JINCHI BIOTECH LTD

ARBN 602 837 267

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

CONTENTS

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 that is consistent with the Company's responsibility 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 Board's policy that 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 controls and procedures to ensure compliance with 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.

Jinchi BiotechLtd

ARBN 602 837 267

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 ₵ 380,479 (RMB2,653,194).

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 2015 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 any significant environmental regulation under the law of the Australia or elsewhere.

DIRECTORS' REPORT

Information on Directors

Haibo Zhang

- Chairman

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 untill now. 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

2,970,000 CDIs

Special Responsibilities

Nil

Directorships held in other listed Entities

Nil

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 Zhongnan University of Economics and Law. She has more than 40 years' experience in production, operation 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 CangshaJiuzhitang Group Co, Ltd, Chairman of Hainan jiuzhitangZhongyuan Pharmacy Co Ltd and General Manager of Hunan Sanxiang Traditional Chinese Medicine Co Ltd.

Interest in Shares and Options

- 300,000 CDIs

Ordinary Shares

Special Responsibilities

Nil

Directorships held in other listed Entities

Nil

Xiaoxia Hu

-Director

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 ofZhangjiajie (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

Dated **28 March 2016**

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 2015

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

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STOCK EXCHANGE INFORMATION

TOP 20 ORDINARY SHAREHOLDERS AS AT 28 March 2016

Shareholder	Shares	%of issued
CHAN LUO	13,290,000	44.300
JIAN ZHOU	3,000,000	10.000
HAIBO ZHANG	2,970,000	9.900
JIE ZHANG	1,200,000	4.000
ZHENQUAN CHEN	1,050,000	3.500
HONGYING ZHANG	735,000	2.450
TRIPLE ENTERPRISE INC	725,000	2.416
SMALL CAP CONSULTINGGMBH	675,000	2.250
BIGUI XIONG	600,000	2.000
JIA YU	595,000	1.983
PING CHEN	593,000	1.976
JING CAI	510,000	1.700
LI HUANG	390,000	1.300
SHUJUN ZHOU	300,000	1.000
JIAN FENG	300,000	1.000
XIAOXIA HU	300,000	1.000
WEI LI	210,000	0.700
ZHAN TAN	180,000	0.600
ZHENGJUN TAN	180,000	0.600
YAO ZHAO	150,000	0.500

Analysis of Holdings as at 28-03-16
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	43	1,920,000	6.400
100,001-99,999,999,999	21	28,069,000	93.564
Totals	**66**	**30,000,000**	**100.000**

Substantial shareholders	Shares	% of Issued
CHAN LUO	13,290,000	44.300
JIAN ZHOU	3,000,000	10.000
HAIBO ZHANG	2,970,000	9.900

Jinchi Biotech Ltd

ARBN602 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

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NOMINATED ADVISOR

HIGHGATE CORPORATE ADVISORS PTY LTD

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AUDITOR

Hunan Yuanyang Certified Public Accountants Co Ltd

Suite 2401, RongkeSanwanying Building #5, 448

Shaoshan Middle Road, Changsha, Hunan Prov, China

CDI/SHARE REGISTRY

BOARDROOM PTY LIMITED

LEVEL 7, 207 KENT STREET,

SYDNEY NSW 2000

Jinchi Biotech Ltd.

Consolidated Financial Statements

For the years ended December 31, 2015 and 2014

(Expressed in Euro)

Jinchi Biotech Ltd.

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For the years ended December 31, 2015 and 2014

INDEPENDENT AUDITOR'S REPORT

To the Board of Jinchi Biotech Ltd.:

Xiang Yuan Yang (2016) Audit No. 496

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, 2015 and 2014, 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, 2015 and 2014, 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
March 25, 2016

中国注册会计师
430100420004

中国注册会计师
43010067000

Jinchi Biotech Ltd.

Consolidated Statements of Financial Position
(in Euros)

	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents *(note 4)*	€ 42,612	€ 27,830
Trade receivables *(note 5)*	34,629	64,191
Prepayments *(note 6)*	77,872	91,848
Other receivables *(note 7)*	25,304	68,888
Inventory *(note 8)*	189,790	134,995
Due from related parties *(note 20)*	66,167	47,425
	436,374	435,177
Non-current assets		
Plant and equipment *(note 9)*	1,608,204	1,537,514
Intangible assets *(note 10)*	3,949	4,082
Long-term deferred asset *(note 11)*	-	80,853
	€ 2,048,527	€ 2,057,626
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(note 12)*	46,914	61,971
Receipt in advance	14,163	-
Due to related parties *(note 20)*	217,770	-
	278,847	61,971
Equity		
Share capital *(note 13)*	100	100
Additional paid-in capital *(note 13)*	2,989,569	2,989,569
Foreign currency translation reserve	417,939	263,435
Accumulated deficit	(1,637,928)	(1,257,449)
	1,769,680	1,995,655
	€ 2,048,527	€ 2,057,626

湖南远扬会计师事务所有限公司
已审会计资料

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, 2015 and 2014
(in Euros)

湖南远扬会计师事务所有限公司
已审会计资料

	December 31, 2015	December 31, 2014
Revenues *(note 15)*	€ 248,550	€ 641,779
Cost of goods sold	(107,671)	(199,644)
Sales taxes *(note 16)*	(1,233)	(11,641)
Gross profit	139,646	430,494
Selling expenses *(note 17)*	51,819	45,324
General and administrative expenses *(note 18)*	543,626	781,203
Operating loss	(455,799)	(396,033)
Other income *(note 19)*	75,349	15,100
Other expenses	(29)	(643)
Foreign exchange gain	-	2,442
(Loss) profit before income taxes	(380,479)	(379,134)
Provision for income taxes	-	-
(Loss) profit for the year	(380,479)	(379,134)
Other comprehensive income (loss)		
Foreign currency translation adjustment	154,504	239,958
Total comprehensive (loss) income	€ (225,975)	€ (139,176)
(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, 2014	€ 100	€ 1,741,258	€ (878,315)	€ 23,477	€ 886,520
Loss for the year		-	(379,134)	-	(379,134)
Capital injection		1,248,311		-	1,248,311
Foreign currency translation adjustment		-	-	239,958	239,958
Balance, December 31, 2014	€ 100	€ 2,989,569	€ (1,257,449)	€ 263,435	€ 1,995,655
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

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

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, 2016.

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, 2015	December 31, 2014
Year end RMB: Euro exchange rate	7.0608	7.5358
Annual average RMB: Euro exchange rate	6.9733	8.1857

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.

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.

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:

	Methods	Residual Value
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.

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.

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 contact, 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 contact, 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.

2. Significant Accounting Policies – continued

Government grants

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

Income Tax

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

Borrowing costs

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

Application of New and Revised International Financial Reporting Standards

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

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

2. Significant Accounting Policies – continued

Application of New and Revised International Financial Reporting Standards - continued

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

New and revised IFRSs issued but not yet effective

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

IFRS 9 Financial Instruments

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

IFRS 15 Revenue from Contracts with Customers

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

2. Significant Accounting Policies – continued

New and revised IFRSs issued but not yet effective - continued

IAS 1 Presentation of Financial Statements

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

IAS 16 Property, plant and equipment

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

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 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.

(in Euros)

4. Cash and cash equivalent

	December 31, 2015	December 31, 2014
Cash on hand	€ 3,112	€ 1,430
Cash in bank	32,410	26,400
Restricted Cash	7,090	-
	€ 42,612	€ 27,830

5. Trade receivable

	December 31, 2015	December 31, 2014
Small commodities sales	€ 14,411	€ 25,850
Tickets sales	20,218	38,341
	€ 34,629	€ 64,191

No allowance for doubtful debt was provided or reversed during the year ended December 31, 2015 and 2014.

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, 2015	December 31, 2014
Within 90 days	€ 223	€ 4,137
91 - 180 days	-	52,157
181 - 365 days	34,406	7,897
	€ 34,629	€ 64,191

(in Euros)

6. Prepayments

	December 31, 2015	December 31, 2014
By nature		
Deposits for purchase contracts	€ 42,649	€ 56,162
Prepayment for design fees	17,285	16,195
Prepayment for rents	-	-
Prepayment for raw materials	17,938	19,491
	€ 77,872	€ 91,848

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

	December 31, 2015	December 31, 2014
Within 90 days	€ 20,887	€ 19,491
91 - 180 days	5,091	-
181 - 365 days	349	-
Over 1 year	51,545	72,357
	€ 77,872	€ 91,848

7. Other receivable

	December 31, 2015	December 31, 2014
Government grants	€ -	€ -
Deposits	22,660	27,867
Employee advances	2,107	35,921
Other business taxes	537	5,100
	€ 25,304	€ 68,888

(in Euros)

7. Other receivable - continued

	December 31, 2015	December 31, 2014
Within 90 days	€ 10,305	€ 19,158
91 - 180 days	28	19,640
181 - 365 days	708	16,820
Over 1 year	14,263	13,270
	€ 25,304	€ 68,888

8. Inventory

	December 31, 2015	December 31, 2014
Small commodities	€ 56,251	€ 12,478
Cosmetics	-	84,687
Consignment materials	121,551	37,717
Raw materials	11,988	113
	€ 189,790	€ 134,995

(in Euros)

10. Intangible Assets

Cost	Patent	Trade mark	Total
Balance at December 31, 2013	€ -	€ -	€ -
Additions	2,120	1,985	4,105
Effect of foreign currency exchange differences	182	171	353
Balance at December 31, 2014	€ 2,302	€ 2,156	€ 4,458
Additions	993	-	993
Effect of foreign currency exchange differences	143	145	288
Balance at December 31, 2015	€ 3,438	€ 2,301	€ 5,739

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

Accumulated depreciation	Patent	Trade mark	Total
Balance at December 31, 2013	-	-	-
Depreciation expense	347	-	347
Effect of foreign currency exchange differences	29	-	29
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	€ 1,791

Net book amount:	Patent	Trade mark	Total
At December 31, 2014	€ 1,926	€ 2,156	€ 4,082
At December 31, 2015	€ 2,108	€ 1,841	€ 3,949

(in Euros)

11. Long-term Deferred Assets

	December 31, 2015	December 31, 2014
Leasehold improvements	€ 80,853	€ 191,808
Amortization	(90,585)	(121,203)
Effect of foreign currency exchange differences	9,732	10,248
	€ -	€ 80,853

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, 2015	December 31, 2014
Trade payable	€ 10,639	€ 39,744
Other payable and accrued liabilities	35,995	22,227
Other tax payable	280	-
	€ 46,914	€ 61,971

13. Share Capital

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

(in Euros)

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, 2015 and 2014.

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, 2015 and 2014 due to no taxable income generated during the year. Unused tax losses arising from the PRC subsidiaries can be carried forward to offset taxable income for 5 years under PRC Income Tax Laws, however, full amount of unused tax losses at December 31, 2015 and 2014 is recognized as allowance of temporary differences due to uncertainty of expected future profitability. Thus, no deferred tax assets has been recognized for the years ended December 31, 2015 and 2014.

15. Revenue

	December 31, 2015	December 31, 2014
Tickets sales	€ **32,175**	€ 179,394
Small commodities sales	**141,103**	316,759
Cosmetics sales	**75,272**	145,626
	€ **248,550**	€ 641,779

16. Business Taxes and Other Levies

	December 31, 2015	December 31, 2014
Business tax	€ **-**	€ 5,198
City Maintenance and Construction Tax	**719**	3,758

(in Euros)

Education Surtax		**308**		1,611
Local Education Surtax		**206**		1,074
	€	**1,233**	€	11,641

17. Selling Expenses

		December 31, 2015		December 31, 2014
Tickets commission fees	**€**	**591**	€	236
Small Commodities commission fees		**110**		-
Credit card processing fees		**-**		4
Advertising fees		**21,663**		30,935
Science and Technology Museum utilities fees		**19,048**		13,442
E-commerce commission fees		**10,407**		-
Packaging		**-**		707
	€	**51,819**	€	45,324

(in Euros)

18. General and Administrative Expenses

	December 31, 2015	December 31, 2014
Salaries and employee benefits	€ 138,883	€ 157,912
Office supplies	4,606	8,200
Transportation expenses	460	291
Vehicle expenses	10,163	15,150
Meals and entertainments	12,149	8,154
Telephone charges	601	1,217
Utilities	165	91
Rental fees	-	611
Travel expenses	6,708	23,048
Meals	4,116	2,301
Depreciation	176,559	112,061
Amortization of long-term prepaid assets	90,585	126,791
Expenses for expert building	617	437
Employees welfare	1,890	2,400
Science and Technology Museum maintenance fees	246	-
Moving expenses	1,186	1,813
Local Taxes	147	2,475
Other fees	7,944	9,703
Low value consumptions	93	893
Repairs and maintenance costs	411	2,783
Property tax	3,605	-
Land use fees	1,399	1,192
Disabled security payments	1,518	1,466
Union fees	1,135	1,140
Social securities	6,895	8,182
Unemployment insurance	532	850
Medical insurance	2,793	2,175
Research and development costs	287	37,568
Consulting fees	31,588	202,818
Legal fees	-	27,487
Bank charges	658	308
Advertising	-	18,858
Landscaping	11,472	-
Construction business tax	20,780	-
Others	3,437	2,828
	€ 543,628	€ 781,203

(in Euros)

19. Other Incomes

	December 31, 2015(2)	December 31, 2014(1)
Government Grants	€ 75,224	€ 15,026
Other	115	-
Interest income	10	74
	€ 75,349	€ 15,100

The government grants included the followings:

(1) In July 2013, the Company received a patent grant of €367(RMB 3,000) from Intellectual Property Bureau of Zhangjiajie City; In October 2013, the Company received a grant for Giant Salamander antibacterial mechanism research of €3,674(RMB 30,000) from Science and Technology Program of Zhangjiajie City; In October 2013, the Company received a subsidy of €244,960(RMB 2,000,000)from the Strategic Emerging Industry Program of Hunan Province; In November 2013, the Company received a funding for science education of €2,450(RMB 20,000) from Science and Technology Bureau of Zhangjiajie City; As of December 2013, the Company had a grant receivable of €97,984(RMB 800,000)for support funding from Giant Salamander Biological Technology Service Center of Zhangjiajie City.

(2) In January 2014, the Company received a grant of € 1,222 from Intellectual Property Bureau of Zhangjiajie City. In April 2014, the Company received a grant of € 6,108 from local government as subsidy for projects approved and supported. In December 2014, € 6,108 grant was received as subsidy from local government for standardized services project. In December 2014, the Company also received € 1,588 subject to patent application subsidy and development grants.

(in Euros)

20. Related Parties and Related Parties Transactions

Balance due from (to) related parties

Accounts	Related Parties	December 31, 2015	December 31, 2014	Nature of the transactions
Due from (to) related parties	Hunan Jinchi Landscape Company Limited	-	6,379	Working capital borrowings
Due from (to) related parties	One director and a shareholder	(217,770)	(185,391)	Fees paid on behalf of the Company
Due from related parties	One Director and a shareholder	66,167	226,437	Advances

Hunan Jinchi Landscape Company Limited (the "Landscape") is a company under common control with the Company as at December 31, 2015 and 2014.

21. Commitments

The Company signed an agreement with Zhangjiajie Giant Salamander Rescue Center for the lease of land. The lease term has twenty years starting from January 1, 2010 to December 31, 2030. The Company has paid the lease deposit of €14,163 (RMB 100,000) which was recorded as other receivable. The rent for the first ten years is €28,325 (RMB 200,000) per annum, and the rent is subjected to an annual increase of €1,416 (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.

(in Euros)

23. Financial Instruments

	Financial Instrument Classification	2015 €	2014 €
Financial assets:			
Cash and cash equivalents	Loans and receivables	42,612	27,830
Trade receivables	Loans and receivables	34,629	64,191
Other receivables	Loans and receivables	25,304	68,888
Due from related parties	Loans and receivables	66,167	47,425
Total financial assets		168,712	208,334
Financial liabilities:			
Accounts payable	Other financial liabilities	10,639	39,744
Other payable	Other financial liabilities	36,275	22,227
Total financial liabilities		46,914	61,971

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 2015 and 2014, and over the past three years, the Company has no suffered any significant credit related losses with any of its customers.

Liquidity risk

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

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.