Consolidated Financial Annual Report
of PEIXIN International Group N.V.

for the year ended

31 December 2015

Contents

CEO letter to the Shareholders

Dear Shareholders,

On behalf of the Management Board, I have the pleasure to present the annual report of PEIXIN International Group N.V. for the year 2015. The last year was not easy for Chinese enterprisers due to the economic slowdown. It is considered that in 2015 Chinese economic growth was the slowest in the last 25 years.

Sensible economic downturn in China was especially reflected in the Group's results achieved on the domestic market. Revenues in this area decreased in 2015 significantly by ca. 31% yoy. Also number of units sold in mainland China diminished by ca. 37% yoy. Taking into consideration Chinese economic downturn, the Group was trying to maintain satisfied sales level by increasing promotional efforts such as targeted advertising and participation in exhibitions. In the result of these activities revenues generated outside China increased in 2015 by ca. 49% yoy, and the number of units sold increased by ca. 24%. Total revenues generated in 2015 decreased slightly by ca. 1% yoy.

On the other hand, because of the economic slowdown in China, the Company was forced to decline sale margin to the downstream consumers. Consequently profit for the 2015 decreased significantly by ca. 38% yoy, and amounted in the last year 10,479 thousands EUR.

During 2015 the Company conducted with the local government concerning modification of the investment schedule in the new plant, however the consultations are not finalized yet. In the nearest months we will try to accomplish arrangement with the government.

At this stage I wish to express many thanks to all Company's Shareholders for their trust in the previous not easy year. I would also express many thanks to all Group's employees for their engagement in the development of the PEIXN's value. I also believe that personal changes with occurred in the last year will allow to achieve satisfied results in the further years.

Yours Sincerely

Qiulin Xie

CEO, PEIXIN International Group N.V.

PEIXIN INTERNATIONAL GROUP N.V.

The Management Board Report for 2015

1. Report on operations for the year 2015

1.1 General information about the Group

1.1.1 *The Group structure*

As of the reporting date i.e. 31 December 2015 the Group was comprised of the parent company Peixin International Group N.V. (registered under the Dutch law with its seat in Amsterdam) and four subsidiaries. The Peixin International Group N.V. is the sole shareholder of Peixin International BVI, whereas Peixin International BVI (Peixin International Group Ltd.) is a sole shareholder of three subsidiaries: Fujian Peixin Machine Manufacture Industry Co. Ltd., Quanzhou Peixin Machine Manufacture Industry Co. Ltd. and Baixin Industry Co. Ltd.

As at the date of the annual report report, 80.77% of the Company's share capital is held by P.I. Investment Limited, wholly owned by the current CEO Mr Qiulin Xie.

The current structure of the Group, at the publication date of the quarterly report, is presented below.

During financial year 2015 composition of the Peixin Group didn't change.

1.1.2 *Business and products description*

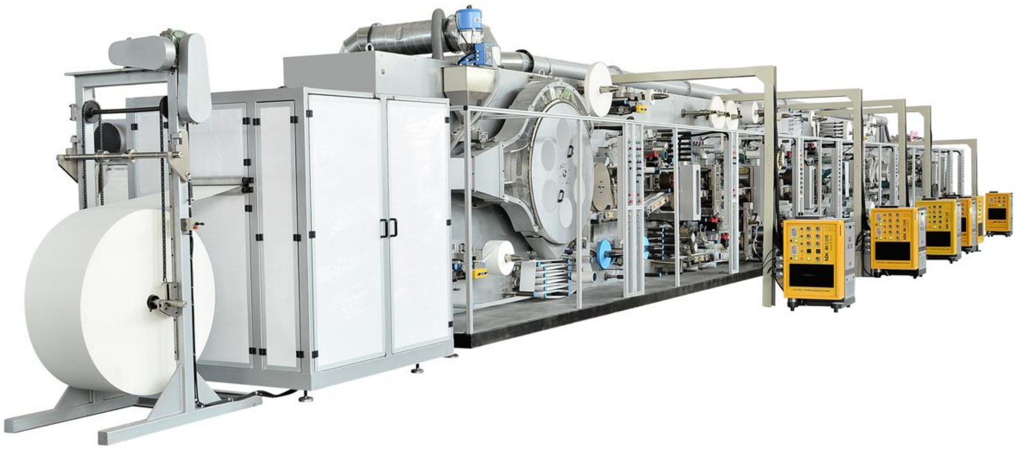
The Group designs, produces and sells machines manufacturing daily-use hygiene products such as sanitary napkins, diapers, facial tissues and other products. Depending on the type and functionalities of machines, they can be divided for semi-automatic, fully-automatic, semi-servo or full-servo machines.

The Group believes that the key features of its products are high quality and functionality offered at competitive prices. Due to technological development, the life cycle of the Group's products is approximately five years, and follows the life cycle of end products because the design change of the end products and raw materials used in its production require new technology and consequently new machines. This is the reason the Company constantly improves their technology to meet the market demand, obtain and attract more and more clients.

The pictures below present selected types of machines offered by the Group.

Diaper machines segment:

Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line



Full-servo control full-function baby diaper line

Full-servo Control Pull-up Panty Production Line

Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line

Sanitary napkin machines segment:

Automatic Folding Napkin Paper Machine

Semi-automatic Sanitary Napkin Production Line

Tissue machine segment:

Semi-servo Pets Pad Line

As of the 31 December 2015, the Group offered over 40 models of machines. The main models are the Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line, Full-servo Control Pull-up Panty Production Line and Full-servo Control Elastic Laminited Waistband Baby Diaper Production Line respectively, which represent the new progress direction of the hygiene technology.

With nearly 20 years of manufacturing and design experience, the Group has gained a thorough understanding of production technologies, client needs and valuable experience in distribution of products both in China and abroad. The Group is one of the oldest Chinese manufacturers of machines producing daily-use hygiene products and offers the most sophisticated products of this type such as full-servo machines. The Group has one of the highest values of sales among domestic manufacturers of daily-use hygiene machines, according to the Company's estimates based on the publicly available data.

The Group sells its products under the "PEIXIN" brand. The Group's products are divided mainly into four categories: Sanitary Napkin Machines, Diaper Machines, Facial Tissue Machines and Other machines.

The Group's business is mainly driven by the daily-use hygiene products market, currently experiencing growth in developing countries. In particular, the market for diapers for babies and elderly people drives the diaper machine market. Due to consistent improvement on the technology, the Group has the ability to produce more sophisticated diaper machines. As the Group is dedicated to the design, functionality and quality of its products, its technologies and products are getting closer to international competitors and exceed most of domestic competitors. The increasing sales of the full servo machines are a vivid demonstration of how strong quality and technology of the products gain on importance. During 2014 the Company commenced cooperation with Automated Systems of Tacoma (AST). Subject of the cooperation with AST covers among others works on new generation of baby diaper machine.

The Group will continue to distribute its products to daily-use hygiene product manufacturers in China and abroad, mainly in Asia, Africa, East Europe and South America. However products covered by the cooperation with AST will be distributed exclusively to the definite by the parties territory as Asia (including the Middle East, but excluding India), Africa, Eastern Europe and Oceania (including, Australia, Melanesia, Micronesia and Polynesia (excluding Hawaii).

1.1.3 *Market overview*

The Group's business focuses on designing, researching, developing, manufacturing and selling precision machines manufacturing daily-use hygiene products including sanitary napkins, disposable diapers, tissues and other. The development of the machinery market is primarily driven by daily-use hygiene products market. The level of demand on the hygiene products market in particular depends on economic and demography factors such as level of income, consumption expenditure, population size and its structure as well as other like consumption habits or preferences. Furthermore, depending on the market sector (e.g. sanitary napkins, disposable diapers, tissues and other), the actual influence of particular drivers may vary.

According to Global Diaper Market Report 2014-2018 prepared by Kimberly-Clark, Svenska Cellulosa Aktiebolaget, P&G & Unicharm Corp Dominates the Market, one of the major drivers in this market is the increasing average disposable income among the population. There is a low level of volatility in the per capita disposable income of the people. Moreover, the purchasing power of people has increased exponentially. The affordability of diapers has grown in the developing countries, while there is a high penetration of diapers in the developed nations. One of the major trends in the market is the increased R&D investments by the vendors. The Global Diaper market is witnessing several innovations for the improvement of the performance and the efficiency of diapers. The investments are aimed to enhance the bio-degradability of the product and its safety for usage. The designing of diapers as well as the usage of improved and beltless technology are the focus of the R&D investments. Also, investments are made by the vendors for protection of their brands and to prevent infringement of copyright by other low-cost producers. Thus, the market is expected to experience increased R&D expenditure by the vendors to develop a sustainable competitive advantage. Further, the report states that one of the major challenges in this market is the declining birth rates in the developed markets. The decline occurred during the great recession, when there was high unemployment, which discouraged people to expand their families*.

Simultaneously, a new report by Allied Market Research titled, "Global Baby Diapers Market (Product Types and geography) - Size, Share, Global Trends, Company Profiles, Demand, Insights, Analysis, Research, Report, Opportunities, Segmentation and Forecast, 2013 - 2020", forecast that the global baby diapers' market would reach $59.4 billion by 2020. Disposable diapers' market would garner substantial market share of about 63% of the estimated global market by 2020. The environmentally friendly and re-usability features of 'cloth diapers' would propel the baby diapers' market and these features eventually would lead to substantial market growth during the forecast period (as opposed to other segments). Most of the leading market players are focusing on sophisticated marketing programs and aggressive market expansion strategies, thus increasing suppliers' businesses. Geographically, increasing purchasing power, growing awareness and enhanced supply-side infrastructure in rural areas have influenced the growth of the Asia Pacific regional diapers' market**.

*source: *http://www.reuters.com*
** source: *http://www.prnewswire.com*

1.2 Selected financial data

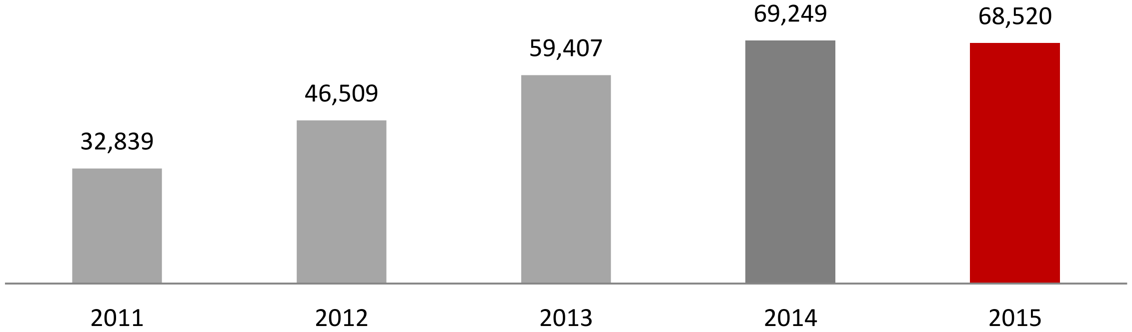
'000 EUR	**2014**	**2015**
revenues	69,249	68,520
gross profit	25,801	20,107
operating profit	19,875	11,974
EBITDA	22,060	14,204
profit before tax	19,692	12,512
net profit	16,823	10,479
cash flow from operating activities	14,455	8,482
cash flow from investing activities	(14,826)	(1,671)
cash flow from financing activities	(1,851)	-
net increase in cash and cash equivalents	1,167	6,433

'000 EUR	**31 Dec 2014**	**30 Sept 2015**	**31 Dec 2015**
non-current assets	35,647	40 039	37,628
current assets	35,892	51 624	46,617
total assets	71,539	91 663	84,245
long-term liabilities	-	-	-
short-term liabilities	7,757	10 573	7,119
total equity	63,782	81 090	77,126
paid-in capital	13,000	13 000	13,000

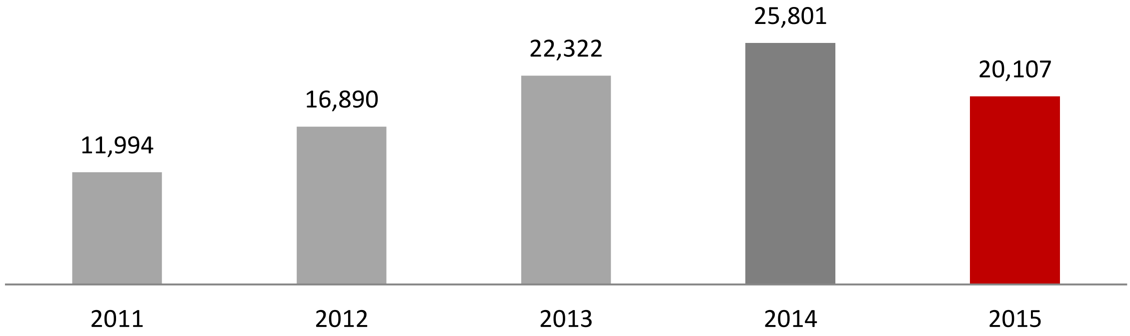
1.3 Operating and financial review

1.3.1 *Key financial charts*

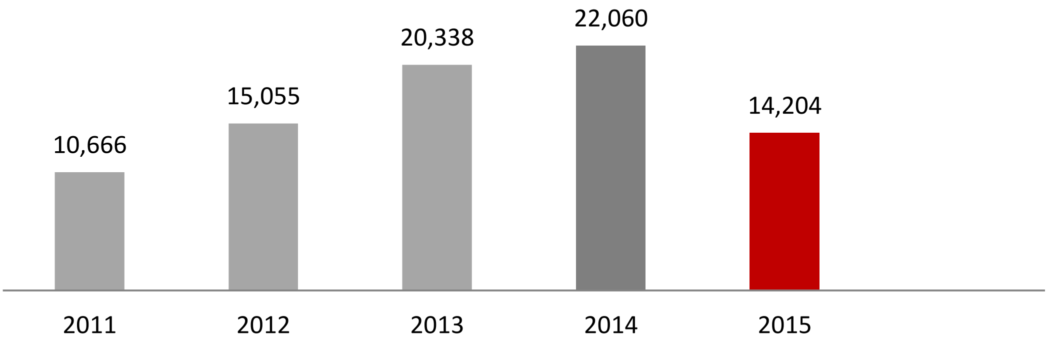
Sales '000 EUR



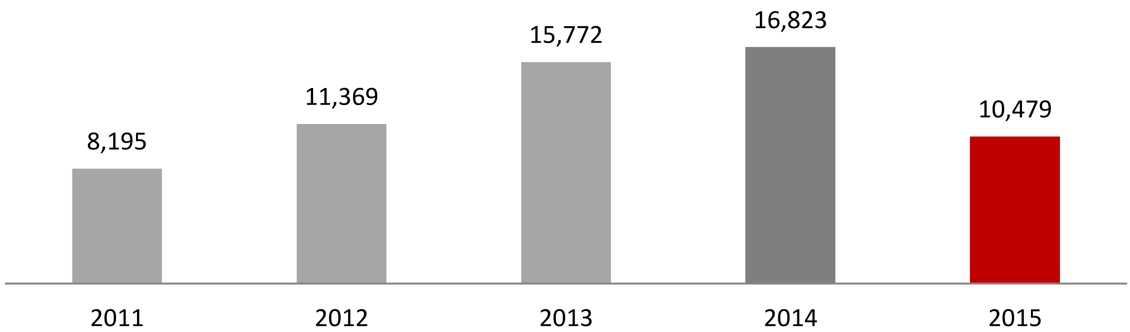
Gross Profit '000 EUR



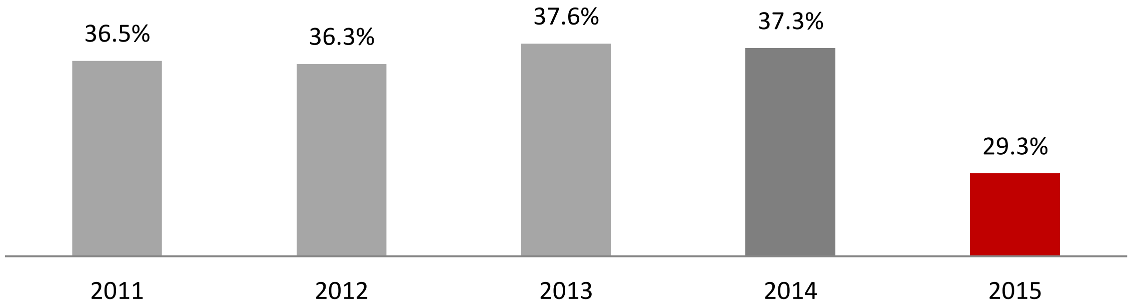
EBITDA '000 EUR



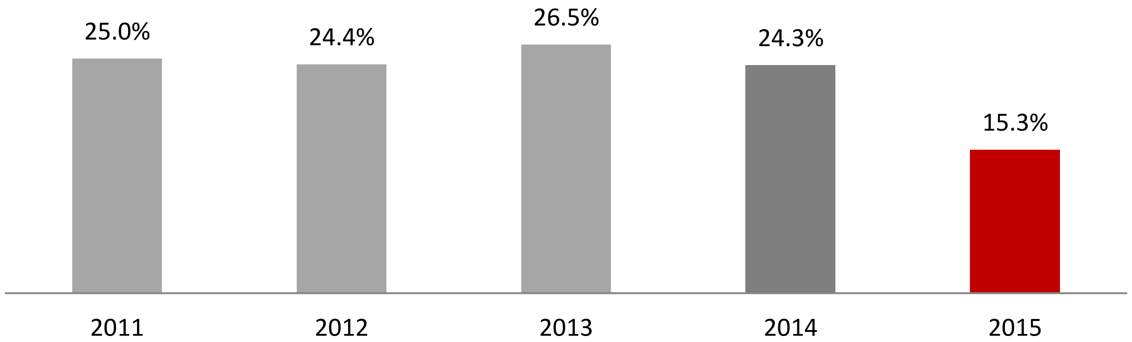
Net profit '000 EUR



Profit Margin %



Net Margin %



1.3.2 *Profit & loss account*

1.3.2.1 Revenues

Revenues are generated from sales of sanitary napkin machines, diaper machines, facial tissue machines and other paper machines.

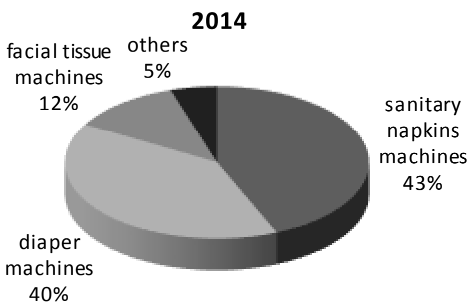
Revenues decreased by EUR 729 thousand or 1.05%, from EUR 69,249 thousand for the year ended on 31 December 2014 to EUR 68,520 thousand for year ended on 31 December 2015. The decrease of revenues was mainly the result of the economic transformation of China. The economic downturn in China in 2015 has brought about the decrease of the demand of production and the purchase of machines. During the whole year of 2015, the sales generated from the domestic areas have decreased continually, and reflected in the sales amount of the production, especially the dominated series of the production, sanitary napkins machines. On the other hand, it should be noted that during 2015 the Company enhanced significant growth of the revenue on the overseas market by over 83% yoy, especially such as India, what was the result of the promotional efforts such as targeted advertising and participation in exhibitions.

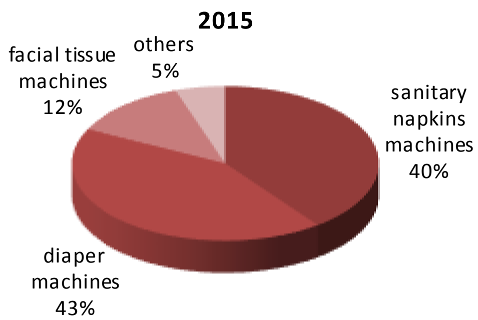
Revenues breakdown by segments

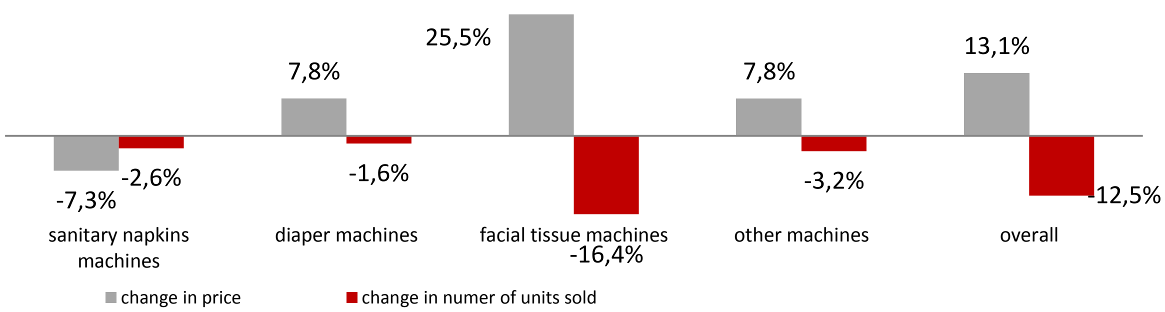
The following table presents the Group's revenues broken down into product categories for year 2014 and 2015.

	2014		2015		Change in revenues
	Unit	**'000 EUR**	**Unit**	**'000 EUR**	**%**
Sanitary napkins machines	77	30,175	75	27,236	-9.7
Diaper machines	61	27,503	60	29,170	6.1
Facial tissue machines	590	8,148	493	8,542	4.8
Other paper machines	93	3,423	90	3,572	4.4
Total	**821**	**69,249**	**718**	**68,520**	**-1.1**

Sales breakdown by segments for year 2014 and 2015 is presented on charts below.







Sales geographic breakdown

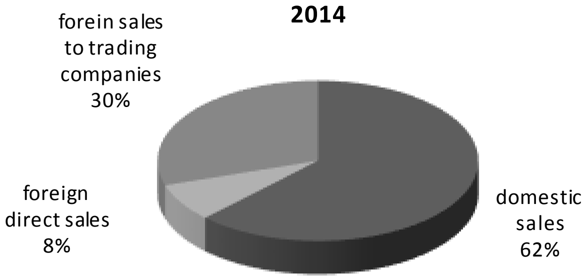
The Group distributes its products in China directly to its end users. The Group distributes its products internationally (i) through China-based trading companies that sell the Group's products on to customers and (ii) directly to international customers.

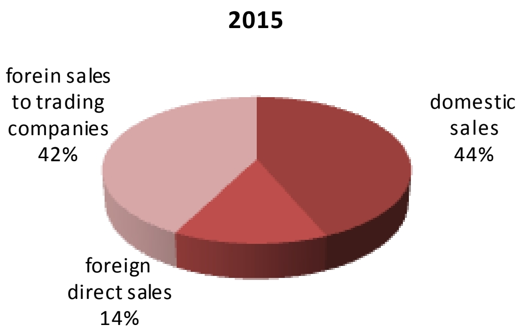
The following table presents the Group's revenues broken down by geographical split for year 2013 and 2014.

	2014	2015	Change
Revenue:	**'000 EUR**	**'000 EUR**	**%**
Direct sales			
- Mainland China	43,207	29,833	-31.0
- Outside Mainland China	5,284	9,675	83.1
Sales to trading companies	20,758	29,030	39.7
Total	**69,249**	**68,520**	**-1.1**

	2014	2015	Change
Number of units sold:			
Direct sales			
- Mainland China	493	311	-182
- Outside Mainland China	69	135	66
Sales to trading companies	259	272	13
Total	**821**	**718**	**-103**

Sales geographic breakdown for the year 2014 and 2015 is presented on charts below.





The proportion of the sales by areas changed largely due to the decline of the domestic sales. For this reason weight of the domestic sales deacreased and number of units sold on the domestic market decreased by over 36% yoy. During 2015 the Company was trying to maintain the sales level by increasing promotional efforts such as targeted advertising and participation in exhibitions to increase its ability to directly distribute its products to international customers. In the result number of units sold outside China increased significantly by over 24% yoy.

1.3.2.2 Cost of Goods Sold

The following table presents the Group's cost of sales.

	2014	**2015**	**Change**
	'000 EUR	**'000 EUR**	**%**
Changes in inventories of finished goods and work in progress	(1,080)	(3,279)	203.6
Materials consumed in production	35,835	42,000	17.2
- Glue machines and motors	11,702	13,914	18.9
- Steel	8,520	9,898	16.2
- Electric controllers	6,167	7,201	16.8
- Knife roller\cylinder	1,369	1,660	21.3
- Other components	6,603	7,735	17.1
- Auxiliary materials	1,474	1,592	8.0
Labor	3,738	4,614	23.4
Depreciation and amortization	1,340	1,750	30.6
Outsourced manufacturing cost	1,452	1,631	12.3
Taxes and surcharges *	598	447	-25.3
Water and electricity	523	648	23.9
Others	397	391	-1.5
Foreign currency translation difference	645	211	-67.3
Total	43,448	**48,413**	11.4

**Taxes and surcharges are mainly Urban Maintenance and Construction Tax (7% of Valued Added Tax payment amount), Extra Charges of Education Fund (3% of Valued Added Tax payment amount) and Local Surcharge for Education Fund (2% of Valued Added Tax payment amount).*

1.3.2.3 Gross profit

Gross profit decreased by EUR 5,694 thousand or 22.07%, from EUR 25,801 thousand in year 2014 to EUR 20,107 thousand in 2015.

The following table presents the Group's gross profit broken down by product categories.

	2014	**2015**	**Change**
Segment gross profit	**'000 EUR**	**'000 EUR**	**%**
Sanitary napkins machines	11,413	6,942	-39.2
Diaper machines	10,394	9,549	-8.1

Facial tissue machines	2,833	2,745	-3.1
Other paper machines	1,161	871	-25.0
Total	25,801	20,107	-22.1

The following table presents the Group's gross profit margin broken down into product categories.

	2014	**2015**	**Change**
Segment gross margin	**%**	**%**	**p.p.**
Sanitary napkins machines	37.8	25.5	-12.3
Diaper machines	37.8	32.7	-5.1
Facial tissue machines	34.8	32.1	-2.7
Other paper machines	33.9	24.4	-9.5
Total gross margin	37.3	29.3	-8.0

With the decline of the Chinese economy, the Company was forced to decline sale margin to the downstream consumers. Consequently the Company reduced the unit price of the machines to get more orders. That was the one of the reason of the decrease of the gross margin. In the Company's opinion, also important was the fact that sanitary napkin machines characterized by high unit price and the durable properties, therefore during 2015 some of the customers decided to maintain the old machines instead of invest to the new ones in the hard times. That fact also resulted in fewer orders.

1.3.2.4 Other income/expenses

The following table presents the Group's other income broken down by categories.

	2014	**2015**	**Change**
	'000 EUR	**'000 EUR**	**%**
Government grant	88	-	-
Rental income	37	45	21.6
Sales of spare parts	43	140	225.6
Total	168	185	10.1

In the year of 2015, the Company has not obtained government grant. Since some users of the machines were more willing to maintain the old machines instead of invest to the new ones, the sales of the spare parts increased significantly in the past year.

1.3.2.5 Distribution and Selling Expenses

The table below presents the distribution and selling expenses.

	2014	**2015**	**Change**
	'000 EUR	**'000 EUR**	**%**
Staff costs	621	707	13.8
Marketing and advertising costs	466	1,501	222.1
Post-sales services costs	293	512	74.7
Traveling costs	73	64	-12.3
Depreciation	5	2	-60.0
Agency cost	104	104	-
Others	110	298	170.9
Total	1,672	3,188	90.7

The increase of the distribution and selling expenses was caused especially by the overseas promotional efforts such as advertising and participation in exhibitions.

1.3.2.6 Administrative expenses

Administrative expenses decreased by EUR 127 thousand or 6.4%, from EUR 1,991thousand in year 2014 to EUR 1,864 thousand in 2015. The following table presents the Group's administrative expenses broken down into categories.

	2014	**2015**	**Change**
	'000 EUR	**'000 EUR**	**%**
Staff costs	437	652	49.2
Depreciation and amortization charges	353	322	-8.8
Entertainment and office expenses	222	215	-3.2
Miscellaneous taxes	288	159	-44.8
Travelling and transportation expenses	169	170	0.6
Professional service fee	385	115	-70.1
Others	137	231	68.6
Total	**1,991**	**1,864**	**-6.4**

1.3.2.7 Research and Development Expenses

Research and development expenses increased by EUR 826 thousand or 34.0%, from EUR 2,431 thousand in year 2014 to EUR 3,257 thousand in 2015.

The following table presents the Group's research and development expenses broken down into categories.

	2014	2015	Change
	'000 EUR	'000 EUR	%
Materials	1,405	1,685	19.9
Staff costs	616	746	21.1
Depreciation charges	405	627	54.8
Outsourced R&D	5	199	3880.0
Total	2,431	3,257	34.0

1.3.3 *Balance sheet*

1.3.3.1 Non-current assets

Property, plant and equipment

Property plant and equipment increased by EUR 1,107 thousand, or by 6.2 %, from EUR 17,941 thousand as at 31 December 2014 to EUR 19,048 thousand as of the same period in 2015.

Prepaid lease payments

In 2015 the Company made prepayment for land use right of EUR 18,591 thousand. The prepayment is according to the investment plan assumed by the Company in 2015.

1.3.3.2 Current assets

Inventories

Inventories comprise materials and components used for production as well as work in-progress and finished goods.

The table below presents the breakdown of inventories of the Group as at 31 December 2014 and 31 December 2015.

	2014	2015	Change
	'000 EUR	'000 EUR	%
Raw materials and consumables	3,413	2,799	-18.0
Work in progress	5,416	6,044	11.6
Finished goods	348	2,999	761.8
Total	**9,177**	**11,842**	**29.0**

The level of a particular segments: raw materials, work in progress and finished goods, depends on the timing of the orders placed by the clients. The Group received an increased number of orders from clients and more machines were under construction, consequently work in progress increased. On the other hand finished goods level decreased as finished machines were delivered to the clients.

The table below presents the raw material and consumables composition of the Group as at 31 December 2014 and 31 December 2015.

	2014	2015	Change
	‘000 EUR	**‘000 EUR**	**%**
Glue machines and motors	11,702	13,914	18.9
Steel	8,520	9,898	16.2
Electronic controllers	6,167	7,201	16.8
Knife roller/cylinder	1,369	1,660	21.3
Other components	6,603	7,735	17.1
Auxiliary materials	1,474	1,592	8.0
Total	**35,835**	**42,000**	**17.2**

The level of particular components on stock is closely related to execution of orders placed and corresponding inventory management policy.

Trade and other receivables

Trade and other receivables increased by EUR 1,626 thousand, from EUR 13,540 thousand as of 31 December 2014 to EUR 15,166 thousand as of 31 December 2015.

Bank balances and cash

Bank balances and cash increased by EUR 6,433 thousand or 48.9%, from EUR 13,150 thousand as of 31 December 2014 to EUR 19,583 thousand as of 31 December 2015.

1.3.3.3 Current liabilities

Trade and other payables

Trade and other payables consist of amounts payable to suppliers for the purchase of raw materials and products. Trade and other payables decreased by EUR 98 thousand or 2.4%, from 4,088 thousand as of 31 December 2014 to EUR 3,990 thousand as of 31 December 2015.

Indebtedness

The Company doesn’t have any long term debt and short term debt as of 31 December 2015.

Advance from customers

Advance from customers increased by EUR 24 thousand or 1.1 %, from EUR 2,283 thousand as of 31 December 2014 to EUR2, 307 thousand as of 31 December 2015.

1.3.3.4 Non-current liability

In the period covered by the consolidated final financial statement, the Group did not have non-current liabilities.

1.3.3.5 Capital and reserves.

Capital and reserves increased by EUR 13,344 thousand or 20.9%, from EUR 63,782 thousand as of 31 December 2014 to EUR 77,126 thousand as of 31 December 2015.

1.3.4 *Cash flow*

	2014	2015
	'000 EUR	**'000 EUR**
net cash from operating activities	14,455	8,482
net cash from investing activities	(14,826)	(1,671)
net cash from financing activities	(1,851)	-
net movement in cash and cash equivalents	**(2,222)**	**6,811**
- exchange difference	3,389	(378)
cash at the beginning of the period	**11,983**	**13,150**
cash at the end of the period	**13,150**	**19,583**

1.4 Key factors affecting operating and financial results

1.4.1 *Unusual items, one-off events*

Over the year of 2015 there were no unusual items ore one-off events which affected the Group's operating and financial results.

1.4.2 *Important events and transactions that took place during the period and their consequences for the financial position of the Group if they are significant*

Over the year of 2015, no important events or transactions took place that are significant for the financial position of the Group.

1.4.3 *Seasonality*

The Group's business is slightly seasonal. The Group usually generates relatively less sales in the first quarter due to the Chinese New Year and the factories closure for 2 weeks. However, slightly more sales are normally generated in the fourth quarter of the year due to the fact that clients want to have the product delivered by the end of the year in order to start the business after the Chinese New Year holiday period.

1.4.4 *Events after the end of the period that have not been reflected in the financial statements for the period /material subsequent events/*

There were no events after the end of period that have not been reflected in the financial statements or would affect financial statements in any way.

1.4.5 *Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial year*

The Group did not change any estimates of amounts reported in prior year financial statements.

1.5 Risk factors

1.5.1 Risk Profile

The Group is exposed to fluctuations in foreign exchange rates. Fluctuations in currency exchange rates could have material adverse effects on the business, financial condition and results of operations of the Group.

Direct sales outside mainland China were realized by executing direct orders from international clients. It is the only method for the Company to generate the foreign currency. In the next 3-5 years, the Group would like to focus on direct international sales in order to benefit from potentially increasing margins and close the relationship with the clients. Therefore, the revenue generated by foreign currency will be increasing. Consequently, fluctuations in currency rates may influence the Group’s results of operations, especially when the time between a sale of the Group’s products and receiving payment is significant and the currency rate changes during this time.

Moreover, the Company’s competitive position may change as a result of unfavorable currency rate fluctuation. The RMB appreciation may lead to higher prices for the Group’s products in overseas markets and may have an adverse effect on the Company’s export sales.

As a result, fluctuations in currency exchange rates could have material adverse effects on the business, financial condition and results of operations of the Group.

The inventory levels of raw materials, parts and components for the production of the Group's machines may not be adequate and may expose the Group to additional costs or affect the Group's ability to deliver products in a timely manner

Due to the nature of the Group's production process, the Group does not maintain ready-to-sell machines in its inventory. The Group usually concludes one-year contracts with its suppliers to keep the Group's inventory level of raw materials, parts and components that the Group purchases from suppliers to manufacture its machines. Due to the planned increase in the production scale, occasional shortages in inventories may occur in the future. If the level of raw materials, parts and components in the Group's inventory is insufficient, the Group will need to purchase them from its suppliers at a price which may not always be satisfactory. This may expose the Group to additional production costs. Moreover, if the Group's inventory level is too low and the Group fails to purchase additional raw materials, parts or components in a timely manner, the Group may fail to meet delivery deadlines and consequently may lose sales.

The operations of the Group are subject to uncertainties and contingencies beyond its control that could result in material disruptions and adversely affect its results of operations. A material disruption of the operations of the Group or the operations of its suppliers or customers due to force majeure events could materially and adversely affect the results of operations

The operations of the Group are subject to uncertainties and contingencies beyond its control that could result in material disruptions and adversely affect its results of operations. These include war, riot, public disorder, civil commotion, fire, earthquake, flood and other natural calamities, epidemics, outbreaks of infectious disease, terrorism, whether locally or nationwide, or incidents such as industrial accidents, equipment failures, malfunctions of information systems or other operational problems, strikes or other labour difficulties and disruptions of public infrastructure such as roads, ports or utilities. In addition, the Group's production processes are power intensive and require a constant supply of electricity. Any failure in power generation facilities, transmission systems and other infrastructure or a general scarcity of electricity could therefore also result in a decline in production output or even a suspension of production.

Any such disruption of the Group’s operations could disrupt, limit or delay its production, prevent it from meeting customer orders, increase its production costs or require it to spend additional capital expenditures, each of which could materially and adversely affect its results of operations. Force majeure events may also materially and adversely affect the operational performance of the Group's suppliers or customers, resulting in a decreased demand for the Group's products in the relevant markets. In such event, the business, financial condition and results of operations of the Group may be materially and adversely affected.

Delays in the Group’s delivery of products due to the failure to meet deadlines may have a negative impact on the Group’s customer relationships and business reputation

The business of the Group is largely based on customer relationships. If the Group fails to deliver its products in line with its deadlines, this may affect the Group’s relationships with its clients and the Group’s reputation. In such event, the business, financial condition and results of operations of the Group may be materially and adversely affected.

If the Group experiences a significant number of claims, including warranty claims, the Group’s costs might increase substantially, and the Group's reputation and brand name could suffer

Typically, the Group sells its machines with warranty terms covering a period of one year after the sale, except for certain parts of its machines, e.g. (belt, knives), that are not subject to warranty terms. The Group's product warranty typically requires the Group to provide after-sales services that cover parts and labor for non-maintenance repairs, except for repairs that are caused by operator abuse or improper use or negligence and are not attributable to normal wear and tear. Repair and replacement of certain parts and components of the Group’s machines, such as electrical apparatus control systems, are not covered by the Group but are covered by the manufacturers of such parts and components. However, in the event that such third-party suppliers refuse to perform their warranty obligations or to indemnify the Group for providing warranty services to customers to repair such parts and components, the Group may incur additional warranty costs or incurred costs may not be recovered.

If the Group experiences significant claims, including warranty claims, or if the Group's repair and replacement costs associated with warranty claims increase significantly, the Group may incur greater costs. Moreover, an increase in claims, including warranty claims, could affect its reputation and consequently result in a material adverse effect, financial condition, results of operations and prospects.

Research and development efforts of the Group may not yield the expected benefits and the Group may not be able to introduce successful products and maintain the competitiveness of its product offerings. If the Group is unable to anticipate trends in technological or product development or follow the market trends and rapidly develop the new and innovative technologies or products that are required by the Group's customers, the Group may not be able to produce sufficiently advanced products at competitive prices,

which in turn may have a material and adverse impact on the Group's business, financial position and results of operations.

The market for the Group's products is characterized by continuous technological developments and innovation to provide better product performance and address the increasingly complex market needs. As a result, the Group has been focusing on research and development activities, which require considerable human resources and capital investments. However, the Group's research and development efforts may not be successful or yield the anticipated level of economic benefit. In addition, even if the Group's research and development efforts are successful, the Group may not be able to apply these newly developed technologies to products that will be accepted by the market, or the Group may not be able to apply them in a timely manner to take advantage of opportunities in the market. The level of economic benefit that can be derived from newly developed technologies or products may also be affected by the ability and promptness of the Group's competitors to replicate these technologies or products or develop more advanced or cheaper alternatives. If the Group's technologies are replicated, replaced or made redundant, or if the demand for the Group's products is not as anticipated, the Group's turnover associated with such technologies or products may not offset the costs that the Group has incurred in developing such new technologies. Furthermore, if the Group is unable to anticipate trends in technological or product development or follow the market trends and rapidly develop the new and innovative technologies or products that are required by the Group's customers, the Group may not be able to produce sufficiently advanced products at competitive prices, which in turn may have a material and adverse impact on the Group's business, financial position and results of operations.

The Group revenue depends on effective sales through the distribution network and its expansion. The Group cannot ensure that its selling efforts will be satisfactory and there can be no assurance that its marketing and development efforts will not prove costly or ineffective. If the Group fails to expand or develop its sales network as planned or if it loses its best performing salesmen, the Group may not be able to meet its sales' targets, which may have a material and adverse impact on the Group's business, financial position and results of operations.

As of 2015, the Group's distribution network consists of 29 salesmen operating mainly in coastal areas of China and direct overseas market, which generate substantially all of the Group’s revenue. Domestically, the Group intends to extend its distribution coverage from the current coastal areas of China to other inland and economically growing regions. The Group also intends to intensively increase its direct presence in selected overseas markets such as India, Turkey and USA by increasing promotional efforts such as targeted advertising and participation in exhibitions to increase its ability to directly distribute its products to international customers. Late 2013 the Group made a decision to establish first overseas office in Ankara, Turkey. The office has been operational since January 2014. The Group cannot ensure that its selling efforts will be satisfactory and there can be no assurance that its marketing and development efforts will not prove costly or ineffective. Moreover, the Group may not be able to successfully deal with legal and regulatory conditions in foreign countries that are different from those in China, what may impact its international expansion. If the Group fails to expand or develop its sales network as planned or if it loses its best performing salesmen, the Group may not be able to meet its sales' targets, which may have a material and adverse impact on the Group's business, financial position and results of operations.

The Group may not be able to implement its strategy. Achieving the Group’s strategic objectives is contingent upon a range of factors which are beyond the Group’s control, including, in particular, market conditions and the general business and regulatory environment. The Group’s failure to implement its strategic objectives may have a material adverse effect on the Group’s business, revenues, financial condition and results of operations.

The Group’s strategic objectives are to extend sales in China, increase direct international coverage, strengthen brand recognition, focus further on R&D and quality enhancing as well as further increase production capacities (detailed information on strategy is included in the point 1.6 below).

Achieving these strategic objectives is contingent upon a range of factors which are beyond the Group’s control, including, in particular, market conditions and the general business and regulatory environment. Strategy implementation requires the Group to provide sufficient financing for its growth as well as to manage its growth properly and integrate operation technologies, products and personnel. The Group can give no assurance that its efforts will have the expected effect. In addition, the Group may incur substantial costs to introduce new products from which the Group may be unable to ultimately realize significant revenues. If revenues do not increase as a result of the introduction of such products, the costs associated therewith may exceed revenue. The Group’s failure to implement its strategic objectives may have a material adverse effect on the Group’s business, revenues, financial condition and results of operations.

The Group’s strategy assumes that the Group’s production capacity needs to be significantly increased to meet the expected growing demand for its products. These assumptions are based on the Company’s best knowledge and perception of the market trends, and its competitive position in the market. However, if the Company’s assumptions concerning the machinery market and its competitive position are incorrect, or the market develops contrary to the Company’s expectations, the assumed investment plan may prove overestimated and the Company may not be able to fully utilize its increased production capacity. Furthermore, a failure to implement the Group’s strategy may also prevent the production capacity from being fully utilized. In such case, the costs and expenses borne by the Group to implement the overestimated investment plan may not translate into an increase in the Group’s revenues.

Success of the Group depends in part on its ability to enhance its production capacity, which is subject to risks and uncertainties. If the Group is unable to increase its production capacity, it may not be able to achieve the desired level of production and revenues, which may have an adverse effect on the Group's financial condition, results of operations and business.

The Group is planning to increase its production capacity, which is one of the factors on which the success of the Group depends (detailed information on investment plan is included in the point 1.7 below).

The Group's ability and efforts to enhance its manufacturing capabilities are subject to significant risks and uncertainties, including: the Group's ability to obtain funding and the Group's ability to obtain the required approvals from relevant government authorities to acquire additional facilities.

If the Group is unable to increase its production capacity, it may not be able to achieve the desired level of production and revenues, which may have an adverse effect on the Group's financial condition, results of operations and business.

1.5.2 Internal risk management and control systems for the main risks

The goal of the Company with the risk management and control systems is aiming to meet our strategic objectives as well as effectively protecting the Company and its brands against any, especially financial damage. Continuity and sustainability of the business are as important to the Company as growing and operating the business. The risk management and control system aims to ensure that the risks of the Company are identified and managed effectively, and that the operational and financial objectives are met in compliance with applicable laws and regulations at a reasonable level of assurance. The systems also protect the safety and health of our employees, customers and consumers. A system of controls that ensures adequate financial reporting is in place.

The Company is aiming to be a sustainable and performance-driven company. This is achieved by doing business, which by nature involves taking risks and managing those risks. Structured risk assessments are integrated in change projects, business planning, performance monitoring processes, common processes and system implementations and business optimization activities. The risk management and control systems are considered to be in balance with the Group's risk profile, although such systems can never provide absolute assurance. Risk management and control systems are subject to continuous review and adaptations in order to remain in balance with its growing business size and the changes in its risk profile.

The Management Board has overall responsibility for the Group's risk management and control systems. It is responsible for resource allocation and risk management policy setting. Its overall effectiveness is subject to review by Supervisory Board as well as its Audit Committee.

1.6 Strategy

The Group's objective remains in a line with goals assumed in the previous years: to maintain and further strengthen its position as a market leader among domestic producers of daily-use hygiene product machines both in terms of revenue and quality. The Group also aims to increase its international presence and increase its direct international sales. To achieve this, the Group intends to execute the following goals:

- Extend sales in China to benefit from the expected growth in the daily-use hygiene product industry there and expand its international coverage.

- Establish international branches in the world's developing regions (South Africa and Oceania), and some already-developed markets (Turkey, Central and Eastern Europe).

- Strengthen brand recognition.

- Further focus on R&D and quality enhancement, such as new generation of baby diaper machines.

- Further increase of the production capacity.

- Labor training and reserving for the coming production extension.

1.7 Significant investment CAPEX

By the end of 2015 the Company did not receive from the local Chinese government any settlements concerning new schedule of investment plan. According to the land purchase agreement described in current report No. 11/2014 the Company is under the process of the investment in the new plant, nevertheless because of delays in expenditures which supposed to be made by the local government into the infrastructure, on a zone were the Company's plot is located, like wiring installation, water-supply system, etc., the initial investments planned by the Company had to be postponed. At the moment the Company conducts consultations with the local government concerning modification of the investment schedule in the new plant, but the consultations are not finalized yet. More detailed information was disclosed by the Company in the current report No. 12/2015.

1.8 Dividend policy

On 11 May 2015, the Management Board of the Company decided to change Company's dividend policy disclose in the current report No. 13/2014, and in this same day the Management Board recommended to the Annual General Meeting approving the financial statements for 2014 to allocate its consolidated net profit for 2014 for raising reserve capitals with the intention to finance investments. Recommendation of the Management Board was approved by the Supervisory Board of the Company on 11 May 2015. Subsequently, the Annual General Meeting held on 29 June 2015 decided to allocate its consolidated net profit for 2014 for raising reserve capitals with the intention to finance investments.

Alteration of the dividend policy was caused among other things by the fact, that since cancellation of the SPO the Company hasn't raised significant external sources of funding yet. Additionally the Company expects that the declining economy situation in China and overseas markets also justifies abovementioned decision.
Simultaneously the Company informed, that in the remaining scope upholds dividend policy for subsequent years, however the dividend policy will be reviewed periodically and payment of any future dividends will be effectively made at the discretion of the Management Board and the Shareholders' Meeting after taking into account the Company's earnings, cash flow, financial condition, capital investment requirements and other factors.

1.9 Shareholders and shares

1.9.1 *Share capital structure*

As of 31 December 2015 the Company's share capital consisted of 13,000,000 ordinary shares with a nominal value of EUR 1 each.

The Company has an authorized share capital of EUR 50,000,000 consisting of 50,000,000 ordinary shares with a nominal value EUR 1 of each.

1.9.2 *Major shareholders and shares*

As of 31 December 2015the Company's shareholding structure was as follows:

Shareholder	**number of shares**	**% in the share capital**
P.I. Investment Limited (wholly owned by Mr Qiulin Xie)	10,500,000	80.77%
Xinsheng Investment Holding Ltd - fully controlled by Mr Zhang Fan (Macau Resident)	600,000	4.62%
Jinyuan Investment Holding Ltd - fully controlled by Mr Li Meiqing (HK Resident)	539,202	4.15%
others	1,360,798	10.47 %
Total	**13,000,000**	**100%**

1.9.3 *Issue of new shares*

The Company's share capital comprises 13,000,000 shares with a nominal value of EUR 1 each.

The Company didn't issue any new shares in 2015.

1.9.4 *Changes in ownership of shares and rights to shares by Management Board members in the year ended 31 December 2015 and until the date of publication of the report*

At the date of 31 December 2015, to the best of the Company's knowledge none of the Management Board members, other than Mr. Xie, held directly Company's shares or rights to shares.

1.9.5 *Changes in ownership of shares and rights to shares by Supervisory Board members in the year ended 31 December 2015 and until the date of publication of the report*

To the best of the Company's knowledge none of the Supervisory Board members held Company's shares or rights to shares at the date of 31 December 2015 and until the date of publication of this annual report and there was no changes in their shareholding or the number of rights to shares.

1.9.6 *Special rights to control over the Company*

There are no Company's shares that give special rights to control over the Company to shareholders.

1.10 Corporate bodies

The Company has a two-tier board structure consisting of a Management Board and a Supervisory Board. The Management Board is the statutory executive body and is responsible for the day-to-day management of the Company, including, amongst other things, formulating the Company's strategies and policies and setting and achieving the Company's objectives.

The Supervisory Board supervises and advises the Management Board. In addition, Supervisory Board approval is required for certain important decisions of the Management Board.

1.10.1 *Management Board*

As of 31 December 2015 the Management Board was composed of the following members:

Name	Age	Position	Member since	Term	End of term
Qiulin Xie	56	Chairman	2 July 2013	4 years	the date of the annual General Meeting in 2017
Zhimin Huang	37	Chief Financial Officer	29 June 2015	3 years	the date of the annual General Meeting in 2018
Kaida Xie	29	Sales and Marketing Manager	9 September 2013	2 years	the date of the annual General Meeting in 2017
Bas Xue	39	Administrative Manager	2 July 2013	4 years	the date of the annual General Meeting in 2018*

During 2015 there weren't changes in the composition of the Management Board.

On 12 March 2015 Ms. Hongyan Dai submitted resignation from holding both the function of the Chief Financial Officer and the Member of the Company's Management Board. The resignation becomes effective as of 12 March 2015. Ms. Hongyan has been holding her function since 9 September 2013. Ms. Hongyan Dai indicated the personal health issue as the reason for resignation. Information on the resignation of Ms. Hongyan Dai was disclosed in the current report 3/2015.

On 29 June 2015, Annual General Meeting of the shareholders decided to appoint Mr. Zhimin Huang as a member of the Management Board with effect as of the close of the meeting for a period of three (3) years ending immediately following the annual general meeting to be held in 2018. Information on the appointment of Mr. Zhimin Huang was disclosed in the current report 11/2015.

* On 13 April 2016 Mr Bas Xue submitted resignation from holding both the function of the Administrative Manager and the Member of the Company's Management Board. The resignation becomes effective as of 13 April 2016. Mr Bas Xue has been holding his function since 2 July 2013. Mr Bas Xue indicated his personal job scheduling as the reason for resignation. Information on the resignation of Mr. Bas Xue was disclosed in the current report 2/2016.

1.10.2 *Supervisory Board*

As of 31 December 2015 the Supervisory Board was composed of the following members:

Name	Age	Position	Independent	Member since	Term	End of term
Ya Li	36	Chairman	No	10 September 2013	4 years	the date of the annual General Meeting in 2017
Ming Shen	53	Member	Yes	10 September 2013	4 years	the date of the annual General Meeting in 2017
Liem Tsong Lucien Tjon	54	Member	Yes	10 September 2013	3 years	the date of the annual General Meeting in 2016
Zhanghe Du	46	Member	No	29 June 2015	2 years	the date of the annual General Meeting in 2017
Rongfu Wu	30	Member	No	10 September 2013	4 years	the date of the annual General Meeting in 2018

During 2015, the Company received the resignation of Mr Jaroslaw Dabrowski from holding the function of a Member of the Supervisory Board of Peixin International Group N.V. Mr Jaroslaw Dabrowski in the declaration of resignation as a reasons for his decision stated new professional challenges of a time consuming nature. Information on the resignation of Mr Jaroslaw Dabrowski was disclosed in the current report 3/2015.

On 29 June 2015, Annual General Meeting of the shareholders decided to appoint Mr. Zhanghe Du as a member of the Supervisory Board with effect as of the close of the meeting for a period of two (2) years ending immediately following the annual general meeting to be held in 2017. Information on the appointment of Mr. Zhanghe Du was disclosed in the current report 11/2015.

1.10.3 *Remuneration Policy*

The Company has a policy on the remuneration of the Management Board members. This policy is determined by the General Meeting based on the proposal from the Supervisory Board. The remuneration policy includes the subjects described in Sections 2:383c through 2:383e of the Dutch Civil Code, to the extent these subjects concern the Management Board. The Supervisory Board established the remuneration and further conditions of employment for each Management Board member with due observance of the aforementioned policy.

Detailed information on the remuneration of the members of the Management Board and the Supervisory Board is included in the note 18 to the consolidated financial statements. This information includes the subjects described in Sections 2:383c through 2:383e of the Dutch Civil Code to the extent required. Subjects that are not included are not applicable.

2. Other information

2.1 Environmental matters

Waste generated by the Group in the production process includes steel scrap and waste from test runs. The Group holds the required waste discharge permit which is valid until 21 April 2016. The permit is renewable.

3. Corporate Governance

3.1 General information

The Company is a Dutch public company with its registered office in Netherlands, which shares are listed on the Warsaw Stock Exchange. For this reason the Company is subject to both Dutch and Polish rules and regulations regarding corporate governance.

Both law regimes – Polish and Dutch – require attaching in the annual report information on application of respectively Polish and Dutch Corporate Governance.

3.2 Application of WSE Corporate Governance Rules

Polish corporate governance rules in the form of the “Code of Best Practice for WSE Listed Companies” (hereinafter the "WSE Best Practice”) were attached as Appendix to the resolution No. 19/1307/2012 of the Exchange Supervisory Board dated 21 November 2012.

The text of the WSE Best Practice is available on the website of Warsaw Stock Exchange S.A. at the following address: http://www.corp-gov.gpw.pl.

The WSE Best Practice consist of general recommendations relating to best practices for listed companies (Part I) and best practice provisions relating to management boards, supervisory board members and shareholders (Parts II to IV).

Compliance with the WSE Best Practice is voluntary. This regulation is based on "comply or explain" principle, which stipulates that the Company should either comply with this regulation or explain which rules will not be applied with indication of the reason of non-compliance.

The Company intends to comply with the WSE Best Practice fully, with the only exceptions arising when the Company is unable to comply due to restrictions imposed by Dutch law.

Pursuant to § 29.5 of the WSE Rules the companies listed on the Warsaw Stock Exchange are obliged to attach a report on the application of WSE Best Practice at the Company to the annual report. The scope and structure of yearly report on the application of corporate governance rules by listed companies is determined in Resolution No. 1013/2007 of the Warsaw Stock Exchange Management Board dated 11 December 2007 concerning the scope and structure of reports on the application of corporate governance rules by listed companies.

The Company attach below yearly information on the application of WSE Best Practice.

Exceptions to the application of WSE Best Practice

On the 14 October 2013 the Company published, in EBI System, current report No. 1/2013 on non-application of selected rules of WSE Best Practice. According to the abovementioned report the Company does not comply with the following best practices of the WSE Code of Best Practice:

Principle No. IV.10 of the WSE Code of Best Practice which states:

“A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

1) real - life broadcast of General Meetings;

2) real - time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting."

The reasons of non-compliance with this rule by the Company are efficiency and costs. In accordance with the Company's evaluation application of above rule involves additional costs, which are inadequate to potential benefits. However, the Company will consider implementing this principle in the future.

Principle No. II.8 of the WSE Code of Best Practice which states:

“If a company’s Management Board is informed that a General Meeting has been summoned pursuant to Article 399 § 2-4 of the Code of Commercial Partnerships and Companies, the company\'s Management Board shall immediately perform the actions it is required to take in connection with organizing and conducting a General Meeting. This rule shall also apply if a General Meeting is summoned on the basis of authorization given by the registration court pursuant to Article 400 § 3 of the Code of Commercial Partnerships and Companies."

The reasons of non-compliance with this rule by the Company is the fact, that PEIXIN International Group N.V. is a public limited liability company incorporated and existing under the laws of the Netherlands, with its incorporated seat in Amsterdam, therefore applicable law in regard to General Meetings of Shareholders should be Dutch law.

Description of the procedures of the General Meeting and its main powers and the rights of the shareholders and procedures of their execution

The annual General Meeting must be held within six months after the start of each financial year. Typical agenda items at the annual General Meeting are expected to be: the report of the Management Board concerning the Company's affairs and the management as conducted during the previous financial year, the report of the Supervisory Board and its committees, the adoption of the Company's annual accounts, the allocation of profits and the approval of the dividend, the authority to issue Shares, the authority to restrict or exclude pre-emption rights, the discharge of the Management Board and Supervisory Board, corporate governance matters, the (re)appointment of the external auditor, the authority to purchase own Shares, and the composition of the Supervisory Board and the Management Board.

Extraordinary General Meetings can be held whenever the Management Board and/or the Supervisory Board deem desirable.

General Meetings must be convened by the Management Board or the Supervisory Board by sending a convening notice, which must be given no later than the 42nd day before the date of the General Meeting. This notice must include the location and the time of the meeting, an agenda indicating the items for discussion (and including any items proposed by Shareholders in accordance with Dutch law and the Articles of Association). The General Meetings must be held in Amsterdam, the Netherlands, or Haarlemmermeer (including Schiphol Airport), the Netherlands. The notice of the General Meeting must be given in such manner as is authorized by Dutch law, which includes, but is not limited to, a written notice, a legible and reproducible message by electronic means and an announcement published by electronic means.

Proposals of shareholders and other persons entitled to attend the General Meetings will only be included in the agenda if such proposal is made in writing and is received by the chairperson of the Management Board or the chairperson of the Supervisory Board no later than 60 days before the General Meeting, and the shareholders or other persons entitled to attend General Meetings, solely or jointly, hold Shares representing at least 3% of the issued share capital.

Each Shareholder is entitled to attend the General Meeting, to address the General Meeting and to exercise voting rights pro rata to its shareholding, either in person or by proxy. Each Shareholder that wishes to attend the General Meeting and to exercise its voting rights at the General Meeting must register no later than 28 days before the date of the General Meeting. Members of the Management Board and members of the Supervisory Board may attend a General Meeting. In these General Meetings, they have the right to give advice.

Each Shareholder may cast one vote per Share held. Resolutions of the General Meeting are passed by an absolute majority of votes cast unless Dutch law or the Articles of Association prescribe a greater majority.

The following resolutions of the General Meeting require a majority of eighty per cent (80%) of the votes cast in a meeting where at least fifty per cent (50%) of the issued share capital is present or represented:

- a termination of the admission to listing and trading of the Shares on a Regulated Stock Exchange;
- a restriction or exclusion of pre-emptive rights;
- an amendment of the Articles of Association; and
- the dissolution of the Company.

3.3 Management and supervisory bodies and their committees

Management Board

As of 31 December 2015 the Management Board was composed of the following members:

name	position
Qiulin Xie	Chairman
Zhimin Huang	Chief Financial Officer
Kaida Xie	Sales and Marketing Manager
Bas Xue *	Administrative Manager

* On 13 April 2016 Mr Bas Xue submitted resignation from holding both the function of the Administrative Manager and the Member of the Company's Management Board. The resignation becomes effective as of 13 April 2016. Mr Bas Xue has been holding his function since 2 July 2013. Mr Bas Xue indicated his personal job scheduling as the reason for resignation. Information on the resignation of Mr. Bas Xue was disclosed in the current report 2/2016.

The Management Board is responsible for the management of the Company, the general affairs of the business of the Company as well as the Group under the supervision of the Supervisory Board. The Management Board is ultimately responsible for determining the Group's strategy and long-term planning in particular, as well as its internal control systems. The Management Board at least once a year provide the Supervisory Board with a report setting out detailed information on strategic policy, the general and financial risks and the Company's management and control system.

The Management Board may perform all acts necessary or useful for achieving the Company's corporate purposes, except for those expressly attributed to the General Meeting or the Supervisory Board as a matter of Dutch law or pursuant to the Articles of Association.

The Management Board requires the prior approval of the Supervisory Board for the following resolutions in matters relating to:

- entering into an agreement with a related entity with a value exceeding EUR 500,000. This approval is not required for resolutions to enter into an agreement with a subsidiary of which the legal title to a majority of the shares is held by the Company and which are on general market terms within the operational business of the Company;
- cooperation in the issue of depositary receipts for shares;
- the acquisition of a participating interest by it or by a dependent company in the capital of another company, the value of which equals at least the sum of one-quarter of the issued capital and the reserves of the participating company, as shown in its balance sheet with explanatory notes and any significant increase or reduction of such a participating interest;
- a proposal to dissolve the Company;
- an application for bankruptcy and for suspension of payments;
- the termination of the employment of a considerable number of employees of the Company or of a dependent company at the same time or within a short time-span;
- a significant change in the working conditions of a considerable number of employees of the Company or of a dependent company;
- a proposal to reduce the issued capital of the Company;
- a proposal to amend the articles of association of the Company; and
- a proposal for a statutory merger or demerger to which the Company is a party.

The absence of a Supervisory Board for the purposes of approving the above resolutions does not affect the authority of the Management Board or its members to represent the Company. The Supervisory Board may also require that resolutions of the Management Board other than those listed above be subject to its approval. Such resolutions must be clearly specified and notified to the Management Board in writing.

Under the Articles of Association and pursuant to Dutch law, a member of the Management Board may not participate in deliberating or decision-making within the Management Board, if with respect to the matter concerned he has a direct or indirect personal interest that conflicts with the interests of the Company and the business connected with it. If, as a result hereof, the Management Board cannot make a decision, the Supervisory Board resolves the matter.

In the event of a conflict of interest the Management Board remains authorized to represent the Company. In addition and pursuant to the Articles of Association, in the event of a conflict of interest the Supervisory Board may, ad hoc or otherwise, appoint one or more persons to represent the Company in matters in which a (potential) conflict of interests exists between the Company and one or more members of the Management Board.

Supervisory Board

As of 31 December 2015 the Supervisory Board was composed of the following members:

name	**position**
Ya Li	Chairman
Ming Shen	Member
Liem Tsong Lucien Tjon	Member
Zhanghe Du	Member
Rongfu Wu	Member

The number of Supervisory Board members is determined by the Supervisory Board and is at least five. At Pursuant to the Company's articles of association, at least two Supervisory Board members must meet the criteria of being independent of the Company and entities with significant connections with the Company. An incomplete Supervisory Board remains its powers provided that at least three Supervisory Board members are in office.

A Supervisory Board member may not participate in deliberations or decision-making within the Supervisory Board, if with respect to the matter concerned he has direct or indirect personal interests that conflicts with the interests of the Company and the business connected with it.

Description of the basic features of the Company's internal control and risk management systems related to the process of preparing financial statements

The Company does not yet have a code of conduct, but intends to adopt a code of conduct in due course.

3.4 Application of Dutch Corporate Governance Code

3.4.1 *Applied Corporate Governance Code and deviations*

Since 1 January 2004, Dutch companies whose shares are listed on a government-recognized stock exchange, either in the Netherlands or elsewhere, are obliged to state each year in its annual report how it applied the principles and best practice provisions of the Dutch Corporate Governance Code in the past year and should, where applicable, carefully explain why a provision was not applied.

The Company fully endorses the underlying principles of the Dutch Corporate Governance Code which is reflected in a policy that complies with the best practice provisions as stated in the Dutch Corporate Governance Code.

The Company fully complies with the provisions of the Dutch Corporate Governance Code with the exception of the following:

Best practice provision II.1.3. The company shall have an internal risk management and control system that is suitable for the company. It shall, in any event, employ as instruments of the internal risk management and control system:

a) risk analyses of the operational and financial objectives of the company;

b) a code of conduct which should be published on the company's website;

c) guides for the layout of the financial reports and the procedures to be followed in drawing up the reports; and

d) a system of monitoring and reporting.

The Company does not yet have a code of conduct, but intends to adopt a code of conduct in due course.

Principle III.5. Composition and role of three key committees of the supervisory board. If the supervisory board consists of more than four members, it shall appoint from among its members an audit committee, a remuneration committee and a selection and appointment committee. The function of the committees is to prepare the decision-making of the supervisory board. If the supervisory board decides not to appoint an audit committee, remuneration committee or selection and appointment committee, best practice provisions III.5.4, III.5.5, III.5.8, III.5.9, III.5.10, III.5.14, V.1.2, V.2.3, V.3.1, V.3.2 and V.3.3 shall apply to the entire supervisory board. In its report, the supervisory board shall report on how the duties of the committees have been carried out in the financial year.

Given the composition and size of the Supervisory Board, the Company does not feel it is appropriate to establish a selection and appointment committee at this time, and has not done so. In the future, the Supervisory Board will assess whether or not, and when, it would be appropriate to establish a selection and appointments committee.

Best practice provision III.2.1 All supervisory board members, with the exception of not more than one person, shall be independent within the meaning of best practice provision III.2.2.

The following two members of the Supervisory Board are not independent within the meaning of best practice provision III.2.2:

Mr Rongfu Wu is currently employed by the Group as an engineer and is therefore not independent. Mr Wu has been employed by the Group in that capacity since 2009 and is a specialist in the industry in which the Group conducts its business. The Company believes that his insight into the technical aspects of its business will provide valuable insight and assistance to the Supervisory Board.

Mr Ya Li is currently employed by the Group as deputy manager and strategic manager and is therefore not independent. Mr Ya Li has been employed by the Group in that capacity since 2008 and as such has significant experience and knowledge of the Group. Prior to his appointment by the Group, Mr Li worked as general manager of a financial consulting company. The Company believes that Mr Li's knowledge of the Group and its operations, including its investment plan, coupled with his previous experience and knowledge of the markets in which the Group operates, will be invaluable to the Supervisory Board in the conduct of its duties.

Best practice provision III.4.3. The vice-chairman of the supervisory board shall deputise for the chairman when the occasion arises. By way of addition to best practice provision III.1.7, the vice chairman shall act as contact for individual supervisory board members and management board members concerning the functioning of the chairman of the supervisory board.

Given the current composition of the Supervisory Board, which comprises five members, the Company does not consider that the appointment of a vice-chairperson of the Supervisory Board is necessary or appropriate at this time.

Best practice provision IV.3.1. Meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases. Provision shall be made for all shareholders to follow these meetings and presentations *in real time, for example by means of webcasting or telephone. After the meetings, the presentations shall be posted on the company's website.*

The Company considers it excessively burdensome to provide facilities to allow shareholders to follow meetings with, and presentations to, analysts in real time. However, the Company will make any written materials and presentations available to shareholders by posting them on the Company's website.

Best practice provision V.3.1. The external auditor and the audit committee shall be involved in drawing up the work schedule of the internal auditor. They shall also take cognizance of the findings of the internal auditor.

In the Company's view, the audit committee will adequately fulfil the task of monitoring the Company's financial reporting, and as such does not consider it necessary to appoint an internal auditor at this time.

3.4.2 *Restrictions on the transfer of shares*

There are currently no restrictions on the transfer of shares in the capital of the Company.

3.4.3 *Substantial holdings in the capital of the Company*

At the date of publication of this annual report following substantial shareholders possess over 3% of the shares in the capital of the Company: MP.I. Investment Limited (wholly owned by Mr Qiulin Xie), Xinsheng Investment Holding Ltd - fully controlled by Mr Zhang Fan (Macau Resident), Jinyuan Investment Holding Ltd - fully controlled by Mr Li Meiqing (HK Resident).

3.4.4 *Special control rights attached to shares and the name of the concerning shareholder*

There are no special control rights attached to shares in the capital of the Company.

3.4.5 *The control mechanism of the regulation which allocates rights to employees to take or receive shares in the capital of the Company or a subsidiary of the Company, in the event the control is not exercised by the employees.*

The Company has not granted shares or rights to shares to its employees.

3.4.6 *Restrictions of the voting right attached to the Company's shares*

There are no restrictions on voting right attached to shares in the capital of the Company. Each share confers the right to cast one vote.

3.4.7 *Agreements with shareholders which may give cause for restrictions of the transfer of shares*

There are no agreements between the Company and holders of shares in the capital of the Company which restrict the transfer of shares or of the voting rights on the shares, other than the agreements described in the section 5.4.2.

3.4.8 *The procedures for appointment and dismissal of Management Board members*

Pursuant to the Company's articles of associations Management Board members are appointed by the general meeting. The Supervisory Board will nominate one or more candidates for each vacant seat and, if no Management Board members are in office, it will do so as soon as reasonably possible.

A resolution of the general meeting of shareholders to appoint a Management Board member other than in accordance with a nomination by the Supervisory Board, requires an absolute majority of the votes cast representing at least one-third of the Company's issued capital. If a proposal to appoint a person not nominated by the Supervisory Board is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Company's issued capital represented.

At a general meeting of shareholders, votes in respect of the appointment of a Management Board member can only be cast for candidates named in the agenda of the meeting or explanatory notes thereto. If none of the candidates nominated by the Supervisory Board is appointed, the Supervisory Board retains the right to make a new nomination at a next meeting. A nomination or recommendation to appoint a Management Board member will state the candidate's age and the positions he holds or has held, insofar as these are relevant for the performance of the duties of a Management Board member. The nomination or recommendation must state the reasons on which they are based.

A Management Board member will retire not later than the day on which the annual General Meeting of Shareholders is held in the fourth calendar year after the calendar year in which such member was last appointed. A Management Board member who retires in accordance with the previous provision is immediately eligible for reappointment.

Each Management Board member may be suspended or removed by the General Meeting at any time. A resolution of the General Meeting to suspend or remove a Management Board member other than pursuant to a proposal by the Supervisory Board requires an absolute majority of the votes cast representing at least one-third of the Company's issued capital. If a resolution as referred to in the previous sentence is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Company's issued capital represented. A Management Board member may also be suspended by the Supervisory Board. A suspension by the Supervisory Board may, at any time, be discontinued by the General Meeting. Any suspension may be extended one or more times, but may not last longer than three months in aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension will end.

3.4.9 *The procedures for appointment and dismissal of Supervisory Board members*

Supervisory Board members are appointed by the General Meeting.

A resolution of the general meeting of shareholders to appoint a Supervisory Board member other than in accordance with a nomination by the Supervisory Board requires a majority of the votes cast representing at least one-third of the Company's issued capital. If a proposal to appoint a person not nominated by the Supervisory Board is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Company's issued capital represented.

At a general meeting of shareholders, votes in respect of the appointment of a Supervisory Board member can only be cast for candidates named in the agenda of the meeting or the explanatory notes thereto. If none of the candidates nominated by the Supervisory Board is appointed, the Supervisory Board retains the right to make a new nomination to be voted upon at a next meeting.

A nomination or recommendation to appoint a Supervisory Board member will state the candidate's age, his profession, the number of shares he holds in the capital of the Company and the positions he holds or has held, insofar as these are relevant for the performance of the duties of a Supervisory Board member. Furthermore, the names of the legal entities of which he is also a member of their Supervisory boards must be indicated; if those include legal entities which belong to the same group, a reference to that group will be sufficient. The nomination or recommendation must state the reasons on which it is based.

The Supervisory Board members will retire periodically in accordance with a rotation plan to be drawn up by the Supervisory Board. However, a Supervisory Board member will retire not later than the day on which the annual General Meeting of Shareholders is held in the fourth calendar year after the calendar year in which such member was last appointed. A Supervisory Board member who retires in accordance with the previous provision is immediately eligible for reappointment.

Each Supervisory Board member may be suspended or removed by the General Meeting at any time. A resolution of the General Meeting to suspend or remove a Supervisory Board member other than pursuant to a proposal by the Supervisory Board requires a majority representing at least one-third of the Company's issued capital. If a resolution as referred to in the previous sentence is supported by an absolute majority of the votes cast, but this majority does not represent at least one-third of the Company's issued capital, a new meeting can be convened in which the resolution can be adopted by an absolute majority of the votes cast, irrespective of the part of the Company's issued capital represented.

Any suspension may be extended one or more times, but may not last longer than three months in the aggregate. If, at the end of that period, no decision has been taken on termination of the suspension or on removal, the suspension ends.

3.4.10 *Amendment of the articles of association of the Company*

The General Meeting may only pass a resolution to amend the Company’s articles of association on a proposal of the Management Board that has been approved by the Supervisory Board. Such resolution of the General Meeting requires a majority of at least eighty per cent (80%) of the votes cast in a meeting where at least fifty percent (50%) of the issued share capital is present or represented, with due observance of Article 38.3 of the Company’s articles of association. Any such proposal of the Management Board must be stated in the notice of the General Meeting of Shareholders.

In the event of a proposal to the General Meeting of Shareholders to amend the Company’s articles of association, a copy of such proposal containing the verbatim text of the proposed amendment will be deposited at the Company's office for inspection by the Company’s shareholders and other persons holding rights to attend the meeting, until the end of the meeting. Furthermore, a copy of the proposal will be made available free of charge to shareholders of the Company and other persons entitled to attend the meeting from the day it was deposited until the day of the meeting.

3.4.11 *The powers of the Management Board, with particular reference to the issuance of the shares in the capital of the Company and the repurchase of shares in the capital of the Company.*

The Management Board is charged with the management of the Company, which means, among other things, that it is responsible for the setting and achieving of the Company's objectives, strategy and the associated risk profile, the ensuing delivery of results and corporate social responsibility issues that are relevant to the Company. The Management Board is accountable for these matters to the Supervisory Board and the general meeting of shareholders. The responsibility for the management of the Company is vested collectively in the Management Board.

The Management Board is responsible for compliance with all relevant laws and regulations, for managing the risks attached to the Company's activities and for financing the Company. The Management Board reports on these issues and discusses the internal risk management and control systems with the Supervisory Board and the Audit Committee of the Supervisory Board.

When discharging its duties the Management Board shall act in accordance with the interests of the Company and the business connected with it, taking into consideration the interests of the Company's stakeholders.

The Management Board is itself responsible for the quality of its performance.

The members of the Management Board shall externally express concurring views with respect to important affairs, matters of principle and matters of general interest, with due observance of the responsibilities of its individual members.

The Management Board is, together with the Supervisory Board, responsible for the corporate governance structure of the Company and compliance with the Dutch Corporate Governance Code.

The Management Board shall ensure that employees have the possibility of reporting alleged irregularities in the Company of a general, operational and financial nature to the CEO or an official designated by him, without jeopardizing their legal position. Alleged irregularities concerning the functioning of Management Board members are reported to the Chairman of the Supervisory Board. The whistleblowers' policy is posted on the Company's website.

All transactions between the Company and individuals or legal entities who hold at least 10% of the shares in the Company must be agreed on terms that are customary for arm's-length transactions in the branch of business in which the Company and its Subsidiaries operate. Decisions to enter into transactions in which there are conflicts of interest with such persons that are of material significance to the Company and/or to such persons require the approval of the Supervisory Board. The Management Board shall perform its activities under the supervision of the Supervisory Board.

On 9 September 2013, the general meeting of shareholders has designated the Management Board as the body competent to issue a certain number of shares. It is intended that this designation is replaced by a new designation in the annual general meeting of shareholders in 2014. On 9 September 2013, the general meeting of shareholders has authorized the Management Board to acquire in its own capital up to 10% of the Company's issued capital as per the date of the first repurchase. It is intended that this authorization is replaced by a new authorization in the annual general meeting of shareholders in 2014.

3.4.12 *Significant contracts of the Company which contract will be effected, amended or terminated in the event of a public takeover bid, as well as the consequences of the contracts.*

There are no significant contracts of the Company which contract will be effected, amended or terminated in the event of a public takeover bid.

3.4.13 *Each agreement of the Company with a Management Board member or an employee which provides for benefit upon termination of his employment as a result of a public takeover bid.*

There are no agreements of the Company with a Management Board member or an employee which provides for benefit upon termination of his employment as a result of a public takeover bid.

3.4.14 *Parity of women and men in the governing bodies*

Pursuant to Dutch Civil Code the Company must strive for a mixed composition of the Management Board and the Supervisory Board in which at least 30% is male and 30% is female directors on the Management Board and the Supervisory Board. As of 31 December 2014, the Company did not meet these criteria at this moment since 25% of the Management Board is female and the entire Supervisory Board is male.

The reason why abovementioned principle is not met by the Company is the fact that the selection and appointment of members of Management and Supervisory Board of the Company is conducted on the basis of applications obtained from candidates. Candidates are selected for respective offices after a thorough analysis of the experience, competences, skills and professional background of each of them. The foregoing are some of the criteria (apart from the generally binding applicable provisions) considered during the recruitment to positions in the Management Board and the Supervisory Board. In the Company's opinion, the criteria of evaluation of candidates for offices in Management and Supervisory Board authorities permit the selection of candidates who guarantee creativity and innovativeness, as well as the expansion of operations of the Company.

For future appointments the criteria under the Supervisory Board profile and the Dutch Civil Code will be taken into account to the extent possible. The Company acknowledges the importance of parity of woman and men in its governing bodies and considers diversity important. However, criteria as experience, competence, skills and background are considered more important.

3.5 Management Statements

Compliance of Annual Financial Statements

Pursuant to Article 5:25c Paragraph 2 sub c of the Financial Supervision Act ('Wet op het Financieel Toezicht'), the Management Board of the PEIXIN'S International Group N.V. confirms to the best of its knowledge that:

- the Annual Financial Statements for the year ended 31 December 2014 give a true and fair view of the assets,
- liabilities, financial position and profits and loss of the Company and its subsidiaries,
- the additional management information disclosed in the Annual Report gives a true and fair view of the Company and its subsidiaries as at 31 December 2014 and the state affairs during the financial year to which the report relates, and
- the Annual Report describes the principal risk facing the Company. These are described in detail in this Director's Report.

Appointment of an Entity Qualified to Audit Annual Financial Statements

The Management Board of the PEIXIN'S International Group N.V. hereby states that BDO Audit & Assurance B.V., which performed the audit of the statutory financial statements of the Company for the year ended 31 December 2015, has been appointed in accordance with the applicable laws and that this entity and the accountants performing the audit met the conditions necessary to issue an impartial and independent report on the audit in accordance with the applicable provisions of law.*

Management Board of the PEIXIN International Group N.V.

Qiulin Xie	Chief Executive Officer	— signed —
Kaida Xie	Sales and Marketing Manager	— signed —
Zhimin Huang	Chief Financial Officer	— signed —

** Disclaimer: review of the Consolidated Statement of Financial Position as at 31 December 2015 by the auditor has not been completed yet.*

PEIXIN INTERNATIONAL GROUP N.V.

Report of the Supervisory Board

1. Activities of the PEIXIN's Supervisory Board in 2015

The Supervisory Board of the PEIXIN International Group N.V. (hereinafter "the Company") supervises the Management Board and the general course of affairs of the Company and the business connected with it. The Supervisory Board assists the Management Board by giving advice. In performing their duties, the Supervisory Board members must act in accordance with the interests of the Company and its business.

2. Composition of the Supervisory Board

At 31 December 2015, the Supervisory Board was composed of the following members:

- Mr Ya Li (Chairman);
- Mr Ming Shen;
- Mr Liem Tsong Lucien Tjon;
- Mr Rongfu Wu; and
- Zhanghe Du

The Supervisory Board members were appointed by the General Meeting on 9 September 2013 for a period of four years with effect as of 10 September 2013, provided that the members of the Supervisory Board retire periodically in accordance with a rotation plan drawn up by the Supervisory Board. Mr. Ya Li was appointed as chairman of the Supervisory Board.

The following paragraphs contain brief biographies and business addresses of the members of the Supervisory Board:

Mr Ya Li (35) is a Chinese citizen. He has been Deputy Manager and Strategic Manager in Fujian Peixin Machinery Making Industrial Co., Ltd since August 2008. From 2004 to 2008 he was General Manager in Jinjiang Xingmin Financial Consulting Company. In the early 2000s he gained experience serving as Financial Manager in Fujian Daqing Group and Rizhongqing Clothing Company. Mr Ya Li held the position of Professor at Anhui University of Finance and Economics from 1999 to 2000. In 2009 Mr Ya Li received a Bachelor degree from Beijing Technology and Business University. Mr Ya Li also graduated in 1999 from Anhui University of Finance & Economics. The business address of Mr Ya Li is Shuangyang Overseas Chinese Economic-development Area, Luojiang, Quanzhou, Fujian. The current term of office of Mr Ya Li expires at the date of the annual General Meeting in 2017.

Mr Ming Shen (54) is a Canadian citizen. He has been CFO in Weifang Quanxin Chemical Ltd. since 2010. From 2005 to 2010 Mr Ming Shen worked in Leyi Investment Advisory. From 2000 to 2004 Mr Ming Shen was Country General Manager at COFACE China and in 2000 he served as Vice President of CareerNext.com in Hong Kong. During the 1990s Mr Ming Shen was responsible for strategic and project planning in Coca-Cola China Limited and Pepsi-Cola Company in Hong Kong. In 1995 Mr Ming Shen received an MBA diploma from the University of Western Ontario, Canada. Mr Ming Shen graduated from the University of Victoria, Canada in 1989 where he received Master degree. In 1985 Mr Ming Shen received a Bachelor degree in International Law from the China Foreign Affairs College. The business address of Mr Ming Shen is Shuangyang Overseas Chinese Economic-develop Area, Luojiang, Quanzhou, Fujian. The current term of office of Mr Ming Shen expires at the date of the annual General Meeting in 2017.

Mr Liem Tsong Lucien Tjon (54) is a Dutch citizen. Apart from serving as the Supervisory Board member he has been the owner of Vof Administratiekantoor Tjon since 1994 and a shareholder and director at Xin Yang International B.V. since 1996. Formerly Mr Tjon has held the position of financial assistant at Polanen Theater, Amsterdam and financial consultant at Van der Hoek Accountancy & Tax. The business address of Mr Tjon is Vof Administratiekantoor Tjon, Geledersekade 410A, 1011 EJ, Amsterdam. Pursuant to the rotation plan of the Supervisory Board, the current term of office of Mr Liem Tsong Lucien Tjon expires at the date of the annual General Meeting in 2016.

Mr Rongfu Wu (29) is a Chinese citizen. He has been engineer at Fuijan Peixin since May 2009. Before that, from July 2007 he was employed as technican at Hengan Group-Hengan China Paper Manufacturing Co. Mr Rongfu Wu graduated from Haerbin Technolgy University, Mechanical Engineering in June 2007, where he received Bachelor degree. The business address of Mr Rongfu Wu is Fujian Peixin Machinery Making Industrial Co., Ltd, Shuangyang Overseas Chinese Economic-development Area, Luojiang, Quanzhou, Fujian. Pursuant to the rotation plan of the Supervisory Board, the current term of office of Mr Rongfu Wu expires at the date of the annual General Meeting in 2014.

Zhanghe Du (44) educated with Bachelor of Architectural Engineering from Xiamen University. Since 2011 Mr Zhanghe DU has been taking charge of HR department in Fujian Peixin Machine Manufacture Industry Co. Ltd. Between 1996 – 2011 Mr. Zhanghe DU has gained reach experience working for several companies in Guangzhou and Shenzhen district, i.a. as: Administration Manager at Huiyang Huihe Electrical Development Co., LTD /2006.01 – 2008.12/, HR Director at Shenzhen Weixing International Co. Ltd. /2009.03 – 2010.08/, Production Manager at Dongguan Xincheng Zipper Factory /2010.11 – 2011.10/.

3. Committees of the Supervisory Board

3.1 Audit Committee

The Audit Committee comprises three members of the Supervisory Board, namely:

- Mr.Ya Li,
- Mr. Ming Shen and
- Mr. Lien Tsong Lucien Tjon.

The chairman of the Audit Committee is Mr. Lien Tsong Lucien Tjon, whose expertise in financial planning and analysis, management, investment and corporate financing enables him to provide leadership for the Committee.

The principal responsibilities of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. These include reviewing the Group's interim and annual reports. Moreover, the Audit Committee evaluates the performance of the external auditors and related costs. The Audit Committee has also been involved in the process of assessing the performance and costs of the external auditor. In 2015 the Audit Committee meetings were held at the dates of the Supervisory Board meetings. The Audit Committee preformed activities in the extend and according to its statutory destination.

3.2 Remuneration Committee

The Remuneration Committee comprises three members of the Supervisory Board, namely:

- Mr. Ya Li,
- Mr. Ming Shen and

The chairman of the Remuneration Committee is Mr. Ming Shen.

The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Supervisory Board on the overall remuneration structure and policy as well as the specific remuneration packages for the members of the Management Board and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Management Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account. In 2015 the Remuneration Committee meetings were held at the dates of the Supervisory Board meetings. The Remuneration Committee preformed activities in the extend and according to its statutory destination.

3.3 Independence of the members of the Supervisory Board

In accordance with best practice provision III.2.1 Dutch Corporate Governance Code the (hereinafter "the DCGC"), all members of the Supervisory Board, with the exception of not more than one person, must be independent within the meaning of best practice provision III.2.2 of the DCGC. The Company does not comply with best practice provision III.2.1 of the DCGC as Mr Rongfu Wu and Mr Ya Li are not considered independent within the meaning of best practice provision III.2.2 of the DCGC.

Detailed information on independence of the members of the Supervisory Board is included in point 3.3 Application of Dutch Corporate Governance Code.

3.4 Remuneration of the Supervisory Board

Detailed information on the remuneration of the Supervisory Board is included in the note 18 to the consolidated financial statements.

3.5 Financial statements

The Management Board has prepared the 2015 financial statements. The Supervisory Board familiarized with these financial statements and discussed it attended by the auditors.*

** Disclaimer: review of the Consolidated Statement of Financial Position as at 31 December 2015 by the auditor has not been completed yet.*

Supervisory Board of the PEIXIN International Group N.V.

Ya Li	Chairman	— signed —
Ming Shen	Member of the Supervisory Board	— signed —
Liem Tsong Lucien Tjon	Member of the Supervisory Board	— signed —
Rongfu Wu	Member of the Supervisory Board	— signed —
Zhanghe Du	Member of the Supervisory Board	— signed —

PEIXIN INTERNATIONAL GROUP N.V.

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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Disclaimer: review of the Consolidated Statement of Financial Position as at 31 December 2015 by the auditor has not been completed yet.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTES	Year ended 31 December	
		2014	2015
		kEUR	kEUR
Revenue	8	69,249	68,520
Cost of sales	9	(43,448)	(48,413)
Gross profit		25,801	20,107
Other income	10	168	185
Distribution and selling expenses	11	(1,672)	(3,197)
Administrative expenses	12	(1,991)	(1,864)
Research and development expenses	13	(2,431)	(3,257)
Profit from operations		19,875	11,974
Other gains and losses	14	(1)	(102)
Finance income	15	153	280
Finance costs	15	(335)	-
Profit before tax		19,692	12,152
Income tax expense	16	(2,869)	(1,673)
Profit for the year		16,823	10,479
Other comprehensive income			
Items that will be reclassified to profit or loss			
-currency translation differences		6,239	2,865
Total comprehensive income for the year		23,062	13,344
Attributable to:			
Owner of the Company		23,062	13,344
Earnings per share - basic (EUR)	19	1.29	0.81

The result for the year after tax and comprehensive income is attributable to the parent company as there are no minority shareholders.

The notes on pages 54 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2014	As at 31 December 2015
		kEUR	kEUR
Non-current assets			
Property, plant and equipment	20	17,941	19,048
Prepaid lease payments	21	17,692	18,565
Investment properties	22	14	15
		35,647	37,628
Current assets			
Inventories	23	9,177	11,842
Trade and other receivables	25	13,540	15,166
Prepaid lease payments	21	25	26
Bank balances and cash	26	13,150	19,583
		35,892	46,617
Current liabilities			
Trade and other payables	27	4,088	3,990
Related party payable	29	634	647
Advance from customers	28	2,283	2,307
Income tax payable		752	175
		7,757	7,119
Net current assets		28,135	39,498
Total assets less current liabilities		63,782	77,126
Non-current liability		-	-
Net asset		63,782	77,126
Capital and reserves			
Share/paid-in capital	30	13,000	13,000
Reserves	31	50,782	64,126
Total equity		63,782	77,126

The notes on pages 54 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company						
	Share capital kEUR (Note31)	Share premium kEUR (Note32)	Foreign currency translation reserve kEUR (Note32)	Statutory surplus reserve kEUR (Note32)	Retained profits kEUR (Note32)	Results for the year kEUR	Total kEUR
Balance at 1 January 2014	13,000	22,299	1,488	2,637	(12,960)	15,772	42,236
Result appropriation					15,772	(15,772)	
Profit for the year						16,823	16,823
Other comprehensive income for the period			6,239				6,239
Payment of dividends					(1,516)		(1,516)
Balance at 31 December 2014	13,000	22,299	7,727	2,637	1,296	16,823	63,782
Result appropriation					16,823	(16,823)	
Profit for the year						10,479	10,479
Other comprehensive income for the period			2,865				2,865
Balance at 31 December 2015	13,000	22,299	10,592	2,637	18,119	10,479	77,126

The notes on pages 54 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
OPERATING ACTIVITIES		
Profit before tax	19,692	12,152
Adjustments for:		
Finance cost	335	-
Interest income	(153)	(72)
Depreciation of property, plant and equipment	1,483	2,879
Amortization of prepaid lease payments	23	27
Amortization of investment properties	1	-
Amortization of other deferred assets	678	-
Operating cash flows before movements in working capital	22,059	14,986
Increase in inventories	(1,224)	(2,665)
Increase in trade and other receivables	(3,336)	(1,626)
Increase / (decrease) in trade and other payables	929	(98)
Increase in related payables	403	13
Increase / (decrease) in advance from customers	(1,370)	24
Cash generated from/ operations	17,461	10,634
Income taxes paid	(3,006)	(2,152)
NET CASH FLOW FROM OPERATING ACTIVITIES	14,455	8,482
INVESTING ACTIVITIES		
Interest received	153	72
Purchase of property, plant and equipment	(3,842)	(1,743)
Purchase of land use right	(10,369)	-
NET CASH FLOW USED IN INVESTING ACTIVITIES	(14,826)	(1,671)

The notes on pages 54 to 93 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW (continued)

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
FINANCING ACTIVITIES		
Interest paid	(335)	-
Repayment of borrowings	(4,129)	-
Dividends paid	(1,516)	-
NET CASH FROM/ FINANCING ACTIVITIES	(1,851)	-
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS	(2,222)	6,811
Less: Exchange difference	3,389	(378)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	11,983	13,150
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by cash and bank balances	13,150	19,583

The notes on pages 54 to 93 form an integral part of these consolidated financial statements.

Disclaimer: review of the Consolidated Statement of Financial Position as at 31 December 2015 by the auditor has not been completed yet.

1. GENERAL INFORMATION

Peixin International Group N.V. (the "Company") is the vehicle created for listing shares on the Warsaw Stock Exchange. Peixin International Group N.V. is a public limited liability company (naamloze vennootschap) incorporated under Dutch law by a notarial deed dated 2 July 2013. The Company has its statutory seat (statutaire zetel) in Amsterdam, the Netherlands and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands. The Company is registered with the trade register of the Chamber of Commerce in Amsterdam, the Netherlands, under the number 58288449. The Company operates under Dutch law.

Peixin International Group Ltd. ("Peixin International BVI") is a limited company incorporated in the British Virgin Islands ("BVI") on 29 June 2004 by Xie Qiulin. The registered office of the Peixin International BVI is situated at Akara Bldg., 24 De Castro Street, Wickhams Cay I, Road Town, Tortola, British Virgin Islands. The principal business of Peixin International BVI is through its subsidiaries, Fujian Peixin Machine Manufacture Industry Co., Ltd. ("Fujian Peixin"), Quanzhou Peixin Machine Manufacture Industrial Co., Ltd. ("Quanzhou Peixin") and Baixin Industry Co., Ltd. ("Yongchun Baixin") in the People's Republic of China ("PRC"). The address of the principal place of Fujian Peixin, Quanzhou Peixin and Yongchun Baixin is disclosed in Note 2.

The principal activities of the Company and its subsidiaries (the "Group") are the research and development, manufacturing and trading of daily-use paper machinery. Its market mainly locates in PRC.

The Group have the same reporting period ending December 31, using uniform accounting policies for similar transactions and other events in similar circumstances.

The financial statments as at and for the year ended 31 December 2015 were authorized for issue by the supervisory board on April 2016.

As at 31 December 2015, the Group comprised of the parent company Peixin International Group N.V. (registered under the Dutch law with its seat in Amsterdam) and four (indirect) subsidiaries: Peixin International Group Ltd. (Peixin International BVI), Fujian Peixin Machine Manufacture Industry Co., Ltd. (Fujian Peixin), Quanzhou Peixin Machine Manufacture Industry Co., Ltd. (Quanzhou Peixin) and Baixin Industry Co., Ltd. (Yongchun Baixin).

Peixin International Group N.V. is the sole shareholder, whereas Peixin International Group Ltd. (Peixin International BVI) is a sole shareholder of three subsidiaries: Fujian Peixin Machine Manufacture Industry Co., Ltd., Quanzhou Peixin Machine Manufacture Industry Co., Ltd. and Baixin Industry Co., Ltd.

As at 31 December 2015 and the date of approval of the consolidated financial statements, Peixin International Group N.V. had the following (indirect) subsidiaries:

Name of entity		Place and date of establishment	Registered capital	Principal activities
Fujian Peixin (i)	100%	Quanzhou, Fujian Province, PRC 8 November 2006	HKD 50,000,000	Manufacture of daily-used paper machinery
Quanzhou Peixin (ii)	100%	Quanzhou, Fujian Province, PRC 28 November 1994	RMB 5,800,000	Manufacture of daily-used paper machinery
Peixin International BVI (iii)	100%	British Virgin Islands, 29 June 2004	USD 50,000	Investing
Yongchun Baixin (iv)	100%	Yongchun, PRC 18 April 2014	RMB 50,000,000	Manufacture of daily-used paper machinery

(i) Fujian Peixin was established by Peixin International BVI on 8 November 2006 with a registered capital of Hongkong Dollar 28,800,000. The registered capital was increased to Hongkong Dollars 50,000,000 in November 2013.

(ii) Quanzhou Peixin was established on 28 November 1994 with a registered capital of Renminbi 5,000,000 by Yee Lung Enterprise Co., Ltd. (30% share capital) where Xie Qiulin being the ultimate controlling party and Quanzhou Licheng Light Industry Machinery Factory (70% share capital). The registered capital was increased to Renminbi 5,800,000 in November 2002 and the entire share capital of Quanzhou Peixin was transferred to Peixin International BVI in June 2006.

(iii) Peixin International BVI was established by Xie Qiulin with a share capital of USD 50,000 divided into 50,000 shares with a par value of USD 1 each. On 7 February 2013 Xie Qiulin transferred 2,500 shares to Jinyuan Investment Holding Ltd., 2,500 shares to Xinsheng Investment Holding Ltd. and 1,250 shares to Best Fortune Investment Enterprise Limited. On 14 August 2013 Xie Qiulin, Xinsheng Investment Holding Ltd., Jinyuan Investment Holding Ltd. and Best Fortune Investment Enterprise Limited contributed all their shares in Peixin International BVI to the Company in exchange for shares in the share capital for the Company.

(iv) Yongchun Baixin was established on 18 April 2014 with a registered capital of Renminbi 50,000,000.

As of 31 December 2015, the Company's shareholding structure is as follows

Shareholder	No. of shares	% in the share capital
P.I. Investment Limited - fully controlled by Mr Xie Qiulin (Principal Shareholder)	10,500,000	80.77%
Xinsheng Investment Holding Ltd - fully controlled by Mr Zhang Fan (Macau Resident)	600,000	4.62%
Jinyuan Investment Holding Ltd - fully controlled by Mr Li Meiqing (HK Resident)	539,202	4.15%
Others	1,360,798	10.47%
Total	**13,000,000**	**100%**

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Adoption of New and Revised International Financial Reporting Standards (IFRS) and Interpretations

The Group has adopted the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2015. The adoption of these new and revised Standards and Interpretations has not resulted in material changes to the group's accounting policies, financial performance or position.
Effect of new accounting standards
Annual improvements to IFRSs 2011-2013 cycle, includes a number of amendments to various IFRS. EU has adopted these improvements effective on 01 January 2015. These improvements have had no impact on the Group's financial statements.

Annual improvements to IFRSs 2010-2012 cycle, includes a number of amendments to various IFRS. EU has adopted these improvements effective on 01 February 2015. These improvements have had no impact on the Group's financial statements.

Amendments to IAS 19, 'Defined Benefit Plans: Employee Contributions', requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. European Union (EU) has adopted this standard effective on 1 February 2015. This amendment to IAS 19 has had no impact on the Group's financial statements.

Effect of forthcoming accounting standards

The IASB and IFRIC have issued new standards, amendments to existing standards and interpretations, some of which are not yet effective or have not yet been endorsed by the European Union. The following new standards and amendments to existing standards are not yet being applied by the Group:

Amendments to IAS 16 and IAS 41 'Agriculture: Bearer Plants', the amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. F or government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

Amendments to IFRS 11 'Joint Arrangements: Accounting for Acquisitions of Interests', the amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation', the amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has no depreciable non-current assets.

Annual improvements to IFRSs 2012-2014 cycle, includes a number of amendments to various IFRS. These improvements are effective for annual periods beginning on or after 1 January 2016. These improvements have had no impact on the Group's financial statements.

Amendments to IAS 1 'Disclosure Initiative', the amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:
• The materiality requirements in IAS 1;
• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
• That entities have flexibility as to the order in which they present the notes to financial statements; and
• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IAS 27 'Equity Method in Separate Financial Statements', the amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements, since the Group is preparing a consolidated financial statements.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

The following new standards, amendments to existing standards and interpretations are not yet endorsed by the European Union:

IFRS 9 ‘Financial Instruments’, as issued in July 2014 is the final version of this new standard which will replace IAS 39 ‘Financial Instruments: Recognition and Measurement’ and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting of financial instruments. IFRS 9 is effective as of 1 January 2018 and must be applied retrospectively although comparative information is not mandatory. As the standard has not yet been endorsed by the European Commission, it is uncertain when it needs to be applied by the Group. IFRS 9 is expected to have an impact on the classification and measurement of Group’s financial assets and liabilities. The extent of the impact of this new standard on the Group is being reviewed.

IFRS 14 Regulatory Deferral Accounts, is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and OCI. The standard requires disclosure of the nature of, and risks associated with, the entity’s rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The standard has not yet been endorsed by the European Commission, but this standard would not apply to the Group since the Group is an existing IFRS preparer.

IFRS 15 ‘Revenue from Contracts with Customers’, which supersede the current revenue recognition guidance including IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. As the standard has not yet been endorsed by the European Commission, it is uncertain when it needs to be applied by the Group. The directors of the Group anticipate that the application of IFRS 15 in the future will have limited impact on the amounts reported and the disclosures in the Group’s financial statements.

IFRS 16 ‘Leases’, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are ‘capitalised’ by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognises a financial liability representing its obligation to make future lease payments. IFRS 16 is effective from 1 January 2019. A company can choose to apply IFRS 16 before the effectivity date but only if it also applies IFRS 15 Revenue from Contracts with Customers. This replaces the previous leases Standard, IAS 17, Leases, and related Interpretations. This standard is not expected to have any impact on the Group’s financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 ‘Investment Entities: Applying the Consolidation Exception’, the amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - continued

All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group.

Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', the amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. IASB has deferred the adoption of these standards indefinitely by amendments made in December 2015. These amendments are not expected to have any impact on the Group.

3. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union in compliance with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The accounting policies have been applied throughout the year.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards as adopted by the European Union. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES –continued

Foreign currencies

All financial information presented in EUR is rounded off to the nearest thousands, unless otherwise indicated.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The Group conducts its business predominately in the PRC and hence its functional currency is the Renminbi (RMB).

The shareholders of the Company made use of a Dutch stock listed company which acts as parent (holding) company. Therefore the financial statements of the company have been presented in EUR. Translation from RMB to EUR found place at the following rates:

	Period end rates	Average rates
31 December 2014	EUR 1.00= RMB 7.4556	EUR 1.00=RMB 8.1255
31 December 2015	EUR 1.00= RMB 7.0952	EUR 1.00=RMB 6.9033

The results and financial positions in functional currency are translated into the presentation currency of the Company as follows:

(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(2) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);

(3) Share equity, share premium and dividends are translated at historical exchange rates; and

(4) All resulting exchange differences are recognized in translation reserve, a separate component of equity.

For the purposes of presenting theses consolidated financial statements, the assest and liabilities of the Group's foreign operations are translated into currency units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accummulated in equity (and attributed to non-controlling interests as appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share each of these criteria.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from sale of goods is recognized when the goods are delivered and title has passed.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Cost that are directly attributable to the development phase of new products and designs are also expensed if they do not yet meet the criteria to be recognized as an intangible asset in accordance with IAS 38.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Pursuant to the relevant regulations of the PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the subsidiaries located in the PRC are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the subsidiaries located in the PRC. The only obligation of the Group with respect to the Scheme is to pay the on-going required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions. These plans are considered defined contribution plans. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contributions into the national pension schemes. Contributions to national pension schemes are recognized as an expense in the period in which the related service is performed.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment ("PPE") including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognized impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the group. It also includes properties that are being constructed or developed for future use as investment properties.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are measured under the cost model that they are recognized at cost and depreciated systematically over its useful life.

Prepaid investments

Prepaid investments are principally comprising of prepayments for machineries and land use right. The amount will be transferred to property, plant and equipment and prepaid lease payments when the constructions are completed.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to the consolidated statement of comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized on the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognized on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments-continued

Financial assets-continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, related parties receivables, pledged bank deposits and bank balances and cash) are measured at amortized cost using the effective interest method, less any impairment (see accounting policy on impairment loss on loans and receivables below).

Impairments of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the loans and receivables is reduced by the impairment loss directly for all financial assets with exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in carrying amount of the allowance account are recognized in profit or loss. When a trade and other receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments-continued

Financial assets-continued

Cash and cash equivalents

Cash are stated at face amount.

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and 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, having been within three months of maturity at acquisition.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables advance from customers and bank borrowings are subsequently measured at amortized cost, using the effective interest method.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES - continued

Capital and Reserves

Share capital represents the nominal value of shares that have been issued by the Group. Share capital is determined using the nominal value of shares that have been issued.

Retained profits include all current and prior period results as determined in the combined statement of comprehensive income.

Foreign currency translation differences arising on the translation are included in the currency translation reserve.

In accordance with the relevant laws and regulations of PRC, the subsidiaries of the Group established in PRC are required to transfer 10% of its annual statutory net profit (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve reaches 50% of the subsidiary's share capital, any further transfer of its annual statutory net profit is optional. Such reserve may be used to offset accumulated losses or to increase the registered capital of the subsidiary subject to the approval of the relevant authorities. However, except for offsetting prior years' losses, such statutory reserve must be maintained at a minimum of 25% of the share capital after such usage. The statutory reserves are not available for dividend distribution to the shareholders.

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

5. SIGNIFICANT MANAGEMENT JUDGMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conformity with IFRS requires management to exercise judgment in the process of applying the Group's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amount of revenue and expenses during the reporting period. The following estimates that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed below:

Allowance for Bad and Doubtful debts

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgment and estimates, where the expected outcome is different from the original estimate, such difference will impact carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been charged.

5. SIGNIFICANT MANAGEMENT JUDGMENT IN APPLYING ACCOUNTING POLICIES - continued

Income Tax

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact the income tax and differed tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable as at 31 December 2014 and 31 December 2015 amounted to kEUR 752 and kEUR 175 respectively.

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may 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 future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Depreciation of building, machinery and equipment

As described in Note 4, the Group reviews the estimated useful lives and residual values of property, plant and equipment at the end of each reporting period. The cost of building, machinery and equipment is depreciated on a straight-line basis over the assets' estimated useful lives. Management estimates the useful lives of these buildings, machinery and equipment to be within 5 to 20 years. These are the common life expectancies applied in the same industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

7. SEGMENT REPORTING

Management currently identifies the Group's four product categories as operating segments, which are sanitary napkins machines, diaper machines, facial tissue machines and other paper machines. The segment presentation is in accordance with management's expectation of future business developments. These operating segments are monitored and strategic decisions are made on the basis of segmental gross margins.

By business

	Year ended 31 December			
Revenue:	2014		2015	
	Unit	kEUR	Unit	kEUR
External customers				
Sanitary napkins machines	77	30,175	75	27,236
Diaper machines	61	27,503	60	29,170
Facial tissue machines	590	8,148	493	8,542
Other paper machines	93	3,423	90	3,572
	821	69,249	718	68,520

	Year ended 31 December	
Results:	2014	2015
	kEUR	kEUR
Segment gross profit		
Sanitary napkins machines	11,413	6,942
Diaper machines	10,394	9,549
Facial tissue machines	2,833	2,745
Other paper machines	1,161	871
	25,801	20,107

By Geographical Information

	Year ended 31 December			
	2014		2015	
	Unit	kEUR	Unit	kEUR
Revenue:				
Direct sales				
-Mainland China	493	43,207	311	29,833
-Outside Mainland China	69	5,284	135	9,657
Sales to trading companies	259	20,758	272	29,030
	821	69,249	718	68,520

	As at 31 December	
	2014	2015
	kEUR	kEUR
Current assets		
-Sanitary napkins machines	7,189	
-Diaper machines	8,748	
-Facial tissue machines	1,656	
-Other paper machines	1,326	
-Unallocated current assets	16,973	
	35,892	

7. SEGMENT REPORTING – continued

	As at 31 December	
	2014	2015
	kEUR	kEUR
Non-current assets		
-Sanitary napkins machines	-	-
-Diaper machines	-	-
-Facial tissue machines	-	-
-Other paper machines	-	-
-Unallocated non-current assets[1]	35,647	37,628
	35,647	37,628

[1]The reason for not allocating non-current assets was that the manufacturing facilities (including the production line, buildings and plants, land use right and etc.) were shared by the four product categories and can't be split.

8. REVENUE

Revenue represents revenue arising on sales of goods.

Revenue is denominated in the following currencies:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Renminbi ("RMB")	63,965	58,863
United States Dollars ("USD")	5,284	9,657
	69,249	68,520

9. COST OF SALES

Cost of sales comprises of purchasing materials, labor costs for personnel employed in production, depreciation and amortization of non-current assets used for production purpose, outsourced manufacturing cost, taxes and surcharges and water and electricity. The following table shows a breakdown of cost of sales for the period under review for each category:

	Year ended 31 December			
		2014		2015
		kEUR		kEUR
Changes in inventories of finished goods and work in progress		(1,080)		(3,279)
Glue machines and motors	11,702		13,914	
Steel	8,520		9,898	
Electric controllers	6,167		7,201	
Knife roller\cylinder	1,369		1,660	
Other components	6,603		7,735	
Auxiliary materials	1,474		1,592	
Materials consumed in production		35,835		42,000
Labor		3,738		4,614
Depreciation and amortization		1,340		1,750
Outsourced manufacturing cost		1,452		1,631
Taxes and surcharges *		598		447
Water and electricity		523		648
Others		397		391
Foreign currency translation difference		645		211
		43,448		48,413

9. COST OF SALES-continued

* Tax and surcharges are mainly Urban Maintenance and Construction Tax (7% of Valued Added Tax payment amount), Extra Charges of Education Fund (3% of Valued Added Tax payment amount) and Local Surcharge for Education Fund (2% of Valued Added Tax payment amount).

10. OTHER INCOME

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Government grant	88	-
Rental income	37	45
Sales of spare parts	43	140
	168	185

11. DISTRIBUTION AND SELLING EXPENSES

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Staff costs	621	707
Marketing and advertising costs	466	1,510
Post-sales services costs	293	512
Travelling costs	73	64
Depreciation	5	2
Agency costs	104	104
Others	110	298
	1,672	3,197

12. ADMINISTRATIVE EXPENSES

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Staff costs	437	652
Depreciation and amortization charges	353	322
Entertainment and office expenses	222	215
Miscellaneous taxes	288	159
Travelling and transportation expenses	169	170
External advisors	385	115
Others	137	231
	1,991	1,864

13. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses comprise following expenses:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Materials	1,405	1,685
Staff costs	616	746
External advisors	405	627
Depreciation charges	5	199
	2,431	3,257

14. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Bad debt loss	-	(112)
Other gains and losses	(1)	10
	(1)	(102)

15. FINANCE INCOME AND EXPENSES

Financial income	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Interest income	153	72
Foreign exchange gain, net	-	208
	153	280

Financial expenses	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Interest expenses on bank borrowings		
wholly repayable within one year	230	-
Foreign exchange gain, net	105	-
	335	-

Bank borrowings interests are charged on interest rates of 6.000% during the year ended 31 December 2014.

No Bank borrowings remained at 31 December 2015.

16. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Current tax:		
PRC enterprise income tax	2,869	1,673

The Company is incorporated in Netherlands and does not have any taxable income.

The Company is incorporated in BVI and does not have any taxable profits subject to BVI Profits Tax since its incorporation.

Peixin International Group Ltd. is incorporated in BVI and does not have any taxable income.

The applicable enterprise income tax rate of Fujian Peixin is 25%. Being a foreign owned enterprise, Fujian Peixin is entitled to full exemption from enterprise income tax ("EIT") for the first two years and a 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. 2007 was the first profitable year of Fujian Peixin, accordingly, the effective income tax rate of Fujian Peixin in the years of 2010 and 2011 is 12.5%. Since year 2012, Fujian Peixin obtained the “High and New Technology” certificate thus having been enjoying a low tax rate of 15%.

16. INCOME TAX EXPENSE-continued

The applicable enterprise income tax rate of Quanzhou Peixin is 25%. At 31 December 2014 and 2015, Quanzhou Peixin has no recognized tax losses and no income tax was charged for the years ended 31 December 2014 and 2015.

The applicable enterprise income tax rate of Yongchun Baixin is 25%. At 31 December 2014 and 2015, Yongchun Baixin has no recognized tax losses and no income tax was charged for the years ended 31 December 2014 and 2015.

17. EMPLOYEES' EMOLUMENTS

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Salaries and other short-term benefits	5,274	6,539
Defined contribution benefit schemes	138	179
Total employee benefits expense (including directors' emoluments)	5,412	6,718

The employees of the Group's PRC subsidiaries are members of state-managed retirement benefit schemes operated by the local government. The subsidiaries are required to contribute a specified percentage of its payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

18. KEY MANAGEMENT EMOLUMENTS

The emoluments paid or payable to the directors of the Company were as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Directors' emoluments		
- Salaries		
Xie Qiulin	77	
Xie Kaida	24	
Huang Zhimin	-	
Dai Hongyan	48	
	149	

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Supervisory board' emoluments		
- Salaries		
Li Ya	8	
Shen Ming	8	
Liem Tsong LucienTjon	4	
Jaroslaw Dariusz Dabrowski	16	
Wu Rongfu	34	
Du Zhanghe		
	70	

18. KEY MANAGEMENT EMOLUMENTS-continued

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
- Social Welfare		
Xie Qiulin	1	
Xie Kaida	1	
Huang Zhimin		
Du Zhanghe		
Dai Hongyan	1	
Wu Rongfu	1	
	4	

* Amount less than EUR 1,000.

19. EARNINGS PER SHARE

	Year ended 31 December	
	2014	2015
	EUR	EUR
Basic earnings per share		
From continuing operations	1.29	0.81
Total basic earnings per share	1.29	0.81

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Profit for the period attributable to owners of the Company for the purpose of basic earnings per share	16,823	10,479

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Weighted average number of ordinary shares for the purpose of basic earnings per share[1]	13,000,000	13,000,000

No diluted earnings per share have been presented because no dilutive potential ordinary shares existed during the Periods.

20. PROPERTY, PLANT AND EQUIPMENT

	Plant & buildings	Machinery &equipment	Office equipment	Motor vehicles	Prepayments for Machineries	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
COST						
At 1 January 2014	8,553	6,202	559	363	3,342	19,019
Additions	1,477	3,730	1	-	-	5,208
Addition-transferred from IP	759	-	-	-		759
Addition-transferred from PP	-	-	-	-	1,375	1,375
Disposals	768	-	-	-	(3,463)	(2,695)
Translation adjustment	1,357	1,136	72	47	244	2,856
At 31 December 2014	12,914	11,068	632	410	1,498	26,522
Additions	4	2,414	1	12	(1,498)	933
Addition-transferred from ODA	814	-	-	-	-	814
Addition-transferred from PP	-	1,456	-	-	-	1,456
Translation adjustment	633	458	32	20	-	1,143
At 31 December 2015	14,365	15,396	665	442	-	30,868
DEPRECIATION						
At 1 January 2014	(2,790)	(1,954)	(459)	(194)	-	(5,397)
Provided for the year	(1,157)	(891)	(51)	(36)	-	(2,135)
Transferred from IP	(147)	-	-	-	-	(147)
Translation adjustment	(477)	(333)	(64)	(28)	-	(902)
At 31 December 2014	(4,571)	(3,178)	(574)	(258)	-	(8,581)
Provided for the year	(1,517)	(1,296)	(23)	(43)	-	(2,879)
Translation adjustment	(193)	(126)	(29)	(12)	-	(360)
At 31 December 2015	(6,281)	(4,600)	(626)	(313)	-	(11,820)
CARRYING AMOUNT						
At 1 January 2014	5,763	4,248	100	169	3,342	13,622
At 31 December 2014	8,343	7,890	58	152	1,498	17,941
At 31 December 2015	8,084	10,796	39	129	-	19,048

20. PROPERTY, PLANT AND EQUIPMENT-continued

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis with 5% residual value at the following rates per annum:

Buildings	5%
Machinery & equipment	10%
Electronic & other facilities	20%
Motor vehicles	10%

All the plant & buildings on mentioned above were owned by Quanzhou Peixin.

Buildings on leasehold land comprise:

Location	Description	Gross area (m^2)
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Dormitory	3,759
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Factory workshop	16,876
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Office building	4,554
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Factory workshop	1,120
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	Factory workshop	4,045

The gross carrying amount of the fully depreciated property, plant and equipment that is still in use is kEUR 59 as at 31 December 2015 (31 December 2014: kEUR 48).

21. PREPAID LEASE PAYMENTS

	Land use right	Prepayments	Total
		kEUR	kEUR
Cost			
At 1 January 2014	1,100	4,752	5,852
additions	-	10,369	10,369
translation adjustment	142	1,544	1,686
At 31 December 2014	1,242	16,665	17,907
Additions	-	-	-
translation adjustment	63	847	910
At 31 December 2015	1,305	17,512	18,817

21. PREPAID LEASE PAYMENTS-continued

AMORTIZATION			
At 1 January 2014	(147)	-	(147)
charge for the year	(23)	-	(23)
translation adjustment	(20)	-	(20)
At 31 December 2014	(190)	-	(190)
charge for the year	(27)	-	(27)
translation adjustment	(9)	-	(9)
At 31 December 2015	(226)	-	(226)
CARRYING AMOUNTS			
At 1 January 2014	953	4,752	5,705
At 31 December 2014	1,052	16,665	17,717
At 31 December 2015	1,079	17,512	18,591

Analyzed for reporting purposes as:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Non-current asset	17,692	18,565
Current asset	25	26
	17,717	18,591

The amounts represent the prepayment of rentals for land use right (industrial use) situated in the PRC. The leasehold lands have the term of 50 years.

All the leasehold lands mentioned above were owned by Quanzhou Peixin.

The leasehold land comprises:

Location	Expiry date of tenure	Land area (m^2)
Fuqiao Houkeng Village, Licheng District, Quanzhou City, Fujian Province, the PRC	2054-12-31	1,500
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	2057-06-28	30,287
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	2057-06-28	22,882
Xinyang Community, Shuangyang Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	2053-07-25	786

22. INVESTMENT PROPERTIES

	Amount kEUR
Cost	
At 1 January 2014	985
Transferred to PPE	(759)
translation adjustment	59
At 31 December 2014	285
Disposals	-
translation adjustment	15
At 31 December 2015	300
AMORTISATION	
At 1 January 2014	(381)
charge for the year	(1)
Transferred to PPE	147
translation adjustment	(36)
At 31 December 2014	(271)
charge for the year	-
eliminated on disposals of assets	-
translation adjustment	(14)
At 31 December 2015	(285)
CARRYING AMOUNTS	
At 1 January 2014	604
At 31 December 2014	14
At 31 December 2015	15

All the investment properties buildings mentioned above were owned by Quanzhou Peixin.

23. INVENTORIES

	Year ended 31 December	
	2014 kEUR	2015 kEUR
Raw materials and consumables	3,413	2,799
Work in progress	5,416	6,044
Finished goods	348	2,999
	9,177	11,842

24. FINANCIAL ASSETS AND LIABILITIES

Financial assets

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Trade and other receivables (Note 25)	13,349	15,004
Bank balances and cash (Note 26)	13,150	19,583
	26,499	34,587

Financial liabilities measured at amortized cost

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Current		
Trade and other payables (Note 27)	3,432	3,766
Advance from customers (Note 28)	2,283	2,307
Related parties payables (Note 29)	634	647
	6,349	6,720

The carrying amounts of the financial assets and liabilities approximate to their fair values.

25. TRADE AND OTHER RECEIVABLES

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Trade receivables	13,155	14,725
Other receivables	194	279
Subtotal financial assets	13,349	15,004
Prepayments	191	162
	13,540	15,166

Trade and other receivables are denominated in the following currencies:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Renminbi (“RMB”)	12,218	10,356
United States Dollars (“USD”)	1,322	4,810
Euros (“EUR”)	-	-
	13,540	15,166

The fair value of trade and other receivables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values.

25. TRADE AND OTHER RECEIVABLES- continued

Before accepting any new customer, the Group assesses the potential customer's credit quality and defined credit limits by customer. Limits attributed to customers are reviewed once a year. The aging analysis of trade and receivables is as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Current	13,120	13,803

The Group allows an average credit period of 60 days to its trade customers. The aging analysis of trade receivables which are past due but not impaired is as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Past due for less than 3 months	35	908
Past due for over 3 months but less than 9 months	-	14
	13,155	14,725

There are no trade receivables that are past due and impaired.

26. BANK BALANCES AND CASH

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Cash on hand	2	7
Bank balances	13,148	19,575
	13,150	19,583

Bank balances and cash are denominated in the following currencies:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Renminbi (“RMB”)	13,098	19,403
United States Dollars (“USD”)	9	147
Hong Kong Dollars (“HKD”)	4	*
Euros (“EUR”)	39	33
Zlotys (“PLN”)	*	-
	13,150	19,583

* Amount less than EUR 1,000.

Bank balances and cash comprise cash held by the Group and short-term deposits with an original maturity of three months or less. Bank balances as at 31 December 2015 carry interest at market rates which ranged from 0.35% to 0.50% (2014: 0.35%-0.50%) per annum.

27. TRADE AND OTHER PAYABLES

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Trade payables	2,492	2,556
Other payables	11	137
Salary payables	929	1,073
Subtotal financial liabilities	3,432	3,766
Tax payables other than income tax	656	224
	4,088	3,990

Trade and other payables are only denominated by Renminbi ("RMB").

The fair value of trade and other payables have not been disclosed as, due to their short duration, management considers the carrying amounts recognized in the consolidated statements of financial position to be reasonable approximation of their fair values.

Trade payables comprise amounts outstanding for trade purchase. The average credit period is 30 days from the time when the services are rendered by or goods received from suppliers. The aging analysis of trade payables is as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Current	2,492	2,556

28. ADVANCE FROM CUSTOMERS

Advance from customers comprise down payment received for trade sales.

Advance from customers are denominated in the following currencies:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Renminbi (“RMB”)	-	476
United States Dollars (“USD”)	2,283	1,831
	2,283	2,307

The aging analysis of advance from customers is as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Less than 3 months	1,089	1,133
Over 3 months but less than 1 year	882	995
Over 1 year but less than 1 and a half years	312	179
	2,283	2,307

29. RELATED PARTIES PAYABLES

(1) Nature of relationship with related parties:

Name	Relationship with the Group
Xie Qiulin	Director of the Group

(2) Significant balances between the Group and the above related parties:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Xie Qiulin	634	647
	634	647

The amount due to Xie Qiulin was unsecured, non-interest bearing and payable on demand.

30. SHARE / PAID-IN CAPITAL

The share / paid-in capital shown in the consolidated statements of financial position is as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Share/paid-in capital	13,000,000	13,000,000

The details of the Company's share capital are as follows:

	Numbers of shares	Share capital EUR
Authorized and issued and fully paid		
Ordinary shares of EUR1.00		
each on the date of incorporation,		
at 31 December 2015	13,000,000	13,000,000

31. RESERVES

Share premium

Share premium is non-distributable other than in liquidation and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders.

Statutory surplus reserve

As stipulated by the relevant laws and regulations applicable to China's foreign investment enterprises, the Company's PRC subsidiaries are required to maintain a statutory surplus reserve which is non-distributable. Appropriations to such reserve are made out of net profit after tax of the statutory financial statements of the PRC subsidiaries at the amounts determined by their respective boards of directors annually up to 50% of paid-in capital, but must not be less than 10% of the net profit after tax.

The statutory surplus reserve can be used for making up losses of the group entities in China Mainland, if any. The statutory surplus reserve may also be used to increase capital or to meet unexpected or future losses. The statutory surplus reserve is non-distributable other than upon liquidation. Therefore the Company recognized the statutory surplus reserve as a legal reserve following Dutch regulation article 389.6 BW2.

The statutory surplus reserve of the Group amounts to kEUR 2,637 at 31 December 2015 (31 December 2014: kEUR 2,637). The statutory surplus reserve of the Group is related to Fujian Peixin and Quanzhou Peixin.

Retained profits

The retained profits comprise the cumulative net gains and losses recognized in the Company's income statement.

Foreign currency translation reserve (other comprehensive income)

Foreign currency translation reserve represents the foreign currency translation difference arising from the translation of the financial statements of companies within the Group from their functional currency to the Group's presentation currency.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern;
- To support the Group's stability and growth;
- To provide capital for the purpose of strengthening the Group's risk management capability; and
- To provide an adequate return to shareholders.

32. CAPITAL MANAGEMENT- continued

The Group actively and regularly reviews and manage capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group monitor capital on the basis of the carrying amount of equity as presented in the consolidated statements of financial position.

There were no changes in the Group's approach to capital management for the financial year ended 31 December 2015. The Group's strategy is to maintain gearing ratios within 25%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings plus trade and other payables, advances from customers, related parties payables less cash and cash equivalents.

Total capital is calculated as equity plus net debt.

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Net debt	(6,145)	(12,639)
Total equity	63,782	77,126
Total capital	57,637	64,487
Gearing ratio	11%	20%

33. RISK MANAGEMENT OBJECTIVES AND POLICIES

Market Risk

The board of directors meets periodically to analyze and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding risk management. The Group does not engage in the trading of financial assets for speculative purposes or write options. The most significant financial risks to which the Group is exposed are described below.

33. RISK MANAGEMENT OBJECTIVES AND POLICIES-continued

Market Risk-continued

As at 31 December 2014 and 2015, the Company's financial instruments mainly consisted of cash and bank balances, receivables and payables. The Company's financial assets and liabilities by category are summarized as below:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Financial assets		
Receivables		
(Including bank balances and cash)	26,499	34,587

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Financial liabilities		
Amortized cost	6,349	6,720

The Group is exposed to various risks in relation to their financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Group is exposed to market risk through use of financial instruments and specifically to foreign currency risk and interest rate risk, which result from their operating, investing and financing activities.

Foreign currency sensitivity

The business of the Group is mainly carried out in the People's Republic of China ("the PRC"). The domestic sales and purchases are denominated in Renminbi ("RMB"). The export sales are denominated in United States Dollar ("USD").

The Group incurs foreign currency risk on expenses and transactions denominated in currencies of USD. In addition, the Group prepares financial statements in EUR and therefore their results and net asset position are exposed to retranslation risk as a result of fluctuation in the EUR exchange rate.

The Group's currency exposure based on the information provided to key management is as follows:

2014-12-31

	RMB	USD	HKD	EUR
	kEUR	kEUR	kEUR	kEUR
Financial assets				
Trade and other receivables (Note 25)	12,218	1,322	-	-
Bank balances and cash (Note 26)	13,098	9	4	39
	25,316	1,331	4	39

33. RISK MANAGEMENT OBJECTIVES AND POLICIES-continued

Market Risk-continued

Foreign currency sensitivity

	RMB	USD	EUR
	kEUR	kEUR	kEUR
Financial liabilities			
Trade and other payables (Note 27)	3,432	-	-
Related parties payables	-	-	634
Advances from customers	-	2,283	-
	3,432	2,283	634

2015-12-31

	RMB	USD	HKD	EUR
	kEUR	kEUR	kEUR	kEUR
Financial assets				
Trade and other receivables (Note 25)	10,356	4,810	-	-
Bank balances and cash (Note 26)	19,403	147	*	33
	29,759	4,957	*	33

	RMB	USD	EUR
	kEUR	kEUR	kEUR
Financial liabilities			
Trade and other payables (Note 27)	3,766	-	-
Related parties payables	274	-	372
Advances from customers	476	1,831	-
	4,516	1,831	372

A 5% strengthening of the RMB/USD/ HKD against the EUR as at 31 December 2014 and 31 December 2015 would have had the following impact on the net profit after taxatio4and equity by the amounts shown below:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
RMB	930	1,073
USD	(40)	133
HKD	*	*

* Amount less than EUR 1,000.

A 5% weakening of the RMB/ USD/ HKD against the above currency as at 31 December 2014 and 31 December 2015would have the equal but opposite effect on the currency of the amounts shown above.

Exposures to foreign exchange rates vary during the period depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group’s exposure to currency risks.

34. RISK MANAGEMENT OBJECTIVES AND POLICIES-continued

Market Risk-continued

Interest Rate Sensitivity

The Group's has no exposure to interest rate risk since all the bank borrowings from financial institutions have been paid.

Credit risk analysis

Credit risk is the risk of financial loss to the Group if counterparty fails to meet its contractual obligations. Credit risk of the Group arises primarily from trade receivables.

The Group's exposure to credit risks is restricted by credit limits that are approved by the director. The Group typically allows the existing customer credit terms of up to 60 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as the relationship with the customer, its payment history and credit worthiness. In relation to new customers, the sales and marketing department will prepare credit proposals for approval by the director.

Concentration risk arises from the sales to the Group's customers. The Group's policy is to monitor the business development of the customers and to continuously source for suitable customers who are able to promote the brand and expand the existing distribution network.

The Group performs on-going credit evaluation of its customers' financial position. The concentration of credit risk from trade receivables are 38% for the financial year ended 31 December 2014comprising 5 customers.(2013: 46%)

The Group's major classes of financial assets are trade and other receivables, related parties receivables and cash and bank balances. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at the reporting dates, as summarized below.

The Group considers 60 to 90 days to be normal collection period for trade receivables.

No impairment loss needed to be recognized in the profit or loss in respect of financial assets during the reporting period.

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Financial assets		
Trade and other receivables	13,349	15,104
Related parties receivables	-	-
Pledged bank deposits	-	-
Bank balances and cash (Note 26)	13,150	19,583
	26,499	34,687

34. RISK MANAGEMENT OBJECTIVES AND POLICIES-continued

Market Risk-continued

Liquidity risk analysis

In the management of the liquidity risk, the Group monitors and maintain a level of cash and cash equivalents deemed adequate to finance operations and mitigate the effects of fluctuations in cash flows. The Group monitors the utilization of bank borrowings and ensures compliance with loan covenants. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group's exposure to liquidity risk arises primarily from mismatches of maturities of financial assets and liabilities.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted

	Less than 1 year	Total
	kEUR	kEUR
2014-12-31		
Trade and other payables (Note 27)	3,432	3,432
Advances from customers	1,971	1,971
Related parties payables	403	403
	5,806	5,806

	Less than 1 year	Total
	kEUR	kEUR
2015-12-31		
Trade and other payables (Note 27)	2,556	2,556
Advances from customers	2,128	2,128
Related parties payables		

cash flows:

The Group manages liquidity risk by ensuring the availability of adequate funds to meet all obligations in a timely and cost-effective manner.

32. RELATED PARTY TRANSACTIONS

Compensation to director of the Company

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Xie Qiulin		
-Short-term employee benefits	77	
-Social welfare	1	
	78	

32. RELATED PARTY TRANSACTIONS-continued

Compensation to director of the Company- continued

Xie Kaida		
-Short-term employee benefits	24	
-Social welfare	1	
	25	
Huang Zhimin		
-Short-term employee benefits	-	
-Social welfare	-	
	-	
Dai Hongyan		
-Short-term employee benefits	48	
-Social welfare	1	
	49	
Li Ya		
-Short-term employee benefits	8	
-Social welfare	-	
	8	
Shen Ming		
-Short-term employee benefits	8	
-Social welfare	-	
	8	
Liem Tsong Lucien Tjon		
-Short-term employee benefits	4	
-Social welfare	-	
	4	
Jaroslaw Dariusz Dabrowski		
-Short-term employee benefits	16	
-Social welfare	-	
	16	
Wu Rongfu		
-Short-term employee benefits	34	
-Social welfare	1	
	35	
Du Zhanghe		
-Short-term employee benefits	-	
-Social welfare	-	
	-	

*Amount less than EUR 1,000

No Personal undertaking loans guaranteed by director of the Company as at 31 December 2015

34. CONTINGENCIES

As at 31 December 2015, the Group had no contingencies that needed to be disclosed.

35. COMMITMENTS

As at 31 December 2015, the Group had no commitments that needed to be disclosed.

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Shares in result of participating interest after taxation	30,055	43,344
Other income / (expenses) after taxation	(56)	(1)
Net Profit After Tax	29,999	43,343

Peixin International Group N.V.

The company statements of financial position (before profit appropriation)

For the year ended 31 December 2015

	NOTES	As at 31 December 2014 kEUR	As at 31 December 2015 kEUR
Non-current assets			
Long-term investment	3	62,847	76,214
		62,847	76,214
Current assets			
Related parties receivables	4	1,771	1,771
Bank balances and cash		2	1
		1,773	1,773
Current liabilities			
Related parties payables	5	838	861
		838	861
Net current assets		935	912
Total assets less current liabilities		63,782	77,216
Net asset		63,782	77,216
Capital and reserves			
Paid-in capital		13,000	13,000
Share premium		22,299	22,299
Foreign currency translation reserve		7,727	10,592
Legal reserve		2,637	2,637
Retained earnings		(11,880)	(14,745)
Profit for the year		29,999	43,343
Total equity		63,782	77,126

Peixin International Group N.V.
The Company statements of changes in equity
For the period ended 31 December 2015

Peixin International Group N.V.

	Share capital	Share premium	Foreign currency translation reserve	Legał reserve	Retained profits	Profit for the year	Total
	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
	(Note 32)	(Note 33)	(Note 33)	(Note 33)			
Balance at 31 December 2013	13,000	22,299	1,488	2,637	(4,125)	6,937	42,236
Contribution of shares	-	-	6,239	-	(6,239)	-	-
Profit for the year	-	-	-	-	-	23,062	23,062
Payment of dividends	-	-	-	-	(1,516)	-	(1,516)
Balance at 31 December 2014	13,000	22,299	7,727	2,637	(11,880)	29,999	63,782
Contribution of shares	-	-	2,865	-	(2,865)	-	-
Profit for the year	-	-	-	-	-	13,344	13,344
Balance at 31 December 2015	13,000	22,299	10,592	2,637	(14,745)	43,343	77,126

Disclaimer: review of the Consolidated Statement of Financial Position as at 31 December 2015 by the auditor has not been completed yet.

1. ACCOUNTING POLICY

The Company financial statements of Peixin International Group N.V., which the financial statements for 2015 of the Company, have been prepared in accordance with the provisions of Part 9, Book 2 of the Netherlands Civil Code. Pursuant to Section 362(8) of this Code, the same accounting policies were used as in the consolidated financial statements. In preparing the separate statement of income, the company has availed itself of the exemption provided by Section 402 of the Code.

Assets and liabilities are measured, foreign currencies translated and profit determined in accordance with the same accounting policies of the consolidated financial statements as described earlier in this report.

In the Company financial statements, subsidiaries over which the Company has significant influence are recognised using the equity method of accounting. If the share of losses of Peixin International Group N.V. exceeds the value of the ownership interest in an associate, the bookvalue of the associate is reduced to nil in the statement of financial position and further losses are no longer recognised except to the extent that Peixin International Group N.V has legally enforceable or constructive obligation.

2. ADMINISTRATIVE EXPENSES

The audit and other accounting fees of the audit firm providing the audit opinion of the annual accounts are specified as follows:

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Audit annual account	32	
Other audit assignments	-	-
	32	

Number of employees

During the year ending 31 December 2015, the company had only one employee.

3. LONG-TERM INVESTMENT

	Year ended 31 December	
	2014	2015
	kEUR	kEUR
Contribution of shares	32,792	32,870
Result of group companies	30,055	43,344
	62,847	76,214

Investments in group companies are as follows:

	Share of issued Share capital in %	Shareholders' equity accordance with the last financial statements	Result in in accordance with the last financial statements
	%	kEUR	kEUR
Peixin International BVI	100%	76,214	43,34

4. RELATED PARTIES RECEIVABLES

(1) Nature of relationship with related parties:

Name	Relationship with the Company
Peixin International BVI	The subsidiary of the Company

(2)Significant balances between the Companyand the above related parties:

	As at 31 December 2014	As at 31 December 2015
	kEUR	kEUR
Peixin International BVI	1,771	1,771
	1,771	1,771

The amount due from Peixin International BVI was unsecured, non-interest bearing and receivable on demand.

5. RELATED PARTIES PAYABLES

(1) Nature of relationship with related parties:

Name	Relationship with the Company
Fujian Peixin	The subsidiary of the Company
Xie Qiulin	The director of the Company

(2) Significant balances between the Company and the above related parties:

	As at 31 December 2014	As at 31 December 2015
	kEUR	kEUR
Fujian Peixin	204	214
Xie Qiulin	634	647
	838	861

The amount due to Fujian Peixin and Xie Qiulin was unsecured, non-interest bearing and payable on demand.

The consolidated financial statements and the Company financial statements on page 2 to 48 were approved and authorized for issue by the Board of Directors on April, 2016 and are signed on its behalf by:

Xie Qiulin
DIRECTOR

Huang Zhimin
DIRECTOR

Xie Kaida
DIRECTOR

Li Ya
MEMBER OF THE SUPERVISORY BOARD

Shen Ming
MEMBER OF THE SUPERVISORY BOARD

Liem Tsong Lucien Tjon
MEMBER OF THE SUPERVISORY BOARD

Wu Rongfu
MEMBER OF THE SUPERVISORY BOARD

Du Zhanghe
MEMBER OF THE SUPERVISORY BOARD