

To: All the Shareholders of Anti-Aging House Holding Limited

Dear Sir/Madam,

We would like to inform that the 2013 audited annual financial statement was uploaded incorrectly on NSX website due to the miscommunication.

In April 2015, it was the first time that A2H submitted listing application's documents to National Stock Exchange of Australia. The Company found out that the audited reports done and provided by Qinghai Tiancheng accounting firm had not accurately reflected the actual situation of the Company, and had immediately terminated professional services with Qinghai Tiancheng on 21 July 2015, and engaged a new auditor to re-do the audited financial report for A2H.

With corporations and efforts of all professional parties, A2H had finally re-submitted all the required documents to NSX on 22 April 2016 with audited financial statements of 2014 and 2015, in which 2013 financial data was included in 2014 audited financial statements, but the 2013 audited report was not being submitted with this listing application.

Due to the previous 2013 audited annual financial statement was lodged to NSX website and could not be taken down from A2H webpage; A2H had realized and rectified the issue immediately, and uploads the new and correct 2013 audited annual financial statement to the NSX website.

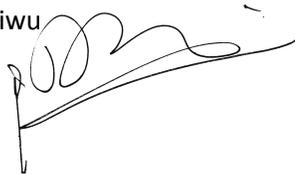
A2H apologizes for the inconvenience caused.

Yours faithfully,

For and on behalf of the Board of Directors

Mr. Chen Jiwu

Chairman



Anti-Aging House Holding Limited
Consolidated Audited Financial Statements

For the year ended 31 December 2013

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

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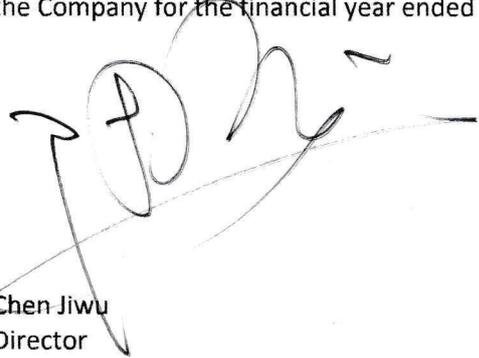
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Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

STATEMENT BY THE DIRECTOR

I, Chen Jiwu, the Director of ANTI-AGING HOUSE HOLDING LIMITED state that, in my opinion, the accompanying financial statements set out on pages 8 to 25 are drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2013 and of the results of its business and the cash flows of the Company for the financial year ended on that date.



Chen Jiwu
Director

Date: 28 Aug 2018

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

Report on the Audit of the Financial Report

We have audited the financial statements of ANTI-AGING HOUSE HOLDING LIMITED, which comprise the Consolidated Statements of Financial Position as at 31 December 2013, and the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows for the financial period, and a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 25.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors also state, in accordance with International Accounting Standard IAS 1 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2013 and of its financial performance and cash flows for the financial year then ended in accordance with International Financial Reporting Standards.

Other Matters

This report is made solely to the members of the Company, as a body. We do not assume responsibility to any other person for the content of this report.



Danny Loo & Co
Firm No. AF002056
Chartered Accountants



Kow Hoay Lee
Approval No. 03042/10/2019 J
Chartered Accountant

Petaling Jaya

Date: 28 August 2018

Consolidated Statements of Comprehensive Income

For the year ended 31 December 2013

	Note	2013 RMB	2012 RMB
Revenue	5	11,909,374	20,891,651
Cost of Goods Sold		(6,657,402)	(13,097,882)
Gross Profit		5,251,972	7,793,769
Other Income	5	5,077,030	198
Operating and Administrative Expenses	6	(8,514,990)	(10,115,998)
Finance Costs	7	(996)	–
Profit/(Loss) before Income Tax		1,813,016	(2,322,031)
Income Tax Expense	8	–	(89,394)
Profit/(Loss) for The Year		1,813,016	(2,411,425)
Other Comprehensive Income for The Period Net of Tax		–	–
Total Comprehensive Income/(Loss) for The Period Attributable to Members		1,813,016	(2,411,425)

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statements of Financial Position

As at 31 December 2013

	Note	2013 RMB	2012 RMB
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	454,854	1,675,236
Trade and other receivables	10	17,672,396	13,881,427
Inventories	11	4,570,080	6,008,507
TOTAL CURRENT ASSETS		22,697,330	21,565,170
NON-CURRENT ASSETS			
Property, plant and equipment	12	140,906	484,494
TOTAL NON-CURRENT ASSETS		140,906	484,494
TOTAL ASSETS		22,838,236	22,049,664
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	(13,620,587)	(15,572,569)
TOTAL CURRENT LIABILITIES		(13,620,587)	(15,572,569)
NON-CURRENT LIABILITIES			
Amount due to a director	14	(927,538)	–
TOTAL NON-CURRENT LIABILITIES		(927,538)	–
TOTAL LIABILITIES		(14,548,125)	(15,572,569)
NET ASSETS		8,290,111	6,477,095
EQUITY			
Issued capital	15	11,407,197	11,407,197
Accumulated losses		(3,117,086)	(4,930,102)
TOTAL EQUITY		8,290,111	6,477,095

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statements of Changes in Equity

For the year ended 31 December 2013

	Share Capital Ordinary RMB	Accumulated Losses RMB	Total Equity RMB
Balance at 1 January 2012	11,407,197	(2,518,677)	8,888,520
Loss for the year	–	(2,411,425)	(2,411,425)
Balance at 31 December 2012	11,407,197	(4,930,102)	6,477,095
Profit for the year	–	1,813,016	1,813,016
Balance at 31 December 2013	11,407,197	(3,117,086)	8,290,111

Note: This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statements of Cash Flows

For the year ended 31 December 2013

	2013	2012
	RMB	RMB
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	13,195,435	16,804,613
Payments to suppliers and employees	(15,392,479)	(16,915,810)
Finance costs	(996)	–
Net cash used in operating activities	(2,198,040)	(111,198)
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	54,000	–
Purchase of property, plant and equipment	(3,880)	(13,749)
Net cash from/(used in) investing activities	50,120	(13,749)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Director advances	927,538	–
Net cash from financing activities	927,538	–
Net change in cash and cash equivalents	(1,220,382)	(124,947)
Cash and cash equivalents, beginning of year	1,675,236	1,800,183
Cash and cash equivalents, end of year	454,854	1,675,236

Note: This statement should be read in conjunction with the notes to the financial statements.

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

1 Nature of operations

Anti-Aging House Holding Limited ('the Company') and subsidiaries' ('the Group') principal activities include the followings:

- Wholesale and retail of Health care products,
- Wholesale and retail of Cosmetics,
- Web development and consultancy,
- Provision of food and health care products, cosmetic information online,
- Provision of development and consultancy services for IT software and hardware, including for online applications,
- Provision of development and consultancy services for biological food products, protein products, cosmetic products,
- Production of fruit, vegetable and protein related food products, and
- Production of advertisement commercials.

There have been no significant changes in the nature of these activities during the year.

2 General information and statement of compliance

The general purpose financial statements of the Group have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

Anti-Aging House Holding Limited is the Group's Ultimate Parent Company. It is a Company incorporated and domiciled in British Virgin Islands ('BVI'). The address of its registered office is at Portucullis Trustnet Chamber, Road Town, Tortola, British Virgin Islands and its principal place of business is at 551 Shamao Street, Hannan District, Wuhan, China.

3 Summary of accounting policies

The financial statements have been prepared using the significant accounting policies and measurement bases summarized below.

3.1 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 31 December 2013. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

3.2 Functional and presentation currency

The functional and presentation currency of the Group is measured and presented using the currency of the primary economic environment in which the Group operates, which is Chinese Yuan ('RMB')

3.3 Segment reporting

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

3.4 Revenue and Other Income

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

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

All revenue is stated net of the amount of value added tax (VAT).

3.5 Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

3.6 Property, plant and equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalized lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Transportation equipment	25%
Electrical and Electronic equipment	33%
Other equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

Notes to the consolidated financial statements

3.7 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

3.8 Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognized when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Notes to the consolidated financial statements

De-recognition

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

Classification and subsequent measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realized and unrealized gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost using the effective interest rate method.

iii. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost using the effective interest rate method.

3.9 Inventories

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

3.10 Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the taxation authorities of the respective countries in which the Group operates and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

3.12 Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Notes to the consolidated financial statements

3.13 Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

3.14 Provisions, contingent liabilities and contingent assets

Provisions for warranties, legal disputes, onerous contracts or other claims are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognized.

3.15 Value Added Tax (VAT)

Revenues, expenses and assets are recognized net of the amount VAT, except where the amount of VAT incurred is not recoverable from the Tax Office. In these circumstances the VAT is recognized as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown as inclusive of VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the VAT component of investing and financing activities, which are disclosed as operating cash flows.

Notes to the consolidated financial statements

3.16 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates

Useful lives of depreciable assets and intangible assets

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

Inventories

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

Fair value of financial instruments

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

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

4 Segment reporting

The Group has no identifiable reporting segment as the chief operating decision makers (the directors) assess performance and allocate resource at the company level.

5 Revenue

	2013 RMB	2012 RMB
Sales revenue		
- Sales of goods and services	11,909,374	20,891,651
Other income		
- Grant received	4,806,280	–
- Gain on disposal of PPE	26,280	–
- Others	244,470	198
Total Other income	5,077,030	198

6 Operating and administrative expenses

Some material expenditures during reporting period are listed below:

	2013 RMB	2012 RMB
Depreciation & amortization	319,748	356,235

7 Finance costs

Finance costs for the reporting periods consist of the following:

	2013 RMB	2012 RMB
Finance costs		
- Bank charges	996	–

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

8 Income tax expenses

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Group. Assessable earnings are taxed at 25%.

The components of tax expense comprise:

	2013	2012
	RMB	RMB
Current tax expense	–	89,394

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2013	2012
	RMB	RMB
Prima facie tax payable on profit from ordinary activities before income tax at local tax rates	453,254	89,394
Add/(Less):		
Tax effect of other allowable items	(453,254)	–
Income tax attributable to the Group	–	89,394

9 Cash and cash equivalents

Cash and cash equivalents include the following components:

	2013	2012
	RMB	RMB
Cash and bank balances	454,854	1,675,236

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

10 Trade and other receivables

Trade and other receivables consist of the following:

	2013	2012
	RMB	RMB
CURRENT		
Trade receivables	7,478,170	4,315,582
Prepayment	5,468,756	4,989,592
Other receivables	4,725,470	4,576,253
Total	17,672,396	13,881,427

a. Trade receivables past due but not impaired:

Current trade receivables are non-interest bearing and generally on 1 year terms. As of 31 December 2013, no trade receivables are past due and impaired. Based on the credit history of these receivables, it is expected that these amounts will be received when due.

The ageing analysis of these trade receivables is as follows:

	2013	2012
	RMB	RMB
Within 1 year	6,683,127	4,315,582
More than 1 years	795,043	–
Total	7,478,170	4,315,582

b. Prepayment

Prepayment relates to advance payments made to suppliers.

c. Other receivables

Other receivables arise from transaction outside the usual operating activities of the Group and are unsecured, interest free and repayable on demand.

There are no balances that are past due and impaired. It is expected these balances will be received when demanded.

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

11 Inventories

Inventories consist of the following:

	2013 RMB	2012 RMB
CURRENT		
Inventory recognized at cost	4,570,080	6,088,507

Inventories are valued at the lower of cost and net realizable value. Inventory includes various forms of raw material, work in progress and finished good. Inventory has been determined to be valued at the lower of cost and net realizable value at reporting date.

12 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Transportation equipment RMB	Electrical and Electronic equipment RMB	Other equipment RMB	Total RMB
Gross carrying amount				
Balance 1 January 2013	184,930	888,479	157,329	1,230,738
Additions	–	2,000	1,880	3,880
Disposal	(111,811)	–	–	(111,811)
Balance 31 December 2013	73,119	890,479	159,209	1,122,807
Depreciation and impairment				
Balance 1 January 2013	53,376	624,065	68,803	746,244
Depreciation	85,693	208,409	25,646	319,748
Disposal	(84,091)	–	–	(84,091)
Balance 31 December 2013	54,978	832,474	94,449	981,901
Carrying amount 31 December 2013	18,141	58,005	64,760	140,906

Anti-Aging House Holding Limited

Consolidated Audited Financial Statements for the year ended 31 December 2013

Notes to the consolidated financial statements

13 Trade and other payables

Trade and other payables consist of the following:

	2013	2012
	RMB	RMB
CURRENT:		
Trade payables	11,222,550	8,403,395
Other payables	2,377,804	6,651,637
VAT payable	20,233	517,536
Total Trade and Other Payables	13,620,587	15,572,569

All amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

14 Amount due to a director

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

15 Share capital

Ordinary shares

The share capital of the Company consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital.

Ordinary shares participate in dividends in proportion to the number of shares held.

At the Shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder has one vote on a show of hands.

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Shares issued and fully paid:

	2013		2012	
	Shares	RMB	Shares	RMB
Beginning of the year	14,686,206	11,407,197	14,686,206	11,407,197
Shares issued during the year	-	-	-	-
End of the year	14,686,206	11,407,197	14,686,206	11,407,197

Capital Management

The management's objectives when managing capital are to ensure that the Group can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

The management monitors capital on the basis of debt to equity ratio. This ratio is calculated as net liabilities divided by equity. Net liabilities is "Total liabilities" as shown on the statement of financial position less cash and cash equivalent and equity is "equity" as shown on the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year, which is to maintain the debt to equity ratio at a manageable level. The debt-equity ratios as at 31 December 2013 and 31 December 2012 are as follows:

	2013	2012
	RMB	RMB
Total liabilities	13,620,587	15,572,569
Less: Cash and cash equivalents	(454,854)	(1,675,236)
Net liabilities (net of cash)	13,165,733	13,897,333
Total equity	8,290,111	6,477,095
Net liabilities to equity ratio	1.59	2.15

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16 Contingent assets and liabilities

The Group has no contingent assets or liabilities.

17 Reconciliation of cash flows from operating activities

Reconciliation of Cash Flows from Operating Activities	2013 RMB	2012 RMB
Profit/(Loss) for the year	1,813,016	(2,322,031)
Adjustments for:		
Depreciation	319,748	356,235
Gain on disposal of property, plant and equipment	(26,280)	—
Change in inventories	1,438,427	2,806,496
Change in trade receivables and other receivables	(3,790,969)	(4,087,237)
Change in trade and other payables	(1,951,982)	3,135,339
Net cash used in operating activities	(2,198,040)	(111,198)

18 Related party transactions

Transactions with Key Management Personnel

There are no transactions with key management personnel.

Balance with Key Management Personnel

There are no balances with key management personnel.

19 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities consist of:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables;

The main types of risks are market risk, credit risk and liquidity risk.

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The Group's risk management is coordinated at its headquarters, in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Risk analysis

The main risks the Group is exposed to through its use of financial instruments are credit risks, liquidity risk and customer concentration risks. The Group does not have any significant exposure to currency risk and price risks.

Credit risk

Credit risk is managed on a group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as through deposits with financial institutions.

The finance committee monitors credits risk on a regular basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognized financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group performs ongoing credit evaluation of its customers' financial conditions and required no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectability of all trade and other receivables.

There are no other material amounts of collateral held as security at 31 December 2013.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting date, as summarized below:

Class of financial assets	2013 RMB	2012 RMB
Carrying amounts:		
- Cash and cash equivalents	454,854	1,675,236
- Trade and other receivables	17,672,396	13,881,427
Total	18,127,250	15,556,663

Liquidity risk

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for financial liabilities as well as forecast cash inflows and outflows due in day-to-day business.

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The table below reflected the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Weighted Average Effective Interest Rate		Interest Bearing Maturing within 1 Year		Non-Interest Bearing Maturing within 1 Year		Total	
	2013 %	2012 %	2013 RMB	2012 RMB	2013 RMB	2012 RMB	2013 RMB	2012 RMB
Financial Assets:								
Cash and cash equivalents	-	-	-	-	454,854	1,675,236	454,854	1,675,236
Trade and other receivables	-	-	-	-	17,672,396	13,881,427	17,672,396	13,881,427
Total Financial Assets	-	-	-	-	18,127,250	15,556,663	18,127,250	15,556,663
Financial Liabilities:								
Trade and other payables	-	-	-	-	13,620,587	15,572,569	13,620,587	15,572,569
Total Financial Liabilities	-	-	-	-	13,620,587	15,572,569	13,620,587	15,572,569

Fair value measurement

Financial assets and financial liabilities measured at fair value in the Statement of Financial Position are grouped into three levels of a fair value hierarchy. The three (3) levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

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

20 Accounting standards applicable in the future

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2013 reporting period. The Group's assessment of the impact of these new standards and interpretations is they will result in no significant changes to the amounts recognized or matters disclosed in the Group's financial statements.

21 Post-reporting date events

No matters or circumstances have arisen since the end of the financial year to the date of authorization which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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22 Controlled entities

	Country of Incorporation	Percentage Owned	
		2013 %	2012 %
Anti-Aging House Holding Limited	BVI		
Subsidiary of Anti-Aging House Holding Limited			
- Anti-Aging House International Limited	Hong Kong	100	100
Subsidiary of Anti-Aging House International Limited			
- Anti-Aging House Technology (Wuhan) Co., Ltd	People's Republic of China	100	100

23 Company details

Registered Office

Portucullis Trustnet (BVI Limited)
Portucullis Trustnet Chamber
P.O.Box 3444, Road Town, Tortola
British Virgin Islands

Principal place of business

551 Shamao Street,
Hannan District,
Wuhan,
People's Republic of China