

JINCHI BIOTECH LTD

ARBN 602 837 267

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

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DIRECTORS 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 to meet its obligations to governance policies with which it interacts. To this end, 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 policy that Board's any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- 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.
- Operate in accordance with the terms of reference established by the Board.

Audit Board and Risk

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

- The adequacy of the Company's internal control all applicable legal obligations.
- The adequacy of the financial risk management processes.
- The appointment of the external auditor, any reports prepared by the external auditor and listing with the external auditor.

Remuneration and Management Succession Planning Committee

The Board in fulfilling its responsibilities to shareholders by:

- Reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- Ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- Maintaining a Board that has an appropriate mix of skills and experience to be an effective decision making body; and
- 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.

DIRECTOR'S REPORT

Your directors present their report on the Company for the financial period ended 31 December 2015

Directors

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

Haibo Zhang

Shujun Zhou

Xiaoxia Hu

Mr Zhang has been a board member from incorporation on 13 March 2014 until the date of this report.

Ms Zhou has been a board member from incorporation on 13 March 2014 until the date of this report.

Ms Hu has been a board member from incorporation on 13 March 2014 until the date of this report.

Company Secretary

The position of company secretary has been held by Chan Luo and Andrew Bristow from incorporation.

Principle Activities

The principle activity of the Company and its Subsidiary is the production and facilitation of Glycopeptides in medical, food and skin care products.

Our business model and objectives

The Company proposes to generate future income by continuing to produce and facilitate Glycopeptides in medical, food and skin care products.

The Company proposes to fund these investments by additional capital.

Operating Results

The Company incurred a net operating loss for the period of €400,361 (RMB 2,943,094).

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

Jinchi Biotech Ltd during the financial year ended 31 December 2016 the Company has continued with principal activities. There has been no major change in their activities.

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 the law of the Australia or elsewhere.

DIRECTORS' REPORT

Information on Directors

Shujun Zhou

-Executive Director, CFO.

Board member from incorporation on 13 March 2014 to date.

Qualification and Experience

Ms Zhou is a certified accountant and has a diploma in industrial accounting from Central South University. She has more than 40 years' experience on and management in the pharmacy industry. She was appointed as a director and CFO of Zhangjiajie (China) Jinchi Giant Salamander Biological Technology Co, Ltd in August 2009. Ms Zhou was also the former director and Deputy Manager of Jiuzhitang Co, Ltd a Chinese listed Company, chairman and General Manager of Cangsha Jiuzhitang Group Co, Ltd, Chairman of Hainan jiuzhitang Zhongyuan Pharmacy Co Ltd and General Manager of Hunan Sanxiang Traditional Chinese Medicine Co Ltd.

Interest in Shares and Options

- 300,000 CDIs

Preference Shares

Special Responsibilities

Nil

Directorships held in other listed Entities

Nil

Xiaoxia Hu

Executive Director, CAO

Board member from incorporation on 13 March 2014 to date.

Qualification and Experience

Ms Hu is a certified engineer who graduated from the Gardening School of Hunan Agricultural University with a diploma in landscaping. Ms Hu was appointed as the director and Chief Administration Office of Zhangjiajie (China) Jinchi Giant Salamander Biological Technology Co, Ltd in August 2009. She has also been the Manager, and Deputy Manager of Hunan Jinchi Landscaping Co Ltd since May 1996.

Interest in Shares and Options

300,000 CDIs

Special Responsibilities

Nil

Directorships held in other listed Entities

Nil

Haibo Zhang

Non Executive Director

Board member from incorporation on 13 March 2014 to date.

Qualification and Experience

Mr Zhang is a certified engineer who graduated from Party School of Central Committee of C.P.C with a bachelor's degree in political management. Mr Zhang has extensive experience in Company management. He was Chairman of Zhangjiajie (China) Jinchi Giant Salamander Biological Technology Co, Ltd from January 2009 until 29 Junly 2014.

He is currently the Chairman and Chief Executive Officer of Hunan Jinchi Landscaping Co Ltd, Chaiman of Hunan Jinchi Culture Technology Investment Co Ltd and Hunan Jinchi Properties Development Co Ltd.

Interest in Shares and Options

2,980,000 CDIs

Special Responsibilities

Nil

Directorships held in other listed Entities

Nil

Dated 28 March 2017


HAIBO ZHANG
DIRECTOR

Jinchi Biotech Ltd

ARBN 602 837 267

REMUNERATION REPORT (Unaudited)

This report details the nature and amount of remuneration for each director of Jinchi Biotech Ltd, 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 Jinchi Biotech Ltd 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 \$50,000 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.

Details of remuneration for period ended 31 December 2016

Details of the remuneration for each Director of the Company was as follows:

Name	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Haibo Zhang	Nil	Nil	Nil	Nil
Shujun Zhou	Nil	Nil	Nil	Nil
Xiaoxia Hu	Nil	Nil	Nil	Nil

Jinchi Biotech Ltd.

Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(Expressed in Euro)

Jinchi Biotech Ltd.

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INDEPENDENT AUDITOR'S REPORT

XiangYuanYang (2017) Review No.0539

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, 2016 and 2015, 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, 2016 and 2015, 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
April 11, 2017



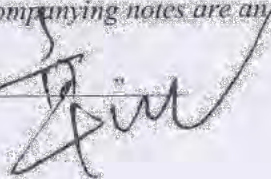
Jinchi Biotech Ltd.

Consolidated Statements of Financial Position (in Euros)

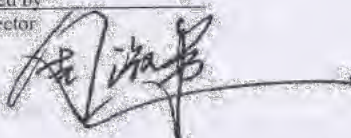
	December 31, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents (note 4)	€ 26,590	€ 42,612
Trade receivables (note 5)	27,698	34,629
Prepayments (note 6)	17,403	77,872
Other receivables (note 7)	21,929	25,304
Inventory (note 8)	221,773	189,790
Due from related parties (note 20)	63,822	66,167
	379,215	436,374
Non-current assets		
Plant and equipment (note 9)	1,373,770	1,608,204
Intangible assets (note 10)	4,483	3,949
Long-term deferred asset (note 11)	-	-
	€ 1,757,468	€ 2,048,527
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	35,657	46,914
Receipt in advance	44,936	14,163
Due to related parties (note 20)	380,196	217,770
	460,789	278,847
Equity		
Share capital (note 13)	100	100
Additional paid-in capital (note 13)	2,989,569	2,989,569
Foreign currency translation reserve	345,299	417,939
Accumulated deficit	(2,038,289)	(1,637,928)
	1,296,679	1,769,680
	€ 1,757,468	€ 2,048,527

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

Signed by
Director



Signed by
Director



Jinchi Biotech Ltd.

Consolidated Statements of Operations and Comprehensive (Loss) Income

For the years ended December 31, 2016 and 2015
(in Euros)

	December 31, 2016	December 31, 2015
Revenues (note 15)	€ 104,523	€ 248,550
Cost of goods sold	(62,065)	(107,671)
Sales taxes (note 16)	(424)	(1,233)
Gross profit	42,034	139,646
Selling expenses (note 17)	35,508	51,819
General and administrative expenses (note 18)	429,778	543,626
Operating loss	(423,252)	(455,799)
Other income (note 19)	22,891	75,349
Other expenses	-	(29)
Foreign exchange gain	-	-
(Loss) profit before income taxes	(400,361)	(380,479)
Provision for income taxes	-	-
(Loss) profit for the year	(400,361)	(380,479)
Other comprehensive income (loss)		
Foreign currency translation adjustment	(72,640)	154,504
Total comprehensive (loss) income	€ (473,001)	€ (225,975)
(Loss) earnings per share		
Basic	(0.013)	(0.013)
Diluted	(0.013)	(0.013)
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, 2015	€ 100	€ 2,989,569	€ (1,257,449)	€ 263,435	€ 1,995,655
Loss for the year	-	-	(380,479)	-	(380,479)
Capital injection	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	154,504	154,504
Balance, December 31, 2015	€ 100	€ 2,989,569	€ (1,637,928)	€ 417,939	€ 1,769,680
Loss for the year	-	-	(400,361)	-	(400,361)
Capital injection	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	(72,640)	(72,640)
Balance, December 31, 2016	€ 100	€ 2,989,569	€ (2,038,289)	€ 345,299	€ 1,296,679

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, 2016 and 2015
(in Euros)

	December 31, 2016	December 31, 2015
Cash flows (used in) from operating activities		
(Loss) profit for the year	€ (400,361)	€ (380,479)
Items not affecting cash:		
Depreciation and amortization	179,619	267,144
Changes in non-cash working capital items:		
Trade receivables	5,680	34,306
Prepayments and other receivables	59,949	64,257
Inventory	(38,546)	(46,287)
Accounts payable and other payable	(10,089)	(13,595)
Customer deposits	31,143	14,340
	(172,605)	(60,314)
Cash flows used in investing activities		
Addition of fixed assets	(771)	(143,404)
Addition of intangible assets	(2,819)	(846)
	(3,590)	(144,250)
Cash flows used in financing activities		
Capital injection	-	-
Due to directors	-	212,695
Advance from related party	161,743	6,894
	161,743	219,589
Effect of foreign exchange rate changes on cash and cash equivalents	(1,571)	(242)
Increase (decrease) in cash and cash equivalents	(16,023)	14,783
Cash and cash equivalents, beginning of year	42,613	27,830
Cash and cash equivalents, end of year	€ 26,590	€ 42,613

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

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(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.

Zhangjiajie Jinchi, 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 March 31, 2017.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(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, 2016	December 31, 2015
Year end RMB: Euro exchange rate	7.3202	7.0608
Annual average RMB: Euro exchange rate	7.3511	6.9733

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 Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(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.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(in Euros)*

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 Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (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 Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(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 Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(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 Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(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.

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.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(in Euros)*

2. Significant Accounting Policies – continued

New and revised IFRSs issued but not yet effective - continued

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.

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.

IFRS 16 Leases

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Company is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

IFRS 11 Joint arrangements

IFRS 11 was amended by the IASB in May 2014. The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(in Euros)

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.

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.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

4. Cash and cash equivalent

	December 31, 2016	December 31, 2015
Cash on hand	€ 401	€ 3,112
Cash in bank	19,334	32,410
Restricted Cash	6,855	7,090
	€ 26,590	€ 42,612

5. Trade receivable

	December 31, 2016	December 31, 2015
Small commodities sales	€ 24,966	€ 14,411
Tickets sales	2,732	20,218
	€ 27,698	€ 34,629

No allowance for doubtful debt was provided or reversed during the year ended December 31, 2016 and 2015.

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, 2016	December 31, 2015
Within 90 days	€ 27,698	€ 223
91 - 180 days	-	-
181 - 365 days	-	34,406
	€ 27,698	€ 34,629

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

6. Prepayments

	December 31, 2016	December 31, 2015
By nature		
Deposits for purchase contracts	€ -	€ 42,649
Prepayment for design fees	-	17,285
Prepayment for rents	-	-
Prepayment for raw materials	17,403	17,938
	€ 17,403	€ 77,872

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

	December 31, 2016	December 31, 2015
Within 90 days	€ 17,403	€ 20,887
91 - 180 days	-	5,091
181 - 365 days	-	349
Over 1 year	-	51,545
	€ 17,403	€ 77,872

7. Other receivable

	December 31, 2016	December 31, 2015
Deposits	€ 18,442	€ 22,660
Employee advances	861	2,107
Other business taxes	2,626	537
	€ 21,929	€ 25,304

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements

For the years ended December 31, 2016 and 2015

(in Euros)

7. Other receivable - continued

	December 31, 2016	December 31, 2015
Within 90 days	€ 3,387	€ 10,305
91 - 180 days	683	28
181 - 365 days	-	708
Over 1 year	17,859	14,263
	€ 21,929	€ 25,304

8. Inventory

	December 31, 2016	December 31, 2015
Small commodities	€ 134,946	€ 56,251
Consignment materials	38,561	121,551
Raw materials	48,266	11,988
	€ 221,773	€ 189,790

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

9. Plant and Equipment

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

Cost	Building	Machinery	Electronic equipment	Office equipment	Exhibition equipment	Furniture	Construction in Progress	Total
Balance at December 31, 2014	€ 695,044	€ 954,844	€ 141,004	€ 13,816	€ 22,426	€ 1,359	€ -	€ 1,828,493
Additions		143,404						143,404
Transfer CIP								
Effect of foreign currency exchange differences	46,758	62,458	9,486	929	1,509	91	-	121,231
Balance at December 31, 2015	€ 741,802	€ 1,160,706	€ 150,490	€ 14,745	€ 23,935	€ 1,450	€ -	€ 2,093,128
Additions			771					771
Effect of foreign currency exchange differences	(26,287)	(41,131)	(3,330)	(522)	(848)	(50)	-	(74,168)
Balance at December 31, 2016	€ 715,515	€ 1,119,575	€ 145,931	€ 14,223	€ 23,087	€ 1,400	€ -	€ 2,019,731

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

Accumulated depreciation	Building	Machinery	Electronic Equipment	Office Equipment	Exhibition Equipment	Furniture	Total
Balance at December 31, 2014	€ 73,097	€ 143,227	€ 63,250	€ 7,734	€ 2,597	€ 1,074	€ 290,979
Depreciation expense	36,568	106,772	28,952	2,837	1,151	280	176,560
Effect of foreign currency exchange differences	4,464	8,312	3,896	485	160	68	17,385
Balance at December 31, 2015	114,129	258,311	96,098	11,056	3,908	1,422	484,924
Depreciation expense	34,726	111,487	27,475	2,691	1,092	-	177,471
Effect of foreign currency exchange differences	(3,898)	(8,683)	(3,289)	(380)	(134)	(50)	(16,434)
Balance at December 31, 2016	€ 144,957	€ 361,115	€ 120,284	€ 13,367	€ 4,866	€ 1,372	€ 645,961

	Building	Machinery	Electronic equipment	Office equipment	Exhibition equipment	Furniture	Total
Net book amount							
At December 31, 2015	€ 627,673	€ 902,395	€ 54,392	€ 3,689	€ 20,027	€ 28	€ 1,608,204
At December 31, 2016	€ 570,558	€ 758,460	€ 25,647	€ 856	€ 18,221	€ 28	€ 1,373,770

(1) The Company did not record any impairment provision for the years ended December 31, 2016 and 2015.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

10. Intangible Assets

	Patent	Trade mark	Other	Total
Cost				
Balance at December 31, 2014	€ 2,302	€ 2,156	-	€ 4,458
Additions	993	-	-	993
Effect of foreign currency exchange differences	143	145	-	288
Balance at December 31, 2015	€ 3,438	€ 2,301	-	€ 5,739
Additions	2,027	-	792	2,819
Effect of foreign currency exchange differences	(113)	(82)	4	(191)
Balance at December 31, 2016	€ 5,352	€ 2,219	796	€ 8,367

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

	Patent	Trade mark	Other	Total
Accumulated depreciation				
Balance at December 31, 2014	376	-	-	376
Depreciation expense	940	466	-	1,406
Effect of foreign currency exchange differences	14	(6)	-	8
Balance at December 31, 2015	€ 1,330	€ 460	-	€ 1,790
Depreciation expense	1,298	442	408	2,148
Effect of foreign currency exchange differences	(42)	(14)	2	54
Balance at December 31, 2016	€ 2,586	€ 888	410	€ 3,884

	Patent	Trade mark	Other	Total
Net book amount:				
At December 31, 2015	€ 2,108	€ 1,841	€ -	€ 3,949
At December 31, 2016	€ 2,766	€ 1,331	€ 386	€ 4,483

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

11. Long-term Deferred Assets

	December 31, 2016	December 31, 2015
Leasehold improvements	€ -	€ 80,853
Amortization	-	(90,585)
Effect of foreign currency exchange differences	-	9,732
	€ -	€ -

Leasehold improvements are amortized over 5 years, and it was fully amortized as of December 31, 2015.

12. Accounts payable and accrued liabilities

	December 31, 2016	December 31, 2015
Trade payable	€ 17,006	€ 10,639
Other payable and accrued liabilities	18,485	35,995
Other tax payable	166	280
	€ 35,657	€ 46,914

13. Share Capital

	Number of Shares	Share capital
Common share		
Authorized and issued		
On March 13, 2014 (date of incorporation) and December 31, 2015 and December 31, 2016	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, 2015 and 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, 2016 and 2015.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (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, 2016 and 2015 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, 2016 and 2015 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, 2016 and 2015.

15. Revenue

	December 31, 2016	December 31, 2015
Tickets sales	€ 24,359	€ 32,175
Small commodities sales	55,914	141,103
Cosmetics sales	20,400	75,272
Royalty	3,850	-
	€ 104,523	€ 248,550

16. Business Taxes and Other Levies

	December 31, 2016	December 31, 2015
City Maintenance and Construction Tax	€ 247	€ 719
Education Surtax	106	308
Local Education Surtax	71	206
	€ 424	€ 1,233

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

17. Selling Expenses

	December 31, 2016	December 31, 2015
Tickets commission fees	€ 427	€ 591
Small Commodities commission fees	-	110
Advertising fees	13,778	21,663
Science and Technology Museum utilities fees	16,844	19,048
E-commerce commission fees	3,880	10,407
Packaging and other	579	-
	€ 35,508	€ 51,819

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

18. General and Administrative Expenses

	December 31, 2016	December 31, 2015
Salaries and employee benefits	€ 119,597	€ 138,883
Office supplies	2,969	4,606
Transportation expenses	732	460
Vehicle expenses	10,182	10,163
Meals and entertainments	11,488	12,149
Telephone charges	1,056	601
Utilities	536	165
Rental fees	2,475	-
Travel expenses	7,639	6,708
Meals	2,418	4,116
Depreciation	179,619	176,559
Amortization of long-term prepaid assets	-	90,585
Expenses for expert building	207	617
Employees welfare	2,884	1,890
Science and Technology Museum maintenance fees	-	246
Moving expenses	-	1,186
Local Taxes	-	147
Other fees	1,636	7,944
Low value consumptions	-	93
Repairs and maintenance costs	96	411
Property tax	3,458	3,605
Land use fees	1,327	1,399
Disabled security payments	1,619	1,518
Union fees	863	1,135
Social securities	5,300	6,895
Unemployment insurance	270	532
Medical insurance	1,835	2,793
Research and development costs	16,061	287
Consulting fees	53,781	31,588
Legal fees	-	-
Bank charges	1,209	658
Advertising	-	-
Landscaping	-	11,472
Construction business tax	-	20,780
Others	521	3,437
	€ 429,778	€ 543,628

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

19. Other Incomes

	December 31, 2016 ⁽¹⁾	December 31, 2015 ⁽²⁾
Government Grants	€ 9,522	€ 75,224
Tax refund	13,369	-
Interest income and other	-	125
	€ 22,891	€ 75,349

The government grants included the followings:

- (1) In June 2016, the Company received €6,801 (RMB 50,000) of special funding from Agriculture and Animal Bureau of Zhangjiajie City. In July 2017, the Company received a grant of €2,721 (RMB 20,000) as funding for research projects from Wulingyuan District government. During the year 2016, the Company received totaling of €13,369 (RMB 98,278) from local tax authority as refund of business taxes and value added taxes.
- (2) In year 2015, the Company received € 28,681 (RMB 200,000) from Hunan Province medium to small size business development project, and €7,170 (RMB 50,000) of special funding from Agriculture and Animal Bureau of Zhangjiajie City, and €3,522 (RMB 24,560) from Science and Technology Bureau of Zhangjiajie City. Also, the Company received €14,340 (RMB 100,000) from Commerce Bureau of Zhangjiajie City as a special funding for Culture Festival in September 2015, and €21,511 (RMB 150,000) as a special funding for Dani Food Festival in December 2015.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

20. Related Parties and Related Parties Transactions

Balance due from (to) related parties

Accounts	Related Parties	December 31, 2016	December 31, 2015	Nature of the transactions
Due from (to) related parties	Hunan Jinchi Landscape Company Limited	(162,426)	-	Working capital borrowings
Due from (to) related parties	One director and a shareholder	(217,770)	(217,770)	Fees paid on behalf of the Company
Due from related parties	One Director and a shareholder	63,822	66,167	Advances

Hunan Jinchi Landscape Company Limited (the "Landscape") is a company under common control with the Company as at December 31, 2016 and 2015.

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 €13,661 (RMB 100,000) which was recorded as other receivable. The rent for the first ten years is €27,322 (RMB 200,000) per annum, and the rent is subjected to an annual increase of €1,366 (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 Inc.

Notes to Consolidated Financial Statements For the years ended December 31, 2016 and 2015 (in Euros)

23. Financial Instruments

	Financial Instrument Classification	2016	2015
Financial assets:			
Cash and cash equivalents	Loans and receivables	€ 26,590	€ 42,612
Trade receivables	Loans and receivables	27,698	34,629
Other receivables	Loans and receivables	21,929	25,304
Due from related parties	Loans and receivables	63,822	66,167
Total financial assets		€ 140,039	€ 168,712
Financial liabilities:			
Accounts payable	Other financial liabilities	17,006	10,639
Other payable	Other financial liabilities	18,651	36,275
Total financial liabilities		€ 35,657	€ 46,914

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 2016 and 2015, 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.

Jinchi Biotech Inc.

Notes to Consolidated Financial Statements *For the years ended December 31, 2016 and 2015* *(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.

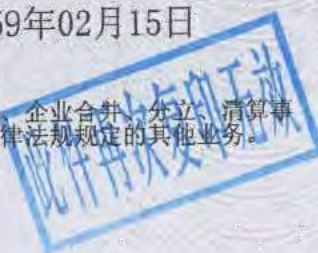
The Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidation financial statements approximate their fair value.



营业执照

统一社会信用代码 91430111685002673J

名称 湖南远扬会计师事务所有限公司
类型 有限责任公司(自然人投资或控股)
住所 长沙市雨花区新建东路35号阳光锦城1栋2805室
法定代表人 杨健
注册资本 壹佰万元整
成立日期 2009年02月16日
营业期限 2009年02月16日至2059年02月15日
经营范围 企业会计报表审计、企业资本验证、企业合并、分立、清算事宜审计、会计咨询、会计服务、法律法规规定的其他业务。
(涉及行政许可的凭许可证经营)



登记机关



2017 年 3 月 2 日

证书序号: NO. 015444

说明

1. 《会计师事务所执业证书》是证明持有入益财政部门依法审批, 准予执行注册会计师法定业务的凭证。
2. 《会计师事务所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
3. 《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
4. 会计师事务所终止, 应当向财政部门交回《会计师事务所执业证书》。

会计师事务所 执业证书

名称: 湖南远扬会计师事务所有限公司

主任会计师: 杨健

办公场所: 长沙市雨花区韶山中路48号融科三万英尺5栋5401号

组织形式: 有限责任

会计师事务所编号: 43010067

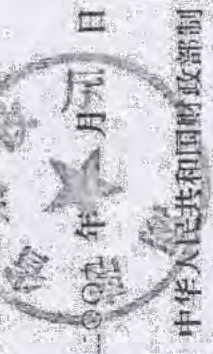
注册资本(出资额): 100 万元

批准设立文号: 湘财会函【2009】4号

批准设立日期: 2009-02-09



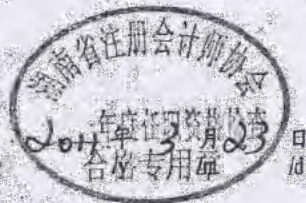
发证机关: 湖南省财政厅



年度检验登记

Annual Renewal Registration

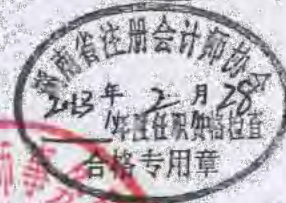
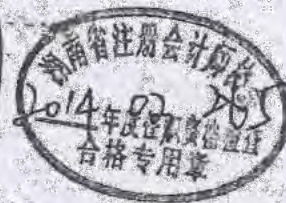
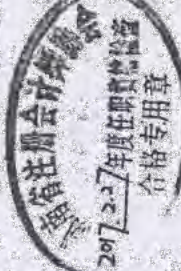
本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.



年度检验登记

Annual Renewal Registration 2016.3.18

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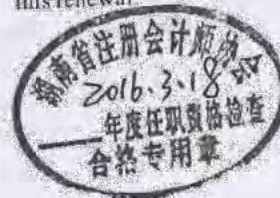


姓名 杨健
Full name 男
Sex
出生日期 1974-11-04
Date of birth
工作单位 湖南南远诚信会计师事务所
Working unit
身份证号码 430502197411042013
Identity card No.



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after
this renewal



证书编号: 430100670003
No. of Certificate

批准注册协会: 湖南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2015 年 10 月 29 日
Date of Issuance



姓名: 傅明 性别: 女
出生日期: 1982-08-10
工作单位: 湖南远扬会计师事务所有限公司
身份证号: 430503198208102042
Identity card No.



Jinchi Biotech Ltd**ARBN 602 837 267****STOCK EXCHANGE INFORMATION****TOP 20 ORDINARY SHAREHOLDERS AS AT 28 March 2017**

Shareholder	%of issued	Shares
CHAN LUO	13,290,000	44.300
JIAN ZHOU	3,000,000	10.000
HAIBO ZHANG	2,970,000	9.900
ZHENQUAN CHEN	1,725,000	5.750
JIE ZHANG	1,200,000	4.000
BIGUI XIONG	825,000	2.750
JIA YU	735,000	2.450
JING CAI	600,000	2.000
LI HUANG	600,000	2.000
SMALL AVACADO INC	510,000	1.700
JIAN FENG	390,000	1.300
XIAOXIA HU	300,000	1.300
SHUJUN ZHOU	300,000	1.000
WEI LI	210,000	1.000
PING CHEN	210,000	1.000
ZHAN TAN	180,000	0.700
ZHENGJUN TAN	180,000	0.700
YAO ZHAO	150,000	0.600
NOODLE NOODLE INC	150,000	0.600

Analysis of Holdings as at 28-03-17**Security Classes****CHESS Depositary Interests over Fully Paid Ordinary Shares**

Holdings Ranges	Holders	Total Units	%
1-1,000	1	1,000	0.003
1,001-5,000	0	0	0.000
5,001-10,000	1	10,000	0.033
10,001-100,000	35	1,549,000	5.164
100,001-99,999,999,999	20	28,400,000	94.800
Totals	57	30,000,000	100.000

Substantial shareholders

	Shares	% of Issued
Chan Luo	13,290,000	44.300
Haibo Zhang	3,480,000	11.600
Jian Zhou	3,000,000	10.000

Jinchi Biotech Ltd

ARBN 602 837 267

CORPORATE DIRECTORY

DIRECTORS

Haibo Zhang

Shujun Zhou

Xiaoxia Hu

SECRETARY

Chan Luo

Andrew Bristow

REGISTERED OFFICE –BRITISH VIRGIN ISLANDS

ABM Chambers, PO Box 2283, Road Town, Tortola VG 1110, British Virgin Islands

REGISTERED OFFICE –AUSTRALIA

C/- HIGHGATE CORPORATE ADVISORS PTY LTD

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NOMINATED ADVISOR

HIGHGATE CORPORATE ADVISORS PTY LTD

Suite 214, Level 2, 33 Lexington Drive

BELLA VISTA NSW 2153

+61 2 9629 6188

AUDITOR

Hunan Yuanyang Certified Public Accountants Co Ltd
Suite 2401, Rongke Sanwanying Building #5, 448
Shaoshan Middle Road, Changsha, Hunan Prov, China

CDI/SHARE REGISTRY

BOARDROOM PTY LIMITED
LEVEL 7, 207 KENT STREET,
SYDNEY NSW 2000