



Dutch Caribbean Securities Exchange,
Listing Advisor

荷兰加勒比证券交易所上市保荐机构

Information Memorandum

**For the Listing of China Yuan Se International
Holding Group Co., Ltd**

*Incorporated under the laws of Cayman Business Companies Law CAP.22,
on the 24th day of August, 2017 with registered number OI-326348*



www.chinaccg.com

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2. Important Information and Notices

Dear investors,

This ‘memorandum for listing has been approved of China Yuan Se International Holding Group Co., Ltd. The only purpose of this file is to increase the current condition/exposure/ image of the company and to list the presently outstanding shares on the Dutch Caribbean Securities Exchange N.V. (“DCSX”), based in Curacao (Dutch Caribbean). Curacao is a country within the Kingdom of the Netherlands. The listed shares may and can be replaced on a one to one basis by listed Depository Receipts (DR’s) upon completion of the official issuance of such DR’s in full accordance with the legal and procedural requirements of the issuance and listing of such DR’s a demanded by the DCSX.

Thus, it is not comprehensive, and it does not include whole information that a future investor may wish to see when investigating investment opportunities. Potential future investors should not explain the content of this memo as a suggestion on legality, taxation, finance and so on, or as a relevant command or advice for the subscription, purchase, holding or disposition of the stocks. Every potential future investor should consult his or her independent professional advisor to evaluate the strengths and risks of investing in this company. You and your advisor must depend on your investigation about this company's stocks and list clauses to assess the advantages and risks.

The information memorandum does not constitute or form any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe to any securities. In any jurisdiction, it also should not, according to, form or rely on any part of the information memorandum, or the publication of the facts as the incentives to sign any contract. This information memorandum may be revoked at any time before the proposed listing, and it is especially subject to the terms of the information memorandum. This document intends to allow future investors to consider the relevant information and to make it clear that it will only be used for this purpose. China Yuan Se International Holding Group Co., Ltd. may consider future (initial) public offering. More information will be available to investors at this stage.

The document may include certain statements, estimates and financial projections provided by China Yuan Se International Holding Group Co., Ltd. These statements, estimates, and projections are based on a variety of assumptions that may or may not prove to be (completely) true or may be subject to disagreement. Each potential future investor should investigate and analyze the quotations and other information presented in the document. China Yuan Se International Holding Group Co., Ltd. does not have any obligation to provide any other information to the recipient in the provision of documents. The document does not constitute a recommendation, endorsement or recommendation of the value of the offering.

China Yuan Se International Holding Group Co., Ltd. expressly reserves the right to reject any or all of the tender offer or investment in the sole discretion, and at any time to notify any potential investor to terminate the discussion. Also, China Yuan Se International Holding Group Co., Ltd. definitely reserves the right to revoke, supplement, alter, modify, sort, or reduce the scope of the document and its subject under the rules and regulations of DCSX.

The information memorandum contains forward-looking statements, such as 'believe', 'estimate', 'expect', 'intend', 'may', 'will', 'shall', 'may', or 'should' and other similar words, and these statements involve risks and uncertainties. These statements are based on an assessment of the current economic and operating conditions, and some assumptions regarding the future events and actions, such as the date on which this information memorandum is expected to occur. As a result, these forward-looking statements are not guarantees of future performance, and they involve many known and unknown risks, unexpected uncertainties, assumptions and other important factors other than the company, the directors and the

management of the company. These factors and other factors could cause actual results to differ materially from those expressed in any forward-looking statements. Actual results and future results may differ from those expressed or implied by these forward-looking statements. Investors should pay attention and do not rely on such forward-looking statements. Our company cannot and does not guarantee the results, functions or achievements expressed or implied by the forward-looking statements contained in this information, and investors shouldn't depend on any of these forward-looking statements. All subsequent written and forward-looking oral statements are based on the above and the cautionary statements contained in the information record.

In some jurisdictions, the distribution of this document and stock issuance may be limited. Any person who manages the document and wishes to apply for the shares is responsible for his or her understanding and compliance with all applicable laws and regulations of any relevant jurisdiction. The potential applicants for the shares shall be aware of the applicable laws and regulations, and they should also understand by themselves the foreign exchange and tax regulations apply to their citizenship, residence and or country of residence.

The Ministry of Finance in Curacao, Dutch Caribbean, the Saint Martin & Curacao Central Bank, and the Dutch Caribbean Securities Exchange (DCSX) or any other county/government authority and/or agency of Curacao are not responsible for any information content of this memo, and also they do not make any statements or guarantees to the accuracy or completeness of the memo. What's more, the information content of the memo doesn't mean any approval, or authorization, or warranty, or commitment, or statement, or certification of any country/government.

The listed company and all its shareholders, directors and senior management personnel shall be responsible for the authenticity, accuracy, and completeness of the contents of this information memorandum. The Listing Adviser (LAD), Shanghai Chu Cheng Capital Management Co., Ltd., mentioned in the information memorandum shall not take any responsibility for the authenticity, accuracy or completeness of any information (finance, law or other) contained in the information memorandum, and also, it does not make any approval, commitment, statement, certification or guarantee to any information in the Memorandum. When making an investment decision, investors must rely on their independent examination and the provisions of this information memorandum, to consider the property and risks involved. Also, the contents of this information shall not be deemed to be legal, commercial or tax advice or any offer. Every investor should consult a lawyer, business or tax adviser for legal, commercial, or tax advice.

This information memorandum does not contain forward-looking statements or other information required to disclose under the requirements or regulations of any country or region's any regulators or law, other than DCSX's. Also, it should be noted that this information memorandum does not contain all information the investors may need to investigate the securities and the company. Prospective investors should perform the independent investigation, analyze and obtain related independent financial, tax and other professional advice, and information memorandum mentioned in this information, and other possible matters that may be related to investment decisions, and they should consult their advisers before investing in this company.

The securities to be listed by the company thru this Information Memorandum are the outstanding shares of the company. These shares may and can be replaced on a one to one basis by listed Depository Receipts (DR's) upon completion of the official issuance of such DR's in full accordance with the legal and procedural requirements of the issuance and listing of such DR's a demanded by the DCSX. Each Depository Receipt represents one share, and every Depository Receipt includes all beneficial rights to each corresponding share or stock. The DR is a security that has the same rights in all respects as the company's share. This shall be covered by separate contract. Specific provisions shall be included in the agreement between the company and the shareholders about Depository Receipts holders and their detailed rights. All shares owned by the shareholders of the company will be registered as Depository Receipts on the DCSX and in the Broker's agency system. The company and all the shareholders shall

undertake the responsibility of submitting all the information and details about shares and Depository Receipts accurately and completely to the DCSX and Broker, while DCSX and Broker do not have any responsibility for the company's internal shares and Depository Receipts administration.

The DR holders will enjoy interest on their holdings as if they were a shareholder. The company's Depository Receipt numbers will be consistent with the number of shares. Depository Receipts will be reserved in the form of electronic data. DCSX and Broker do not have the obligation to issue any Depository Receipts certificates to the shareholders. Only when the shareholders convert their shares to Depository Receipts can they become tradeable on the DCSX and Broker systems. DCSX and Broker will register and manage the Depository Receipts under the relevant rules. The company promises that during the listing of the company, DCSX and its Broker records shall prevail. Depository Receipts holders can choose to require the company to transfer their Depository Receipts into direct holdings of shares (this transfer should be carried out between the shareholder and the company), but if they do so, their stock will not be able to trade directly on the DCSX and Broker system. Each such conversion shall be done under proper documentation submitted to the Broker and the DCSX.

Potential investors should read the full text of this document and content, should be aware that the investment to the company is speculative and involves a certain degree of risk. Potential investors should also pay special attention to the 'risk factors and litigation' section of this document. Prospective investors should carefully consider all of their risks, including financial and tax issues, before deciding to invest and consult professional advice from their accountants, lawyers, and other professional advisors. The company is unable to provide any investors with any investor suitability or other relevant investment recommendations about investing the company. For such advice, each prospective investor must contact their independent professional consultant.

If you need any further information, please consult the stock Broker and other professional advisors.

The date of this Memorandum is November 15th, 2017

3. Issuer and the List of Institutions Related to the Listing

Issuer

China Yuan Se International Holding Group Co., Ltd.

The offices of Vistra(Cayman) Limited,

P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road Grand Cayman, KY1-1205 Cayman Islands.

Contact person: Zhang Haosong

Tel: +86-0371-56781198

E-mail: yuansgef@163.com

Chinese Operating Entity

Henan Yuanse Ecology Hotel Management Co., Ltd.

No.8 Eastern Shang Cheng Road, Guancheng District,

Zhengzhou City, Henan Province, China

Contact person: Zhang Haosong

Tel:+86-0371-56781198

E-mail: yuansgef@163.com

Listing Advisor

Shanghai Chu Cheng Investment Management Co., Ltd.

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Fax: +86-0510-85213258

E-mail: cyp@mail.ruilailaw.com

Auditor

Shanghai Jialiang CPAs Limited, Member of Russel Bedford International

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No.365 Xinzha Road, Huangpu District, Shanghai, China

Contact person: Wang Chunlong

Tel: +86-021-60452588

Fax: +86-021-60452599

E-mail: charles.w@jialiangcpa.cn

4. Company Overview

4.1 Business Structure

'China Yuan Se International Holding Group Co., Ltd.', Yuanse ('YS,') is a company registered in the Cayman Islands with legal existence. It is the company seeking to be listed this time. YS has 1521 shareholders. YS is the 100 % owner of the sub-company named 'China Yuan Se International Holding Group Co. Limited' registered in Hong Kong and subject to Hong Kong Government and its legal supervision which on its turn is the 100% owner of a sub-company named 'Shanghai Yi Bang Trading Co., Ltd'. Shanghai Yi Bang Trading Co., Ltd is a company incorporated and organized under the laws of China as a Wholly Owned Foreign Entity ('WOFE') which owns 100% of 'Henan province Yuan Se Industrial Limited Company', and 'Henan Yuanse Ecology Hotel Management Co., Ltd', 'Yuanse'.

'Yuanse ' is the actual operating entity company in China with actual business.

'Henan province Yuan Se Industrial Limited Company' does not operate any actual business now.



4.2 About the Company

'Henan Yuanse Ecology Hotel Management Co., Ltd' is 100% owned by 'China Yuan Se International Holding Group Co., Ltd.,' a company incorporated and registered under the law of Cayman Islands. 'Henan Yuanse Ecology Hotel Management Co., Ltd' is a company incorporated and organized under the laws of China on October 18th, 2017.

'Henan Yuanse Ecology Hotel Management Co., Ltd' holds the validated business license (Uniform social credit code: 91410104MA3XG80523) issued by Market Supervision and Administration of the Zhengzhou City, Guancheng Huizu District on October 18, 2017.

- a) Company Name: Henan Yuanse Ecology Hotel Management Co., Ltd
- b) Type of Company: Limited liability company
- c) Domicile: No.8 Eastern Shang Cheng Road, Guancheng District, Zhengzhou City
- d) Legal Representative: Mr. Wu Simao
- e) Registered Capital: 60 million CNY
- f) Date of Establishment: December 2rd, 2016.
- g) Operating Period: Long Term
- h) Business Scope: Accommodation, catering service (with valid permit to operate); Hotel management consulting; Enterprise management consulting; Conference and exhibition planning; Culture and art communication activities planning; Sales: pre-packaged food, retail tobacco (above two with valid permit to operate). The more information of YS shows below.

4.3 Company's Operation

YS and its ultimate subsidiary 'Henan Yuanse Ecology Hotel Management Co., Ltd' (hereafter often together referred to as YS) is a company adopting the idea of 'The Original Ecology,' which integrates the aquaculture, ecological plantation, catering services, the development, production, supply, and sale of the food products. YS wants to build an agroecological system to improve the quality of the restaurant industry. Further details about the business overview will be found in the Section 6 of this Information Memorandum. Further details about the background of the Directors and Executive Management Team will be found in Section 8 of this Information Memorandum.



5. Terms of the Issuance and Investment Overview

The information provided in this section is not comprehensive and should be read in conjunction with the information memorandum.

Company nature

The company is a limited liability company incorporated in the Island of Grand Cayman on 24th August 2017. The company owns 100% stock of China's operating entity company, Henan Yuanse Ecology Hotel Management Co., Ltd. The company has issued a total of 200 million ordinary shares on the submission day of the information memorandum. Till the submission date of this memorandum, the company's shares are not listed in other jurisdictions. The company's listed securities will ultimately be Depository Receipts as explained in this memorandum hereabove. The investment in shares or Depository Receipts or other securities involves risks, and investors themselves shall have to consider the risk involved.

Listing Adviser (LAD)

Shanghai Chu Cheng Investment Management Co., Ltd is a Chinese company and has been recognized as a licensed DCSX Listing Adviser (LAD) by DCSX. The company has appointed it as Listing Adviser (LAD) under the Listing Rules of DCSX. The mission of Shanghai Chu Cheng Investment Management Co., Ltd is to assist the company to be listed in the DCSX. But Shanghai Chu Cheng Investment Management Co., Ltd is not responsible for the authenticity, accuracy or completeness of any information (financial, legal or other) contained in the Memorandum, and also it doesn't make any approval, commitment, statement, certification or guarantee to the information of the information memorandum.

The listing in DCSX and fund-raising purposes

As mentioned before the company intends to apply by way of compliance listing of the presently issued and outstanding shares or future Depository Receipts that correspond to those existing issued shares. During the period of the listing of these shares or their future corresponding Depository Receipts new securities won't be issued. In other words, the company did not raise or will raise or provide new funds with this listing. However, the company and/or its shareholders may wish to trade the Depository Receipts corresponding to their existing shares through listing on the DCSX.

The company does not exclude the possibility of raising funds through the issuance of new securities in the future but will prepare and declare relevant and necessary documents and procedures under the laws or listing rules including the submission of a new Information Memorandum.

Sales period commitment

Currently, the company's board of directors holds a total of 60.39% shares. To provide potential investors with some extent of comfort toward the long-term expectation of the shareholders of the company, all directors of the company (hereinafter referred to as the 'restricted shareholders') have agreed not to trade any of their stocks or securities in any form within 12 months from the date of listing on the DCSX and/or being able to trade (once converted to Depository Receipts). To assure non-violation of the above and the applicable law, each restricted shareholder will agree not to sell or distribute the company's shares or securities publicly or privately, and not to convert or exchange their shares or securities into any other securities, options or rights, during this period.

However, as to the company's total issued share capital, the restricted commitment mentioned above will not apply to a possible tender offer. A more than 51% equity purchase offer can be regarded as a buyout offer, and if the board of directors decides to accept the offer, the stock or security transaction caused by it can be exempt from the above commitments, such a buyout shall be submitted for approval first to the DCSX.

The stock options

On the issued date of this information memorandum, the company or the group does not have any other unrevealed stock option commitment.

The Registration/transaction of the Depository Receipts

The company will issue Depository Receipts corresponding to the issued and outstanding shares, but will not issue any certificates. With the listing of the company's Depository Receipts on the DCSX, the DCSX and its Broker will register and manage the securities. The DR securities may be traded in the market, but the company will and cannot make any guarantee of their liquidity. The company agrees that the company and all the shareholders should take the responsibility of submitting all complete and accurate information about the shares/stocks and the replacing Depository Receipts to the DCSX and brokers, while the DCSX and Broker do not take any responsibility for the shareholders and Depository Receipts in that respect. The trading of securities shall comply with the Articles of the company and any restrictions, which apply to the shares of the company. Also, after the listing, the registration and trading of securities must at all times remain compliant with the laws and regulations of DCSX and other relevant regulators.

The company agrees that the holders of the Depository Receipts have the same rights as ordinary shareholders registered in their names. Meanwhile, when the company holds a general meeting of shareholders, the Depository Receipts holders should also be notified, And the company allows Depository Receipts holders to exercise the same voting rights as direct shareholders.

At the same time, the company agrees that the holder of the Depository Receipts may transfer any of its securities into a direct share at any time. But the company promises, this must be informed to the DCSX and its Broker according to the notification procedures of the DCSX and Broker. After receipt of the notification and appropriate acknowledgement by the DCSX, the related Depository Receipts will be canceled. In such situation the company promises the issuing the registered shares / stock to the holders. But those shares will no longer be able to trade in DCSX.

Listing cost

The cost of the listing and all other directly attributed costs (including audit fees, legal fees, and other professional costs) associated with the listing are paid by the existing funds of the company.

Inquiry

Any inquiry on / about this information memorandum about listing should be dealt with in the company's register office.

Further investment notification

In the present, the company does not want to do any fund-raising due to the development stage of the company. However, the company might need to do the fund-raising in the future for the better development. For example, the company might invest in the high-technical equipment in the kitchen, such as the robot to reduce the labor cost, the expansion for the branches, development for the supply chain system, increase the area of the plant, enhance the human resources, etc.

6. Business Overview

6.1 Executive Summary

Henan Yuanse Ecology Hotel Management Co., Ltd adopts the idea of 'Original Ecology', the company is headquartered in the Zhengzhou City, Henan Province, China. It is a city in the Central Plains Economic Zone. Also, Henan Yuanse Ecology Hotel Management Co., Ltd is an ecological restaurant and hotel which focuses on the 'Yu-cuisine', one of the famous cuisines in China. It now has six different branches located in Henan province. Four in each direction of Zhengzhou City, one in Pingdingshan City and another one in Luoyang City. The company's business practices include aquaculture, ecological plantation, catering services, food product research development, food product supply and food product sales. To be more specific, it aims to combine natural resources and catering service, focusing on a complete supply chain from producing its own produce to serving end customers. The ultimate goal is to ensure highest quality of the products produced.

Development History

The company's original business model is the so-called 'ecology garden', which is a Chinese style entertainment business model. People who visit the garden can enjoy fishing, dining, relaxing and other types of leisure activities within an excellent atmosphere in ecological environment. The company's Executive Director and Executive Chairman, Mr. Wu Simao, is also the shareholder, legal representative, chairman of the board of directors and general manager at Henan Yuanse Ecological Agriculture Co., Ltd. The company has possessed the sole right to use of the famous artificial lake, Suya Lake, for 30 years now. The right to use includes use of aquaculture and fishing. Mr. Wu saw the success of Henan Yuanse Ecological Agriculture Co., Ltd., and decided to create Henan Yuanse Ecology Hotel Management Co., Ltd., in doing so he successfully integrate existing resources and, developed a complete supply chain to minimize cost and maximize profit.

Before establishing Henan Yuanse Ecology Hotel Management Co., Ltd., some vegetables planted under Henan Yuanse Ecological Agriculture Co., Ltd. had to be thrown away because the supply is higher than the demand; and the quality and freshness of the produce for the ecology garden could not be ensured. After the creation of the hotel management company, Henan Yuanse Ecological Agriculture Co., Ltd. can now supply these produce to Henan Yuanse Ecology Hotel Management Co.; also the Henan Yuanse Ecology Hotel Management Co., Ltd. can ensure the quality and the freshness of the foods with reasonable cost. Therefore, both companies benefit.

In the next section we will provide more details on our products and services, marketing strategy and technical service system, products' supplier and main cooperation organization, development strategy, permit and licenses, related parties, and main competitors.

6.2 Products and Services

Catering Services

The primary field of the business is the catering services that provide 'Yu-cuisine' that is one of the famous cuisines in China.

In China, local cuisines can be categorized into four different styles, Eastern, Western, Southern, and Northern; they each specialize in flavors of sweetness, saltiness, spiciness and sourness. The 'Yu-cuisine,' focuses on combining these styles with a mild taste.

This company concentrates on innovative research and development of the foods and already have more than 100 dishes on their menu; the company will renew their menu every three months. On the other hand, based on the advantages of the food supply, the company's dishes focus more on health, nature and nutrition. Specific dishes also have some special features such as containing high level of vitamins and helping to reduce the probability of getting certain types of cancer. To ensure the quality of the catering services, YS focuses on aquaculture, ecological plantation, centralized management and service level.

Aquaculture

For aquaculture, YS strategically established a supplier that is Henan Yuanse Ecological Agriculture Co., Ltd, which prepares a specific aquaculture base for the company. This aquaculture base has good quality of water, various species of fish and ample sunshine. Sometimes, the company also sell these products to other restaurants.

Ecological plantation

For the ecological plantation, Henan Yuanse Ecological Agriculture Co., Ltd also prepared a specific land which has good heat preservation, moisture, lighting and ventilation. It also uses organic fertilizer and artificial pest control management without pesticides. Sometimes, the company also sells these products to other restaurants.

Centralized management

The company founded ‘Yuanse Central Kitchen’ for centralized management that focuses on the research and development of the foods, food procurement and cooking. As a result, it can maintain a same standard for different branches.

Service level

The company also focuses on their service level. When the customers come for dining, the staff will introduce themselves first. During the service, staff stays put and refill drinks. When staff serves food, they will introduce the dishes as well. At the end of the meal, staff will ask customers to take a quick survey in order to gain insights that help improve their services. Then the staff will send the customers off at the gate.

Below pictures are some of the company’s products.



6.3 Marketing Strategy and Technical Service System

Marketing Strategy

YS's marketing strategy is a system of membership program, where members deposit money in their accounts. To be more specific, if the customer deposits 30,000 CNY, he or she can get two-days free trip to the Suya Lake. If the customer deposits 50,000 CNY, he or she can get five-days free trip to the Suya Lake. Meanwhile, YS will launch 30 new dishes every month and different types of promotion and discount.

Technical Service System

By adopting the domestic business development strategy designed by the Chinese government, 'The 13th Five Years' Development Plan', which includes agricultural reform with a focus on supplier upgrading, YS developed a complete supply chain from planting the produce to serving food to customers' tables, in order to take full advantage of their natural resources. Meanwhile, YS also founded the 'Yuanse Central Kitchen' to improve the quality of the foods for their end customers.

Now, YS can provide the ingredients for cooking that will be used in the 'Yuanse Central Kitchen'; it also has its own delivery team. As a result, YS can reduce the cost, improve the efficiency of the operation and the quality of the food from their fully developed supply chain system; this proves that YS can meet different customer's demands and tastes, for different expectations on service levels. By combing the agricultural resources and catering services, YS wants to develop an agroecological style to improve the standard of the catering service industry.

The purpose of establishing the 'Yuanse Central Kitchen' is to provide their consumers with more food and beverage products that contain distinctive features, guarantees the quality of goods, and sanitary standard of the consistency. On the other hand, by selling and using their produce in different outlets it also reduces the processing cost and inventory. In conclusion, 'Yuanse Central Kitchen' will accelerate the development of YS.

At the moment, YS has already established six ecological hotels in Henan province, with the symbolic idea of 'Original Ecology'. Each hotel can accommodate more than 300 people and serve meals in a comfortable environment with a unique and natural taste of their own produce.

6.4 Products' Supplier and Main Cooperation Organization

The main supplier and cooperation's are shown below:

- *Zhengzhou Jinshui District Youliang Vegetables Shop*
- *Zhengzhou Guancheng Huizu District Genji Vegetables Shop*
- *Zhengzhou Jinshui District Yunya Wild Mushroom Dry Goods Shop*
- *Henan Yuanse Ecological Agriculture Co., Ltd.*

Zhengzhou Jinshui District Youliang Vegetables Shop

Zhengzhou Jinshui District Youliang Vegetables Shop is one of the primary suppliers of the vegetables due to the high demand of fresh vegetables throughout the whole year.

Zhengzhou Guancheng Huizu District Genji Vegetables Shop

Zhengzhou Guancheng Huizu District Genji Vegetables Shop is also one of the primary suppliers of the vegetables due to the high demand of fresh vegetables throughout the whole year. It is also the primary supplier of seasoning products such as oil, salt, sauce, vinegar, etc. This shop is near the headquarter of the company, therefore it is easy for YS to pickup supplies.

Zhengzhou Jinshui District Yunya Wild Mushroom Dry Goods Shop

Zhengzhou Jinshui District Yunya Wild Mushroom Dry Goods Shop is the primary supplier of the mushroom that is mainly used for making soup and porridge.

Henan Yuanse Ecological Agriculture Co., Ltd.

Henan Yuanse Ecological Agriculture Co., Ltd. is the most essential strategic supplier for YS, which is one of the related companies of Mr. Wu Simao, chairman of the board of directors of YS, shareholder, legal representative, chairman of the board of directors and general manager of Henan Yuanse Ecological Agriculture Co., Ltd.

Ms. Zhang Liping and Ms. Cheng Li are also directors of this company. Henan Yuanse Ecological Agriculture Co., Ltd. supplies around 70% of the meat, vegetables, fish and eggs for YS. Meanwhile, YS also invests in this company in the aquaculture and ecological plantation.

6.5 Development Strategy

In 2018, YS plans to invest more than 60 million CNY to establish branches of the Yuanse Ecological Hotel. The objective for the first half of the year is to open 10 to 12 branches, and at the end of 2018, the number of branches should increase to around 30. YS believes that their Ecological Hotel will open throughout China within three years.

The primary service concept and principle of YS is 'Ecology, Cooperation, Health, and Continuation'. Customers can eat healthy food and feel at home on their premises. In addition, YS aims to provide customers with specialized, friendly, personalized and considerate services. Promoting special diet, healthy diet and the 'Original Ecology' diet is also one of their strategies. The ultimate goal of YS is to become one of the most famous original ecological catering brands in China.

6.6 Permit and Licenses

YS has the permit and licenses required to operate its business, including the Business License and the Food Production License.

Business License

Business License

(Duplicate copy)

Uniform social credit code:
91410104MA3XG80523

- a) Company Name: Henan Yuanse Ecology Hotel Management Co., Ltd.
- b) Type of Company: Limited liability company
- c) Domicile: No.8 Eastern Shang Cheng Road, Guancheng District, Zhengzhou City
- d) Legal Representative: Mr. Wu Simao
- e) Registered Capital: 60 million CNY
- f) Date of Establishment: December 2nd, 2016.
- g) Operating Period: Long Term
- h) Business Scope: Accommodation, Catering service (with valid permit to operate); Hotel management consulting; Enterprise management consulting; Conference and exhibition planning; Culture and art communication activities planning; Sales: pre-packaged food, retail tobacco (above two with valid permit to operate).

Issued by Zhengzhou City, Guancheng Huizu District



Food Production Licens

Food Production License

- a) Producer Name: Henan Yuanse Ecology Hotel Management Co., Ltd. g) License Number: JY24101040036957
b) Social Credit Code: 91410104MA3XG80523 h) Daily Supervision and Management Organization: Food and Drug Administration of Guancheng Huizu District in the Zhengzhou City
(Identity Card Number)
c) Legal representative(Person in Charge): Wu Simao i) Daily Supervisors: Zhang Fei, Wang Haijuan
d) Domicile: No.8 Eastern Shang Cheng Road, Guancheng District, Zhengzhou City, China j) Complain Call: 12331
e) Production Address: No.8 Eastern Shang Cheng Road, Guancheng District, Zhengzhou City, China k) License Issuing Authority; Food and Drug Administration of Guancheng Huizu District in the Zhengzhou City
f) Food Type: Pre-packaged food (Withou frozen food), hot food products l) Issuer: Shang Guanrui
to produce and sell 5th May, 2017

Valid till 04th May, 2022



食品经营许可证

经营者名称: 河南源色生态酒店管理有限公司

社会信用代码: 91410104MA3XG80523
(身份证号码)

法定代表人(负责人): 吴四毛

住所: 郑州市管城区商城东路8号

经营场所: 郑州市管城区商城东路8号

主体业态: 餐饮服务经营者(小型餐馆)

经营项目: 预包装食品销售(不含冷藏冷冻食品),
热食类食品制售

许可证编号: JY24101040036957

日常监督管理机构: 郑州市管城回族区食品药品监督管理局

日常监督管理人员: 张飞 王海娟

投诉举报电话: 12331

发证机关: 郑州市管城回族区食品药品监督管理局

签发人: 上官香

2017 年 05 月 05 日

有效期至 2022 年 05 月 04 日



6.7 Related Parties

Below information is provided by Chinese national enterprise credit information public system and updated by www.qichacha.com (Updated until 2017.10.31).

Henan Yuanse Ecological Agriculture Co., Ltd.

Mr. Wu Simao, the chairman of the board of directors of YS, is the shareholder, legal representative, chairman of the board of directors and general manager of the Henan Yuanse Ecological Agriculture Co., Ltd. Ms. Zhang Liping and Ms. Cheng Li are the directors of this company.

- a) Company Name: Henan Yuanse Ecological Agriculture Co., Ltd.
- b) Uniform social credit code: 91411727060014973U
- c) Date of Establishment: Dec 24th, 2012
- d) Domicile: Runan Country, Laojunmiao Town, Yanzhai Village
- e) Legal Representative: Mr. Wu Simao
- f) Type of Company: Company limited by shares
- g) Registered Capital: 87.318091 Million CNY
- h) Business Scope: Inland aquatic products breeding; Planting trees; Mutton sheep breeding; Pre-packaged food, Daily necessities, Cosmetics sales; Frozen food sales; Tourism; Leisure Pension. * *

The two companies do not have the overlapping business scope, and therefore do not form a horizontal competition; furthermore, YS can get benefit due to the sales and marketing.

Henan Zhongshi Asset Management Co., Ltd.

Mr. Wu Simao, the chairman of the board of directors of YS, is also the shareholder, legal representative, executive director and general manager of the Henan Zhongshi Asset Management Co., Ltd.

- a) Company Name: Henan Zhongshi Asset Management Co., Ltd.
- b) Uniform social credit code: 914101003957446879
- c) Date of Establishment: August 15th, 2014
- d) Domicile: No. 230, 2rd Floor, No. 7th building, Wuxingjiayuan, 7 Shangwunehuan Road, Zhengdong New District, Zhengzhou City
- e) Legal Representative: Mr. Wu Simao
- f) Type of Company: Limited liability company
- g) Registered Capital: 50 Million CNY
- i) Business Scope: Enterprise asset management; With its own funds for tourism, real estate, construction investment; Enterprise assets reorganization merger plan; Enterprise management consulting; Entrusted financial institutions engaged in financial information technology outsourcing; Entrusted financial institutions engaged in financial business process outsourcing; With financial institutions engaged in financial knowledge process outsourcing.

The two companies do not overlap their business scope, and therefore do not create a horizontal competition. Furthermore, the latter's business can benefit the former's sales and marketing in the future.

Zhumadian Wusimao Ecological Garden Co., Ltd.

Mr. Wu Simao, the chairman of the board of directors of YS, is also the shareholder, legal representative, Executive director and general manager of the Zhumadian Wusimao Ecological Garden Co., Ltd.

- a) Company Name: Zhumadian Wusimao Ecological Garden Co., Ltd.
- b) Uniform social credit code: 91411700317529279E
- c) Date of Establishment: November 11th, 2014
- d) Domicile: Runan Country, Laojunmiao Town, Yanzhai Village
- e) Legal Representative: Mr. Wu Simao
- f) Type of Company: Limited liability company
- g) Registered Capital: 30 Million CNY
- h) Business Scope: Fruit and vegetable planting and harvest; Catering service

The two companies do not have the overlapping business scope, and therefore do not form a horizontal competition; furthermore, the latter's business can benefit the former's sales and marketing in the future.

Henan ZhongCai Depu Certified Public Accountants Co., Ltd.

Mr. Liu Jianxin, the Independent Non-Executive Director of YS, is also the legal representative, shareholder, Executive director and general manager of the Henan ZhongCai Depu Certified Public Accountants Co., Ltd.

- a) Company Name: ZhongCai Depu Certified Public Accountants Co., Ltd.
- b) Uniform social credit code: 914101007694895115
- c) Date of Establishment: December 24th, 2004
- d) Domicile: No.14, Daxue Road, 27 District, Zhengzhou City
- e) Legal Representative: Mr. Liu Jianxin
- f) Type of Company: Limited liability company
- g) Registered Capital: 1 Million CNY
- h) Business Scope: Audit (review enterprise accounting statements, and issue the audit report; Validation enterprise capital, shall issue a capital verification report; Enterprise merger, division or liquidation matters in the audit business to issue the relevant report; Laws, administrative rules and regulations of other auditing business), accounting consultancy and accounting services.

The two companies do not have the overlapping business scope, and therefore do not form a horizontal competition.

Wuhan Trust Construction Cost Consultation Co., Ltd. (Henan branch)

Mr. Liu Jianxin, the Independent Non-Executive Director of YS, is also the legal representative in the Wuhan Trust Construction Cost Consultation Co., Ltd (Henan branch).

- a) Company Name: Wuhan Trust Construction Cost Consultation Co., Ltd. (Henan branch)
- b) Uniform social credit code: 914101053495416194
- c) Date of Establishment: July 29th, 2015
- d) Domicile: No.37, No.8 Building, No.1 Yard, Gangshe Street, Jinshui District, Zhengzhou City
- e) Legal Representative: Mr. Liu Jianxin
- f) Type of Company: Limited liability company
- g) Registered Capital: Unclear
- h) Business Scope: The construction industry

The two companies do not have an overlapping business scope, and therefore do not form a horizontal competition.

Henan Depu Engineering Cost Consulting Firm Co., Ltd.

Mr. Liu Jianxin, the Independent Non-Executive Director of YS, is also the shareholder and supervisor of the Henan Depu Engineering Cost Consulting Firm Co., Ltd.

- a) Company Name: Henan Depu Engineering Cost Consulting Firm Co., Ltd.
- b) Uniform social credit code: 91410100785051587Y
- c) Date of Establishment: January 19th, 2006
- d) Domicile: No.14, Daxue Road, 27 District, Zhengzhou City
- e) Legal Representative: Mr. Feng Yang
- f) Type of Company: Limited liability company
- g) Registered Capital: 1 Million CNY
- h) Business Scope: Project settlement and auditing; Engineering cost consulting (with professional certification can be operated); Engineering bidding agent consultation. (the scope involves state laws and regulations should be the approval to operate the project, without examination and approval cannot operate the business above).

The two companies do not overlap their business scope, and therefore do not create a horizontal competition.

Henan ZhongCai Tax Accountant Office Co., Ltd.

Mr. Liu Jianxin, the Independent Non-Executive Director of YS, is also the shareholder of the Henan ZhongCai Tax Accountant Office Co., Ltd.

- a) Company Name: Henan ZhongCai Tax Accountant Office Co., Ltd
- b) Uniform social credit code: 91410105729619772Q
- c) Date of Establishment: June 29th, 2001
- d) Domicile: Fu No.5, No. 39, Weiwu Road, Zhengzhou City
- e) Legal Representative: Mr. Zhang Shufeng
- f) Type of Company: Limited liability company
- g) Registered Capital: 1 Million CNY
- h) Business Scope: Tax consulting, tax agent registration and tax returns, agent billing (Above certificated required). (The scopes above need the special permissions and certifications to operate).

The two companies do not overlap their business scope, and therefore do not create a horizontal competition.

Henan Xiangrong Flour Industry Co., Ltd.

Mr. Liu Jianxin, the Independent Non-Executive Director of YS, is also the supervisor of the Henan Xiangrong Flour Industry Co., Ltd.

- a) Company Name: Henan Xiangrong Flour Industry Co., Ltd.
- b) Uniform social credit code: 91410900615022185H
- c) Date of Establishment: April 3rd, 2002
- d) Domicile: Qiantai county, ShangZhuang industrial District, Henan Province
- e) Legal Representative: Mr. Cao Zhixue
- f) Type of Company: Company limited by shares
- g) Registered Capital: 41.58 Million CNY
- h) Business Scope: Flour, noodle, powder, bran, processing and sales;Wheat procurement;Operating import and export business.

The two companies do not overlap their business scope, and therefore do not create a horizontal competition.

Henan Fuxin New Energy Co., Ltd

Mr. Zhai Jiacan, the Independent Non-Executive Director of YS, is also the supervisor of the Henan Fuxin new energy co., Ltd.

- a) Company Name: Henan Fuxin New Energy Co., Ltd.
- b) Uniform social credit code: 410100400006113
- c) Date of Establishment: October 25th, 2010
- d) Domicile: No.2201, No.11 Building, Shangwunehuan Road, Zhengdong New District, Zhengzhou City
- e) Legal Representative: Mr. Chen Changzhi
- f) Type of Company: Limited liability company (Taiwan, and domestic joint ventures)
- g) Registered Capital: 50 Million CNY
- h) Business Scope: The business consulting services for using the clean energy and the energy infrastructure (Involving scopes required licenses and certifications to operate).

The two companies do not overlap their business scope, and therefore do not create a horizontal competition.

6.8 Main Competitors

Below information is provided by Chinese national enterprise credit information public system and updated by www.qichacha.com (Updated until 2017.10.31).

For the convenience of investors, the company lists as many competitors as possible in the same industry, but, the company cannot list all competitors, and has no right to unilaterally evaluate the subjective merits of the competitor. The following is not an exhaustive list and does not represent any evaluation of possible competitors in the same industry. The below competitors are the main ones at this moment for Henan Yuanse Ecology Hotel Management Co., Ltd..

Competitive Advantages

The company has three main competitive advantages, which are their natural resources, human resources and their unique products.

For the natural resources: With the cooperation of their primary supplier, Henan Yuanse Ecological Agriculture Co., Ltd., the company shares the resources for planting and breeding, as well as ensuring the quality of their ingredients for cooking. More details about Henan Yuanse Ecological Agriculture Co., Ltd. can be found in section 7.1.

For the human resources: Zhumadian City, Henan province is one of the most significant human resources center in China. Therefore, the company can hire high standard employees for a

optimal price.

For the unique products: The company is located in Henan province, the original homeland for ‘Yu-cuisine,’ one of the most famous cuisines in China. More advantages and investment highlights can be found in section 7, the main competitors of the company can be found in section 6.8

Henan Azhuang Delicious Food co., Ltd.

- a) Company Name: Henan Azhuang delicious food Co.,Ltd.
- b) Uniform social credit code: 410116569831263
- c) Date of Establishment: March 4th, 2011
- d) Domicile: No. 3, 1st floor, No. 12 building, Southern Hongwei Street (Zhenghongshan), Zhengdong New District (Western Tongtai Road), Zhengzhou City
- e) Legal Representative: Mr. Wang Tiezhuang
- f) Type of Company: Limited liability company
- g) Registered Capital: 10 Million CNY
- h) Business Scope: Catering services (Including cold dish, do not contain raw seafood and piping cake). (Can operate the above business scope with valid licenses)

Henan Shifu Catering Management Co., Ltd.

- a) Company Name: Henan Shifu Catering Management Co.,Ltd.
- b) Uniform social credit code: 91410100326813570Q
- c) Date of Establishment: December 31st, 2014
- d) Domicile: No. 136, 1st-2nd floor, No. 19 Building, No. 12 Shangding Road, Zhengdong New District, Zhengzhou City
- e) Legal Representative: Mr. Cheng Huawei
- f) Type of Company: Limited liability company
- g) Registered Capital: 1 Million CNY
- h) Business Scope: Corporate marketing planning, catering services, computer software development, sales: primary agricultural products, handicrafts, tourism management, consulting, culture and art communication planning, packaging design, economic and trade consultation and electronics technology development and maintenance, graphic design, and photography services.

7. Company Advantages and Investment Highlights

7.1 **Natural Resources**

One of the company's strategic partners is Henan Yuanse Ecological Agriculture Co., Ltd, which owns the using right of the famous artificial lake, Suya Lake, for 30 years. The right to use includes the right for the aquaculture and fishing. Suya Lake provides large quantities of fish every year and has around 30 types of fish. There is large wetland nearby the Suya Lake, which can provide fruits, vegetables, and other ecological agricultural products. This wetland can produce fish, turtle, shrimp, crab, pigs, sheep, chicken, duck and goose, which are grown naturally with the foods from the Suya Lake. In winter, the Henan Yuanse Ecological Agriculture Co., Ltd has its organic vegetable greenhouse, to ensure the supply of foods and fulfill the demand throughout the whole year. Therefore, this supplier helps YS guarantee the products' quality and brand development.

7.2 **Automation Equipment**

One of the company's related company, Henan Yuanse Industrial Co., Ltd., focuses on the automation equipment development, which can produce walnut cake, sauce, noodle, biscuits, cooked food with vacuum packaging, etc. Right now the company is waiting for the QS certification, which can help YS's products to reach more customers in the future.

7.3 **Brand Development**

Brand Reputation

Henan Yuanse Ecology Hotel Management Co., Ltd has an excellent reputation in the Henan province with a symbolic ethos of 'Original Ecology.' Therefore, it attracts massive customers and lots of investors that wants to join their branches.

Brand Operation Strategy

Henan Yuanse Ecology Hotel Management Co., Ltd does not only have high standard products with an excellent reputation, but also has its own high-efficiency operation system and business model that can improve the profits and reduce the costs for the operation.

7.4 **Management Team**

Henan Yuanse Ecology Hotel Management Co., Ltd also focuses on human resource development. The majority of their employees are optimistic, pragmatic, enterprising, treating the company as their own with a positive mindset.

8. Directors and Senior Management

Directors

Director Name	Position
Mr. Wu Simao	Executive Director / Executive Chairman
Ms. Cheng Li	Executive Director
Ms. Zhang Liping	Executive Director
Mr. Liu Jianxin	Independent Non-Executive Director
Mr. Zhai Jiaca	Independent Non-Executive Director



Mr. Wu Simao, Executive Director / Executive Chairman

Mr. Wu Simao is the Executive Director and Executive Chairman of the company. Mr. Wu graduated from The First Middle School in Zhumadian City. In his early stage, he devoted himself to doing business in aquaculture and passenger transport services. Mr. Wu has a rich experience of doing business, which is beneficial to managing the company's business.

Mr. Wu Simao, aged 51, is a resident of China. Home address: Room 3, Unit 1, Building 3, No.100, Fengguang Road, Yicheng District, Zhumadian City, Henan Province.



Mrs. Cheng Li, Executive Director

Mrs. Cheng Li is an Executive Director of the company. Mrs. Cheng graduated from the Henan University of Technology with major in mechanical engineering. She is highly skilled at office management, operation, and HR coordination. At this moment, Mrs. Cheng is working in Yuanse Aquaculture Limited Company and is one of the shareholders in Yuanse Holding Group Co., Ltd.

Mrs. Cheng Li, aged 58, is a resident of China. Home address: Room 25, Building 5, No.24 Yard, Huanghe Road, Jinshui District, Zhengzhou City, Henan Province.



Mrs. Zhang Liping, Executive Director

Mrs. Zhang Liping is an Executive Director of the company. Mrs. Zhang graduated from The Nineteenth Middle School in Luoyang City. She worked in the Zhengzhou Nissan Co., Ltd for 17 years. Mrs. Cheng is good at dealing with interpersonal relationship, enterprise operation and management. Now Mrs. Zhang is working in Yuanse Aquaculture Limited Company and is one of the shareholders in Yuanse Holding Group Co., Ltd.

Mrs. Zhang Liping, aged 56, is a resident of China. Home address: Room 29, Building 7, No.307 Yard, Nanyang Road, Jinshui District, Zhengzhou City, Henan Province.



Mr. Zhai Jiakan, Independent Non-Executive Director

Mr. Zhai Jiakan is an independent Non-Executive Director of the company. Mr. Zhai obtained the bachelor's degree from Henan Radio and Television University majoring in financial management. He also holds the title for the senior accountant, auditor, and economist Level-Two Intermediate, and he has the certification for the accountant's practice qualification as well. At present, Mr. Zhai is working in the Henan of Kun Yuan Agriculture and Animal Husbandry Science and Technology Co., Ltd as a finance director.

Mr. Zhai Jiachan, aged 48, is a resident of China. Home address: Room 43, Building 15, No.2 Yard, Fengqing Road, Jinshui District, Zhengzhou City, Henan Province.



Mr. Liu Jianxin, Independent Non-Executive Director

Mr. Liu Jianxin is an independent Non-Executive Director of the company. Mr. Liu graduated from the Henan institute of finance and economics majoring in accounting. He also holds the certifications for the public accountants, certified asset appraiser, judicial accounting appraisal, and professional and technical credentials. At present, Mr. Liu is working in the Henan ZhongCai Depu Certified Public Accountants Co., Ltd as a senior accountant.

Mr. Liu Jianxin, aged 61, is a resident of China. Home address: Room 37, Building 8, No.1 Yard, Gangshe Road, Jinshui District, Zhengzhou City, Henan Province.

Senior Management

Name	Position
Mr. Wu Simao	Chief Executive Officer, CEO
Ms. Wei Lijuan	Chief Financial Officer, CFO
Mr. Zhang Haosong	The Board Secretary/ Chief Human Resource
Mr. Wang Pengfei	Vice Present/ Chief Marketing Officer
Mr. Zhou Baohui	Vice Present/ Chief Product Development Officer



Mr. Wu Simao, Chief Executive Officer, CEO

Mr. Wu Simao is the Executive Director and Executive Chairman of the company. Mr. Wu graduated from The First Middle School in Zhumadian City. In 2012, Wu Simao Ecological Garden Limited Company was established by him. At the same year, he found Yuanse Aquaculture Limited Company. In the year of 2016, he created the Yuanse Ecological Hotel Management Limited Company.



Ms. Wei Lijuan, Chief Financial Officer, CFO

Ms. Wei Lijuan is the CFO of the company. She graduated from the Henan finance and economics university of political science and law. She holds the certification for CMA and Intermediate English level 6. Ms. Wei has more than 10 years' experience with finance in different firms.

Ms. Wei Lijuan, aged 34, is a resident of China. Home address: Room 52, Eastern 3 Huan, Zhengzhou City, Henan Province.



Mr. Zhang Haosong, The Secretary of the Board

Mr. Zhang Haosong is the Secretary of the Board of the company. He graduated from the Zhengzhou University. He has more than ten years' working experience in different fields, such as insurance, property, logistics, industry, etc. Mr. Zhang is good at communication, capital operation, and management.

Mr. Zhang Haosong, aged 39, is a resident of China. Home address: Room 52, Building 1, No.78 Yard, Weiwu Road, Jinshui District, Zhengzhou City, Henan Province.



Mr. Wang Pengfei, Vice Present/ Chief Marketing Officer

Mr. Wang Pengfei is the Vice Present and Chief Marketing Officer of the company. Mr. Wang graduated from Vocational Technical Institute which located in Zhumadian City Henan province. After graduation, Mr. Wang started to sell candies, alcohol and cigarettes. Two years later, he has been working in Yuanse Aquaculture Limited Company.

Mr. Wang Pengfei, aged 49, is a resident of China. Home address: Room 10, Unit 6, Weizhuang Village, Shenzhai Town, Suiping County, Zhumadian City, Henan Province.



Mr. Zhou Baohui, Vice Present/ Chief Product Development Officer

Mr. Zhou Baohui is the Vice Present and Chief Product Development Officer of the company. Mr. Zhou graduated from the Second Senior High School in Zhengzhou City. From 1990 to 1998, Mr. Zhou worked for Refractory Factory, and he was promoted as the vice-director of the factory. After that, he began to do business with refractory material. At present, he works in Yuanse Aquaculture Limited Company.

Mr. Zhou Baohui, aged 44, is a resident of China. Home address: Zhouzhuang Village, Quliang Town, Xinmi City, Zhengzhou City.

9. Auditor's Report and Three Years Projection

Auditor's Report

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

INDEPENDENT AUDITORS' REPORT

For the Financial Periods ended 30 September 2017,

31 December 2016 and 31 December 2015

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

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To the board of directors of China Yuan Se International Holding Group Co., Ltd.

Introduction

We have audited the accompanying consolidated financial statements of China Yuan Se International Holding Group Co., Ltd. ("Yuanse Cayman" or "the Company"), which comprise the consolidated statements of financial positions of the Company as at 30 September 2017, 31 December 2016 and 2015, and, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Company for the financial periods then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management of the Company is responsible for the preparation of financial statements that give a true and fair presentation in accordance with International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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



INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Company are properly drawn up in accordance with the provisions of the International Financial Reporting Standards so as to give a true and fair view of the Company as at 30 September 2017, 31 December 2016 and 2015 and the results, changes in equity and cash flows of the Company for the periods then ended.

Emphasised events

We draw to the attention of users of the consolidated financial statements, as mentioned in note 2.1, the consolidated financial statements included China Yuan Se International Holding Group Co., Limited ("Yuanse HK"), Shanghai Yibang Trading Company Ltd. ("Yibang SH"), Henan Province Yuanse Industrial Limited ("Yuanse Industrial") and Henan Yuanse Bio-hotel Management Limited ("Yuanse Bio-hotel"). Yuanse HK, Yibang SH, Yuanse Industrial and Yuanse Bio-hotel are all ultimately controlled by the Company. Although, as at 30 September 2017, Yuanse Bio-hotel has not yet completed the registration of change of shareholder. Yuanse Bio-hotel's former investors signed the equity transfer agreement with Yibang SH on 28 September 2017. As at 18 October 2017, the registration of change of shareholder of Yuanse Bio-hotel was completed. As of 18 October 2017, Yuanse Bio-hotel has been 100% held by the Company. To substantially present the complete financial position and financial performance of the Company, the consolidated financial statements contained all the above entities. This paragraph has no effect on the issued auditor's opinion.

Chunlong WANG

Shanghai Jialiang CPAs Limited,
member of Russell Bedford International



23 October 2017



.....CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.
Authorised Signatures

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	2017.1.1-9.30	2016.1.1-12.31	2015.1.1-12.31
		(CNY)	(CNY)	(CNY)
Continuing operations:				
Revenue	5	9,571,493.62	-	-
Cost of Sales		(3,274,637.99)	-	-
Gross profit		6,296,855.63	-	-
Other gains		8,760,532.71	-	-
Distribution and marketing expenses		(8,084,736.03)	(110,501.54)	-
Administration expenses		(1,373,215.77)	(438.53)	(359.20)
Profit/(loss) before income tax	6	5,599,436.54	(110,940.07)	(359.20)
Income tax expenses	7	(16,318.78)	(600.00)	-
Profit/(loss) for the year (period)		5,583,117.76	(111,540.07)	(359.20)
Other comprehensive income for the year (period), net of tax		-	-	-
Total comprehensive income for the year (period)		5,583,117.76	(111,540.07)	(359.20)

See accompanying notes to the consolidated financial statements



For and on behalf of
China Yuan Se International Holding Group Co., Ltd.

.....CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Consolidated Statements of Financial Position

	Notes	2017.9.30 (CNY)	2016.12.31 (CNY)	2015.12.31 (CNY)
Assets				
Non-current assets				
Property, plant and equipment	8	20,124,777.40	-	-
Other intangible assets	9	18,920.40	-	-
		<u>20,143,697.80</u>	<u>-</u>	<u>-</u>
Current assets				
Inventories	10	357,877.46	-	-
Amount due from related parties	16	632,132.50	336,979.50	-
Trade and other receivables	11	3,737,518.11	-	-
Cash and cash equivalents		1,935,038.43	602.27	140.80
		<u>6,662,566.50</u>	<u>337,581.77</u>	<u>140.80</u>
Total assets		<u>26,806,264.30</u>	<u>337,581.77</u>	<u>140.80</u>
Shareholder's equity/(deficit) and liabilities				
Shareholder's equity/(deficit)				
Paid-in capital	12	-	-	-
Undistributed profits/(Accumulated losses)		5,471,218.49	(111,899.27)	(359.20)
Total shareholder's equity/(deficit)		<u>5,471,218.49</u>	<u>(111,899.27)</u>	<u>(359.20)</u>
Non-Current liabilities				
		<u>-</u>	<u>-</u>	<u>-</u>
Current Liabilities				
Trade and other payables	13	8,411,772.35	447,481.04	-
Amount due to related parties	16	12,907,554.68	2,000.00	500.00
Current tax liabilities	14	15,718.78	-	-
		<u>21,335,045.81</u>	<u>449,481.04</u>	<u>500.00</u>
Total liabilities		<u>21,335,045.81</u>	<u>449,481.04</u>	<u>500.00</u>
Total shareholder's equity/(deficit) and liabilities		<u>26,806,264.30</u>	<u>337,581.77</u>	<u>140.80</u>



Wu Simao
Chairman



Wei Lijuan
Chief Finance Officer

See accompanying notes to the consolidated financial statements



For and on behalf of
China Yuan Se International Holding Group Co., Ltd.

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	(Accumulated losses)/ Undistributed profits	Total
	(CNY)	(CNY)	(CNY)
Balance at 1 January 2015	-	-	-
Loss for the year	-	(359.20)	(359.20)
Balance at 31 December 2015	-	(359.20)	(359.20)
Balance at 1 January 2016	-	(359.20)	(359.20)
Loss for the year	-	(111,540.07)	(111,540.07)
Balance at 31 December 2016	-	(111,899.27)	(111,899.27)
Balance at 1 January 2017	-	(111,899.27)	(111,899.27)
Profit for the period	-	5,583,117.76	5,583,117.76
Balance at 30 September 2017	-	5,471,218.49	5,471,218.49

See accompanying notes to the consolidated financial statements



For and on behalf of
China Yuan Se International Holding Group Co., Ltd.

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS	2017.1.1-9.30	2016.1.1-12.31	2015.1.1-12.31
	(CNY)	(CNY)	(CNY)
Cash flows from operating activities			
Profit/(loss) for the period	5,583,117.76	(111,540.07)	(359.20)
Adjustments for:			
Income tax expense recognised in profit or loss	16,318.78	600.00	-
Depreciation on property, plant and equipment	761,876.53	-	-
Amortisation of intangible assets	629.60	-	-
<i>Operating profit/(loss) before movements in working capital</i>	<i>6,361,942.67</i>	<i>(110,940.07)</i>	<i>(359.20)</i>
<i>Movements in working capital</i>			
Increase in inventories	(357,877.46)	-	-
Increase in trade and other receivables	(3,737,518.11)	-	-
Increase in amount due from related companies	(295,153.00)	(336,979.50)	-
Increase in trade and other payables	7,964,291.31	447,481.04	-
Increase in amount due to related companies	12,905,554.68	1,500.00	500.00
Cash generated from operations	22,841,240.09	1,061.47	140.80
Income taxes paid	(600.00)	(600.00)	-
<i>Net cash from operating activities</i>	<i>22,840,640.09</i>	<i>461.47</i>	<i>140.80</i>
Cash flows used in investing activities			
Payments for property, plant and equipment	(20,886,653.93)	-	-
Payments for Other intangible assets	(19,550.00)	-	-
<i>Net cash used in investing activities</i>	<i>(20,906,203.93)</i>	<i>-</i>	<i>-</i>
Cash flows from financing activities			
Proceeds from issues of equity shares	-	-	-
<i>Net cash from financing activities</i>	<i>-</i>	<i>-</i>	<i>-</i>
Net increase in cash and cash equivalents	1,934,436.16	461.47	140.80
Cash and cash equivalents at beginning of the year (period)	602.27	140.80	-
Cash and cash equivalents at end of the year (period)	1,935,038.43	602.27	140.80

See accompanying notes to the consolidated financial statements



CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Notes to the consolidated financial statements

1. General information

China Yuan Se International Holding Group Co., Ltd. ("Yuanse Cayman" or "the Company") was incorporated in Cayman Islands on 24 August 2017. Its ultimate controlling shareholder is Mr. Wu Simao.

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries as follows:

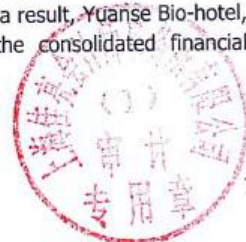
Name of subsidiary	Location	Date of Incorporation	Relationship	Principal activities
China Yuan Se International Holding Group Co., Limited ("Yuanse HK")	Hongkong China	16 August 2017	Wholly-owned subsidiary of the Company	CORP
Shanghai Yibang Trading Company Ltd. ("Yibang SH")	Shanghai China	26 September 2017	Wholly-owned subsidiary of Yuanse HK	Edible agricultural products; electronic products; office supplies; general merchandise; building materials; hardware and electrical equipment; whole sale, import and export of sports goods; commission agent (exclude auction); and relevant supporting services; the technology development of computer and information technology; technical advisory; technical services; technical transformation.
Henan Province Yuanse Industrial Limited ("Yuanse Industrial")	Zhumadian China	10 November 2014	Wholly-owned subsidiary of Yibang SH	Crops planting; purchasing and selling agricultural and side-line products; selling building materials; the agent, production and issue of advertisement; selling frozen, refrigerated and pre-packaged food.
Henan Yuanse Bio-hotel Management Limited ("Yuanse Bio-hotel")	Zhengzhou China	2 December 2016	Wholly-owned subsidiary of Yibang SH	Accommodation; catering services (gained validated license); hotel management consulting; enterprise management consulting; meeting and exhibition planning; culture and art communication events planning; sales: pre-package food, cigarette (gained validated license)

2. Basis of preparation of the financial statements

2.1 Basis of presentation

The consolidated group is an integrated economic entity. The consolidated financial statements of consolidated group are used for presentation of the economic entity's financial position, financial performance and cash flows. The consolidated financial statements are different from those prepared under traditional group structure of Yuan Se International Cayman. According to IFRS, only parent company can combine its subsidiaries which are under its control. Therefore, the financial statements prepared on the basis of IFRS will be different from this consolidated financial statements.

In the consolidated financial statements, Yuanse Bio-hotel, the wholly-owned subsidiary of Yibang SH, is under the control of Yuanse Cayman during the reporting period even though Yuanse Bio-hotel has not yet completed the registration of change of shareholder. Yuanse Bio-hotel's former investors, Henan Yuanse Group Co., Limited ("Yuanse Group") with 55% equity ownership and other 9 individuals with 5% equity ownership each, have signed the equity transfer agreement with Yibang SH on 28 September 2017. Yuanse Group's controlling shareholder is Wu Simao with 67.65% equity ownership. As at 18 October 2017, the registration of change of shareholder of Yuanse Bio-hotel was completed. As at 18 October 2017, Yuanse Bio-hotel, Yuanse Industrial, Yibang SH and Yuanse HK have been 100% held by Yuanse Cayman. As a result, Yuanse Bio-hotel, Yuanse Industrial, Yibang SH and Yuanse HK were included into the consolidated financial statements.



7.

Notes to the consolidated financial statements

2. Basis of preparation of the financial statements (continued)

2.1 Basis of presentation (continued)

The basis of preparation for the period from January 2017 to September 2017 was in accordance with the basis in year 2015 and year 2016. And the group members have not changed during the reporting period.

The consolidated financial statements are based on accrual method and going concern assumption with historical cost measurement. The consolidated financial statement are prepared based on the confirmation, measurement, report and disclosure rules of IFRS. There is not any special rules when preparing consolidated financial statements under IFRS. Therefore, the accounting practice in Chapter 1 of Consolidated Financial Statement in IFRS10 was adopted.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to appoint or remove the majority of the members of the board of directors; to cast majority of votes at the meetings of the board of directors or to govern the financial and operating policies of the investee under a statute or agreement amongst the shareholders or equity holders.

2.3 Functional currencies

These financial statements are prepared in Chinese Yuan (CNY), which is the Company's functional currency. All financial information is presented in CNY unless otherwise stated.

3. Principal accounting policies

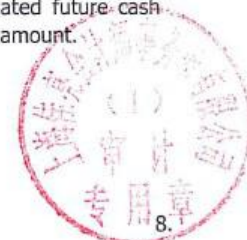
3.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when all the following conditions are satisfied: i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods; ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; iii) the amount of revenue can be measured reliably; iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services are recognised when all the following conditions have satisfied: i) the amount of revenue can be measured reliably; ii) it is probable that the economic benefits associated with the transaction will flow to the entity; iii) the stage of completion of the transaction at the balance sheet date can be measured reliably; and iv) the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.



Notes to the consolidated financial statements

3. Principal accounting policies (continued)

3.2 Leases

Leases which do not transfer substantially all the risks and rewards of ownership of assets to the Company are classified as operating leases.

Where the Company has the use of assets held under operating leases, payments made under the leases are charged to the income statement on a straight line basis over the lease terms except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made. Contingent rental are charged to the income statement in the accounting period in which they are incurred.

3.3 Pension obligations

The Company's PRC employees are enrolled in the mandatory central pension plan operated by the local municipal government. The Company is required to make a contribution that specified by the local municipal government to the central pension plan to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired PRC employees. The only obligation of the Company in respect to the central pension plan is to meet the required contribution under the plan. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension plan.

3.4 Accounting for income taxes

Income tax comprises current tax and deferred tax.

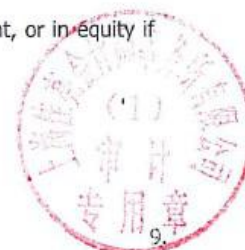
Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.



Notes to the consolidated financial statements

3. Principal accounting policies (continued)

3.5 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. Cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use.

The gain or loss arising from the disposal is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in the income statement.

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

Depreciation is calculated using the straight-line method to allocate the cost less impairment losses of each asset to their residual values over their estimated useful lives, as follows:

	Useful life	Rate of residual value
Buildings	10 years	5%
Leasehold improvements	10 years	0%
Machinery	3/5 years	5%
Motor vehicles	5 years	5%
Office & other equipment	3/5 years	5%

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

3.6 Intangible assets

Other intangible assets

Software are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line method over their estimated useful lives.

Impairment of assets

The Company's tangible and intangible assets are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.



Notes to the consolidated financial statements

3. Principal accounting policies (continued)

3.7 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost, comprises direct materials computed using the weighted average basis and, in case of finished goods, comprises direct labour and an appropriate proportion of overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is calculated as the actual or estimated selling prices in the ordinary course of business less all further costs of production and the estimated costs necessary to make the sale.

3.8 Cash and cash equivalent

Cash and cash equivalents include cash at bank and in hand less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

3.9 Provisions

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Company which can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.10 Financial assets

Trade and other receivables (including amount due from a related company) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

Impairment of financial assets

At each balance sheet date, trade and other receivables are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.



Notes to the consolidated financial statements

3. Principal accounting policies (continued)

3.11 Finance liabilities

The Company's financial liabilities include borrowings and trade and other payables. They are included in balance sheet line items as short-term bank loans, trade and other payables, amounts due to related companies and amounts due to investors.

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(i) Trade and other payables and amounts due to related companies

Trade and other payables and amounts due to related companies are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

(ii) Amounts due to investors

Amounts due to investors are stated at cost.

3.12 Related parties

A party is considered to be related to the Company if:

- (i) directly or indirectly, through one or more intermediaries, the Company:
 - controls, is controlled by, or is under common control with, the entity;
 - has an interest in the entity that gives it significant influence over the entity;
 - has joint control over the entity;
- (ii) the party is an associate;
- (iii) the party is a joint-controlled entity;
- (iv) the party is a member of the key management personnel of the Group or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



Notes to the consolidated financial statements

4. Critical accounting estimates and judgments (continued)

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

4.1 Useful lives of property, plant and equipment

The Company's management determines the estimated useful lives for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles.

The Company's management will increase the depreciation charge where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4.2 Impairment of inventories

The Company's management reviews an aging analysis at each balance sheet date, and provision for impairment of inventories is made for obsolete and slow-moving inventory items identified that are no longer suitable for sales. The Company carries out an inventory review on an item by item basis at each balance sheet date and writes off the impairment loss of the obsolete items.

4.3 Impairment of receivables

The Company's management reviews receivables on a regular basis to determine if any provision for impairment is necessary. This estimate is based on the credit history of its customers, past settlement and industry practice and current market conditions. Management reassesses the impairment of receivables at the balance sheet date.

5. Revenue

	2017.1.1-9.30	2016.1.1-12.31	2015.1.1-12.31
	(CNY)	(CNY)	(CNY)
Sales of food & drinks	10,882,057.24	-	-
Sales of commodities	1,279,783.20	-	-
Sales discounts	(2,768,084.88)	-	-
Rendering of service (lease)	220,923.98	-	-
Sales taxes	(43,185.92)	-	-
	<u>9,571,493.62</u>	<u>-</u>	<u>-</u>

Revenue represents the invoiced value of goods sold or services rendered net of customer returns, rebates, sales taxes and other similar allowances.



CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Notes to the consolidated financial statements

6. Profit/(loss) before income tax

Profit/(loss) before income tax is arrived after charging:

	2017.1.1-9.30	2016.1.1-12.31	2015.1.1-12.31
	(CNY)	(CNY)	(CNY)
- Salaries and wages	342,441.30	-	-
- Staff benefits	128,932.05	-	-
Personnel costs	471,373.35	-	-
Depreciation on property, plant and equipment (Note 6.1)	761,876.53	-	-
Amortization of intangible assets (Note 6.2)	629.60	-	-
Operating lease charges on rented premises	2,524,208.66	110,501.54	-
Bank charges	43,819.46	440.00	360.00
Interest income	(392.62)	(1.47)	(0.80)
Exemption of debts (Note 6.3)	(8,764,009.80)	-	-

Notes:

- 6.1 Depreciation charges of CNY586,445.64 (2016: CNY0 & 2015: CNY0), CNY123,817.91 (2016: CNY0 & 2015: CNY0) and CNY51,612.98 (2016: CNY0 & 2015: CNY0) have been expensed in distribution and marketing expenses, administrative expenses and manufacturing expenses respectively.
- 6.2 Amortisation charges of CNY629.60 (2016: CNY0 & 2015: CNY0) of intangible assets have been expensed in administrative expenses.
- 6.3 Yuanse Bio-hotel respectively signed waiver letters with Cheng Li, Ma Xiumin, Zhang Liping, Zhang Weidong and Wu Simao. The letters stated that Cheng Li, Ma Xiumin, Zhang Liping, Zhang Weidong and Wu Simao waive any claim towards Yuanse Bio-hotel for the reimbursement of 730,000.00, 980,000.00, 1,390,000.00, 1,420,000.00 and 4,244,009.80 respectively.

7. Income tax expenses

	2017.1.1-9.30	2016.1.1-12.31	2015.1.1-12.31
	(CNY)	(CNY)	(CNY)
Current tax expense	16,318.78	600.00	-
Deferred tax expense	-	-	-
	16,318.78	600.00	-

Pursuant to local tax rulings, Yuanse Industrial was subject to fixed income tax payment by CNY300.00 per quarter effective from July 2016 and Yuanse Bio-hotel, excluding Luan Chuan Branch, was subject to fixed income tax payment by CNY3,000.00 per quarter effective from January 2017. For Luan Chuan Branch, it was subject to the preferential income tax rate by 10% on its taxable income (that is, 10% of its revenue) effective from July 2017.



For and on behalf of
China Yuan Se International Holding Group Co., Ltd.

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Notes to the consolidated financial statements

Authorised Signature(s)

8. Property, plant and equipment

	2015.1.1	Additions	2015.12.31
	(CNY)	(CNY)	(CNY)
<i>Fixed assets - cost</i>			
Buildings	-	-	-
Leasehold improvements	-	-	-
Machinery	-	-	-
Motor vehicles	-	-	-
Office & other equipment	-	-	-
	-	-	-
<i>Accumulated depreciation</i>			
Buildings	-	-	-
Leasehold improvements	-	-	-
Machinery	-	-	-
Motor vehicles	-	-	-
Office & other equipment	-	-	-
	-	-	-
	2016.1.1	Additions	2016.12.31
	(CNY)	(CNY)	(CNY)
<i>Fixed assets - cost</i>			
Buildings	-	-	-
Leasehold improvements	-	-	-
Machinery	-	-	-
Motor vehicles	-	-	-
Office & other equipment	-	-	-
	-	-	-
<i>Accumulated depreciation</i>			
Buildings	-	-	-
Leasehold improvements	-	-	-
Machinery	-	-	-
Motor vehicles	-	-	-
Office & other equipment	-	-	-
	-	-	-



CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Authorized Signature(s)

Notes to the consolidated financial statements

8. Property, plant and equipment (continued)

	2017.1.1	Additions	2017.9.30
	(CNY)	(CNY)	(CNY)
<i>Fixed assets - cost</i>			
Buildings	-	3,271,522.00	3,271,522.00
Leasehold improvements	-	13,250,617.00	13,250,617.00
Machinery	-	1,334,706.00	1,334,706.00
Motor vehicles	-	2,992,623.93	2,992,623.93
Office & other equipment	-	37,185.00	37,185.00
	-	20,886,653.93	20,886,653.93
<i>Accumulated depreciation</i>			
Buildings	-	-	-
Leasehold improvements	-	570,239.41	570,239.41
Machinery	-	74,033.21	74,033.21
Motor vehicles	-	113,793.73	113,793.73
Office & other equipment	-	3,810.18	3,810.18
	-	761,876.53	761,876.53
	2017.9.30	2016.12.31	2015.12.31
	(CNY)	(CNY)	(CNY)
<i>Carrying amount</i>			
Buildings	3,271,522.00	-	-
Leasehold improvements	12,680,377.59	-	-
Machinery	1,260,672.79	-	-
Motor vehicles	2,878,830.20	-	-
Office & other equipment	33,374.82	-	-
	20,124,777.40	-	-

Within the fixed assets, Yuanse Industrial spent accumulatively CNY3,271,522.00 on its plant. The plant was built on a leased land. As a result, Yuanse Industrial was unable to acquire the property ownership certificate for the plant.

The net book value of property, plant and equipment is not higher than the recoverable amount, no impairment provision for fixed assets has been provided at balance sheet date.



Notes to the consolidated financial statements

9. Other intangible assets

	2017.1.1-9.30	2016.1.1-12.31	2015.1.1-12.31
	(CNY)	(CNY)	(CNY)
At 1 January			
Cost	-	-	-
Accumulated amortisation	-	-	-
Net carrying amount	-	-	-
For the year (period)			
Addition	19,550.00	-	-
Amortisation	(629.60)	-	-
Movement of carrying amount	18,920.40	-	-
At year (period) end			
Cost	19,550.00	-	-
Accumulated amortisation	(629.60)	-	-
Net carrying amount	18,920.40	-	-

The net book value of other intangible assets is not higher than the recoverable amount, no impairment provision for intangible assets has been provided at balance sheet date.

10. Inventories

	2017.9.30	2016.12.31	2015.12.31
	(CNY)	(CNY)	(CNY)
Raw materials	11,596.55	-	-
Packages	101,380.00	-	-
Finished goods	244,900.91	-	-
	357,877.46	-	-
Less: Impairment of inventories	-	-	-
	357,877.46	-	-

After reviewing the original costs and net realizable value of inventories, no provision for loss on realization of inventories has been provided at balance sheet date.

11. Trade and other receivables

	2017.9.30	2016.12.31	2015.12.31
	(CNY)	(CNY)	(CNY)
Other receivables	1,220,428.77	-	-
Advances to suppliers	1,528,000.00	-	-
Prepaid expenses	989,089.34	-	-
	3,737,518.11	-	-
Less: Impairment of trade and other receivables	-	-	-
	3,737,518.11	-	-



For and on behalf of
China Yuan Se International Holding Group Co., Ltd.

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Authorised Signature(s)

Notes to the consolidated financial statements

11. Trade and other receivables (continued)

The carrying amounts of trade and other receivables approximate their fair value.

In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting dated. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the impairment of trade receivables.

12. Paid-in capital

The inventors have not invested the capital to the Company and its subsidiaries, except that Henan Yuanse Bio-hotel has received CNY500,000.00 from its former investors. When making consolidated statements of financial position, the investment was eliminated.

13. Trade and other payables

	2017.9.30	2016.12.31	2015.12.31
	(CNY)	(CNY)	(CNY)
Trade payables	74,000.60	-	-
Advances from customers	925,346.17	336,979.50	-
Other payables	6,526,863.20	110,501.54	-
VAT and other taxes	272,848.70	-	-
Accrued expenses	612,713.68	-	-
	<u>8,411,772.35</u>	<u>447,481.04</u>	<u>-</u>

The carrying amounts of trade and other payables approximate their fair values.

14. Current tax liabilities

	2017.9.30	2016.12.31	2015.12.31
	(CNY)	(CNY)	(CNY)
Income tax payable	<u>15,718.78</u>	<u>-</u>	<u>-</u>

15. Operating lease commitments

As at balance sheet date, the total future minimum lease payments under non-cancellable operating leases in respect of the leasing of properties are payable by the Company as follows:

	2017.9.30	2016.12.31	2015.12.31
	(CNY)	(CNY)	(CNY)
Within 1st year	4,460,776.51	664,362.86	-
Within 2nd year	4,405,959.44	664,362.86	-
Within 3rd year	4,572,470.80	675,111.05	-
Over 3 years	32,078,528.59	5,495,516.09	-
	<u>45,517,735.34</u>	<u>7,499,352.86</u>	<u>-</u>



CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.

Notes to the consolidated financial statements

16. Related parties and related party transactions

16.1 The following entities are related parties where a control relationship exists:

Name of related parties	Relationship with the Company
Wu Simao	The controlling shareholder of the Company
Wang Lina	The spouse of the controlling shareholder of the Company

16.2 Nature of relationship with related parties where a control relationship does not exist

Name of related parties	Relationship with the Company
Henan Yuanse Group Co., Limited	Under a common control of the controlling shareholder

16.3 Related party transactions

A portion of the Company's business is represented by transactions to which other related entities are parties and the financial statements reflect the effect of these transactions which are conducted on bases determined amongst these parties. The significant transactions are summarised below:

	2017.1.1-9.30 (CNY)	2016.1.1-12.31 (CNY)	2015.1.1-12.31 (CNY)
Sales of goods to related parties:			
- Yuanse Group	322,458.74	-	-
Rendering of services to related parties:			
- Yuanse Group	225,953.28	-	-
Purchase of goods from related parties:			
- Yuanse Group	199,027.16	-	-
Purchase of services from related parties:			
- Yuanse Group	152.97	-	-
Exemption of debts from related parties:			
- Wu Simao	4,244,009.80	-	-
	2017.9.30 (CNY)	2016.12.31 (CNY)	2015.12.31 (CNY)
Amount due from related parties:			
- Yuanse Group Trade receivable	332,132.50	-	-
Other receivable	300,000.00	336,979.50	-
	632,132.50	336,979.50	-
Amount due to related parties:			
- Yuanse Group Trade payable	220,043.36	-	-
Other payable	10,840,469.35	-	-
	11,060,512.71	-	-
- Wang Lina Other payable	1,847,041.97	2,000.00	500.00
	12,907,554.68	2,000.00	500.00



Notes to the consolidated financial statements

17. Financial risk management

A. Financial risk factors

The Company's activities are exposed to credit risks, foreign exchange risk and interest rate risk.'

(i) Credit risks

Credit risk or the risk of counterparties defaulting, is managed through the application of credit approvals, credit limits and monitoring procedures. The Company minimizes its exposure to credit risk by dealing with counter parties with acceptable credit rating.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts, if any, estimated by the Company's directors based on prior experience and their assessment of the current

(ii) Foreign exchange risk

CNY is not freely convertible into other foreign currencies and conversion of CNY into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the

The Company's cash and cash equivalents are deposited with banks in the PRC. The remittance of these funds out of the PRC is subject to the exchange control restrictions

The Company has not used any forward contracts or currency borrowings to hedge its exposure to foreign currency risk.

(iii) Interest rate risk

The Company has cash balances place with reputable banks and financial institutions. The Company manages its interest rate risks on its interest income by placing the cash balances with varying maturities and interest rate terms.

The interest rates of bank deposit and loan are based on the rates promulgated by People's Bank of China, so the interest rate risk is low and controllable.

B. Fair values

The fair values of the Company's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

18. Contingent liabilities and events after the balance sheet date

There're no material contingent liabilities and subsequent events to be disclosed.

19. Approval of financial statements

The financial statements were approved by the board of directors on 23 October 2017.



Three Years Projection

Basis for Predictions

- Sales growth/Year: 20%
- Cost reduction until end of 2018: 4%
- Labor cost reduction until end of 2018: 20%
- Promotional expense proportion: 20~30%
- Financial expenses are the general cost which is stable

Basis for Main Development Strategies

- In order to reach more customers, YS plans to combine online and offline services, allowing customers nationwide to order food online for deliveries. Therefore, YS will invest in four more production lines. Each production line will cost 1 million CNY.
- YS plans to open ten more branches in the next three years. Approximately one branch opened every three months. Each branch will measure more than 1000 square meters in size and cost around 2 million CNY.
- Investment in ‘Yuanse Central Kitchen,’ reduce in the next three years from 34% to 30%.
- Based on the operational system of ‘Yuanse Central Kitchen,’ the labor cost will reduce by 50%.
- Promotion expenses can increase significantly during holiday periods, but YS tries to cap the cost at 30% annually.

Projection P/L

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.			
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
	2018	2019	2020
	(CNY)	(CNY)	(CNY)
Continuing operations:			
Revenue	19,930,173.99	23,916,208.79	28,699,450.55
Cost of Sales	<u>(7,000,000.00)</u>	<u>(8,400,000.00)</u>	<u>(10,080,000.00)</u>
Gross profit	12,930,173.99	15,516,208.79	18,619,450.55
Other losses	-	-	-
Distribution and marketing expenses	(5,500,000.00)	(6,600,000.00)	(7,920,000.00)
Administration expenses	<u>(3,891,796.00)</u>	<u>(4,670,155.20)</u>	<u>(5,604,186.24)</u>
Loss before income tax	3,538,377.99	4,246,053.59	5,095,264.31
Income tax expenses	<u>(150,000.00)</u>	<u>(180,000.00)</u>	<u>(216,000.00)</u>
Profit for the year	<u>3,388,377.99</u>	<u>4,066,053.59</u>	<u>4,879,264.31</u>
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>3,388,377.99</u>	<u>4,066,053.59</u>	<u>4,879,264.31</u>

*Balance Sheet***CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<u>2018.12.31</u>	<u>2019.12.31</u>	<u>2020.12.31</u>
	(CNY)	(CNY)	(CNY)
Assets			
Non-current assets			
Property, plant and equipment	10,000,000.00	18,151,868.98	37,264,590.95
Other intangible assets	-	-	-
	<u>10,000,000.00</u>	<u>18,151,868.98</u>	<u>37,264,590.95</u>
Current assets			
Inventories	800,000.00	1,000,000.00	1,000,000.00
Amount due from related parties	-	-	-
Trade and other receivables	1,060,000.00	1,192,132.50	1,192,132.50
Cash and cash equivalents	65,901,873.46	87,967,927.04	77,847,191.35
	<u>67,761,873.46</u>	<u>90,160,059.54</u>	<u>80,039,323.85</u>
Total assets	<u>77,761,873.46</u>	<u>108,311,928.52</u>	<u>117,303,914.80</u>
Shareholder's deficit and liabilities			
Shareholder's deficit			
Paid-in capital	60,000,000.00	90,000,000.00	90,000,000.00
Capital reserves	1,082,932.55	1,082,932.55	1,082,932.55
Surplus reserves	-	406,605.36	894,531.79
Accumulated losses	9,746,392.93	13,405,841.16	17,797,179.04
Total shareholder's deficit	<u>70,829,325.48</u>	<u>104,895,379.07</u>	<u>109,774,643.38</u>
Non-Current liabilities	-	-	-
Current Liabilities			
Trade and other payables	6,712,721.97	3,100,000.00	7,212,721.97
Amount due to related parties	-	-	-
Current tax liabilities	219,826.01	316,549.45	316,549.45
	<u>6,932,547.98</u>	<u>3,416,549.45</u>	<u>7,529,271.42</u>
Total liabilities	<u>6,932,547.98</u>	<u>3,416,549.45</u>	<u>7,529,271.42</u>
Total shareholder's deficit and liabilities	<u>77,761,873.46</u>	<u>108,311,928.52</u>	<u>117,303,914.80</u>

Cashflow Statement

CHINA YUAN SE INTERNATIONAL HOLDING GROUP CO., LTD.			
CONSOLIDATED STATEMENTS OF CASH FLOWS			
	2018	2019	2020
	(CNY)	(CNY)	(CNY)
Cash flows from operating activities			
Profit for the year	3,388,377.99	4,066,053.59	4,879,264.31
Adjustments for:			
Income tax expense recognised in profit or loss	150,000.00	180,000.00	216,000.00
Depreciation on property, plant and equipment	-	-	-
Amortisation of intangible assets	10,000,000.00	-	-
<i>Operating profit before movements in working capital</i>	<i>13,538,377.99</i>	<i>4,246,053.59</i>	<i>5,095,264.31</i>
<i>Movements in working capital</i>			
Increase in inventories	-	(200,000.00)	-
Increase in trade and other receivables	-	(132,132.50)	-
Decrease in amount due from related companies	-	-	-
Increase in trade and other payables	(4,725,342.33)	(3,612,721.97)	4,112,721.97
Increase in amount due to related companies	-	-	-
Cash generated from operations	8,813,035.66	301,199.12	9,207,986.28
Income taxes paid	-	(83,276.56)	(216,000.00)
<i>Net cash from operating activities</i>	<i>8,813,035.66</i>	<i>217,922.56</i>	<i>8,991,986.28</i>
Cash flows used in investing activities			
Payments for property, plant and equipment	(3,000,000.00)	(8,151,868.98)	(19,112,721.97)
Payments for other intangible assets	-	-	-
<i>Net cash used in investing activities</i>	<i>(3,000,000.00)</i>	<i>(8,151,868.98)</i>	<i>(19,112,721.97)</i>
Cash flows from financing activities			
Proceeds from issues of equity shares	59,838,837.80	30,000,000.00	-
<i>Net cash from financing activities</i>	<i>59,838,837.80</i>	<i>30,000,000.00</i>	<i>-</i>
Net increase/(decrease) in cash and cash equivalents	65,651,873.46	22,066,053.58	(10,120,735.69)
Cash and cash equivalents at beginning of the year (period)	250,000.00	65,901,873.46	87,967,927.04
Cash and cash equivalents at end of the year	65,901,873.46	87,967,927.04	77,847,191.35

Disclaimer:

Above projections are predicted and provided by the company, which might contain biases from the unilateral subjective prediction of the board of directors and the management team, which are based on the macro economic and societal environment, the specific industry's situation, market situation and the company's current position. Hence, the above projections do not have any warranty and guarantee; the listing advisor, lawyer, and auditor will also not be liable for these projections. The company and the management team wants to pursue an excellent financial condition, but the risks and uncertainties can affect the result. As a result, the company cannot guarantee the outcome to be the same as the above projections. Therefore, all investors should be aware of these risks and uncertainties and cannot solely rely on these predictions when making their decisions. Investors must carry out independent analysis and judgments.

10. Material Contracts

Material contracts executed by the company

According to the information provided by the company, the company's performance and completion of the major contracts during the reporting period are shown as below.

Loan Contract

The company confirmed that they do not have any loan contract.

Supply Contract

The company confirmed that the 'Hotel Supply Contracts' are the key contracts to ensure the quality of the foods, which was signed with Zhengzhou Jinshui District Youliang Vegetables Shop, Zhengzhou Guancheng, Huizu District Genji Vegetables Shop, Zhengzhou Jinshui District Yunya Wild Mushroom Dry Goods Shop, and Henan Yuanse Ecological Agriculture Co., Ltd.

Material Tort Debt

According to the company's confirmation, the company does not have environmental protection, intellectual property rights, product quality, product safety and labor protection issues or other forms of infringement or debt.

Other Receivables and Payables

According to the relevant information provided by the Company, the 'Audit Report,' other receivables and other payables of the Company are legal and valid due to the regular production and business activities.

11. Risk Factors and Litigation

Food poisoning

The majority of the foods are procured and approved by the 'Yuanse Central Kitchen,' which focuses on the management of health, safety and pesticide residue; to avoid the food poisoning. Therefore, the Company assigns a specialist to be responsible of the process and supervise it.

Delayed delivery time

Due to terrible weather, such as heavy snow, the delivery time might be delayed. However, based on this risk, the Company owns cars for delivery.

Raw material cost

The harsh weather or the plague can affect the productions of the raw materials, such as the vegetables and the livestock. This might indirectly affect the cost of the procurement. However, based on the recent production pattern, the production has been stable. Some of the primary suppliers also purchase an insurance for these uncertainties and risks, to ensure the rational range price for the raw material.

Dirty cooking oil panic

Many unethical restaurants in China have a common phenomenon in, they use dirty cooking oil for cooking to reduce the costs, but it is very unhealthy. Therefore, this panic can negatively affect the sell.

Social media affect

Social media can also affect the sell. For example, during the summer, some drink's supplier sell expired beverages, such as beer. After the customer drinks it, it may cause some diseases, such as acute gastroenteritis. Therefore, some social media posts about this bad news can negatively affect the sell.

Unexpected rotten food

The hot weather or the moist environment might cause some foods rot, so they cannot be eaten. Therefore, the cost can increase.

Weather

Sometimes the harsh weather might cause problems in transportation and daily operation. For example, the flood might destroy the road.

Bias

This memorandum might contain some bias due to the information collections. The Section 6, 7, 8, 10

mainly sourced from the Company. As well, the majority of the provided information came from the sources in China which might contain some biases.

Investments

Investing involves certain risk considerations, including currency fluctuations, lack of liquidity and price volatility of the stock markets, government involvement and influence on the private sector, political and economic factors, leverage and other factors. These might adversely affect the Company's activities and the value of its investments. There are particular risks relating to the investment and trading of equity and debt instruments, which include the uncertainties involved in trading in emerging markets. The ability to trade profitably in emerging markets may be affected by world events, changes in foreign policies and other economic and political factors that are outside the control of the Company. Set forth below are certain factors, which should be taken into consideration before making a decision to buy Shares of the company. While the Management believes the following to be comprehensive, it is not intended to include all of the risks, which may be encountered. Accordingly, potential investors are advised to consult their financial advisors before buying any Shares of the Company.

General

The transactions that the Company will engage in may involve risks. Growing competition in the market may limit the ability to take advantage of opportunities. No assurance can be given that the Company strategy employed will be successful or that shareholders will realize net profits on their respective investments.

General uncertainty and risks

There are some unpredictable factors that might affect the business. The previous sales cannot be guaranteed towards the future. Sales might increase or decrease in the future.

Economic conditions

The success of any investment activity may be affected by general economic conditions.

Exchange rate fluctuations

The Company's accounts are denominated in US Dollars. Investments of the Company may be in currencies other than the US Dollars, such as the Chinese CNY. Similarly, certain expenses of the Company, including organizational, offering, operating expenses and the fees of the Management and service providers; which will incur in Chinese CNY. Accordingly, the Company is at risk and liable

for any gain or loss incurred due to the exchange rate fluctuation. For example, the investment for the natural resources, automation equipment, brand development and human resources, which referred in the section 7. Thus, shareholders and investors should realize the risk of exchange rate- fluctuations.

Market Growth

Some unpredictable factors might directly affect market growth. For example, the Chinese government might use some subsidies or regulations to stimulate or restrict the specific industry such as agriculture due to official development strategies made by the Chinese government.

Limitations on Projected Predictions

This memorandum has some limitations on the projections for the next three years, including predictions on ‘Sales growth/Year’, ‘Cost reduction’, ‘Labor cost reduction’, ‘Increased promotional expense’ and ‘Financial expenses’ etc. Therefore, when the investor is looking to make decisions for investment, they should be aware of these limitations.

Litigation

The Company might be named as a defendant in a lawsuit or in a regulatory action stemming from the conduct of its business and activities of a company personnel. In the event such litigation was to occur, the Company would bear the costs of defending itself and understand the risk if the litigation results unsuccessful. It should be noted that the company and Management have consulted with lawyers, accountants and other experts regarding the constitution of the Company and the business of its subsidiaries. Each prospective investor should consult his own legal, tax and financial advisors regarding their desire to make an investment in the Company.

IN VIEW OF THE COMPLEXITIES OF APPLICABLE TAX LAWS, EACH PROSPECTIVE
FUTURE

INVESTOR / SHAREHOLDER OF SHARES OF THE COMPANY IS STRONGLY URGED TO
CONSULT

ITS OWN TAX ADVISERS ON THE POSSIBLE TAX CONSEQUENCES OF BUYING,

HOLDING, SELLING

OR TRANSFERRING SHARES UNDER THE LAWS OF THEIR COUNTRY OF CITIZENSHIP,
RESIDENCE OR DOMICILE

The foregoing factors are not exhaustive and do not purport to be a complete explanation of all the risks and considerations involved in investing in the Company. In particular, the Company's performance may be affected by changes in market conditions, and legal, regulatory and tax requirements. The Company will be responsible for paying the fees, charges and expenses referred to in this document regardless of the level of profitability.

Prospective future investors should be aware that the value of the Company's assets and the return derived from them may fluctuate. It should be noted that past performance is not necessarily a guide to future performance, and as a result, the price of the shares and the amount of incomes distributed or accumulated may fluctuate.

The Shares of the Company are suitable for purchase only by investors who have a limited need for liquidity, for which an investment in the Company would not constitute a complete investment program. They should fully understand and be willing to assume and have the financial resources necessary to withstand the risks involved in the Company's business, and should be able to bear the potential loss of their entire investment. Prospective investors should maintain other investment holdings with risk characteristics different than the Company's. Potential investors who are in any doubt of the risks involved in investment in the Company, should obtain independent financial advice before making an investment.

The Company's litigation, arbitration or administrative penalties

According to the 'China Judgement Online': <http://wenshu.court.gov.cn/>, till October 28, 2017, Henan

Yuanse Ecology Hotel Management Co., Ltd does not have any litigation record

The screenshot shows the homepage of the China Judgements Online website. The header includes the date '2017年10月28日 星期六' and navigation links for '登录', '注册', '意见建议', '返回主站', and 'App下载'. The main title is '中国裁判文书网' (China Judgements Online). Below the title is a navigation menu with categories: '首页', '刑事案件', '民事案件', '行政案件', '赔偿案件', '执行案件', and '民族语言文书'. A search bar contains the text '高级检索' and '输入案由、关键词、法院、当事人、律师'. The search results section shows the search condition '全文检索:河南源色生态酒店管理有限公司' and filters for '法院层级', '裁判日期', and '审判程序'. The results indicate '共找到0个结果' (Found 0 results) and '无符合条件的数据...' (No data meets the conditions).

12. Definition of Abbreviations

'The Company'

Means, China Yuan Se International Holding Group Co., Ltd (Cayman: 326348), a company incorporated in Cayman islands and having its registered address at the offices of Vistra (Cayman) Limited, P.O.Box 31119 Grand Pavilion, Hibiscus Way,802 West Bay Road, Grand Cayman,KY1-1205 Cayman Islands, which is a holding company that indirectly controls 100% shares of Henan Yuanse Ecology Hotel Management Co., Ltd.

'Yuanse, YS'

Henan Yuanse Ecology Hotel Management Co., Ltd means a company registered in PRC and having its registered address at No.8 Eastern Shang Cheng Road, Guancheng District, Zhengzhou City, China with 100% of its shares indirectly controlled by The Company.

'DCSX'

Means, The Dutch Caribbean Securities Exchange.

'ACT'

Means, the Cayman Business Companies Law CAP.22 including any modification, extension, re- enactment or renewal thereof and any regulations made under there.

'IFRS'

Means, International Financial Reporting Standard, it is the Global Standards for the world economy.

'LAD'

Means, Listing advisor.

'Group'

Means, The Company, China Yuan Se International Holding Group Co., Ltd.

'Chu Cheng Capital'

Means, Shanghai Chu Cheng Investment Management Co. Ltd.

'Listing Rules'

Means, the Listing Rules of the DCSX.

(There is no main body below.this is the commitment and signature page of the enterprise issuing the IM and its directors and members of senior Management)

Dutch Caribbean Securities Exchange:

Our company intends to apply for entry into the Dutch Caribbean Securities Exchange (DCSX) market. Our company (including the Chinese subsidiaries of the company).the board of directors, and all members of Senior Management, ensure that all application documents submitted to the DCSX have no false records, misleading statements and material omissions. and assume full responsibility for the authenticity, accuracy and integrity of them.

China Yuan Se International Holding Group Co., Ltd.

Signature of all directors:

Wu Simao 吴四毛

Liu Jianxin 刘建新

Zhang Liping 张丽萍

Zhai Jiacan 翟甲灿

Cheng Li 程莉

Signature of all members of Senior Management

Zhang Haosong

Wei Lijuan

Company seal:

张皓松

魏利娟

November 15th For and on behalf of China Yuan Se International Holding Group Co., Ltd.



Authorized Signature(s)



Dutch Caribbean Securities Exchange,
Listing Advisor

荷兰加勒比证券交易所上市保荐机构

This is the last page of the IM document (Back Cover). There is no more content below.

