Zhen Ding Resources, Inc.

Financial Statements

As of December 31, 2014 and 2013

And for the Years Then Ended

INDEX TO FINANCIAL STATEMENTS

GBH

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Zhen Ding Resources Inc.
Montreal, Quebec

We have audited the accompanying consolidated balance sheets of Zhen Ding Resources Inc. as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive loss, deficit, and cash flows for each of the years then ended. Zhen Ding Resources Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Zhen Ding Resources Inc. as of December 31, 2014 and 2013 and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that Zhen Ding Resources Inc. will continue as a going concern. As discussed in Note 3 to the consolidated financial statements, Zhen Ding Resources Inc. has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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April 16, 2015

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Zhen Ding Resources Inc.
Consolidated Balance Sheets
As of December 31, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 8,199	$ 20,554
Accounts receivable, net of allowance for doubtful accounts	100,113	-
VAT receivables	174,896	229,118
Inventories	-	98,045
Prepaid expenses and other current assets	6,663	2,763
Total current assets	289,871	350,480
Property and equipment, net of accumulated depreciation	1,929,820	2,266,910
Construction in progress	174,318	203,121
Total assets	$ 2,394,009	$ 2,820,511
Liabilities and Equity (Deficit)		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 349,955	$ 437,678
Accrued interest – related parties	1,885,345	1,329,942
Deferred revenues	163,779	328,285
Due to related party	766,672	682,981
Short-term debt – related parties	3,500,349	3,141,735
Current portion of long-term debt – related party	325,000	-
Total current liabilities	6,991,100	5,920,621
Long-term debt – related parties	-	327,200
Total liabilities	6,991,100	6,247,821
Equity (Deficit)		
Common stock, 150,000,000 shares authorized, $0.0001 par value, 63,968,798 shares issued and outstanding	6,397	6,397
Additional paid-in capital	12,762,875	12,762,875
Subscriptions receivables	(5,431)	(5,431)
Accumulated other comprehensive loss	(79,538)	(95,402)
Accumulated deficit	(15,760,155)	(14,892,446)
Total deficit attributable to Zhen Ding Resources Inc.	(3,075,852)	(2,224,007)
Non-controlling interest	(1,521,239)	(1,203,303)
Total equity (deficit)	(4,597,091)	(3,427,310)
Total liabilities and equity (deficit)	$ 2,394,009	$ 2,820,511

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

Zhen Ding Resources Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2014 and 2013

	2014	2013
Revenues	$ 648,550	$ 56,560
Cost of revenues	(471,835)	(812,405)
Gross profit	176,715	(755,845)
Operating expenses:		
General and administrative	565,289	248,270
Depreciation	257,778	27,065
Total operating expenses	823,067	275,335
Operating loss	(646,352)	(1,031,180)
Other expenses:		
Interest expense	(545,840)	(472,123)
Other expenses	(253)	(718)
Total other expenses	(546,093)	(472,841)
Net loss	(1,192,445)	(1,504,021)
Loss attributable to non-controlling interests	324,736	316,692
Net loss attributable to Zhen Ding Resources Inc.	$ (867,709)	$ (1,187,329)
Basic and diluted loss per common share	$ (0.01)	$ (0.02)
Basic and diluted weighted average number of common shares outstanding	63,968,798	63,869,840
Comprehensive loss:		
Net loss	$ (1,192,445)	$ (1,504,021)
Other comprehensive loss:		
Foreign currency translation adjustments	22,664	(77,510)
Total comprehensive loss	(1,169,781)	(1,581,531)
Comprehensive loss attributable to non-controlling interest	317,936	339,945
Comprehensive loss attributable to Zhen Ding Resources Inc.	$ (851,845)	$ (1,241,586)

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

Zhen Ding Resources Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities		
Net loss	$ (1,192,445)	$ (1,504,021)
Adjustment to reconcile net loss to net cash used in operating activities:		
Bad debt expense	100,042	-
Inventory write-offs	226,088	777,335
Depreciation	340,458	304,908
Change in operating assets and liabilities		
Accounts receivables	(197,529)	-
VAT receivables	52,746	(182,143)
Inventories	(128,583)	(874,061)
Prepaid expenses and other current assets	(6,671)	67,299
Accounts payables and accrued liabilities	(75,973)	(80,646)
Accrued interest – related parties	564,803	423,508
Deferred revenues	(162,700)	(61,562)
Net cash used in operating activities	(479,764)	(1,129,383)
Cash flows from investing activities		
Repayment from (advance to) YJSLC	-	1,936,800
Payments for purchases of property, equipment and other assets	-	(72,071)
Payments for construction in progress	-	(103,521)
Net cash provided by (used in) investing activities	-	1,761,208
Cash flows from financing activities		
Net change in advance from related parties	88,393	159,069
Repayment on short-term debt	-	(2,340,300)
Proceeds from borrowings on short-term debt – related parties	379,058	1,471,268
Net cash provided by (used in) financing activities	467,451	(709,963)
Foreign currency translations	(42)	1,818
Net change in cash	(12,355)	(76,320)
Cash - beginning of the year	20,554	96,874
Cash - end of the year	$ 8,199	$ 20,554
Supplement cash flows information:		
Cash paid for interest	$ -	$ -
Cash paid for income tax	$ -	$ -
Non-cash investing and financing activities:		
Reclassification of construction in progress to property and equipment	$ 27,471	$ 197,223
Value of shares issued and change of par value as the result of share exchange	-	57,450

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

Zhen Ding Resources Inc.
Consolidated Statement of Deficit
For the years ended December 31, 2014 and 2013

	Common Stock Shares	Common Stock Par	Additional Paid-in Capital	Subscription Receivables	Accumulated Other Comprehensive Income	Accumulated Deficit	Non-controlling Interest	Total Deficit
Balances, December 31, 2012	63,846,358	$ 63,847	$ 12,705,425	(5,431)	(41,145)	(13,705,117)	(863,358)	(1,845,779)
Share issued and change of par value as the result of shares exchange	122,440	(57,450)	57,450	-	-	-	-	-
Foreign currency translation adjustment	-	-	-	-	(54,257)	-	(23,253)	(77,510)
Net loss	-	-	-	-	-	(1,187,329)	(316,692)	(1,504,021)
Balances, December 31, 2013	63,968,798	$ 6,397	$ 12,762,875	$ (5,431)	$ (95,402)	$ (14,892,446)	$ (1,203,303)	$ (3,427,310)
Foreign currency translation adjustment	-	-	-	-	15,864	-	6,800	22,664
Net loss	-	-	-	-	-	(867,709)	(324,736)	(1,192,445)
Balances, December 31, 2014	63,968,798	$ 6,397	$ 12,762,875	$ (5,431)	$ (79,538)	$ (15,760,155)	$ (1,521,239)	$ (4,597,091)

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

Note 1. Description of Business

Zhen Ding Resources Inc. (formerly Robotech Inc.) (the "Company", "Zhen Ding DE", or "ZDRI") was incorporated in State of Delaware in September 1996 and began its business activities in the field of development and marketing of specialized technological equipment. In 2003, the Company abandoned its business because it was not able to reach the Company's financing goals. Since 2004, several potential businesses were investigated by the Company as candidates for acquisition but for various reasons none were pursued. In 2008, negotiations were entered into with intent to acquire a solar energy company operating in the North African region. However, due to the inability to arrange for adequate funding, discussions were terminated. In the past decade there has been a worldwide sharp recovery in the price and interest in precious metals, minerals and industrial commodities fueled to a large degree by the economic awakening of the two most populous nations, China and India. In early 2010, the business direction of the Company was changed to seek opportunities from this revival and the Company began to focus particularly on searching for companies engaged in the mining of gold, silver and copper.

The Company entered into negotiations with Zhen Ding Resources Inc. (a Nevada entity) ("Zhen Ding NV"), which indirectly owns 70% of a Chinese Joint Venture entity, Zhen Ding Mining Co. Ltd. ("Zhen Ding JV" or "JXZD"). This indirect ownership is through a 100% ownership of a California company Z&W, Zhen Ding Corporation ("Z&W CA").

In January 2012, the Board of Directors, with authorization from the majority of the shareholders of the Company, made an offer to the shareholders of Zhen Ding NV, to acquire, at the very least, the majority of their common shares, and, if available, up to 100% ownership.

During 2012, a total of 50,746,358 shares of the issued and outstanding common stock of Zhen Ding NV were tendered to the Company. This represented 79% of the ownership of Zhen Ding NV.

On August 13, 2013, an additional 13,100,000 shares of Zhen Ding NV were tendered to the Company. Thus, as of August 13, 2013, the shareholders of Zhen Ding NV had tendered 100% of the issued and outstanding shares of common stock, representing 100% of the issued and outstanding equity of Zhen Ding NV to the Company.

On October 23, 2013, the Company issued 122,440 shares of its common stock, on a one-for-one basis, to the tendering shareholders of Zhen Ding NV and made Zhen Ding NV a wholly owned subsidiary of the Company.

The Share Exchange was accounted for as a reverse merger rather than a business combination, wherein ZDRI is considered the acquirer for accounting and financial reporting purposes. The consolidated statements of operations reflect the activities of ZDRI. On October 28, 2013, the Company dissolved Zhen Ding NV by merging it into the Company.

The Company now through Zhen Ding NV's wholly owned subsidiary, Z&W CA, participates in a joint venture with Jing Xian Xinzhou Gold Co., Ltd. ("Xinzhou Gold"), a company organized under the laws of the People's Republic of China ("PRC"). The joint venture company JXZD is 70% held by the Company through Z&W CA who has the mineral exploration, mineral mining and gold mining rights to a property located in the southwestern part of Anhui province in China, near the town of Jing Xian. Xinzhou Gold, the other 30% partner of JXZD is the actual named owner of the various licenses used by JXZD and transferred all rights emanating from these licenses as part of the joint venture agreement between Z&W CA and Xinzhou Gold.

Now, the Company's primary activity, through JXZD, is ore processing and production. The Company focus in the growth regions mostly in China and Southeast Asia geographically.

Note 2. Summary of Significant Accounting Policies

The summary of significant accounting policies presented below is designed to assist in understanding the Company's financial statements. Such financial statements and accompanying notes are the representations of the Company's management, which is responsible for the integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") in all material respects and have been consistently applied in preparing the accompanying financial statements.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its wholly subsidiaries Z&W CA and its majority owned subsidiaries JXZD. All inter-company transactions and balances were eliminated. The portion of the income applicable to non-controlling interests in subsidiary undertakings is reflected in the consolidated statements of operations.

Use of Estimates and Assumptions

The Company prepares its financial statements in conformity with U.S. GAAP, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Foreign Currency Adjustments

The Company's functional currency for all operations worldwide is the U.S. dollar. Nonmonetary assets and liabilities are translated at historical rates and monetary assets and liabilities are translated at exchange rates in effect at the end of the year. Income statement accounts are translated at average rates for the year. Any translation adjustments are reflected as a separate component of stockholders' equity and have no effect on current earnings. Gains and losses resulting from foreign currency transactions are included in current results of operations. During the years ended December 31, 2014 and 2013, the Company had aggregate foreign currency translation gains (losses) of $22,664 and ($77,510) respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectability. If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2014, the Company recorded allowances of $100,042 for doubtful accounts from certain sales that occurred in August and November 2014 but had not been collected.

Inventories

Finished goods, work-in-process, and raw materials are valued at the lower of average production cost and net realizable value.

The Company records the costs of ore stacked on its leach pads and in process at its production sites as heap leach ore and working process inventories measured at the lower of cost and estimated net realizable value in inventory. These costs are charged to earnings and included in cost of revenues on the basis of tons of precious mineral sold. The estimates and assumptions used in the measurement of heap leach ore and work-in-process inventories include quantities of ore stacked on leach pads, recoverable tons of precious minerals contained in ore stacked on leach pads, recoverable tons of precious minerals in the mill processing circuits and the price expected to be realized when the tons of precious minerals are recovered.

If these estimates or assumptions prove to be inaccurate, the Company could be required to write down the carrying amounts of its heap leach ore and work-in-process inventories, which would reduce the Company's earnings and working capital.

Property and Equipment

Property and equipment is stated at the historical cost, less accumulated depreciation. Depreciation on property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets for both financial and income tax reporting purposes as follows:

Buildings	20 years
Motor vehicles	5 years
Production and office Equipment	5 years

Expenditures for normal repairs and maintenance are charged to expense as incurred. Significant renewals and improvements are capitalized. The costs and related accumulated depreciation of assets retired or otherwise disposed of are eliminated from the accounts, and any resulting gain or loss is recognized in the year of disposal.

Impairment of Long-Lived Assets

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be realizable or at a minimum annually during the fourth quarter of the year. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset are compared to the asset's carrying value to determine if an impairment of such asset is necessary. The effect of any impairment would be to expense the difference between the fair value of such asset and its carrying value.

Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company computes a deferred tax asset for net operating losses carried forward. The potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

Fair Values of Financial Instruments

Management believes that the carrying amounts of the Company's financial instruments, consisting primarily of cash and accounts payable, approximated their fair values as of December 31, 2014 and December 31, 2013, due to their short-term nature.

Non-controlling Interest

Non-controlling interests in the Company's subsidiaries are reported as a component of equity, separate from the parent's equity. Purchase or sale of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the minority interest are included in our consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings.

Revenue Recognition

Revenue is recognized when products are shipped, title and risk of loss is passed to the customers and collection is reasonably assured. Payments received prior to the satisfaction of above criteria are deferred.

Basic and Diluted Earnings (Loss) Per Common Share

The basic net loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding. Diluted net loss per common share is computed by dividing the net loss adjusted on an "as converted" basis, by the weighted average number of common shares outstanding plus potential dilutive securities. For all periods presented, there were no potentially dilutive securities outstanding.

Subsequent Events

The Company evaluated events subsequent to December 31, 2014 through the date the financial statements were issued for disclosure consideration.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

ASU 2014-10 Topic 915 Development Stage Entities

The objective of the guidance is to reduce cost and complexity in the financial reporting system by eliminating inception-to-date information from the financial statements of development stage entities. The new standard eliminates the concept of a development stage entity ("DSE") from U.S. GAAP. Therefore, the current incremental reporting requirements for a DSE, including inception-to-date information, will no longer apply. This standard is effective for annual reporting periods beginning after December 15, 2014. The Company has elected to early adopt this guidance.

ASU 3013-05 Topic 830 Accounting for cumulative translation adjustments

The standards amends cumulative translation adjustment derecognition guidance in particular when (i) an entity ceases to have a controlling financial interest in certain subsidiaries or groups of assets within a foreign entity, or (ii) there is a loss of a controlling financial interest in a foreign entity or a step acquisition involving an equity method investment that is a foreign entity. This is effective for public entities for years, and interim periods within those years, beginning after December 15, 2013. The Company has elected to early adopt this guidance.

ASU 2013-11 Topic 740 Income taxes

The standard amends guidance on financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. This is effective for public entities for years, and interim periods within those years, beginning after December 15, 2013. The Company has elected to early adopt this guidance.

Note 3. Going Concern

These financial statements have been prepared on a going concern basis, which implies the Company will continue to meet its obligations and continue its operations for the next fiscal year. As of December 31, 2014, the Company had accumulated losses of $15,760,155 since inception and had a working capital deficit of $6,701,229. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The continuation of the Company as a going concern is dependent upon financial support from its stockholders, the ability of the Company to obtain necessary equity financing to continue operations, and the attainment of profitable operations. Realization value may be substantially different from carrying values as shown and these financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

Note 4. VAT Receivables

As of December 31, 2014 and 2013, the Company had VAT receivables of $174,896 and $229,118, respectively. The VAT receivables are the input tax of VAT to the purchased materials and property and equipment.

Note 5. Inventory

As of December 31, 2014 and 2013, the Company had inventory of $0 and $98,045, respectively. The inventory is finished goods, the processed ore powder. At December 31, 2014 and 2013, the net realizable value of inventories were significantly below average cost. Therefore, the Company wrote down $226,088 and $777,335 of its inventory to their net realizable value.

Note 6. Property and Equipment

Property and equipment consisted of the following:

	December 31, 2014	December 31, 2013
Buildings	$ 1,358,788	$ 1,353,844
Motor Vehicles	65,368	68,080
Production and Office Equipment	1,379,793	1,382,691
Subtotal	2,803,949	2,804,615
Less: Accumulated Depreciation	(874,129)	(537,705)
Property and Equipment, Net	$ 1,929,820	$ 2,266,910

Depreciation for the years ended December 31, 2014 and 2013 is summarized as follows:

	2014	2013
Statement of operations:		
Operating expenses	$ 257,778	$ 27,065
Cost of revenues	82,680	248,280
Depreciation expense	340,458	275,345
Balance sheet:		
Capitalized in inventory	-	29,563
Total depreciation	$ 340,458	$ 304,908

In the PRC, land use rights, are the legal rights for an entity to use land for a fixed period of time. The PRC adopts dual land tenure system under which land ownership is independent of land use rights. The land is either owned by the state ("State Land") or by rural collective economic organization ("Collective Land").

As of December 31, 2014, the Company does not have any land use rights agreements with the PRC for the office buildings owned by the Company. The Government owns the land where the Company's buildings are located and allows the Company free usage of the land.

Note 7. Construction in Progress

As of December 31, 2014 and 2013, the Company had Construction in progress ("CIP") of $174,318 and $203,121, respectively. The CIP is mainly comprised of funds spent by the Company to build an office building and a reservoir dam.

Note 8. Related Party Transactions

Accounts payables

As of December 31, 2014 and 2013, the Company had payables of $766,672 and $682,981, respectively, to Xinzhou Gold. These payables bear no interest, are unsecured and are due on demand.

Short-term and long-term debt

As of December 31, 2014 and 2013, the Company had short-term debts to related parties of $3,500,349 and $3,141,735, respectively. The details of the debts are described as below.

At December 31, 2014:

Name	Relationship to the Company	Amount	Annual Interest Rate	Start Date	Maturity
Wei De Gang	CEO & Legal Person of JXZD	$ 2,905,515	15%	May 31, 2012	On Demand
Zhao Yan Ling	Former Office Manager in JXZD, wife of Zhou Zhi Bin	17,063	15%	January 1, 2012	On Demand
Zhou Zhi Bin	Former CEO & Legal Person of JXZD	8,125	15%	January 1, 2012	On Demand
Tang Yong Hong	Manager of JXZD	334,622	15%	February 28, 2014	February 28, 2015
Yan Chun Yan	Accountant of JXZD	3,171	15%	August 31, 2014	August 31, 2015
Wen Mei Tu	President & shareholder of ZDRI	154,965	12%	Various	Various
Importation Tresor Plus Inc	Shareholder of ZDRI	30,000	12%	July 9, 2012	On Demand
Tony Ng Man Kin	Shareholder of ZDRI	25,000	12%	February 27, 2013	February 27, 2014
Victor Sun	Consultant & shareholder of ZDRI	3,923	0%	January 1, 2013	On Demand
Helen Chen	President of Z&W CA	17,965	0%	January 1, 2011	On Demand
Total		$ 3,500,349			

At December 31, 2013:

Name	Relationship to the Company	Amount	Annual Interest Rate	Start Date	Maturity
Wei De Gang	CEO & Legal Person of JXZD	$ 2,959,524	15%	May 31, 2012	On Demand
Zhao Yan Ling	Former Office Manager in JXZD, wife of Zhou Zhi Bin	17,178	15%	January 1, 2012	On Demand
Zhou Zhi Bin	Former CEO & Legal Person of JXZD	8,180	15%	January 1, 2012	On Demand
Wen Mei Tu	President & shareholder of ZDRI	79,965	12%	Various	Various
Importation Tresor Plus Inc	Shareholder of ZDRI	30,000	12%	July 9, 2012	On Demand
Tony Ng Man Kin	Shareholder of ZDRI	25,000	12%	February 27, 2013	February 27, 2014
Victor Sun	Consultant & shareholder of ZDRI	3,923	0%	January 1, 2013	On Demand
Helen Chen	President of Z&W CA	17,965	0%	January 1, 2011	On Demand
Total		$ 3,141,735			

As of December 31, 2014 and 2013, the Company had other debt to a related party of $325,000 and $327,200, respectively. At December 31, 2014, the debt became current and it is due in 2015.

In addition, as of December 31, 2014 and 2013, the Company had accrued interest payable to the related parties of $1,885,345 and $1,329,942, respectively.

Note 9. Deferred Revenues

As of December 31, 2014 and 2013, the Company had deferred revenue of $163,779 and $328,285, respectively, related to advances that the Company received from its customers.

Note 10. Contingencies

Concentration of Credit Risk

Substantially all of the Company’s bank accounts are in banks located in The People’s Republic of China and are not covered by protection similar to that provided by the FDIC on funds held in United States banks.

Vulnerability Due to Operations in PRC

The Company’s operations in China may be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than twenty years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC’s political, economic and social conditions. There is also no guarantee that the PRC government’s pursuit of economic reforms will be consistent or effective in the future.

Note 11. Equity Transactions

As of August 13, 2013, the shareholders of Zhen Ding NV had tendered 100% of the issued and outstanding shares of common stock, representing 100% of the issued and outstanding equity of Zhen Ding NV to Zhen Ding DE.

On October 23, 2013, Zhen Ding DE issued 122,440 shares of its common stock, on a one-for-one basis, to the tendering shareholders of Zhen Ding NV and made Zhen Ding NV a wholly owned subsidiary of Zhen Ding DE.

Note 12. Income Taxes

The Company and its subsidiaries are subject to income taxes on an "entity" basis that is, on income arising in or derived from the tax jurisdiction in which each entity is domiciled. It is management's intention to reinvest all the income earned by the Company's subsidiaries outside of the US. Accordingly, no US federal income taxes have been provided on earnings of the foreign based subsidiaries.

The Company was incorporated in the United States and is subject to United States federal income taxes and had incurred operating losses since its inception. The Company's joint venture in China is subject to a 25% statutory PRC enterprise income tax rate and has also incurred operating losses since its inception. As of December 31, 2014, we had net operating losses (“NOL”) carryforwards of approximately $15,750,000. The NOL carryforwards expire between fiscal year 2015 through 2034. The value of these carryforwards depends on our ability to generate taxable income. Tax laws in both China and United States limit the time during which the net operating loss carryforwards may be applied against future taxes, if we fail to generate taxable income prior to the expiration dates we may not be able to fully utilize the net operating loss carryforwards to reduce future income taxes. We have had cumulative losses and there is no assurance of future taxable income; therefore, valuation allowances have been recorded to fully offset the deferred tax asset at December 31, 2014 and 2013.

Note 13. Contingencies

Concentration of Credit Risk

Substantially all of the Company’s bank accounts are in banks located in The People’s Republic of China and are not covered by protection similar to that provided by the FDIC on funds held in United States banks.

Vulnerability Due to Operations in PRC

The Company’s operations in China may be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than twenty years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC’s political, economic and social conditions. There is also no guarantee that the PRC government’s pursuit of economic reforms will be consistent or effective in the future.

Note 14. Major Customers and Vendors

During the years ended December 31, 2014 and 2013, all sales were to three customers. During the years ended December 31, 2014 and 2013, the Company purchased all raw materials from Xinzhou Gold.