

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

FOR THE SIX MONTHS ENDED JULY 31, 2015

GENERAL

The following information, prepared as of September 29, 2015, should be read in conjunction with the unaudited condensed interim financial statements ("Financial Statements") of Crownia Holdings Ltd., formerly known as Lingxian Capital Inc., ("the Company" or "Crownia") for the six months period ended July 31, 2015 as well as the audited financial statements for the year ended January 31, 2015. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

During the six months period ended July 31, 2015, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged and are still applicable to the Company unless otherwise indicated. All amounts are expressed in Canadian dollars unless noted otherwise.

The risk factors identified in the management's discussion and analysis (the "MD&A") recognise that the risk factor of future financings has assumed a greater importance to the Company in view of the current economic climate and stock market volatility. Management has assessed and will continue to address the implications of recent events in order to ensure that Crownia can continue to achieve its long term objectives.

On September 11, 2015, the Company completed its QT as previously described in its press releases dated August 14, 2014 and December 14, 2014 and more particularly set out in its filing statement dated August 27, 2015, which is available under the profile of the Company at www.sedar.com. As a result of the completion of the QT, the Company has ceased to be a Capital Pool Company.

CAUTIONARY NOTE REGARDING FORWARDING LOOKING STATEMENTS

Certain statements contained in the foregoing management discussion & analysis (the "MD&A") constitutes forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

DESCRIPTION OF BUSINESS

The Company was incorporated under the Business Corporation Act (British Columbia) on July 16, 2012 as a Capital Pool Company as defined in the TSX Venture Exchange (the "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 (the "IPO") and the Company began trading under the symbol of 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 QT. The Company has not commenced commercial operations. Given the nature of the activities, no separate segmented information is reported.

The Company completed the QT through the acquisition of all of the outstanding equity securities of Jinsili International Steel Holdings Co., Ltd. (the "Acquisition") Pursuant to a share purchase and exchange agreement with respect to the Acquisition, the Company acquired all of the issued and outstanding equity securities of Jinsili from Xizhou Tong, the sole shareholder thereof in exchange for the issuance of an aggregate of 22,000,000 Common Shares in the capital of the Company. As a result of the Acquisition, Jinsili is now a wholly-owned subsidiary of the Company.

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In connection with the QT, Xizhou Tong, the President and a Director of the Company, has ownership or exercises control or direction over an aggregate of 22,000,000 Common Shares in the capital of the Company, representing approximately 68.37% of the issued and outstanding Common Shares of the Company, on fully diluted basis.

In connection with the Qualifying Transaction, the Company completed a non-brokered private placement financing of an aggregate of 2,500,000 Common Shares at a price of \$0.20 per Concurrent Financing Share for aggregate gross proceeds of approximately \$500,000.

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 Exchange.

On April 1, 2015, the Company entered into the second amendment to the LOI previously entered into on August 13, 2014 to extend the date of the execution of a definitive agreement and closing of the transaction to August 31, 2015.

On December 12, 2014, the Company entered into the first amendment to the LOI previously entered into on August 13, 2014 to extend the date of the execution of a definitive agreement and closing of the transaction. In addition, Jinsili revised the terms regarding the finder in that a finder's fee will be payable to Qu Bo International Trading Company Limited, a private company registered in British Virgin Islands and an arm's length party.

On August 13, 2014, the Company has entered into a letter of intent (the "LOI") with Jinsili International Steel Holdings Co., Ltd. ("Jinsili"). The proposed transaction is intended to constitute the Qualifying Transaction ("QT"). Pursuant to the LOI, Company will issue not greater than 22,000,000 common shares at \$0.19 per share to 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 transaction. 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 in 500,000 common shares of the Company at the deemed price of \$0.19 together with 500,000 non-transferable finder's warrants (the "Finder's Warrants"). Each of 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.

On May 23, 2014, the Company completed its initial public offering of 4,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$400,000 (the "IPO"). On May 23, 2014, the Company's common shares were listed for trading on the TSX Venture Exchange (the "Exchange" or the "TSX-V") under the Exchange's capital pool program with the stock symbol "LXC.P".

OVERALL PERFORMANCE

The following discussion of the Company's financial performance is based on the unaudited condensed interim financial statements for the six months period ended July 31, 2015 and the audited financial statements for the year ended January 31, 2015.

The statement of financial position as at July 31, 2015 indicates a cash position of \$665,600 (January 31, 2015 - \$677,932) and total current assets of \$671,731 (January 31, 2015 - \$684,523). Total assets at July 31, 2015 total \$699,857 (January 31, 2015 - \$699,823).

Current liabilities at July 31, 2015 total \$34,938 (January 31, 2015 - \$9,881). Shareholders' equity is comprised of capital stock of \$396,122 (January 31, 2015 - \$396,122) and an accumulated deficit of \$317,011 (January 31, 2015 - \$(243,829) for a net of \$634,919 (January 31, 2015 - \$689,942) in shareholders' equity.

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Working capital, which is current assets less current liabilities, is \$636,793 at July 31, 2015 compared to \$674,642 at January 31, 2015. Management believes that there is sufficient working capital to maintain its day-to-day operations.

On May 21, 2014, the Company completed its IPO raising gross proceeds of \$400,000. A total of 4,000,000 common shares of the Company were issued at a price of \$0.10 per share pursuant to the final prospectus of the Company dated April 14, 2014. Pursuant to an amended and restated agency agreement dated April 8, 2014 between the Company and Leede Financial Market Inc. (the "Agent"), the Company paid to the Agent a cash commission equal to 10% of the gross proceeds and a corporate finance fee of \$8,000 plus taxes, reimbursed for its reasonable expenses and legal fees plus disbursements, and issued Agent's warrants to acquire up to 400,000 common shares at \$0.10 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the TSX-V. The warrants were valued at fair value of \$23,258.

The Company's shares commenced trading on the TSX Venture Exchange under the trading symbol "LXC.P" on May 23, 2014.

In connection with IPO, the Company records a total of \$103,878 share issuance cost, which consists of \$40,000 agent commission, \$18,563 corporate finance and disbursement fees, \$22,057 legal fees, and \$23,258 fair value of agent warrants issued.

On May 23, 2014, the Company granted 280,000 stock options to directors and officers at the closing of its IPO. Each option will be exercisable into one common share of the Company at a price of \$0.10 per share for five years from the date of grant and the options will vest on the grant date. The options were valued at fair value of \$22,426.

During the six months period ended July 31, 2015, the Company reported a net loss of \$73,182 ((\$0.01) basic and diluted loss per share). Losses in the six months period ended July 31, 2015 mainly represent professional fees and filing fees.

The weighted average number of common shares outstanding for the six months period ended July 31, 2015 was 6,000,000 (July 31, 2014 – 400,000).

RESULTS OF OPERATIONS

During the six months period ended July 31, 2015, the Company incurred a net loss of \$73,182 compared to a net loss of \$86,044 for the six months period ended July 31, 2014. The net loss of \$73,182 (July 31, 2014 – (\$86,044)) was mainly due to office and general of \$200 (July 31, 2014 – \$3,592) related to interests and bank charges and advertising and promotion; travel expenses of \$368 (July 31, 2014 – \$nil) related to travel and meal; share-based payment of \$nil (July 31, 2014 – \$35,254); transfer agent and filing fees of \$16,081 (July 31, 2014 - \$19,122) related to transfer agent fees, filing fees, maintenance and PIF fees charged by TSX Venture Exchange, and other regulatory fees; accounting expense of \$28,000 (July 31, 2014 - \$11,500) related to financial statement review, pro forma review and tax return services; consulting expense of \$15,000 (July 31, 2014 - \$nil) related to corporate consulting service; legal fees of \$17,326 (July 31, 2014 - \$16,476) related to the QT matters .

Current Quarter

During the three months period ended July 31, 2015, the Company incurred a net loss of \$36,780 compared to a net loss of \$72,877 for the three months period ended July 31, 2014. The net loss of \$36,780 (July 31, 2014 – (\$72,877)) was mainly due to office and general of \$91 (July 31, 2014 – \$3,006), travel expenses of \$nil (July 31, 2014 – \$nil), share-based payment of \$nil (July 31, 2014 – \$35,254), transfer agent and filing fees of \$8,981 (July 31, 2014 - \$18,408), and professional fees of \$51,344 (July 31, 2014 - \$16,159). The increase of professional fees was mainly due to accounting expenses of \$28,000 (July 31, 2014 - \$nil) related to financial statement review, pro forma review and tax return services; consulting expenses of \$15,000 (July 31, 2014 - \$nil) related to corporate consulting service; and legal fees of \$8,344 (July 31, 2014 - \$16,476) related to the QT matters.

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SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight most recently quarters of operation. This information is derived from unaudited quarterly financial statements prepared by management.

	Qtr 2 31-Jul- 15 \$	Qtr1 30-Apr- 15 \$	Qtr 4 31-Jan- 15 \$	Qtr 3 31-Oct- 14 \$	Qtr 2 31-Jul- 14 \$	Qtr 1 30-Apr- 14 \$	Qtr 4 31-Jan- 14 \$	Qtr3 31-Oct- 13 \$	Qtr 2 31-Jul- 13 \$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(36,780)	(36,402)	(18,644)	(86,552)	(72,877)	(13,167)	(30,793)	(2,523)	(Nil)
Basic and diluted loss per share	(0.01)	(0.01)	0	(0.01)	(0.01)	(0.03)	0	(2,523)	(847)
Total assets	699,857	679,437	699,823	610,065	323,385	48,974	82,231	32,704	80,227
Working Capital	636,793	633,987	674,642	603,148	315,806	2,792	47,411	28,204	75,727

The financial data for all quarters are prepared in accordance with IFRS.

Net Loss

Overall, audit fees, filing fees and legal fees were the major components that caused variances in net losses from quarter to quarter.

FINANCING ACTIVITIES

The Company has engaged in the following financing activities:

- (i) Upon incorporation on July 16, 2012, the Company issued one (1) common share at \$0.05. 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. The 2,000,000 common shares is held in escrow and released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.
- (ii) On May 21, 2014, the Company completed its IPO raising gross proceeds of \$400,000. A total of 4,000,000 common shares of the Company were issued at a price of \$0.10 per share pursuant to the final prospectus of the Company dated April 14, 2014. Pursuant to an amended and restated agency agreement dated April 8, 2014 between the Company and Leede Financial Market Inc., the Company paid to the Agent a cash commission equal to 10% of the gross proceeds and a corporate finance fee of \$8,000 plus taxes, reimbursed for its reasonable expenses and legal fees plus disbursements, and issued Agent's warrants to acquire up to 400,000 common shares at \$0.10 per share exercisable for a period of 24 months from the

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date the common shares of the Company are listed on the TSX-V. The warrants were valued at fair value of \$23,258.

LIQUIDITY AND CAPITAL RESOURCES

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2015, the Company's cash balance was recorded as \$665,600 (January 31, 2015 - \$677,932), and the Company had a working capital of \$636,793 (January 31, 2015 - \$674,642). As at July 31, 2015, the Company has share capital of \$396,122 (January 31, 2015 - \$396,122), subscription receipts of \$510,124 (January 31, 2015 - \$491,965), reserves of \$45,684 (January 31, 2015 - \$45,684) and an accumulated deficit of \$317,011 (January 31, 2015 - \$243,829).

Management believes that the Company has sufficient cash to meet its current obligations for the next 12 months.

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, the Company will issue up to 22,000,000 common shares to shareholders of Jinsili to acquire all of the issued and outstanding 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 be 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 January 31, 2015, the Company paid the due diligence deposit of \$30,000, of which \$15,300 was unspent and is presented as long term deposit on the statement of financial position at January 31, 2015. During the six months ended July 31, 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 Agreement (the "Agreement") where the consultant is to provide corporate consulting services with respect to develop an overall business plan and strategic plan to complete the QT and achieve an sustainable business operations. The consultant is remunerated at \$5,000 (plus GST) a month for three months. The term of the agreement is three-month.

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.

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.

At July 31, 2015, the Company had incurred professional fees of \$65,326 related to the QT, comprised of \$20,000 consulting fees, \$28,000 accounting fees and \$17,326 legal fees.

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The Company currently has no established credit lines with any chartered banks or other financial institutions. The Company expects to rely upon equity financing as its primary source of funding. There are no assurances that the Company will be able to negotiate equity financings on terms acceptable to management of the Company or at all.

Financial Instruments Liquidity Risk

Reference should be made to the section below entitled "Financial Instruments".

OFF BALANCE SHEET ARRANGEMENTS

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

PROPOSED TRANSACTIONS

There is no proposed transaction.

CHANGES IN ACCOUNTING POLICIES

All significant accounting policies and critical accounting estimates are fully disclosed in Note 3 of the condensed interim financial statements for the six months ended July 31, 2015.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. Financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following: the Company accounts for stock-based compensation expense and agent warrant value using the fair value based method determined by the Black Scholes Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and an expected life of the options and warrants.

FINANCIAL INSTRUMENTS

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.

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At July 31, 2015, the Company's financial instruments consist of cash and cash equivalents and accounts payable. 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 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 July 31, 2015, the Company had a cash and cash equivalents of \$665,600 (January 31, 2015 - \$677,932) to settle current liabilities of \$34,938 (January 31, 2015 - \$9,881).

Interest rate risk

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

OTHER MD&A DISCLOSURE REQUIREMENTS

Disclosure of Outstanding Share Data

The following information relates to share data of the Company as at the date of this MD&A.

Common shares

Authorized: Unlimited number of common voting shares without nominal or par value

Issued: The Company has 6,000,000 common shares issued and outstanding and its share capital is \$396,122.

Share purchase option compensation plan

The Company has adopted a Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant, and the exercise price of each option is equal to or above the market price of the common shares on the grant date. Options granted under the Plan are determined by, and at the discretion of, the Board of Directors.

On May 23, 2014, the Company granted 280,000 stock options to directors and officers at the closing of its IPO. Each option will be exercisable into one common share of the Company at a price of \$0.10 per share for five years from the date of grant and the options will vest on the grant date. The options were valued at fair value of \$22,426.

As at July 31, 2015 and the date of this MD&A, none of the stock options have been exercised.

Agent's Warrants

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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, offering 4,000,000 common shares at \$0.10 per share as the initial public offering. Pursuant to an amended and restated agency agreement dated April 8, 2014 between the Company and Leede Financial Market Inc., the Company issued Agent's warrants to acquire up to 400,000 common shares at \$0.10 per share exercisable for a period of 24 months from the date the common shares of the Company are listed on the TSX-V.

Escrow shares

Included in issued share capital are 2,000,000 shares subject to escrow restrictions. The 2,000,000 common shares will be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX-V and as to the remainder in six equal tranches of 15% every six months thereafter for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Six months Ended July 31, 2015	Six months Ended July 31, 2014
	\$	\$
Professional fees	65,326	28,026
Office and general	200	3,592
Transfer agent and Filing Fee	16,081	19,122
Travel	368	Nil
Share-based payment	Nil	35,254

During the six months ended July 31, 2015, \$65,326 in professional fees was recorded in relation to the accounting services, legal services and consulting services.

During the six months ended July 31, 2015, \$200 in office and general was recorded in relation to interest and bank charges.

During the six months ended July 31, 2015, \$16,081 in transfer agent and filing fees was mainly in relation to the Exchange listing fee.

During the six months ended July 31, 2015, \$368 in travel due to reimbursements for the trips for the directors and management to perform due diligence pursuant proposed transaction.

RECENT ACCOUNTING PRONOUNCEMENTS ADOPTED

The Company has adopted the following new accounting standards effective for annual periods on February 1, 2015. There is no material impact to the Company from adoption of these standards:

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.

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IAS 16 – Property, Plant and Equipment and IAS 36 – 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 clarify 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.

FUTURE ACCOUNTING STANDARDS AND INTERPRETATIONS

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. The Company does not expect the impact of such changes on the condensed interim financial statements to be material.

New accounting standards effective for annual periods on or after March 1, 2018:

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.

RISKS AND UNCERTAINTIES

The Company's financial performance is likely to be subject to the following risks:

Recent Market Events and Conditions

Over the past several years market events and conditions, including disruptions in the Canadian, American and international credit markets and other financial systems, along with the uncertainty of the Canadian, American and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Company Shares may decline even if the Company's operating results or prospects have not changed. As well, certain institutional investors may base their investment decisions on consideration of the Company's business, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Company Shares by those institutions, which could adversely affect the trading price of the Company Shares.

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There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the trading price of the Company Shares may be adversely affected.

Volatile Market Price for Company Shares

The market price for Company Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following:

- actual or anticipated fluctuations in the Company's annual and quarterly results of operations;
- changes in estimates of future results of operations by Jinsili or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to the Company;
- addition or departure of the Company's executive officers and other key personnel;
- release or other transfer restrictions on outstanding Company Shares;
- sales or perceived sales of additional Company Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Dilution

In order to finance future operations and development efforts, the Company may raise funds through the issuance of Company Shares or securities convertible into Company Shares. The constating documents of the Company will allow it to issue, among other things, an unlimited number of Company Shares for such consideration and on such terms and conditions as may be established by the board of directors of the Company, in many cases, without the approval of shareholders. The Company cannot predict the size of future issuance of Company Shares or securities convertible into Company Shares or the effect, if any, that future issuance and sales of the Company Shares will have on the price of the Company Shares. Any transaction involving the issue of previously authorized but unissued Company Shares or securities convertible into Company Shares would result in, possibly substantial, dilution to present and prospective shareholders of the Company.

The Company will need to comply with Financial Reporting and other Requirements as a Public Company

As a result of the Transaction, the Company will become subject to reporting and other obligations under applicable Canadian securities laws and Exchange rules. These reporting and other obligations will place significant demands on the Company's management, administrative, operational and accounting resources. In order to meet such requirements, the Company will need to establish systems, implement financial and management controls, reporting systems and procedures and hire accounting and finance staff. If the Company is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the Company to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and

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operating results could be materially harmed which could also cause investors to lose confidence in the Company's reported financial information, which could result in a lower trading price of Company Shares.

Management does not expect that the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a Company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Influence by Principal Securityholder

After the Transaction, it is anticipated that the Principal Securityholder will beneficially own or control, directly or indirectly, 22,000,000 Company Shares, which in the aggregate will represent approximately 70.97% of the Company Shares issued and outstanding on completion of the Transaction. As a result, the Principal Securityholder will have the ability to control all matters submitted to holders of Company Shares for approval, including without limitation the election and removal of directors, amendments to notice of articles and articles and the approval of any business combination. This may delay or prevent an acquisition of the Company or cause the market price of its shares to decline.

Future Sales of Company Shares by the Principal Securityholder and Insiders

Subject to compliance with applicable securities laws, officers, directors, Principal Securityholder and their Affiliates may sell some or all of their Company's Shares in the future. No prediction can be made as to the effect, if any, such future sales of Company's Shares will have on the market price of such common shares prevailing from time to time. However, the future sale of a substantial number of common shares by the Company's officers, directors, Principal Securityholder and their Affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Company's Shares.

Outcome of Current or Future Litigation or Regulatory Actions

Due to the nature of its business, the Company may be subject to regulatory investigations, claims, lawsuits and other proceedings in the ordinary course of its business. The results of these legal proceedings cannot be predicted with certainty due to the uncertainty inherent in litigation, including the discovery of evidence process, the difficulty of predicting decisions of judges and juries and the possibility that decisions may be reversed on appeal. There can be no assurances that these matters will not have a material adverse effect on the Company's business.

No assurance can be given with respect to the ultimate outcome of current or future litigation or regulatory proceeds, and the amount of any damages awarded or penalties assessed in such a proceeding could be substantial. In addition to monetary damages and penalties, the allegations made in connection with the proceedings may have a material adverse effect on the reputation of the Company and may impact its ability to conduct operations in the normal course.

Litigation and regulatory proceedings also require significant resources to be expended by the directors, officers and employees of the Company's and as a result, the diversion of such resources could materially affect the ability of the Company to conduct its operations in the normal course of business. Significant fees and expenses may be incurred by the Company's in connection with the investigation and defense of litigation and regulatory proceedings. The Company may also be obligated to indemnify certain directors, officers, employees and experts for additional legal

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and other expenses pursuant to such proceedings, which additional costs may be substantial and could have a negative effect on the Company's future operating results. The Company may be able to recover certain costs and expenses incurred in connection with such matters from its insurer. However, there can be no assurance regarding when or if the insurer will reimburse the Company for such costs and expenses.

ADDITIONAL INFORMATION

Additional information about the Company is available for viewing on SEDAR at www.sedar.com.