate mix of skills and experience to be an effective decision making body; and
- b. Ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law, and the highest standards of corporate governance.

2. DIRECTOR'S REPORT

The Directors of Anti-Aging House Holding Limited present their report on the Company for the financial period ended 31 December 2016

Directors

The names of directors in office at any time during or since the end of the period are:

- Mr. Chen Jiwu
- Mr. Zhang Kejian
- Mr. Du Ming
- Mr. Chang Yingming
- Mr. SAE Chen Jacky

Mr. Chen jiwu has been a director from incorporation on 18 May 2015 and continued until the date of this report.

Mr. Zhang Kejian has been a director from incorporation on 18 May 2015 and continued until the date of this report.

Mr. Du Meng has been a director from incorporation on 18 May 2015 and continued until the date of this report.

Mr. Chang Yingming has been a director from incorporation on 18 May 2015 and continued until the date of this report.

Mr. SAE Chen Jacky has been a director from incorporation on 18 May 2015 and continued until the date of this report.

Registered Agent and Registration Office (BVI)

The Company's registration agent from 5 February 2010 has been held by Portcullis TrustNet (BVI) Limited

Company Secretary

The position of company secretary from 15 May 2016 has been held by Ms. Cui Qiqi and Mr. Li Jun

Share Registrar

The Compnay's share registrar has been by BoardRoom Pty Limited since 04 Jun 2015.

Principle Activities

The principle activity of the Company and its Subsidiary is in the marketing and product development of anti-aging products.

Our Business and Objectives

Anti-aging products and its developments are the main focus of the Company, which continues to generate revenue to sustain the operations of the Company. The Company will continue to development new products and expand its sales network locally and beyond border to gain more market share and penetration of the industry to have a better financial performance for years to come.

Operating Results

The Company incurred a net operating gain for the period ended 31 December 2016 of AUD92,261.

In September 2016, the Company had also coordinated with WeChat business model and distribution platform to promote Company's anti-aging products. A2H has engaged WeChat marketing experts to work together with A2H to enhance business development. A2H and has appointed WeChat business leader, Mr. Zhang Wugong, to be A2H's Chief Adviser and to take on the responsibility of building brand value and promoting brand culture. A2H has also appointed, the renowned WeChat distributor, Ms. Li Xiaojing, to be A2H's UTU division Chief Executive Officer and to take on the responsibility of recruiting the WeChat marketing team and business development.

In November 2016, the Company had successfully launched new anti-aging products for its customers, – UTU PVF, a drinkable collagen enhancing skin luster through the WeChat business platform and market. The Company scheduled to officially launch UTU PVF in Wuhan City, China.

Despite of declining economic situation, the Company has maintained its financial performance, and planned for better financial results in the coming year.

Dividends Paid or Recommended

No dividends have been paid since the date of incorporation and the directors do not recommend the payment of a dividend.

Review of Operations

Anti-Aging House Holding Limited was incorporated on 25 February 2010. During the course of the period it issued an Information Memorandum to have its shares admitted for quotation on the National Stock Exchange of Australia Limited (NSX). Anti-Aging House Holding Limited was officially listed on the NSX on the 26th May 2016 under the stock name "A2H".

Financial Position

The net assets of the Company during the financial period other than those disclosed elsewhere in this report.

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial period other than those disclosed elsewhere in this report.

After Balance Date Events

There have been no events that have affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in the future since the Balance Date.

Future Developments and Business Strategies

The Company will pursue its investment objectives for the long-term benefit of members. This will require the continued review of the investment strategy that is in place and may from time to time require some changes to that strategy.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under the law of China, Australia or elsewhere.

Information on Directors

I). Mr. Chen Jiwu, Executive Director and Executive Chairman and CEO

Board member from 18 May 2015 to date

Qualification and Experience

Mr. Chen is the Executive Director and Executive Chairman of the Board of Directors and is also the Chief Executive Officer of the Company. He is the founder of the Company, and holds a Bachelor Degree in Economics from the Wuhan Hanjiang University.

Since the inception of Anti-Aging House Technology (Wuhan) Company Limited, Mr. Chen is responsible for making strategic decisions for the group and has experience in finance and marketing. He has excellent public relations skill that has contributed to the growth of the Company business and established good business practices within the group. As the founder of Anti-aging, Mr. Chen has more than 10 years of

experience in the health food business industry and is a well-known entrepreneur in Wuhan City.

Mr. Chen is also the Chairman of China Health Promotion Foundation & Health Management Association, and is the Principle of China Polypeptide Group Health Management Institute. Mr. Chen, aged 60, is a resident of China.

Interest in Shares and Options	:	500,000 CDI's
Preference Shares	:	Nil
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

II). Mr. Zhang Kejian, Executive Director and Vice President

Board member from 18 May 2015 to date

Qualification and Experience

Mr. Zhang is the Executive Director of the Board of Directors and is also the Vice President of the Company. He obtained a Master Degree in Business Administration from California University of Management and is qualified and fully earned the title of International Certified Manager of Business Administration (Grade A) which is issued by the International Accreditation Association of Professional Certification.

Prior to joining Anti-Aging House Technology (Wuhan) Company Limited, he previously worked with Shenyang Zhougu Biologial Products Company Limited as vice president in charge of products development and marketing.

Mr. Zhang has more than 20 years of biological products industry experience. Mr. Zhang, aged 52, is a resident of China.

Interest in Shares and Options	:	3,515,600 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

III). Mr. Du Ming, Executive Director and Sales Director

Board member from 18 May 2015 to date

Qualification and Experience

Mr. Du is the Executive Director of the Board of Directors and is the Sales Director of the Company. He holds a diploma certificate majoring in Marketing from Wuhan Vocational and Technical College.

Mr. Du has more than 7 years of experience and extensive knowledge in sales & marketing, sales team building and marketing promotional works in the healthcare industry. He is in charge of the marketing and sales department, and has assisted in the marketing strategic planning of the Company.

Mr. Du, aged 31, is a resident of China.

Interest in Shares and Options	:	200,000 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

IV). Mr. Chang Yingming, Independent Non-Executive Director

Board member from 18 May 2015 to date

Qualification and Experience

Mr. Chang is the Non-Executive and Independent Director of the Board of Directors of the Company. Mr. Chang holds a Bachelor Degree majoring in Clinical Medicine from the Fourth Military Medical University.

Mr. Chang is a qualified military doctor in China and has more than 40 years of experience in the hospital operation and management. He had previously worked with China Second Artillery Army Hospital as the Principle for more than 20 years. Mr. Chang is also the Secretary-General of China Health Promotion Foundation.

Mr. Chang, aged 68, is the resident of China.

Interest in Shares and Options	:	200,000,000 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

V). Mr. SAE Chen Jacky, Independent Non-Executive Director

Board member from 18 May 2015 to date

Qualification and Experience

Mr. Chen is the Non-Executive and Independent Director of the Board of Directors of the Company. Mr. Chen is the Chairman of Middle-Small Company Economic and Trade commission of Thailand government. He is the Advisor of Cambodia government, and the Chairman of Funcinpec Party Central Economic Working Committee for the development of Cambodia.

Mr. Chen, aged 59, is the resident of Kingdom of Cambodia.

Interest in Shares and Options	:	0 CDI's
Special Responsibilities	:	Nil
Directorships held in other listed Entities	:	Nil

Dated: 31st March 2017


Mr. Chen Jiwu

3. REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Anti-Aging House Holding Limited, and for the executives receiving the highest remuneration.

Remuneration Policy

All issues in relation of both Executive Directors and Non-Executive Directors are dealt with by the Board as a whole.

The Constitution of Anti-Aging House Holding Limited requires approval by the shareholders in general meetings of a maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of AUD70,000 per annum.

Non-Executive Directors hold office until such as they retire, resign or are removed from office under the terms set out in the constitution of the Company. Non-Executive Directors do not receive any performance based remuneration.

Detail of remuneration for period ended 31 December 2016

Detail of the remuneration for each Director of the Company is as follows:

	Name	Salary & Fees	Superannuation Contributions	Total
		AUD	AUD	AUD
1.	Mr. Chen Jiwu	47,418	-	47,418
2.	Mr. Zhang Kejian	0	-	0
3.	Mr. Du Ming	62,008	-	62,008
4	Mr. Chang Yingming	0	-	-
5	Mr SAE Chen Jacky	0	-	-
		109,426	-	109,426

* Anti-Aging House Technology (Wuhan) Company Limited, a wholly subsidiary company of Anti-Aging House Holding Limited paid AUD47,418 to Mr. Chen Jiwu for acting as Executive Director & CEO, and paid AUD62,008 to Mr. Du Ming for acting as Executive Director and Sales Director.

4. STOCK EXCHANGE INFORMATION

Anti-Aging House Holding Limited (A2H) announced on 22 December 2016 that the subdivision of securities on the basis of 1 share into 10 shares on issue and amendment to memorandum of association were approved at the Extraordinary General Meeting held on 21 December 2016.

The timetable to implement the subdivision of securities was set out in the table below:

Description of event	Timeline
Announcement of subdivision of securities	21 November 2016
Notification to NSX that the shareholders approved the subdivision of securities and amendment to memorandum of association	22 December 2016
Ex-Date	23 December 2016
Record Date	28 December 2016
Issue Date	30 December 2016
First Trade Date	3 January 2017
Settlement Date	5 January 2017
Completion Date	11 January 2017

TOP 20 ORDINARY SHAREHOLDERS AS AT 31TH DECEMBER 2016

Shareholder	Shares	% of Issued
AG ARTS INVESTMENT LIMITED	92,512,510	20.695%
RIGHT OCEAN INVESTMENTS	49,412,160	11.054%
WEALTH CHANCE INVESTMENT	47,983,680	10.734%
GU SHENGBIN	30,000,000	6.711%
JUN LI	22,894,000	5.121%
QIQI CUI	20,000,000	4.474%
RAO BANGFU	19,996,500	4.473%
HU LIRONG	19,953,200	4.464%
YUAN ZHENGRONG	19,912,000	4.454%
KAICHAO PENG	19,829,000	4.436%
CHEN XI	15,255,850	3.413%
ZHAN YIHUA	14,893,000	3.332%
SHAO SHIHAI	13,515,600	3.023%
FENG YU	12,200,000	2.729%
LIU HONG	10,100,000	2.259%
DU HONGYAN	9,000,000	2.013%
HOU YANSHEN	5,971,350	1.336%
SHEN ZHUYING	4,494,000	1.005%
CHING LEUNGMIU	3,000,000	0.671%
ZHANG TIAN	1,500,000	0.336%

Analysis of Holdings as at 31-12-2016			
Securities			
CHESS Depositary Interests Over Fully Paid Ordinary Shares			
Holdings Ranges	Holders	Total Units	%
1-1,000	0	0	0.000
1,001-5,000	0	0	0.000
5,001-10,000	6	53,800	0.012
10,001-100,000	5	214,500	0.048
100,001-99,999,999,999	69	446,750,850	99.940
Totals	80	447,019,150	100.000

5. CORPORATE DIRECTORY

DIRECTORS

Mr. Chen Jiwu
Mr. Zhang Kejian
Mr. Du Ming
Mr. Chang Yingming
Mr. SAE Chen Jacky

REGISTERED OFFICE

Portcullis TrustNet (BVI) Limited
Portcullis TrustNet Chambers
P.O. Box 3444, Road Town, Tortola
British Virgin Islands

SHARE REGISTRAR

BoardRoom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
Australia

OPERATIONAL OFFICE

C/O: Anti-Aging House Technology (Wuhan) Company Limited
551 Shamao Street, Yucai Road
Hannan District, Wuhan
Hubei, China
Tel: +86 27 5075 5299
Fax: +86 27 5075 5300

NOMINATED ADVISOR

Southasia Advisory Sdn Bhd
A4-3-2, Solaris Dutamas,
No. 1, Solaris Dutamas 1
50480 Kuala Lumpur
Malaysia
Tel: +603 6211 4651

AUDITOR

Danny Loo & Co, Chartered Accountants

A-309 Block A, Kelana Square
No. 17 Jalan SS7/26
47301 Petaling Jaya
Selangor, Malaysia
Tel: +603 7806 4688
Fax: +603 7806 4689

CHINA LEGAL ADVISOR

Allbright Law Offices

14/F Citigroup Tower
33 Hua Yuan Shi Qiao Road
Pudong New Area, Shanghai
China 200120
Tel: +86 21 6105 9000
Fax: +86 21 6105 9100

Anti-Aging House Holding Limited

ARBN 606 301 106

Financial Statements

For the Year Ended 31 December 2016

Anti-Aging House Holding Limited

ARBN 606 301 106

Contents

For the Year Ended 31 December 2016

	Page
Financial Statements	
Statement of Profit or Loss and Other Comprehensive Income	1
Statement of Financial Position	2
Statement of Changes in Equity	3
Statement of Cash Flows	4
Notes to the Financial Statements	5-26
Directors' Declaration	27
Independent Audit Report	28-31

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2016

		2016	2015
	Note	\$	\$
Sales revenue	5	4,661,262	4,558,047
Cost of sales		(3,600,163)	(3,675,885)
Gross profit		<u>1,061,099</u>	<u>882,162</u>
Other operating income		3	68
Administrative expenses		(464,628)	(233,636)
Other operating expenses		(431,690)	(421,047)
Finance costs		2,804	(23,566)
Profit before income tax		167,588	203,981
Income tax expense	7	(75,327)	(45,580)
Profit from continuing operations		92,261	158,401
Profit for the year		92,261	158,401
Other comprehensive income, net of income tax			
Exchange differences on translating foreign subsidiaries		(104,614)	75,454
Total comprehensive income for the year		(104,614)	233,855
Profit attributable to:			
Members of the parent entity		(12,353)	233,855
Total comprehensive income attributable to:			
Members of the parent entity		(12,353)	233,855

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	538,755	915,055
Trade and other receivables	9	12,125,873	13,705,051
Inventories	10	284,110	821,690
Other assets	11	1,318,781	1,592,883
TOTAL CURRENT ASSETS		14,267,519	17,034,679
NON-CURRENT ASSETS			
Property, plant and equipment	12	30,948	19,894
TOTAL ASSETS		14,298,467	17,054,573
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	1,353,478	3,954,218
TOTAL CURRENT LIABILITIES		1,353,478	3,954,218
NON-CURRENT LIABILITIES			
Amount owing to directors	15	576,336	719,349
TOTAL NON-CURRENT LIABILITIES		576,336	719,349
TOTAL LIABILITIES		1,929,814	4,673,567
NET ASSETS		12,368,653	12,381,006
EQUITY			
Issued capital	16	13,348,719	13,348,719
Reserves	17	(29,160)	75,454
Accumulated losses		(950,906)	(1,043,167)
TOTAL EQUITY		12,368,653	12,381,006

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2016

	Ordinary Shares	Accumulated losses	Foreign currency translation reserve	Total
	\$	\$	\$	\$
Balance at 01 January 2015	13,361,534	(1,201,568)	-	1,017,324
Profit attributable to members of the parent entity	-	158,401	-	158,401
Foreign currency translation	-	-	75,454	75,454
Total comprehensive loss	13,361,534	(1,043,167)	75,454	12,393,821
Balance at 31 December 2015	13,361,534	(1,043,167)	75,454	12,393,821
Profit attributable to members of the parent entity	-	92,261	-	92,261
Foreign currency translation	-	-	(104,614)	(104,614)
Total comprehensive loss	13,361,534	(950,906)	(29,160)	12,381,468
Balance at 31 December 2016	13,361,534	(950,906)	(29,160)	12,381,468

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	6,514,542	4,537,394
Payments to suppliers and employees	(6,627,085)	(4,207,502)
Net cash (used in)/from operating activities	24 (112,543)	329,892
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	3	1
Purchase of property, plant and equipment	(17,130)	(12,344)
Net cash used in investing activities	(17,127)	(12,343)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayment)/advances from directors	(143,013)	521,580
Net cash (used in)/ from financing activities	(143,013)	521,580
Effects of exchange rate changes on cash and cash equivalents	(103,617)	2,892
Net (decrease)/increase in cash and cash equivalents held	(376,300)	842,021
Cash and cash equivalents at beginning of year	915,055	73,034
Cash and cash equivalents at end of the year	8 538,755	915,055

The accompanying notes form part of these financial statements.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

The financial report covers Anti-Aging House Holding Limited and its controlled entities ('the Group'). Anti-Aging House Holding Limited is a Company incorporated and domiciled in British Virgin Islands ("BVI").

Each of the entities within the Group prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 31 March 2017.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical costs basis except for financial assets which are measured at fair value.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Basis of Consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

(b) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probably that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to the amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income of equity.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

(c) Leases continued

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Revenue and other income

Revenue arises from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of signification risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

(e) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	33.33%
Office Equipment	33.33%
Electrical Fittings	33%
Motor Vehicles	25%
Other Equipment	20%

At the end of each annual reporting year, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

(h) Financial instruments continued

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting year the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(i) Impairment of non-financial assets

At the end of each reporting year the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent years for all assets which have suffered an impairment loss, except for goodwill.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

(k) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(m) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting year:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the year where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the year in which the operation is disposed.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

(n) Adoption of new and revised accounting standards

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Consolidated Entity. The Consolidated Entity has decided not to early adopt any of the new and amended pronouncements. The Consolidated Entity's assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below:

AASB 9: Financial instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

The standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting. The key changes that may affect the Consolidated Entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the Consolidated Entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Consolidated Entity's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting period beginning on or after 1 January 2017)

When effective, this standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 103: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue. Although the directors anticipate that the adoption of AASB 15 may have an impact on the Consolidated Entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

2 Summary of Significant Accounting Policies continued

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with last than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-3: Amendments to Australian Accounting Standards — Accounting for Acquisitions of interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This standard amends AASB 11: Joint Arrangements to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. As at 31 December 2016, management is not aware of the existence of any such arrangements which would impact the financial statements of the Consolidated Entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of the standard.

AASB 2014-10: Amendments to Australian Accounting Standards — Sale or Contribution of Assets between an investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards — Effective Date of Amendments to AASB 10 and AASB 128).

This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCH) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. As at 31 December 2016, management is not aware of the existence of any such arrangements which would impact the financial statements of the Consolidated Entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of the standard.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

Impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Impairment of receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

4 Segment reporting

The Group operate in one segment with all operating activities in China.

5 Revenue and Other Income

Revenue from continuing operations

	2016	2015
	\$	\$
Sales revenue		
- sale of goods and services	4,661,262	4,558,047
Total Revenue from continuing operations	4,661,262	4,558,047

6 Result for the Year

The result for the period was derived after charging / (crediting) the following items:

	2016	2015
	\$	\$
Finance Costs	14,890	20,213
Total finance costs	14,890	20,213

The result for the year includes the following specific expenses:

Other expenses:		
Employee benefit expenses	753,420	149,712
Depreciation expenses	9,084	10,452

7 Income Tax Benefit

(a) The major components of tax expense comprise:

	2016	2015
	\$	\$
Current tax expense		
Local income tax - current period	(75,327)	(45,580)
Total income tax expense	(75,327)	(45,580)

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

(b) Reconciliation of income tax to accounting profit:

	2016	2015
	\$	\$
Profit	167,588	203,981
Tax	25%	25%
	<u>41,897</u>	<u>50,995</u>
Add:		
Tax effect of:		
- non-deductible expenses	33,430	(5,415)
Income tax benefit	<u>75,327</u>	<u>45,580</u>

8 Cash and Cash Equivalents

	2016	2015
	\$	\$
Cash at bank and in hand	<u>538,755</u>	<u>915,055</u>
	<u>538,755</u>	<u>915,055</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	<u>538,755</u>	<u>915,055</u>
Balance as per statement of cash flows	<u>538,755</u>	<u>915,055</u>

9 Trade and Other Receivables

	2016	2015
	\$	\$
CURRENT		
Trade receivables	<u>457,159</u>	<u>1,329,625</u>
	<u>457,159</u>	<u>1,329,625</u>
Other receivables	<u>11,668,714</u>	<u>12,375,426</u>
Total current trade and other receivables	<u>12,125,873</u>	<u>13,705,051</u>

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

10 Inventories

	2016	2015
	\$	\$
Raw materials	-	144,445
Work in progress	27,215	569,985
Finished goods	256,895	107,259
	284,110	821,690

11 Other Assets

	2016	2015
	\$	\$
CURRENT		
Deposits and prepayments	1,318,781	1,592,883

12 Property, plant and equipment

	2016	2015
	\$	\$
Furniture, fixtures and fittings		
At cost	1,110	1,173
Accumulated depreciation	(740)	(391)
Total furniture, fixtures and fittings	370	782
Office equipment		
At cost	8,478	8,958
Accumulated depreciation	(5,652)	(2,986)
Total office equipment	2,826	5,972
Electrical fittings		
At cost	188,862	189,231
Accumulated depreciation	(170,765)	(179,454)
Total transportation equipment	18,097	9,777
Motor vehicles		
At cost	14,624	15,450
Accumulated depreciation	(13,893)	(14,678)
Total motor vehicles	731	772
Other equipment		
At cost	35,180	29,371
Accumulated depreciation	(26,256)	(26,780)
Total other equipment	8,924	2,591
Total property, plant and equipment	30,948	19,894

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

(a) **Movements in carrying amounts of property, plant and equipment**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	Furniture, Fixtures and Fittings \$	Office Equipment \$	Electrical Fittings \$	Motor Vehicles \$	Other Equipment \$	Total \$
Year ended 31 December 2015						
Balance at the beginning of the year	-	-	9,979	1,713	6,281	17,973
Additions	1,173	8,958	1,073	-	1,140	12,344
Depreciation expense	(392)	(2,994)	(1,279)	(943)	(4,844)	(10,452)
Foreign exchange movements	1	8	4	2	14	29
Balance at the end of the period	782	5,972	9,777	772	2,591	19,894
Year ended 31 December 2016						
Balance at the beginning of the year	782	5,972	9,777	772	2,591	19,894
Additions	-	-	9,751	-	7,379	17,130
Depreciation expense	(375)	(2,864)	(920)	-	(920)	(5,079)
Foreign exchange movements	(37)	(282)	(511)	(41)	(126)	(997)
Balance at the end of the year	370	2,826	18,097	731	8,924	30,948

13 Interests in Subsidiaries

(a) Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group	
		2016	2015
		%	%
Anti-Aging House International Limited	Hong Kong	100	100
Anti-Aging House Technology (Wuhan) Co., Ltd	People's Republic of China	100	100

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

14 Trade and Other Payables

	2016	2015
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	375,912	1,551,027
Tax payable	277,409	218,809
Advance payment from customers	56,728	679,962
Sundry payables and accrued expenses	2,040	2,465
Other payables	641,389	1,501,955
	<u>1,353,478</u>	<u>3,954,218</u>

15 Amount owing to directors

The amount owing to directors represents advance from directors, non-trade related, interest-free, unsecured and with no fixed terms of repayment.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements For the Year Ended 31 December 2016

16 Issued Capital

	2016	2015
	\$	\$
93,251,251 (2015: 93,251,251) Ordinary shares	13,348,719	13,348,719
Total	13,348,719	13,348,719

(a) Ordinary shares

	No.	No.
At the beginning of the reporting period	93,251,251	14,686,206
Issue of shares	-	78,565,045
Share split	839,261,259	-
At the end of the reporting period	932,512,510	93,251,251

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

17 Reserves

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

18 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

Risk management is carried out by Management under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the risk management committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Risk Management Committee believes the Board should be aware of.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Financial Risk Management continued

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The Group's liabilities have contractual maturities which are summarised below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company currently maintains a minimum of at least a 50% deposit payment upon contractual confirmation for any event to reduce risks of client's failure in payment, thus reduces losses should such incidents occur.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Financial Risk Management continued

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$	Past due and impaired \$	< 30 \$	31-60 \$	61-90 \$	> 90 \$	Within initial trade terms \$
2016							
Trade and term receivables	457,159	188,782	260,318	8,059	-	188,782	268,377
2015							
Trade and term receivables	1,329,625	1,329,625	-	-	-	1,329,625	-

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

Market risk

(i) Foreign currency sensitivity

Most of the Group transactions are carried out in Chinese Yuan (RMB). The movement of exchange rates may have favourable or unfavourable impact on returns as the Company holds a majority of non-Australian Dollar denominated investments and cash.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

18 Financial Risk Management continued

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the RMB – Australian Dollar exchange rate.

It assumes a +/- 10% change of the Australian Dollar / RMB exchange rate for the year ended 31 December 2016.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date.

If the Australian Dollar had strengthened and weakened against the RMB by 10% and -10% respectively then this would have had the following impact:

	2016	
	+10%	-10%
RMB		
Net results	9,226	(9,226)
Equity	1,238,147	(1,238,147)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

(iii) Share risk

The market value of ordinary shares of the Company will be affected by a number of factors, including the dividend yield from time to time of the ordinary shares, prevailing interest rates and supply and demand for those ordinary shares, along with wider economic factors and changes in the law, including tax law, political factors, economical factors and environment factors in each market. The market value of the income derived from the Company's ordinary shares can fluctuate and may go down as well as up. The market value of the ordinary shares may not always reflect the Net Asset value (NAV) per ordinary share.

Whilst it is the intention of the Board to pay dividends to shareholders on an annual basis, the ability to do so will largely depend on the amount of income the Company receives on its investments and the timing of such receipts. Any reduction in income received by the Company will lead to a reduction in earnings per share and therefore in the Company's ability to pay dividends. Accordingly, the amount of dividends payable by the Company, if any, may vary.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

19 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2016	2015
	\$	\$
Short-term employee benefits	109,426	-
	<u>109,426</u>	<u>-</u>

20 Auditors' Remuneration

	2016	2015
	\$	\$
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial statements	7,500	-
Total	<u>7,500</u>	<u>-</u>

21 Fair Value Measurement

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities approximates the carrying amount as the impact of discounting is not significant.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements For the Year Ended 31 December 2016

22 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016.

23 Related Parties

There were no related party transactions and balances during the financial year 31 December 2016 except for the key management personnel remuneration as disclosed in Note 19.

24 Cash Flow Information

(a) Reconciliation of result for the period to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	31 December 2016	31 December 2015
	\$	\$
Profit for the year	92,261	158,401
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
- depreciation	5,079	10,452
- interest income	(3)	(1)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- decrease in inventories	537,580	300,797
- decrease/(increase) in trade and other receivables	1,853,280	(20,652)
- decrease in trade and other payables	(2,600,740)	(119,103)
Cash flow used in operations	(112,543)	329,892

25 Events Occurring After the Reporting Date

The financial report was authorised for issue on 31 March 2017 by the board of directors.

No matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Anti-Aging House Holding Limited

ARBN 606 301 106

Notes to the Financial Statements

For the Year Ended 31 December 2016

26 Company Details

The registered office of the company is:

Anti-Aging House Holding Limited
Portcullis TrustNet (BVI) Limited
Portcullis TrustNet Chambers
P.O. Box 3444, Road Town, Tortola
British Virgin Islands

The principal places of business is:

C/O. Anti-Aging House Technology (Wuhan) Co.
551 Shamao Street, Yucai Road
Hannan District, Wuhan
Hubei, China 430090

Anti-Aging House Holding Limited

ARBN 606 301 106

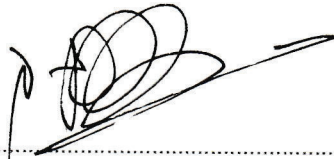
Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 31 December 2016 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Financial Controller as required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



CHEN JIWU
Director

Dated this

31 March 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANTI-AGING HOUSE HOLDING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial statements of **ANTI-AGING HOUSE HOLDING LIMITED** ("The Company") and its controlled entities ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial statements of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the audit independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code"). We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed during the audit
Receivables impairment As at 31 December 2016, there were receivables past due but not impaired. Management has concluded that most of the receivables were settled subsequent to the financial year end and only minimal amount which has not been collectible to date. Directors are confident that they will receive the amounts in full.	Our procedures included, among others: <ul style="list-style-type: none">- We have checked the subsequent settlement in cash to the supporting documentation;- We have considered the assessment performed by the management that no impairment needed for certain past due receivables was reasonable;

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANTI-AGING HOUSE HOLDING LIMITED** *(Continued)*

Information Other than the Financial Report and Auditors' Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditors' report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANTI-AGING HOUSE HOLDING LIMITED (Continued)**

Auditors' Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
ANTI-AGING HOUSE HOLDING LIMITED (Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Remuneration Report

Opinion on the Remuneration Report

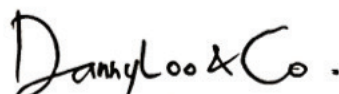
We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration report of Anti-Aging House Holding Limited for the year ended 31 December 2016 complies with Section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

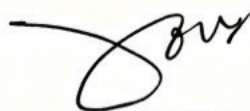
The auditors' report of the financial statements for the year ended 31 December 2015 dated 18 April 2016 was issued by another firm of auditors, which had expressed an unqualified opinion.



Danny Loo & Co
Firm No. AF002056
Chartered Accountants

Petaling Jaya

Date: 31 March 2017



Kow Hoay Lee
Approval No. 3042/10/17(J)
Chartered Accountant