Birch and Prestige Investment Group Limited

ABN 76 163 645 654

Annual report – For the year ended 31 December 2016

Birch and Prestige Investment Group Limited
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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CORPORATE INFORMATION

This annual report covers both Birch and Prestige Investment Group Limited ('BOP' or 'the Company) (ABN 76 163 645 654) as an individual entity ('the Company') and the consolidated Group comprising B&P Design Pty Ltd and Suzhou Aoruibo Trade Co., Ltd ('the Group').

Directors	Xiaogang Zou *Managing Director, Chief Executive Officer, Chair* Appointed on 18 January 2017 Guangpeng Wang *Executive Director* Huan Wang *Non-Executive Director* Xin Huang *Non-executive Director* Appointed on 14 October 2016 Meng Shang *Non-executive Director* Resigned on 14 October, 2016
Company Secretary	Xin Huang Appointed on 14 October 2016 Meng Shang Resigned on 14 October, 2016
Notice of annual general meeting	The annual general meeting of Birch and Prestige Investment Group Limited will be held at *Level 11, 66 Eagle Street, Brisbane QLD 4000* 11am date Friday 26 May 2017 A formal notice of meeting is enclosed.
Registered Office	*6/22 Redland Drive, Mitcham* *VIC 3132*
Principal Place of Business	B&P Design Pty Ltd *471 Warrigal Road,* *Moorabbin VIC 3189*
Legal Advisors	Cornwall Stodart *Level 10, 114 William Street Melbourne VIC 3000* McCullough Robertson *Level 11, 66 Eagle Street, Brisbane QLD 4000*
Share Registry	Link Market *Level 12, 680 George Street,* *Sydney NSW 2000*
Auditors	ShineWing Australia *Level 10, 530 Collins Street, Melbourne VIC 3000*
Stock exchange listings	Birch and Prestige Holdings Limited share are listed on the Australian Securities Exchange (ASX).

DIRECTORS' REPORT

The directors present their report together with the consolidated financial statements of the consolidated entity comprising Birch and Prestige Investment Group Limited (the Company) and its subsidiaries (the Group) for the financial year ended 31 December 2016.

The Company was founded by China Winway Investment Holdings Limited (China Winway), which is owned and controlled by the former Executive Chairman and CEO, now Non-Executive director, Mr Huan Wang.

Directors

The following information is current as at the date of this report.
The key management personnel of the consolidated entity consisted of the following directors of Birch and Prestige Investment Group Limited:

- Xiaogang Zou - Managing Director, Chief Executive and Chairman Appointed 18/01/2017
- Guangpeng Wang - Executive Director Appointed 05/02/2015
- Huan Wang – Non-Executive Director Appointed 07/05/2013
- Xin Huang - Non-Executive Director Appointed 14/10/2016

And the following person:

- Meng Shang - Non-Executive Director Resigned as director 14/10/2016

DIRECTORS' REPORT (continued)

Zou Xiaogang, 41, Chief Executive Officer, Executive Director, Chairman	
Experience and expertise	15 Years management and marketing experience in China and Australia, including international education and business consulting service for manufacture and international trade industry. Rich experience of marketing and operations. Postgraduate certificate in Marketing in Deakin University.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Executive Director Chief Executive Officer Chairman
Interests in shares and options	Nil

Huan Wang, 44, Non-Executive Director	
Experience and expertise	20 years' experience in finance, investing and business management Co-founder, with Non-Executive Director Xin Huang, of two Chinese companies specialised in the sales of national branded integrated kitchen and household appliances. Previous manager of the investment department of a large securities investment company in Henan province, China
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Non-Executive Director (Mr Huan Wang changed from Executive Director to Non-Executive Director since 18th Jan 2017.)
Interests in shares and options	3,146,525

DIRECTORS' REPORT (continued)

Guangpeng Wang, 26, Executive Director	
Experience and expertise	Bachelor degree of Material Forming and Control Engineering and Bachelor degree of English from Zhengzhou University, PRC. Chairman of Student Union of College.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Executive Director
Interests in shares and options	120,000

Xin Huang, 44, Non-Executive Director	
Experience and expertise	19 Years' experience of several global companies secretary, including Gold Hongye (APP group) SIP Company (a global manufacturing factory), Wuxi Formen Tech Co., Ltd and Suzhou Midson Investment Management Co., Ltd, etc. Rich experience of management and operations. Master of Business Administration of Tongji University, PRC.
Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Non-Executive Director
Interests in shares and options	Nil

Principal Activities

The principal activity of the consolidated entity in the course of the year to 31 December 2016 was importing kitchen cabinet and bathroom products and relevant accessories from Boloni Home Décor (Beijing) Co., Ltd and RWK & Kuhlmman Küchen GmbH (Germany), and selling these products to Australian consumers.

Dividends

No dividends had been paid or recommended by the directors relating to the year ended 31 December 2016 (31 December 2015: nil).

DIRECTORS' REPORT (continued)

Review of Operations and financial position

The Company was listed on the Australia Securities Exchange (ASX) on 19 August 2013 following its initial public offering (IPO) of its shares which raised a sum of $4,099,600. The capital raised from the IPO was to be used primarily to pursue the business objectives set out in the Prospectus being the kitchen components business conducted by B&P Design Pty Ltd.

As at 31 December 2016, the net loss of the Group, comprising the Company as the parent entity and controlled entities, after tax attributable to members, was of $1,123,802 (as compared to the net loss of $159,197 as at 31 December 2015).

Revenue declined during the last two financial years as the management undertook significant business and strategic repositioning of the business model of the consolidated entity. Revenues for the period were primarily derived from investment revenue, interest revenue and sales. Note that other (loss)/income stated on the Statement of Profit or Loss and Other Comprehensive Income is mainly from realised foreign exchange (loss)/income.

The financial position of the Group is significantly influenced by Henan Bump Trade Co., Ltd ("Bump") and and Henan Tianze Import and Export Co., Ltd's ("Tianze") ability to repay the amounts of $2,067,916 and $2,082,748 they respectively owe to the Company.

DIRECTORS' REPORT (continued)

Significant Changes in State of Affairs

Birch and Prestige Holdings (Hong Kong) Limited, a former wholly owned subsidiary of the Company, made a loan and advance amounting to $3,667,000 to Runx Trade Co., Ltd in October 2013. The loan was funded by an inter-company loan from the Company. The Loan was fully repaid in November 2014 and it is currently held on behalf of the Company by Bump, a private Chinese company, on behalf of the Company.

On 17 November 2014, the Company's wholly owned subsidiary, B&P Design Pty Ltd ("B&P") and Tianze entered into a Global Purchasing Agreement ("GP Agreement"). Under the GP Agreement B&P acts as purchasing agent for Tianze. B&P paid a $2,197,331 deposit to Tianze to commence the agreement. This amount will be repaid to B&P when the agreement is completed. This deposit was paid by the amounts held on behalf of the company by Bump. Under the agreement B&P is paid a commission at the rate of 0.3% of the purchase price for the goods acquired from Tianze.

As a result of declining performance and the above matters, the Company's securities were suspended from trading on 19 April 2016. On 11 August 2016, Birch and Prestige Investment Group Limited (BOP) lodged its 2016 Half Yearly Report and Accounts which included an impairment charge of $2,067,916 relating to a receivable owing to the Company by Bump. During second half of 2016, after multiple negotiation between management of BOP and Bump, partial settlement has been received. Between 23 September to 22 December, 2016 Bump repaid CNY7,090,000 by instalment (equivalents to AUD1,402,953). At 31 December 2016, the remaining amount held by Bump is $153,041. The directors are confident that they will receive the amounts in full. These amounts are required to fund the consolidated entity's future investment strategy, and to enable it to meet its obligations as and when they fall due.

On 30 June 2015, the Company received $114,583 from Tianze, which is a partial repayment of the deposit under the GP Agreement. From 1 July to 8 July 2016, Tianze made four repayments totalling USD1,502,216 (equivalents to AUD2,007,738) to the Company. The remaining amount of deposit $75,010 was fully written off during the first six months of 2016.

During 2016, BOP made payments to Boloni Home Décor (Beijing) under the distribution agreement and invested in a new showroom located at Moorabbin (Five year lease). The Group has cooperated with other trade enterprises to explore the expansion of the range of products and services surrounding kitchen furniture and bathroom products, and improve the consumers' loyalty.

Matters Subsequent to the End of the Financial Year

No other matters or circumstance have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the result of those operations, or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' REPORT (continued)

Likely Developments and Expected Results

The consolidated entity is revising its business plan and is likely to focus its business strategies along the following direction:

- Continue to explore further opportunities to secure a greater market share in Australia as a wholesale importer and distributor of kitchen, cabinet and accessories in Australia and China, the consolidated entity will work collaboratively with developers, builders and partners in the construction and property development industry.
- To establish an online retail platform in Australia in order to grow its sales volume of kitchen furniture and continue to explore the Chinese kitchen furniture market and increase its market share by setting up retail outlets in China.
- To continue exploring vertical integration initiatives, including establishing a procurement, logistics and design centre in Australia and China for its core products, and also acting as a third party procurement and supplier for the Australian and China markets.
- Ongoing research and works aimed at expanding BOP's customer base with various end users and developers with a view to securing exclusive purchasing agreements with these parties.

Environmental Regulation

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Company secretary

The following person held the position of company secretary at the end of the financial year.

Xin Huang was appointed as company secretary on 14 October 2016. He has 19 Years' experience in several global company secretarial roles, including Gold Hongye (APP group), SIP Company (a global manufacturing factory), Wuxi Formen Tech Co., Ltd and Suzhou Midson Investment Management Co., Ltd, etc. and Xin has extensive experience of management and operations. Master of Business Administration of Tongji University, PRC.

Meetings of directors

The numbers of meetings of the Company's Board of Directors ('the Board') and of each Board Committee held during the year ended 31 December 2016, and the numbers of meetings attended by each director were:

	A	B
Xiaogang Zhou	2	2
Guangpeng Wang	8	8
Huan Wang	7	8
Xin Huang	4	4
Meng Shang	4	4

A: Director Meetings attended
B: Director Meetings held during time of office

DIRECTORS' REPORT (continued)

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

A. Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders. However, as the Company is currently suspended and activities have been modest, due to these conditions performance based remuneration has not been relevant and set for the year.

The Board of Directors ("the Board") has not formalised the process of the appointment of the Nomination and Remuneration Committee. When the Nomination and Remuneration Committee is formalised they will be responsible for determining and reviewing remuneration arrangements for the Group's directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Non-executive directors' remuneration

The current fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors and their overall responsibilities. Non-executive directors' fees and payments will also be reviewed annually by the Nomination and Remuneration Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 May 2014, where the shareholders approved the remuneration report that non-executive directors will not be more than the aggregate fixed sum of $300,000 per annum.

The non-executive remuneration framework has two components:

- base pay and non-monetary benefits
- other remuneration such as superannuation and long service leave

DIRECTORS' REPORT (continued)

Remuneration report (audited)

Executive remuneration

The consolidated entity aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits will be reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Use of remuneration consultants

During the financial year ended 31 December 2016, the consolidated entity has not engaged any remuneration consultants.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Birch and Prestige Investment Group Limited:

- Xiaogang Zou - Managing Director, Chief Executive and Chairman — Appointed 18/01/2017
- Guangpeng Wang - Executive Director — Appointed 05/02/2015
- Huan Wang – Non-Executive Director — Appointed 07/05/2013
- Xin Huang - Non-Executive Director — Appointed 14/10/2016

And the following person:

- Meng Shang - Non-Executive Director — Resigned as director 14/10/2016

DIRECTORS' REPORT (continued)

Remuneration report (audited)

2016 Name	Short-term benefits Cash salary and fees $	Post-employment benefits Superannuation $	Total $
Non-Executive Directors:			
Huan Wang	44,754	4,252	49,006
Xin Huang	-	-	-
Meng Shang	-	-	-
Executive Directors:			
Xiaogang Zou	-	-	-
Guangpeng Wang	-	-	-
	44,754	4,252	49,006

2015 Name	Short-term benefits Cash salary and fees $	Post-employment benefits Superannuation $	Total $
Non-Executive Directors:			
Xianghua He	-	-	-
Yanhua Chen	-	-	-
Meng Shang	-	-	-
Executive Directors:			
Huan Wang	90,000	8,550	98,550
Guangpeng Wang	13,400	1,273	14,673
	103,400	9,823	113,223

C. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Xiaogang Zou

Title: Managing Director, Chief Executive Officer and Chairman

Details of agreement: No formal agreement for the directorship. The Board has resolved Mr Zou's total annual remuneration is nil (including superannuation) for the year 2016.

DIRECTORS' REPORT (continued)

Remuneration report (audited)

Name: Huan Wang

Title: Non-Executive Directors

Agreement commenced: 1 July 2013

Details of agreement: Pursuant to an employment contract between Mr Huan Wang and the Company dated 1 July 2013, BOP agrees to employ Mr Huan Wang as Director of the Company for a period of up to 5 years. Mr Wang's total annual remuneration is $49,006 (including superannuation) for the year 2016 and thereafter is subject to annual review. Either party may terminate the employment contract by giving four months prior written notice. The Company may additionally terminate the employment contract if Mr Wang materially breaches the contract, is negligent, or engages in fraudulent or criminal activity. In addition, the Company may, at its discretion, make payment in lieu of all or part of the notice period required to be given. There is a restraint clause in the employment contract to the effect that Mr Wang is restrained from engaging in certain competitive activities during and after his employment with the Company.

Name: Guangpeng Wang

Title: Executive Director

Details of agreement: No formal agreement for the directorship. The Board has resolved Mr Wang's total annual remuneration is nil (including superannuation) for the year 2016.

Name: Xin Huang

Title: Non-Executive Director

Details of agreement: No formal agreement for the directorship. The Board has resolved Mr. Xin's total annual remuneration is nil for the year 2016.

Name: Meng Shang

Title: Non-Executive Director

Details of agreement: No formal agreement for the directorship. The Board has resolved Ms Shang's total annual remuneration is nil for the year 2016. Ms Shang resigned as director on 14 October, 2016.

D. Share-based compensation

Issue of shares

No shares were issued to directors and other key management personnel as part of compensation during the year ended 31 December 2016.

Options

No options were granted over ordinary shares affecting remuneration of directors and other key management personnel during the year ended 31 December 2016 or future reporting years.

DIRECTORS' REPORT (continued)

Remuneration report (audited)

Equity instrument held by key management personnel

(1) Share Holdings

2016

Name	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Ordinary Shares			
Huan Wang	3,146,525	-	3,146,525
Guangpeng Wang	120,000	-	120,000

None of the shares above are held nominally by the directors or any of the other key management personnel.

(2) Loan to key management personnel

No loan has been made to the director of the consolidated entity and other key management personnel of the consolidated entity, including their close family members and entities related to them for year ended 31 December 2016.

(3) Other transactions with key management personnel

The Company has made repayments totalling $7,967 to Director Guangpeng Wang during the year ended 31 December 2016 and received advances totalling $927 from Director Guangpeng Wang and Xiaogang Zou.

Amounts recognised as assets and liabilities

Current asset/(liability)	**31 December 2016 $**	**31 December 2015 $**
Balance at beginning of the period	6,070	(36,117)
Advances from directors	(927)	-
Advances to directors	7,697	42,187
Balance at end of period	12,840	6,070

The advances were unsecured and interest free from the directors, which was for the purpose of corporate operating expenses.

E. Additional information

The performance of the company and links to the remuneration over the last 3 years has been summarised below:

	2016 $	2015 $	2014 $
Total comprehensive loss for the year	(1,123,821)	(159,197)	(191,706)
Basic earnings / (loss) per share	(0.08)	(0.01)	(0.01)
Dividend payments	-	-	-
Share price	0.41	0.41	0.41
Increase / (decrease) in share price (%)	-	-	-
KMP remuneration	49,006	113,223	131,697

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT (continued)

Share Options

No options over issued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Non-audit services

No non-audit services were provided by the auditor (ShineWing Australia and BDO Audit (WA) Pty Ltd) during the year ended 31 December 2016.

Auditor's Independence Declaration

The lead auditor's independence declaration for the period ended 31 December 2016 has been received and can be found on page 14 of the financial report.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of Directors.

Mr. Xiaogang Zou

Dated this 23 day of March 2017

ShineWing Australia
Accountants and Advisors
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Melbourne VIC 3000
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F +61 3 8102 3400
shinewing.com.au

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Birch and Prestige Investment Group Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016 there has been:

(i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Shine Wing Australia

ShineWing Australia
Chartered Accountants

M. P. Schofield

Matthew Schofield
Partner

Melbourne, 23 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 2016	31 Dec 2015
		$	$
Revenue	3	19,845	10,829
Cost of goods sold		-	-
Gross profit		**19,845**	**10,829**
Other (loss)/income	4	(65,734)	276,682
Marketing expenses		(17,486)	-
Occupancy expenses	4	(10,017)	(28,695)
Administration expenses		(356,956)	(412,118)
Provision for impairment of assets	4	(552,588)	(576,317)
Finance costs	4	(1,196)	(4,434)
Loss on disposal of subsidiaries	4	(139,670)	-
Other gain		-	574,855
Loss before income tax		**(1,123,802)**	**(159,197)**
Income tax expense	5	-	-
Loss after income tax for the period		**(1,123,802)**	**(159,197)**
Other comprehensive income for the year, net of tax			
Foreign currency translation exchange difference		(19)	-
Total comprehensive loss for the year		**(1,123,821)**	**(159,197)**
Total comprehensive loss for the period is attributable to:			
Owners of Birch and Prestige Investment Group Limited		**(1,123,821)**	**(159,150)**
Non-controlling interests	6	**-**	**(47)**
		(1,123,821)	**(159,197)**
Loss per share for the year attributable to the members of Birch and Prestige Investment Group Limited	7		
Basic and diluted earnings/(loss) per share		**($0.08)**	**($0.01)**

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note N	31-Dec-16	31-Dec-15
		$	$
Current Assets			
Cash and cash equivalents	10	2,859,675	34,693
Trade and other receivable	11	187,936	2,094,118
Other current assets	12	247,664	2,125,833
Total Current Assets		**3,295,275**	**4,254,644**
Non-Current Assets			
Property Plant & Equipment	13	87,944	-
Total Non-Current Assets		**87,944**	**-**
Total Assets		**3,383,219**	**4,254,644**
Current Liabilities			
Trade and other payables	14	629,783	380,696
Other current liabilities	15	24,170	20,861
Total Current Liabilities		**653,953**	**401,557**
Total Liabilities		**653,953**	**401,557**
Net Assets		**2,729,266**	**3,853,087**
Equity			
Contributed equity	16	4,666,609	4,666,609
Accumulated losses		(1,937,343)	(813,647)
Non-controlling interests	6	-	125
Total Equity		**2,729,266**	**3,853,087**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016	Attributable to owners of Birch and Prestige Investment Group Limited				
	Contributed equity	Accumulated losses	Total	Non-controlling interests	Total Equity
	$	$	$	$	$
Consolidated					
Balance at 1 January 2015	**4,666,609**	**(654,450)**	**4,012,159**	-	**4,012,159**
Loss for the year	-	(159,197)	(159,197)	-	(159,197)
Total comprehensive loss for the year	**-**	**(159,197)**	**(159,197)**	-	**(159,197)**
Transactions with equity holders in their capacity as equity holders					
Non-controlling interests on acquisition of subsidiary	-	-	-	125	125
Total transactions with equity holders	**-**	**-**	**-**	**125**	**125**
Balance at 31 December 2015	**4,666,609**	**(813,647)**	**3,852,962**	**125**	**3,853,087**
Consolidated					
Balance at 1 January 2016	**4,666,609**	**(813,647)**	**3,852,962**	**125**	**3,853,087**
Total comprehensive loss for the year					
Loss for the year	-	(1,123,802)	(1,123,802)	**-**	(1,123,802)
Restatement of NCI 2015 loss	-	47	47	**(47)**	-
Foreign currency translation exchange difference	-	(19)	(19)	**-**	(19)
Total comprehensive loss for the year	**-**	**(1,123,774)**	**(1,123,774)**	**(47)**	**(1,123,821)**
Transactions with equity holders in their capacity as equity holders					
Non-controlling interests on disposal of subsidiary	-	78	78	(78)	**-**
Total transactions with equity holders	**-**	**78**	**78**	**(78)**	**-**
Balance at 31 December 2016	**4,666,609**	**(1,937,343)**	**2,729,266**	**-**	**2,729,266**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 12 months $	31 Dec 2015 12 months $
Net cash flows from operating activities			
Receipts from customers		10,000	3,148,099
Payments to suppliers & employees		(488,585)	(3,286,907)
Interest received		278	17
Net cash (used in) operating activities	**19**	**(478,307)**	**(138,791)**
Cash flows from investing activities			
Purchase of property, plant & equipment		(90,521)	-
Loans to other entities		(1,600,000)	-
Repayment of loan by parent entity		-	90,209
Repayment of loan by other entities		5,010,690	-
Proceeds from investing activities		13,572	
Net cash provided by investing activities		**3,333,741**	**90,209**
Cash flows from financing activities			
Issues of shares (net of costs)		-	209
Net cash provided by financing activities		**-**	**209**
Net increase / (decrease) in cash & cash equivalents		**2,855,434**	**(48,373)**
Cash & cash equivalents at the beginning of the financial period		**34,693**	**40,469**
Effect of exchange rate changes on the balance of cash & cash equivalents in foreign currencies		(30,452)	42,597
Cash and cash equivalents at the end of the financial period	**10**	**2,859,675**	**34,693**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Birch and Prestige Investment Group Limited (the Company) is a company limited by shares, incorporated and domiciled in Australia.

The consolidated financial statements of the Company for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated financial statements of the consolidated entity for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 23 March 2017.

The financial statements are presented in Australian dollars.

Note 1. Summary of significant accounting policies

a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The consolidated entity is a for-profit entity for the purpose of preparing the financial statements.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements have also been prepared on a historical cost basis.

The following is a summary of the material accounting policies adopted in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Birch and Prestige Investment Group Limited and its subsidiaries at 31 December 2016. Subsidiaries are all entities (including structured entities) over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A list of subsidiaries is provided in Note 6.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

b) Basis of Consolidation (continued)

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

c) Going Concern

The financial statements of the consolidated entity have been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

d) Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer. Revenue excludes value added tax or other sales taxes.

Commission income

Commission income of agent sales is recognised when the corresponding service is provided. The Group acting as an agent between supplies and customers, the amounts were collected on behalf of the principal while the Group received commission income on the transactions performed.

Interest

Revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

e) Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

f) Impairment of assets

At the end of each reporting period the consolidated entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of 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 assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

g) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

h) Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts.

Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the company will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts overdue for a long time. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

The amount of the impairment loss is recognised in profit or loss. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

i) Financial instruments

Financial assets

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Classification

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as loans and receivables. The company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at the end of each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Classification (continued)

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method, less any impairment.

Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current.

Impairment of financial assets

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

j) Fair value

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price and the quoted market price.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. Assumptions used are based on observable market prices and rates at the end of the reporting period.

The fair value of long-term debt instruments is determined using quoted market prices for similar instruments. Estimated discounted cash flows are used to determine fair value of the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

k) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the period end and which are unpaid. These amounts are unsecured and have 30-60 days payment terms.

l) Employee benefit provisions

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in other liabilities in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to the expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

m) Contributed equity

Contributions by shareholders are classified as equity. Costs directly attributable to capital raising are shown as a deduction from the equity proceeds.

n) Taxation

Goods and services tax (GST)

Revenues, expenses of Australian entities are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

o) Plant and equipment

Plant and equipment are measured on the cost basis and are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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

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

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life group commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	31.67%
Motor vehicles	31.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

p) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, adjusted for the after-tax effect of preference dividends on preference shares classified as equity, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares during the period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

p) Earnings per Share (continued)

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the basic earnings by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

q) Critical accounting estimates & judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related 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.

Income taxes

The consolidated entity has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities). In addition, the consolidated entity has not recognised deferred tax assets in excess of the deferred tax liabilities because it is not currently probable that future taxable profit will be available against which the consolidated entity can utilise these benefits.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Long service leave provision

As discussed in note 1(k), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premise. The provision includes future cost estimates associated with the closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

q) Critical accounting estimates & judgements (continued)

Provision for impairment of receivables

During first 6 months of 2016, management believe that the balance receivable from Henan Bump Trade Co., Ltd ("Bump") amounted to AUD2,022,109 is not recoverable, therefore it has been fully impaired. During second half of 2016, after multiple negotiations between management of BOP and Bump, partial settlement has been received. On 23 September, 3 November, 25 November, 16 December and 22 December, 2016, Bump repaid CNY1,000,000, CNY500,000, CNY1,000,000.00, CNY2,590,000.00 and CNY2,000,000 respectively equivalents of AUD1,402,953. The balance held by Birch & Prestige Holdings (Hong Kong) Limited $466,115 has been impaired before disposal. At 31 December 2016, the remaining amount receivable from Bump is AUD153,041. The directors are confident that they will receive this amount in full.

r) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

s) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Birch and Prestige Holding Limited's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

s) Foreign currency translation (continued)

iii) consolidated entity companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

t) Accounting standards issued, not yet effective

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

– AASB 9: Financial Instruments and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

t) Accounting standards issued, not yet effective (continued)

– AASB 15: Revenue from Contracts with Customers and associated amending standards (applicable to annual reporting periods beginning on or after 1 January 2018 as further amended by AASB 2015-8).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

When effective, this standard will replace the current accounting requirements applicable to leases in AASB 117 and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new standard include:

a. Recognition of a right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure an leases relating to low value assets);
b. Deprecation of right-to-use assets in-line with AASB 116 Property, plant and equipment in profit or loss and unwinding of the liability in principal and interest components;
c. Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
d. By applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account all components as a lease; and
e. Additional disclosure requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of significant accounting policies (continued)

t) Accounting standards issued, not yet effective (continued)

The transitional provisions of this standard allows a lessee to either retrospectively apply the standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Error; or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 2016-1: Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses (applicable to annual reporting periods beginning on or after 1 January 2017)

This standard makes amendments to AASB 112 Income Taxes to clarify that:

a. Restrictions in tax laws that do not permit the offset of deductible temporary difference reversals against a particular source of taxable profit should be considered;
b. An entity should compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences; and
c. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this

The transitional provisions require the amendments to be retrospectively applied as per AASB 108 Accounting Policies, Changes in Accounting Estimates and Error.

The adoption of this standard is not expected to significantly impact the financial statements of the Group.

– AASB 2016-2: Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses (applicable to annual reporting periods beginning on or after 1 January 2017)

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of this standard is not expected to significantly impact the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Segment Reporting

The consolidated entity segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the board of directors that make strategic decisions).

The consolidated entity has two operating segments: global purchase which commences from the second half year of 2014 and Australian kitchen and bathroom furniture business operation, which has been divested in July 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Segment Reporting (continued)

The segment information for the year ended 31 December 2016 is as follows:

Statement of Financial Performance	**Global Purchase** *China*	**Furniture Business Operation** *Australia*	**Others**	**Total**
Revenue	-	-	5,000	**5,000**
Cost of goods sold	-	-	-	**-**
Investment revenue	-	-	14,567	**14,567**
Interest revenue	-	-	278	**278**
Gross Profit	**-**	**-**	**19,845**	**19,845**
Exchange gain or loss	(18,684)	-	(57,555)	**(76,239)**
Marketing expenses	-	-	(17,486)	**(17,486)**
Occupancy expenses	-	-	(10,017)	**(10,017)**
Administration expenses	(544)	-	(356,412)	**(356,956)**
Impairment Losses	(466,115)	-	(86,473)	**(552,588)**
Finance costs	(149)	-	(1,047)	**(1,196)**
Subsidiaries disposal Loss	-	-	(139,670)	**(139,670)**
Other income	-		10,505	**10,505**
Loss before income tax expenses	**(485,492)**	-	**(638,310)**	**(1,123,802)**
Income tax expenses	-	-	-	-
Net profit (Loss) for the period	**(485,492)**	-	**(638,310)**	**(1,123,802)**
Other comprehensive income for the year, net of tax				
Foreign currency translation exchange difference	-	-	(19)	**(19)**
Total comprehensive Loss for the year	**(485,492)**		**(638,329)**	**(1,123,821)**
Total Assets	**-**	**205,358**	**3,177,861**	**3,383,219**
Total Assets includes				
Prepayment		205,358	-	**205,358**
Deposit to Client	-	-	6,000	**6,000**
Total Liabilities	**-**	-	**653,953**	**653,953**
Total Liabilities includes				
Trade Creditors	-	-	81,312	**81,312**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Segment Reporting (continued)

The segment information for the year ended 31 December 2015 is as follows:

Statement of Financial Performance	**Global Purchase *China***	**Others**	**Total**
Revenue	10,812	17	**10,829**
Cost of goods sold	-	-	**-**
Gross Profit	**10,812**	**17**	**10,829**
Exchange gain or loss	(13,825)	290,507	**276,682**
Marketing expenses	-	-	**-**
Occupancy expenses	-	(28,695)	**(28,695)**
Administration expenses	-	(412,118)	**(412,118)**
Impairment Losses	(570,566)	(5,751)	**(576,317)**
Finance costs	-	(4,434)	**(4,434)**
Other expenses	574,856	-	**574,856**
Loss before income tax expenses	**1,277**	**(160,474)**	**(159,197)**
Income tax expenses	-	-	-
Net profit (Loss) for the period	**1,277**	**(160,474)**	**(159,197)**
Total Assets	**2,082,748**	**2,171,895**	**4,254,644**
Total Assets includes			
Deposit to Client	2,082,748	-	**2,082,748**
Total Liabilities	**-**	**401,557**	**401,557**
Total Liabilities includes			
Trade Creditors	-	12,650	**12,650**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Revenue

	Consolidated 2016 $	Consolidated 2015 $
Sales revenue		
Global Purchase	-	10,812
Others	5,000	-
Investment revenue	14,567	-
Interest revenue	278	17
	19,845	**10,829**

Note 4. Expenses and other (losses)/income

Loss from continuing operations before income tax includes the following specific income and expenses:

	Consolidated 2016 $	Consolidated 2015 $
Other income		
Realised foreign -exchange (loss)/gain	**(76,239)**	**276,682**
Others	**10,505**	**-**
	(65,734)	**276,682**
Employee benefits expense		
Salary and wages	(53,691)	(103,400)
Superannuation	(5,101)	(9,823)
Others	967	(10,611)
	(**57,825)**	(**123,834)**

	Consolidated 2016 $	Consolidated 2015 $
Impairment expense		
Impairment Losses on assets	(11,462)	(5,751)
Impairment Losses on receivables	(541,126)	(570,566)
	(552,588)	**(576,317)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Expenses and other (loss)/income (continued)

	Consolidated 2016 $	Consolidated 2015 $
Finance costs		
Bank charges	(**1,196**)	(**4,434**)
Operating leases – minimum lease payments	(**10,017**)	(**28,695**)
Loss on disposal of subsidiaries		
Loss on disposal of subsidiaries	(**139,670**)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Income Tax Expense

	Consolidated 2016 $	Consolidated 2015 $
Major components of income tax expense are:		
Current tax expense		
Current tax expense	**-**	-
	-	-
Deferred tax expense		
Origination and reversal of temporary differences		
	-	-
Total income tax expense in profit or loss	**-**	-
Reconciliation of the effective tax rate		
Profit/ (loss) before income tax expense	**(1,123,802)**	(159,197)
Tax at the Australian tax rate of 28.5% (31 December 2015: 30%)	**(320,284)**	(47,759)
Utilisation of previously unrecognised tax losses	**-**	-
Deferred tax assets not recognised	**320,284**	47,759
Income tax expense at effective rate of 0% (31 December 2015: 0%)	**-**	-
Unrecognised temporary differences and tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	**1,571,370**	682,314
Potential tax benefit @ 28.5% (31 December 2015: 30%)	**464,577**	204,694

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Interests in other entities

a) Subsidiaries

The consolidated financial statements of Birch and Prestige Investment Group Limited incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of entity	Place of business/ country of incorporation	Ownership interest held by the Company		Ownership interest held by non-controlling interests		Principal activities
		2016	2015	2016	2015	
		%	%	%	%	
Bond & Prestige Pty Ltd	Australia	100	100	-	-	No business conducted since it registered
B&P Design Pty Ltd	Australia	100	100	-	-	Design and sale of kitchen products, accessories and bathroom products
Suzhou Aoruibo Trade Co., Ltd[i]	China	100	-	-	-	Design and sale of kitchen products, building materials, ceramic products and accessories.
Birch & Prestige Holdings (Hong Kong) Limited[ii]	Hong Kong	-	100	-	-	Investment
Zhengzhou Bangrong Business Services Limited[ii]	China	-	70	-	30	IT Services
Henan Suirong Trade Co., Ltd[ii]	China	-	70	-	30	Equipment and Furniture Wholesale and Retail

(i) On 12 September 2016, Suzhou Aoruibo Trade Co., Ltd was set up in Suzhou, China. Total registered capital is USD150, 000.

(ii) On 1 November 2016, the Company disposed of the wholly owned subsidiary, Birch & Prestige Holdings (Hong Kong) Limited ("BOP HK") and its subsidiaries, Zhengzhou Bangrong Business Services Limited ("Bangrong") and Henan Suirong Trade Co., Ltd ("Suirong"). The consideration received was HKD1 (equivalents of AUD0.17), and the loss incurred during the disposal of subsidiaries amounted to $139,670.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Interests in other entities (continued)

b) Non-controlling interests (NCI)

On 22 January 2014, Bangrong was registered in China. The Company's wholly owned subsidiary, BOP HK holds 70% of the registered share capital and the remaining 30% is held by Henan Bump Enterprise Management Consulting Co., Ltd. The Capital has been partially paid on 4 June 2015. No consideration is required and no contingent liabilities exist. The NCI is immaterial to the Group.

On 3 May 2015, Bangrong acquired 100% of the issued share capital of Suirong for the Group's strategy of equipment and furniture wholesale and retail business. The registered capital of Suirong is CNY 1,000,000. The Capital has been partially paid on 4 June 2015. According to the Company Law of People's Republic of China, the capital is required to be registered rather than fully paid, and the Company's liability will only be limited to the registered capital. Since no capital has been paid by the former shareholder of Suirong and the net identifiable assets acquired is nil, no consideration is required and no contingent liabilities exist. As a result, BOP holds 70% of the registered share capital and the remaining 30% is held by Henan Bump Enterprise Management Consulting Co., Ltd. The NCI is immaterial to the Group.

On 1 November 2016, the Company disposed of the wholly owned subsidiary, BOP HK and the two subsidiaries, Bangrong and Suirong, which the company held 70% of the registered share capital indirectly. After disposal of above mentioned subsidiaries, the Group have no non-controlling interest in any subsidiaries.

Note 7. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
(a) Basic loss per share		
Loss attributable to owners of the company used to calculate basic earnings per share:		
Loss after income tax	**(1,123,821)**	(159,197)
(b) Diluted loss per share		
Loss attributable to owners of the company used to calculate basic earnings per share:		
Loss after income tax	**(1,123,821)**	(159,197)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**13,395,525**	13,395,525
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**13,395,525**	13,395,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Earnings per share (continued)

Diluted earnings per share are equal to basic earnings per share as the Company has not issued dilutive instruments.

Note 8. Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

	Consolidated 2016 $	Consolidated 2015 $
BDO Audit (WA) Pty Ltd		
(i) Audit and other assurance service		
Audit and review of financial statements	**-**	40,300
ShineWing Australia		
(i) Audit and review of financial statements	**40,000**	-
Total remuneration for audit and other assurance service	**40,000**	40,300
(ii) Taxation service		
Tax compliance services	**-**	-
Total remuneration for taxation services	**-**	-
(iii) Other services		
Other Professional service	**-**	-
Total remuneration for other services	**-**	-
Total remuneration	**40,000**	40,300

Note 9. Dividends

No dividend for the full year ended 31 December 2016 has been declared or paid to shareholders by the Company (31 December 2015: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Cash and Cash Equivalents

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Cash on hand	**300**	300
Cash at bank	**2,859,375**	34,393
Cash and cash equivalents	**2,859,675**	34,693

Cash on hand is non-interest bearing. Cash at bank bears 0% to 2.50% of interest rate (31 December 2015: 0% to 2.50%).

The consolidated entity's exposure to credit risk and the risk management is disclosed in note 17 (b).

The Group hold CNY7,083,214 (equivalents to AUD1,401,610) in China. China has restriction over currency conversion from CNY to other currency.

Note 11. Trade and Other Receivables

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Trade receivables (i)	**596,002**	596,002
Interest income receivable	**996**	-
Receivables from Henan Bump Trade Co., Ltd (ii)	**153,041**	2,067,916
Other Receivables from Director	**33,899**	26,202
	783,938	2,690,120
Provision for impairment of trade receivables (i)	**(596,002)**	(596,002)
Total net trade and other receivables	**187,936**	2,094,118

(i) Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business, among which $570,566 is due from Tianze under the GP agreement. The receivables are deemed impaired and unrecoverable at year end which has been fully written off during 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Trade and Other Receivables (continued)

(ii) During the first 6 months of 2016, management believed of that the balance receivable from Henan Bump Trade Co., Ltd ("Bump") amounting to AUD2,022,109 was not recoverable, therefore it was fully impaired. During the second half of 2016, after multiple negotiations between management of BOP and Bump, partial settlement has been received. On 23 September, 3 November, 25 November, 16 December and 22 December, 2016, Bump repaid CNY1,000,000, CNY500,000, CNY1,000,000.00, CNY2,590,000.00 and CNY2,000,000, respectively (equivalents of AUD1,402,953). The balance held by Birch & Prestige Holdings (Hong Kong) Limited amounted to $466,115 had been impaired before disposal of the subsidiaries. At 31 December 2016, the remaining amount receivable from amounted of Bump is AUD153,041. The directors are confident that they will receive the amounts in full. These amounts are required to fund the consolidated entity's future investment strategy, and to enable it to meet its obligations as and when they fall due.

(a) Age analysis of trade receivable that are past due but not impaired at the reporting date

	Year ended 31 Dec 2016		
	Amount not impaired	Amount Impaired	Total
	$	**$**	**$**
Past due >3 months	**153,041**	**596,002**	**749,043**
Past due <3 months	-	**-**	**-**
Total	**153,041**	**596,002**	**749,043**

As at 31 December 2016, the account receivable from Bump amounted to $153,041 (31 December 2015: nil) is past due but not impaired.

The other classes within trade and other receivables do not contain impaired assets and are not past due. The consolidated entity has procedures in place to assess whether to enter into once-off transaction with third parties, including mandatory credit checks.

Movements in the provision for impairment of receivables are:

	Consolidated
	$
Balance at 1 January 2016	**596,002**
Provision for impairment recognised during the year	**2,022,109**
Reversal of the impairment	**(1,555,994)**
Written off	**(466,115)**
Balance at 31 December 2016	**596,002**

The consolidated entity does not hold ay collateral in relation to the receivables (31 December 2015: nil).

(b) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. There were no non-current receivables as at 31 December 2016 and 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 12. Other Assets

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Current		
Rental bond(ii)	**27,962**	11,462
Prepayments	**205,358**	23,512
Tax assets	**19,806**	8,111
Deposit to Client(i)	**81,010**	2,082,748
Provision for impairment of other receivables(i) (ii)	**(86,472)**	-
Total net other assets	**247,664**	2,125,833

(i) On 17 November 2014, the Company's wholly owned subsidiary, B&P Design Pty Ltd ("B&P") and Henan Tianze Import and Export Co., Ltd ("Tianze") entered into a Global Purchasing Agreement ("GP Agreement"). Under the GP Agreement B&P acts as purchasing agent for Tianze. B&P paid a $2,197,331 deposit to Tianze to commence the agreement. On 30 June 2015, BOP received $114,583 from Tianze, which is a partial repayment of the deposit. From 1 July to 8 July 2016, Tianze made four repayments totalling $2,007,738 (USD $1,502,216) to BOP. The remaining amount of deposit $75,010 was impaired.

(ii) In 2013, the Company paid rental bond $11,462. Management believe of that the balance rental bond amounting to $11,462 was not recoverable, therefore it was fully impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Property, Plant & Equipment

Consolidated	**Vehicles**	**Plant & equipment**	**Total**
	$	**$**	**$**
Year ended 31 December 2016			
Opening net book amount	-	-	-
Additions	21,654	68,868	90,522
Depreciation / amortisation charge	(188)	(2,390)	(2,578)
Closing net book amount	**21,466**	**66,478**	**87,944**
At 31 December 2016			
Cost	21,654	68,868	90,522
Accumulated depreciation / amortisation	(188)	(2,390)	(2,578)
Net Book amount	**21,466**	**66,478**	**87,944**
Year ended 31 December 2015			
Opening net book amount	-	-	-
Additions	-	-	-
Depreciation / amortisation charge	-	-	-
Closing net book amount	-	-	-
At 31 December 2015			
Cost	-	-	-
Accumulated depreciation / amortisation	-	-	-
Net Book amount	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Trade and Other Payables

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Trade payables	**81,312**	12,650
Other payables and accruals	**527,412**	347,914
Advances from directors	**21,059**	20,132
	629,783	380,696

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

Note 15. Other liabilities

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Current		
Deferred revenue	**4,545**	6,327
Annual leave	**19,625**	14,534
	24,170	20,861

Note 16. Contributed Equity

	Consolidated 31 December 2016		Consolidated 31 December 2015	
	No. of Shares	$	No. of Shares	$
Ordinary shares fully paid – a)	**13,395,525**	**4,109,604**	13,395,525	4,109,604
Capital raising costs capitalised		**(265,709)**		(265,709)
Other contributed equity – b)		**822,714**		822,714
		4,666,609		4,666,609

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Contributed Equity (continued)

a) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	$
1 July 2012	Opening Balance	**10,000**		10,000
31 December 2012	Balance	**10,000**		10,000
07 May 2013	Formation of the Company	**10**	0.4	4
12 July 2013	Cancellation of original shares in B&P Design	**(10,000)**		-
12 July 2013	Acquisition of B&P Design	**3,146,515**		-
19 August 2013	Initial public offering	**10,249,000**	0.4	4,099,600
31 December 2013, 2014, 2015 and 2016	Closing balance	**13,395,525**		4,109,604

Ordinary shares

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll.

b) Other contributed equity

	Consolidated 31 Dec 2016 $	Consolidated 31 Dec 2015 $
Opening balance for the period	**822,714**	822,714
Contributions by current parent entity	**-**	-
Closing balance for the period	**822,714**	822,714

c) Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is not subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Financial Risk Management

(a) General objectives, policies and processes

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Activities undertaken by the consolidated entity may expose the consolidated entity to credit risk and liquidity risk. The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority to its finance team, for designing and operating processes that ensure the effective implementation of the objectives and policies of the consolidated entity. The consolidated entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the consolidated entity where such impacts may be material. The Board receives monthly reports from the consolidated entity Financial Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the consolidated entity's competitiveness and flexibility.

As at 31 December 2016, the consolidated entity held the following financial instruments:

	Note	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Current			
Cash and cash equivalent	10	**2,859,675**	34,693
Trade and other receivables	11	**187,936**	2,094,118
Cash, loans and receivables		**3,047,611**	2,128,811
Current			
Trade and other payables	14	**629,783**	380,696
Financial liabilities measured at amortised cost		**629,783**	380,696

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Financial Risk Management (continued)

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the consolidated entity incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the consolidated entity.

Receivable balance is monitored on an ongoing basis. To mitigate the credit risk associated with cash and cash equivalents, cash and term deposits are only deposited with reputable financial institutions. Management considers the credit risk in respect of cash and bank deposits with financial institutions is relatively minimal as each counter party either bears a high credit rating or are major Australia banks. Management believes the Australian banks are able to maintain a relative stable credit level in the event of a crisis.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets. Refer to the summary of financial instruments table above for the total carrying amount of financial assets. The consolidated entity does not hold any collateral.

(c) Liquidity Risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Financial Risk Management (continued)

Remaining contractual maturities (continued)

	Note	Carrying Amount $	Contractual Cash flows $	< 6 months $	6- 12 months $
31 December 2016					
Non-derivatives					
Non-interest bearing					
Trade and other payables	14	**629,783**	**629,783**	**629,783**	**-**
		629,783	**629,783**	**629,783**	**-**
31 December 2015					
Non-derivatives					
Non-interest bearing					
Trade and other payables	14	380,696	380,696	380,696	-
		380,696	380,696	380,696	-

(d) Foreign currency risk

During 2015, the consolidated entity's subsidiary resides in Hong Kong undertakes transactions in Hong Kong Dollars (HK$) and the consolidated entity is mainly exposed to foreign exchange risk arising from currency exposure to the Hong Kong dollar. During 2016, the major subsidiary of the Group resides in China under takes transactions in Chinese Yuan (CNY), therefore the consolidated entity is mainly exposed to foreign exchange risk arising from currency exposure to the CNY.

The consolidated entity's policy of managing this risk is to constantly monitor its exposure to trends and fluctuations in foreign exchange rates.

The consolidated entity's major exposure to foreign currency risk is as follows:

	2016 HK$	2015 HK$
Cash at bank	-	107
Other receivables	-	11,856,321
	-	11,856,428

	2016 CNY	2015 CNY
Cash at bank	7,083,214	1,233
	7,083,214	1,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Financial Risk Management (continued)

(d) Foreign currency risk (continued)

	2016	2015
	US$	US$
Cash at bank	155,444	1,359
	155,444	1,359

Cash and cash equivalents, other receivables are short-term instruments in nature whose carrying value is equivalent to fair value.

Sensitivity Analysis

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rate, with all other variables held constant, of the consolidated entity's profit after tax (due to changes in fair value of monetary assets).

	2016		2015	
	+10%	-10%	+10%	-10%
	(HKD/AUD)	(HKD/AUD)	(HKD/AUD)	(HKD/AUD)
	$	$	$	$
Cash at bank	-	-	2	(2)
Other receivables	-	-	209,365	(209,365)
Tax charge at 16.5%	-	-	(34,545)	34,545
After tax increase/(decrease)	-	-	174,822	(174,822)

	2016		2015	
	+10%	-10%	+10%	-10%
	(USD/AUD)	(USD/AUD)	(USD/AUD)	(USD/AUD)
	$	$	$	$
Cash at bank	21,559	(21,559)	186	(186)
Tax charge at 16.5%	-	-	(31)	31
Tax charge at 28.5%	(6,144)	6,144	-	-
After tax increase/(decrease)	15,415	(15,415)	155	(155)

	2016		2015	
	+10%	-10%	+10%	-10%
	(CNY/AUD)	(CNY/AUD)	(CNY/AUD)	(CNY/AUD)
	$	$	$	$
Cash at bank	140,161	(140,161)	26	(26)
Tax charge at 16.5%	-	-	(4)	4
Tax charge at 25%	(35,040)	35,040	-	-
After tax increase/(decrease)	105,121	(105,121)	22	(22)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Related party transactions

(a) Key management Compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	31 December 2016 $	31 December 2015 $
Short-term employee benefits	**44,754**	103,400
Post-employment benefits	**4,252**	9,823
	49,006	113,223

(b) Transactions with related parties

Amount due from (to) directors

	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Balance at beginning of the period	**6,070**	(36,117)
Advances from directors	**(927)**	-
Advances to directors	**7,697**	42,187
Balance at end of period	**12,840**	6,070

The advances were unsecured and interest free to/from the directors, which was for the purpose of corporate operating expenses.

Payments made on behalf of parent

	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
Balance at beginning of the period	**-**	130,247
Payments made on behalf of parent (i)	**-**	-
Repayment from parent (ii)	**-**	(130,247)
Balance at end of period	**-**	-

(i) The Company entered into an agreement with China Winway Investment Holdings Limited ("CWHL") that in the event that the IPO exercise of the Company is successful, CWHL will pay part of the IPO expense. The payment on behalf of parent mainly represents the IPO costs the Company paid on behalf of CWHL.

(ii) In 2015, CWHL repaid the Company for the payments made on behalf of parent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Cash Flow Information

(a) Reconciliation of (loss) after income tax to net cash inflow from operating activities:

	2016	2015
	$	$
Reconciliation of the loss after tax to the net cash flows from operations:		
(Loss) for the period	**(1,123,821)**	(159,197)
Impairment loss on assets	**552,588**	576,317
Depreciation of non-current assets	**2,578**	-
Loss on disposal of subsidiaries	**139,670**	-
Other expense	**-**	(574,856)
Effects of foreign exchange differences	**76,239**	(276,682)
Changes in Operating Assets and Liabilities:		
Increase in trade and other receivables	**(4,641)**	(691,103)
(Increase)/decrease in other assets	**(132,643)**	158,752
Increase in trade and other payables	**8,414**	827,976
Increase in other liabilities	**3,309**	-
Net cash flow (used in) operating activities	**(478,307)**	(138,791)

(b) Non-cash investing and financing activities

	2016	2015
	$	$
Deposit paid to Henan Tianze Import and Export Co., Ltd with the amount received from Runx Trade Co., Ltd, which was previously held by Henan Bump Trade Co., Ltd (note 12)	**-**	(2,082,748)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Commitments

Non-cancellable operating leases

	Consolidated 31 December 2016 $	Consolidated 31 December 2015 $
As lessee		
Payable within one year	**73,750**	5,299
Later than 1 year but not later than 5 years	**247,565**	-
	321,315	5,299

The continued operation of the company leases various premises under non-cancellable operating leases expiring between 1 and 5 years. The above amounts do not include amounts for any renewal options on leases. Lease terms usually run for 1 and 5 years.

Note 21. Contingent liabilities

The consolidated entity did not have any contingent liability during the year.

Note 22. Events occurring after the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, or the results of those operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 23. Parent entity financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2016	2015
	$	$
Current assets	4,703,538	3,383,258
Non-current assets	1,258,739	1,258,606
Total assets	**5,962,277**	**4,641,864**
Current liabilities	2,259,835	590,996
Non-current liabilities	-	-
Total liabilities	**2,259,835**	**590,996**
Contributed equity	5,092,501	5,092,501
Accumulated losses	(1,390,059)	(1,041,633)
Total Equity	**3,702,442**	**4,050,868**
Loss for the period	(348,426)	(398,476)
Other comprehensive income	-	-
Total comprehensive loss	**(348,426)**	**(398,476)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 24. Company Details

(a) Registered Office

6/22 Redland Drive

Mitcham,

VIC 3132

(b) Principal Place of Business

B&P Design Pty Ltd

471 Warrigal Road,

Moorabbin

VIC 3189

DECLARATION BY DIRECTORS

In the opinion of the directors:

(a) The attached financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

i) Giving a true and fair view of the financial position as at 31 December 2016 and the performance for the year ended on that date of the consolidated entity; and
ii) Complying with Accounting Standards, *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
iii) Complying with International Financial Reporting Standards as disclosed in Note 1(a); and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Financial Controller as required by Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Xiaogang Zou
Director

23 March 2017
Melbourne, Australia

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BIRCH AND PRESTIGE INVESTMENT GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Birch and Prestige Investment Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year then ended; and
b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed during the audit
Receivables Impairment **Note 11** As at 30 June 2016, management concluded that the balance receivable from Henan Bump Trade Co., Ltd ("Bump"), amounting to $2,022,109, was not recoverable. As such it was fully impaired at that date. After negotiations during the year ending 31 December 2016 between management of the Group and Bump, partial settlement of $1,402,953 was received.	Our procedures included, among others: • We tested the reconciliation of account receivables to supporting documentation and the settlement received in cash; • We tested the impairment provision and considered whether the assessment performed by management that further amounts would not be recovered was reasonable; and • We reviewed the disclosures associated with this receivable.

Key Audit Matter	How the matter was addressed during the audit
A portion of the receivable of $466,115 was still considered to be not recoverable and this amount was written off. The remaining balance of the receivable due from Bump as at 31 December 2016 is $153,041. This was considered recoverable by the management of the Group and is unimpaired, although past due.	

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ShineWing AUSTRALIA

We obtain an understanding of internal control relevant to the audit 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 Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Birch and Prestige Investment Group Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

ShineWing Australia

ShineWing Australia
Chartered Accountants

M. Schofield

Matthew Schofield
Partner

Melbourne, 23 March 2017

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 23 March 2017.

A Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Class of equity security Ordinary shares
Holding			**Share**
1	-	1,000	100
1,001	-	5,000	1,309,500
5,001	-	10,000	34,700
10,001	-	100,000	70,000
100,001	-	and over	11,981,225
			13,395,525

There were 1 holders of less than a marketable parcel of ordinary shares.

B Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	**Ordinary shares**	
	Number held	**Percentage of issued shares**
CHINA WINWAY INVESTMENT HOLDINGS LIMITED	3,146,525	23.49
MS XIAO YAN LIU	650,000	4.85
MS DONGHUA YUAN	555,000	4.14
MR JUN SONG	550,000	4.11
MR JIN YANG	500,000	3.73
MR ZHENGJIE CHENG	480,000	3.58
MR JI YONG WU	420,000	3.14
MS WEN ZHEN LI	380,000	2.84

MR WEIFENG ZHANG	372,800	2.78
MR HAIQIANG DENG	370,000	2.76
MS MINGXIAO MA	350,000	2.61
MR BING JIA	320,000	2.39
MS CHUNLI CHEN	314,000	2.34
MR XIANGHUA HE	300,000	2.24
MR CHAOJUN WANG	300,000	2.24
MS HUIYUN ZHU	291,500	2.18
MR YAN SIMA	290,000	2.16
MS SASHUANG LYU	284,000	2.12
MR DI XUE	283,000	2.11
THE TRUST COMPANY (AUSTRALIA) LIMITED	274,700	2.05
MR LINJIE KANG	265,000	1.98
	10,696,525	79.84%

C Substantial holders

Substantial holders in the Company are set out below:

Ordinary shares	Number held	Percentage
CHINA WINWAY INVESTMENT HOLDINGS LIMITED	3,146,525	23.49

D Voting rights

Every member present in person of by an attorney, a proxy or a representative shall on a show of hands, have one vote and upon a poll, one vote for every fully paid ordinary share held.

SHAREHOLDER INFORMATION

E Shares subject to voluntary escrow – Restricted Securities

On completion of the Initial Public Offering on 18 August 2013, the Existing Shareholder has agreed to 24 months escrow for all Existing Shares (Restricted Securities), and has entered into a standard form ASX restriction agreement to that effect.

The number of their Existing Shares that are Restricted Securities is set out below.

Name	Ordinary shares	
	Number held	Percentage of issued shares
CHINA WINWAY INVESTMENT HOLDINGS LIMITED	3,146,525	23.49