

CROWNIA HOLDINGS LTD

(Formerly Known as LINGXIAN CAPITAL INC.)

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

Years Ended June 30, 2015 and 2014

Management's Responsibility for Financial Reporting

The accompanying financial statements of Crownia Holdings Ltd. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The significant accounting policies of the Company are summarized in Note 2 to the financial statements.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the years presented by the financial statements and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented by the audited financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

October 28, 2015 (signed)

(signed)

"Jin Zhou"

"Ian Mallmann"

Director

Director

INDEPENDENT AUDITORS' REPORT

To the Directors of Crownia Holdings Ltd. (Formerly known as Lingxian Capital Inc.):

We have audited the accompanying financial statements of Crownia Holdings Ltd. (the "Company") which comprise the statements of financial position as at June 30, 2015 and 2014 and the statements of operations and comprehensive income (loss), changes in shareholders equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing 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 the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2015 and 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

October 28, 2015
Vancouver, BC


Chartered Professional Accountant

CROWNIA HOLDINGS LTD. (FORMERLY KNOWN AS LINGXIAN CAPITAL INC.)
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

	2015	2014
ASSETS		
Current		
Cash and cash equivalents	\$ 640,256	\$ 347,963
Sales tax receivables	8,915	-
Unused portion of sponsor deposits (Note 8)	35,335	
Prepaid filing expenses	3,038	-
Total Current Assets	687,544	347,963
Total Assets	\$ 687,544	\$ 347,963
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 34,393	\$ 10,952
Due to related party (Note 4)	20,000	-
Total Current Liabilities	54,393	10,952
Total Liabilities	54,393	10,952
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	396,122	395,927
Share subscriptions received (Note 5)	510,124	-
Share reserve	45,684	45,684
Deficit	(318,779)	(104,600)
Total Shareholders' Equity	633,151	337,011
Total Liabilities and Shareholders' Equity	\$ 687,544	\$ 347,963

NATURE OF OPERATIONS AND BASIS OF PREPARATION (Notes 1 and 2)
COMMITMENTS (Note 8)
SUBSEQUENT EVENT (Note 10)

Approved and authorized by the Board on October 28, 2015

"Jin Zhou"
Jin Zhou, Director

"Ian Mallmann"
Ian Mallmann, Director

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

CROWNIA HOLDINGS LTD. (FORMERLY KNOWN AS LINGXIAN CAPITAL INC.)
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

	2015	2014
EXPENSES		
Accounting expense	\$ 30,300	\$ 17,850
Consulting expense	78,950	-
Legal fee	64,960	24,058
Office and general	3,043	1,102
Share-based payments	-	22,426
Transfer agent and filing fees	52,992	19,891
Travel	12,387	-
	\$ (242,632)	\$ (85,327)
OTHER INCOME		
Foreign exchange gain (Note 5f)	28,453	-
Net loss and comprehensive loss	\$ (214,179)	\$ (85,327)
Basic and diluted loss per common share	\$ (0.04)	\$ (0.05)
Weighted average number of common shares outstanding	6,000,000	1,660,274

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

CROWNIA HOLDINGS LTD. (FORMERLY KNOWN AS LINGXIAN CAPITAL INC.)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

(EXPRESSED IN CANADIAN DOLLARS)

	Note	Number of Shares	Share Capital	Share subscriptions	Reserve	Deficit	Total
Balance at June 30, 2013		1	\$ -	\$ 95,000	\$ -	(19,273)	\$ 75,727
Share Subscriptions Received		-	-	(45,000)	-	-	(45,000)
Non-Brokered Private Placement		5,999,999	395,927	(50,000)	23,258	-	369,185
Share-Based Payment		-	-	-	22,426	-	22,426
Net Loss and Comprehensive Loss for the Year		-	-	-	-	(85,327)	(85,327)
Balance at June 30, 2014		6,000,000	395,927	-	45,684	(104,600)	337,011
Share issuance cost		-	195	-	-	-	195
Share Subscriptions Received	5	-	-	510,124	-	-	510,124
Net Loss and Comprehensive Loss for the Year		-	-	-	-	(214,179)	(214,179)
Balance at June 30, 2015		6,000,000	\$ 396,122	\$ 510,124	\$ 45,684	(318,779)	\$ 633,151

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

CROWNIA HOLDINGS LTD. (FORMERLY KNOWN AS LINGXIAN CAPITAL INC.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

	2015	2014
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss	\$ (214,179)	\$ (85,327)
Items not involving cash:		
Share-based payment	-	45,684
Changes in non-cash working capital items:		
Amounts receivable	(8,915)	-
Prepaid expenses	(3,038)	-
Related party loan	20,000	-
Accounts payable and accrued liabilities	23,441	6,452
Net cash used in operating activities	(182,691)	(33,191)
CASH FLOWS USED IN INVESTING ACTIVITY		
Unused portion of sponsor deposits	(35,335)	-
Net cash used in investing activity	(35,335)	-
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds received from share issuance	195	395,927
Deferred financing costs	-	9,200
Share subscriptions received, net	510,124	(95,000)
Net cash provided by financing activities	510,319	310,127
Net increase in cash and cash equivalents	292,293	276,936
Cash and cash equivalents, beginning	347,963	71,027
Cash and cash equivalents, ending	\$ 640,256	\$ 347,963
Supplemental Cash Flow Information		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

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

CROWNIA HOLDINGS LTD. (FORMERLY KNOWN AS LINGXIAN CAPITAL INC.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

1. NATURE OF OPERATIONS

CROWNIA HOLDINGS LTD. (Formerly Known as LINGXIAN CAPITAL INC.) (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on July 16, 2012 as a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V” or “TSX Venture”) Policy 2.4. On April 14, 2014, the Company filed a final prospectus with the securities regulatory authorities in British Columbia and Alberta and with the TSX-V. On May 22, 2014, the TSX-V approved the Initial Offering Prospectus (“IPO”) and the Company began trading under the symbol LXC.P on May 23, 2014. The principal business of the Company is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Company has not commenced commercial operations. Given the nature of the activities, no separate segmented information is reported.

On August 13, 2014 and amended on December 12, 2014 and April 1, 2015, the Company entered into a Letter of Intent (“LOI”) to complete a business combination with Jinsili International Steel Holdings Co., Limited (“Jinsili”) by acquiring all of the issued and outstanding securities of Jinsili from its shareholders. This transaction is intended to constitute the QT. See Note 8.

On September 11, 2015, the Company complete its QT and has ceased to be a capital pool company.

The head office of the Company is located at 1980 – 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9. The registered office of the Company is located at 1500 - 1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7. The Company does not have any subsidiaries.

Management has formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and Directors have defined as being at least the next 12 months. In arriving at this judgment, management has considered the: (i) base of investors and debt lenders historically available; (ii) information in relation to the Company’s existing commitments and the financial resources available to the Company and (iii) fundamental trends of the Company’s business. Considering the above, management is satisfied that the Company has adequate resources to continue as a going concern for at least the next 12 months. Considering the above, these financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements were authorized for issue by the Board of Directors on October 28, 2015.

CROWNIA HOLDINGS LTD. (FORMERLY KNOWN AS LINGXIAN CAPITAL INC.)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(EXPRESSED IN CANADIAN DOLLARS)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Measurement basis

These financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

b) Presentation currency

These financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

c) Significant accounting judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and expenses for the periods reported. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Significant areas requiring the use of management estimates include the determination of deferred income tax assets and liabilities, and assumptions used in valuing options in share-based payment calculations. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Judgment is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgment has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, Financial instruments: recognition and measurement;
- Evaluating if the criteria for recognition of provisions and contingencies are met in accordance with IAS 37, Provisions, contingent liabilities and contingent assets; and

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant accounting judgments and estimates (continued)

- The assessment of the Company's ability to continue as a going concern, which is described in Note 1.

d) Cash and cash equivalents

The Company considers unrestricted cash on hand, in trust, in banks, in term deposits and commercial paper with original maturities of six months or less as cash and cash equivalents.

e) Share-based payments

The Company grants stock options to employees and consultants to buy common shares of the Company through its stock option plan as described in Note 5(d). The Company accounts for share-based payments using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the options are expected to vest.

f) Comprehensive loss

Comprehensive loss is the change in the Company's shareholders' equity that results from transactions and other events from other than the Company's shareholders. Other comprehensive income/loss includes items that would not normally be included in comprehensive loss but excluded from net loss, such as unrealized gains and losses on available-for-sale investments.

g) Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Foreign currency

Transactions in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the financial statements date are recognized in the profit or loss.

i) Financial assets

Financial assets are classified into one of four categories:

- a) Fair value through profit or loss ("FVTPL");
- b) Held-to-maturity ("HTM");
- c) Loans and receivables; and
- d) Available for sale ("AFS").

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Financial assets (continued)

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at FVTPL if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in income or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method, less any impairment losses.

Available for sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as AFS. They are carried at fair value with changes in fair value recognized directly in other comprehensive income/loss. Where a decline in the fair value of an AFS financial asset constitutes objective evidence of impairment, the amount of the loss is removed from other comprehensive income/loss and recognized in profit or loss.

The Company classified its cash and cash equivalents as FVTPL.

j) Financial liabilities

Financial liabilities are classified into one of two categories:

- a) Fair value through profit or loss; and
- b) Other financial liabilities.

Fair value through profit or loss

This category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes liabilities which are recognized at amortized cost.

Accounts payable and long-term loan are classified as other financial liabilities, which are measured at amortized cost.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment

Financial assets:

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against the assets impaired. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets:

Non-financial assets with finite lives are tested for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

l) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

m) Deferred financing costs

Professional, consulting and regulatory fees as well as other costs directly attributable to financing transactions are reported as deferred financing costs until the transactions are completed, if the completion of the transaction is considered to be more likely than not. Share issue costs are charged to share capital when the related shares are issued. Costs relating to financing transactions that are not completed, or for which successful completion is considered unlikely, are charged to operations.

n) Income taxes

Income tax on profit or loss comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Income taxes (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the year-end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for temporary differences in assets and liabilities arising in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, transactions relating to investments in jointly controlled entities to the extent that they will not reverse in the foreseeable future, and transactions arising on the initial recognition of goodwill. Deferred tax is recognized at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax assets is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

o) Recent accounting pronouncements adopted

The Company has adopted the following new accounting standards and interpretations effective July 1, 2014. There is no material impact to the Company from adoption of these standards and interpretations:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

p) New accounting standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) New accounting standards issued but not yet effective (continued)

IFRS 9 - Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemption.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company has not been determined.

4. DUE TO RELATED PARTY

On May 12, 2015, the Company entered into a promissory note with a director and shareholder of the Company for \$20,000. The loan is non-interest bearing and is due on the earlier of (i) December 31, 2016; or (ii) upon demand.

5. SHARE CAPITAL

a) Authorized share capital:

As at June 30, 2015, the authorized share capital of the Company was an unlimited number of preferred shares without par value and an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital:

- a. On November 19, 2013, the Company completed a non-brokered private placement of 1,999,999 common shares at \$0.05 per share for total cash proceeds of \$100,000.
- b. On May 23, 2014, pursuant to the completion of the IPO, the Company issued 4,000,000 common shares at \$0.10 per share for total proceeds of \$400,000. The Company incurred share issuance costs of \$103,878, which consists of \$40,000 agent commission, \$18,563 corporate finance and disbursement fees, \$22,057 legal fees and 400,000 agent warrants at a fair value of \$23,258. Each agent warrant can be exercised into one common share at \$0.10 per share exercisable for a period of 24 months.
- c. As at June 30, 2015, the Company had 6,000,000 common shares in escrow.

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5. SHARE CAPITAL (CONTINUED)

c) Agent warrants:

The warrants that are issued and outstanding as at June 30, 2015 are as follows:

	Number of warrant	Exercise price
		\$
Balance, June 30, 2013	-	-
Issued	400,000	0.10
Balance, June 30, 2015 and June 30, 2014	400,000	0.10

The following table summarizes the agent warrants outstanding and exercisable as at June 30, 2015:

Number of Warrants	Exercise Price	Expiration Date
400,000	\$0.10	May 23, 2016

As at June 30, 2015, 400,000 agent warrants with a weighted average remaining contractual life of 0.9 years were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each warrant held. Prior to the completion of the QT, only 200,000 common shares obtained by exercising these warrants can be sold by the holders. The remaining 200,000 common shares may only be sold after the completion of the QT.

The following assumptions were used for the Black-Scholes option pricing model calculation resulting in the following estimated issue date values for the agent warrants issued in 2014:

	2014
Risk-free interest rate	1.04%
Dividend yield	0%
Expected volatility	113%
Expected life	2 years
Forfeiture rate	0%
Fair value	\$0.06

d) Stock option plan:

On November 25, 2013, the Company adopted an incentive share option plan for granting options to directors, employees and consultants, under which the total outstanding options are limited to 10% of the outstanding common shares at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares and the maximum term of the options will be 10 years or such longer term as permitted by the TSX-V.

Any common shares acquired pursuant to the exercise of options prior to the completion of the QT must be deposited in escrow and will be subject to escrow until the final exchange bulletin is issued. The exercise price of each option is based on the market price of the Company's stock at the date of grant. The options can be granted for a term of five years and vest as determined by the board of directors.

e) Options

On May 23, 2014, the Company granted 280,000 stock options to directors and officers at the closing of its IPO (see Note 5 b) a.). Each option can be exercisable into one common share of the Company at a price of \$0.10

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5. SHARE CAPITAL (CONTINUED)

e) Options (continued)

per share for five years from the date of grant. The options vested on the grant date. The fair value of the options was \$22,426. The average grant date fair value of the options was \$0.08.

The options outstanding and exercisable at June 30, 2015 are as follows:

	Number of options	Exercise Price
		\$
Balance, June 30, 2013	-	-
Granted	280,000	0.10
Balance, June 30, 2015 and 2014	280,000	0.10

The following table summarizes the options outstanding and exercisable as at June 30, 2015:

Number of Options	Exercise Price	Expiration Date
280,000	\$0.10	May 23, 2019

As at June 30, 2015, 280,000 options with a weighted average remaining contractual life of 3.90 years were outstanding and exercisable, entitling the holders thereof the right to purchase one common share for each option held.

The following assumptions were used for the Black-Scholes option pricing model calculation resulting in the following estimated issue date values for the options granted in 2014:

	2014
Risk-free interest rate	1.84%
Dividend yield	0%
Expected volatility	113%
Expected life	5 years
Forfeitures	0%
Fair value	\$0.10

f) Share subscriptions received

As of June 30, 2015, the Company has received \$510,124 in subscription receipts from a private placement concurrent with the completion of the QT described in Note 8 (June 30, 2014 - \$nil). The Company received some of subscription receipts in US dollars and the amount was deposited in the Company's US dollar bank account. As at June 30, 2015, a foreign exchange gain of \$28,453 was recognized as a result of revaluation of the US dollars' denominated cash balance.

6. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at June 30, 2015, the Company's shareholders' equity was \$633,151 (June 30, 2014 - \$337,011). The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The Company does not have any externally imposed capital requirements to which it is subject.

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6. CAPITAL MANAGEMENT (CONTINUED)

The capital for expansion was mostly from proceeds for subscription of common shares. The net proceeds raised will only be sufficient to identify and evaluate a limited number of assets and businesses for the process of identifying and completing a QT. Additional funds may be required to finance the Company's QT.

7. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

At June 30, 2015, the Company's financial instruments consist of cash and cash equivalents, accounts payables and long-term loan. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. The fair value of cash and cash equivalents is based on level 1 inputs of the fair value hierarchy.

The Company is exposed to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash and cash equivalents. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. As at June 30, 2015, the Company had a cash and cash equivalents of \$640,256 (June 30, 2014 - \$347,963) to settle current liabilities of \$54,393 (June 30, 2014 - \$10,952).

Interest rate risk

The Company has cash balances and is not exposed to any significant interest rate risk.

Currency risk

At June 30, 2015, the Company had cash of \$254,810 denominated in US dollars and is exposed to the related foreign currency exchange risks. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's financial position. The result of the sensitivity analysis indicates that a 10% increase (decrease) in the average value of the USD during the year would have resulted in an increase (decrease) in net income and comprehensive income of approximately \$31,785. The Company has not hedged its exposure to currency fluctuations.

8. COMMITMENTS

On August 13, 2014 and amended on December 12, 2014 and April 1, 2015, the Company has entered into a letter of intent (the "LOI") with Jinsili International Steel Holdings Co., Ltd. ("Jinsili"). Pursuant to the LOI,

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8. COMMITMENTS (CONTINUED)

the Company will issue up to 22,000,000 common shares to the shareholders of Jinsili to acquire all of the issued and outstanding equity securities of Jinsili, which will result in Jinsili becoming a wholly-owned subsidiary of the Company. The Company intends to complete a non-brokered private placement which will close concurrently with the closing of the QT. The Company plans to issue an aggregate of 2,500,000 common shares at a price of \$0.20 per share for gross proceeds of \$500,000. Upon closing of the transaction, a finder's fee will be paid by issuing 500,000 common shares together with 500,000 non-transferable finder's warrants (the "Finder's Warrants"). Each of the Finder's Warrants entitles the finder to purchase one additional common share of the Company at a price of \$0.19 for a period of two years from the date of the closing of the transaction. Per the LOI, if a definitive agreement is not negotiated and executed by the Jinsili and the Company on or before August 31, 2015, or such other date as agreed by the parties, the terms of the letter of intent will be of no further force or effect.

In addition, on August 2, 2014, the Company entered into an agreement with Leede Financial Markets Inc. ("Leede"). Leede agreed to act as sponsor of the Company to prepare a Sponsor Report for the QT. The Company agreed to pay a due diligence deposit of \$30,000 and a sponsor fee of \$70,000 fee (plus GST). During the year ended June 30, 2015, the Company paid the due diligence deposit of \$58,000, of which \$35,335 was unspent and is presented as unused portion of sponsor deposit on the statement of financial position at June 30, 2015. During the year ended June 30, 2015, the Company paid \$36,500 (plus GST) of the non-refundable sponsor fee. The remaining balance is payable upon the final approval of the QT by the TSX-V.

On April 1, 2015, the Company entered into a Consulting Services Agreement ("the Agreement") with a consultant for corporate consulting services to develop an overall business and strategic plan to complete the QT and achieve a sustainable business operation. The consultant is remunerated at \$5,000 (plus GST) a month for three months, the term of which may be renewed at the option of the Company.

At June 30, 2015, the Company had incurred professional fees of \$174,210 related to the QT, comprised of \$66,450 consulting fees, \$30,300 accounting fees, \$12,500 valuation fees and \$64,960 legal fees.

9. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the consolidated statements of operations and comprehensive loss for the years ended June 30, 2015 and 2014:

	2015	2014
	\$	\$
Income (Loss) before taxes	(214,179)	(85,327)
Statutory tax rate	26%	26%
Expected income tax (recovery)	(55,686)	(22,185)
Non-deductible items	6	5,831
Financing costs	(27,008)	(27,059)
Change in deferred tax not recognized	82,688	43,413
Total income taxes expense (recovery)	-	-

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values. Deferred tax assets (liabilities) at June 30, 2015 and 2014 are comprised of the following:

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9. INCOME TAXES (CONTINUED)

	2015	2014
Non-capital loss carry forwards	94,705	27,734
Financing costs	38,799	23,082
Expected income tax (recovery)	133,504	50,816
Change in deferred tax not recognized	133,504	50,816
Net deferred tax asset (liability)	-	-

The Company has non capital loss carry forwards of approximately \$360,568 (2014: \$102,988) which may be carried forward to apply against future year income tax for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

Expiry	2015
2031	19,273
2032	33,316
2033	13,168
2034	37,231
2035	257,580
Total	360,568

The Company did not recognize deferred tax assets because the Company has a history of losses as evidenced by its accumulated deficit.

10. SUBSEQUENT EVENT

1. On July 6, 2015, the Company entered into a promissory note with a director and shareholder of the Company for \$10,000. The loan is non-interest bearing and is due on the earlier of (i) December 31, 2016; or (ii) upon demand.
2. On September 11, 2015, the Company completed its QT as previously described in its press releases dated August 14, 2014 and December 14, 2014. The Company completed the QT through the acquisition of all of the outstanding equity securities of Jinsili International Holdings Co., Ltd. ("Jinsili") from Xizhou Tong, the sole holder in exchange for the issuance of an aggregate of 22,000,000 shares in the capital of the Company. Jinsili has become a wholly-owned subsidiary of the Company. As a result of the completion of the QT, the Company has ceased to be a Capital Pool Company. In connection with the QT, the Company completed a non-brokered private placement financing of an aggregate of 2,500,000 Shares at a price of \$0.20 per Concurrent Financing Share for aggregate gross proceeds of approximately \$500,000. In addition, the Company issued 500,000 shares and 500,000 warrants as a finder's fee in connection with the completion of the QT. Each finder warrant entitles the holder to purchase one additional share at \$0.19 per share for a period of 24months.

On September 15, 2015, the Company resumed trading in its common shares to commence at the opening of the market. The Shares are reinstated for trading under the symbol "CNH". The Company is classified as an "Industrial" Tier 2 Issuer on the TSX Venture Exchange.