WEI WEI & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

• MAIN OFFICE
133-10 39TH AVENUE
FLUSHING, NY 11354
TEL. (718) 445-6308
FAX. (718) 445-6760

• CALIFORNIA OFFICE
36 W BAY STATE STREET
ALHAMBRA, CA 91801
TEL. (626) 282-1630
FAX. (626) 282-9726

• BEIJING OFFICE
SUITE 2503
CHINA WORLD OFFICE 2
1 JIANGUOMENWAI AVENUE
BEIJING 100004, PRC
TEL. (86 10) 65355871
FAX. (86 10) 65355870

INDEPENDENT AUDITORS' REPORT

Shareholders and Board of Directors
Tianmei International Beverage Co., Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Tianmei International Beverage Co., Ltd. and Subsidiaries, which comprise the consolidated statement of financial position as at 31 May 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 31 May 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Tianmei International Beverage Co., Ltd. as at 31 May 2016, and of its consolidated financial performance and its cash flows for the six months ended 31 May 2016 in accordance with International Financial Reporting Standards.

Wei, Wei & Co. LLP

Liren Wei
Managing Partner

20 October 2016
New York, United States of America

TIANMEI INTERNATIONAL BEVERAGE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (LOSS)
FOR THE SIX MONTHS ENDED 31 MAY 2016
IN US DOLLARS

	Notes	
Revenue	3.7	10,869,660
Cost of sales	17	(4,168,888)
Gross profit		**6,700,772**
Other income		767,622
Selling and distribution expenses	18.1	(934,898)
Administrative expenses	18.2	(1,970,202)
Financing expenses	18.3	(9,476)
Research and development expenses	18.4	(390,327)
Operating profit before income tax expense		**4,163,491**
Income tax expense	6	(1,482,333)
Profit for the period		**2,681,158**
Other comprehensive (loss):		
Exchange differences on translating foreign currencies	2.6	(99,705)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**2,581,453**

The notes on pages 9 to 37 are an integral part of these consolidated financial statements.

TIANMEI INTERNATIONAL BEVERAGE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2016
IN US DOLLARS

ASSETS	**Notes**	
Non-current assets		
Property and equipment, net	9	482,190
Prepayments	8	388,660
Non-current assets		**870,850**
Current assets		
Deposit	7	151,895
Inventories	3.2	314,576
Deferred slotting fees	3.5	2,395,333
Prepayments	8	684,099
Trade and other receivables	5.1.1	1,291
Cash and cash equivalents	3.1.1	12,015,425
Current assets		**15,562,619**
TOTAL ASSETS		**16,433,469**

The notes on pages 9 to 37 are an integral part of these consolidated financial statements.

TIANMEI INTERNATIONAL BEVERAGE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2016
IN US DOLLARS

EQUITY AND LIABILITIES	**Notes**	
Equity		
Share capital	13	50,000
Receivable for equity share	13	(50,000)
Share premium		1,767,118
Statutory reserve fund	3.6	445,429
Retained earnings		4,006,484
Other comprehensive (loss)		(133,113)
Total equity		**6,085,918**
Current liabilities		
Trade and other payables	10	807,879
Advance from customers	10	778,234
Taxes payable	3.8	1,066,132
Convertible debt payable	12	1,002,507
Borrowings – third parties	11	77,800
Borrowings – inter company	11	6,614,999
Current liabilities		**10,347,551**
TOTAL EQUITY AND LIABILITIES		**16,433,469**

The notes on pages 9 to 37 are an integral part of these consolidated financial statements.

TIANMEI INTERNATIONAL BEVERAGE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 MAY 2016
IN US DOLLARS

	Share Capital	Share Premium	Receivable for equity share	Statutory Reserve Fund	Retained Earnings	Other Comprehensive (loss)	Total Equity
Balance – 30 November 2015	50,000	-	(50,000)	177,241	1,593,514	(33,408)	1,737,347
Issue of ordinary shares for compensation	-	1,767,118	-	-	-	-	1,767,118
Profit for the period	-	-	-	-	2,681,158	-	2,681,158
Statutory reserve	-	-	-	268,188	(268,188)	-	-
Other comprehensive (loss)	-	-	-	-	-	(99,705)	(99,705)
Balance – 31 May 2016	**50,000**	**1,767,118**	**(50,000)**	**445,429**	**4,006,484**	**(133,113)**	**6,085,918**

The notes on pages 9 to 37 are an integral part of these consolidated financial statements.

TIANMEI INTERNATIONAL BEVERAGE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MAY 2016
IN US DOLLARS

	Notes	
CASH FLOWS FROM OPERATING ACTIVITIES :		
Profit for the period		2,681,158
Adjustments to reconcile profit after tax		
to net cash flows:		
Depreciation	9.3	57,167
Share compensation for management		1,767,118
Interest expense		9,477
Income tax expense	6	1,482,333
Working capital adjustments:		
Change in inventories	17.1	(314,576)
Change in deferred slotting fees	3.5	(1,091,432)
Change in trade and other receivables	5.1.1	520
Change in prepayments	8	(1,072,759)
Change in trade and other payables	10	590,231
Change in advance from customers	10	653,008
Cash generated from operating activities		4,762,245
Interest paid		(12,796)
Income taxes paid		(838,687)
Net cash provided by operating activities		**3,910,762**
CASH FLOWS FROM INVESTING ACTIVITIES :		
Interest received		3,319
Purchase of property and equipment	9.2	(296,155)
Deposit payment for intent of acquisition	7	(153,514)
Net cash (used in) investing activities		**(446,350)**

The notes on pages 9 to 37 are an integral part of these consolidated financial statements.

TIANMEI INTERNATIONAL BEVERAGE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX MONTHS ENDED 31 MAY 2016
IN US DOLLARS

	Notes	
CASH FLOWS FROM FINANCING ACTIVITIES :		
Proceeds from issuance of convertible debt	12	1,013,192
Proceeds from borrowings – third parties	11	78,011
Proceeds from borrowings – inter company	11	6,685,429
Repayment of borrowings – Guangdong Tianmei former shareholder	11	(613,979)
Net cash provided by financing activities		**7,162,653**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10,627,065**
Cash and cash equivalents – beginning		1,418,052
Effect of exchange rate fluctuations on cash and cash equivalents		**(29,692)**
CASH AND CASH EQUIVALENTS - ENDING		**12,015,425**

The notes on pages 9 to 37 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Tianmei International Beverage Co., Ltd. (the "Company") was incorporated in British Virgin Islands on 9 November 2015. Mr. Xiaoran Zhang was the sole shareholder and director. The Company is authorized to issue 50,000 shares at USD 1.00 each. On 16 May 2016, Mr. Xiaoran Zhang transferred his 50,000 shares of the Company to Tianmei Beverage Group Corporation Limited ("Tianmei Australia") in consideration of USD 50,000. On the same day, Ms. Li Wang was appointed as Director of the Company replacing Mr. Zhang. Tianmei Australia was an entity registered under the Australian Corporations Act 2001 on 6 May 2016, which filed a registration statement to become a public company in Australia through the Australian Securities & Investments Commission ("ASIC").

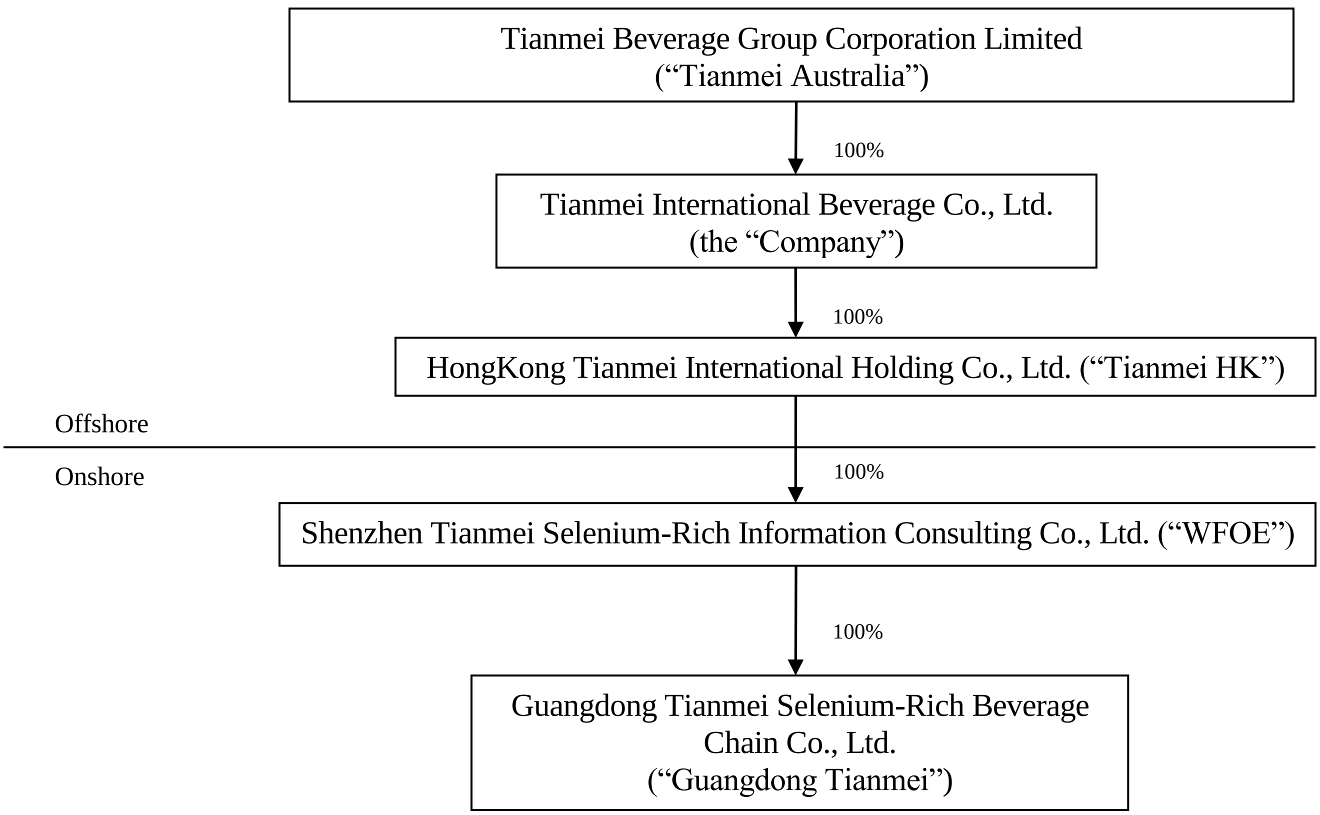
On 7 April 2016, the Company purchased all of the shareholding of HongKong Tianmei International Holding Co., Ltd. ("Tianmei HK"), which was incorporated on 16 September 2014 by Ms. Gao Yisha Yang, for HKD 10,000. Tianmei HK incorporated Shenzhen Tianmei Selenium-Rich Information Consulting Co., Ltd. ("WFOE") on 15 December 2015 with the registered capital of RMB 500,000.

Guangdong Tianmei Selenium-Rich Beverage Chain Co., Ltd. ("Guangdong Tianmei") was the operating entity, which was founded on 22 May 2015 in the Guangdong Province in the People's Republic China ("PRC"). Before 2 March 2016, Guangdong Tianmei was owned by four persons, which Mr. Shili Zhang owned 44.94%, Ms. Xiaoqin Zheng owned 6.00%, Ms. Han Xu owned 44.06%, and Mr. Zuliang Xu owned 5%. On 2 March 2016, the Guangdong Tianmei's four shareholders transferred 100% ownership of Guangdong Tianmei to WFOE in exchange for 55% share of Tianmei Australia. On 21 April 2016, the transfer was approved by the Chinese local government.

As a result of series of the transaction among parties mentioned above, the Company owns 100% of Tianmei HK, Tianmei HK owns 100% of WFOE, WFOE owns 100% of Guandong Tianmei.

The Company has a corporate structure which is set forth as follows:

1. CORPORATE INFORMATION (continued)



The Company's business, through its operating entity in China (Guangdong Tianmei), comprised of the following:

Sale of Selenium-Rich Water

The Company has an annual contract with a water company to bottle, under the Company's label, water from a spring in the PRC that is rich in the mineral selenium. Selenium is believed to have antioxidant properties and play a key role in the human body's metabolism. The bottled water is purchased by the Company from the suppliers and is delivered directly to the stores based upon monthly orders placed by each store. Accordingly, the Company does not have any inventory of selenium-rich water as at 31 May 2016. Revenue generated from the sale of selenium-rich water was $3,786,392 for the six months ended 31 May 2016.

1. CORPORATE INFORMATION (continued)

Product Promotion and Placement Service

The Company has annual agreements with various vendors to assist them in the placement and marketing of their products. The Company receives a monthly fee from the vendors based upon the number of items being placed in each store. The Company has the ability to place these products based upon their relationships with over 900 stores in the Guangdong Province. In connection with these placement services, the Company enters into annual contracts with each store and must prepay the store an annual "slotting fee" charged for each product placed. The Company has no responsibility regarding the vendors' sales performance. Revenue generated from the product promotion and placement service was $6,354,485 for the six months ended 31 May 2016.

Sale of Selenium-Rich Water Related Products

Starting from April 2016, the Company has expanded its product line and contracted a local supplier to manufacture a serial of patented selenium-rich water related products including different type of drinking water stand, all-house water purifier and beauty sprayer. The products are purchased by the Company from the supplier and sold to the stores based upon orders placed by each store. The Company has inventories of selenium-rich water related products of USD 314,576 as at 31 May 2016. Revenue generated from the sale of selenium-rich water related products was $728,783 for the six months ended 31 May 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were authorized for issue by the Board of Directors on 20 October 2016.

2.2 Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for assets and liabilities required to be measured at fair value (See Note 4).

2.3 Subsidiaries

Subsidiaries are those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 31 May 2016 and the results of these subsidiaries for the six months ended 31 May 2016.

2.4 Common control transactions

The predecessor values method is used to account for the acquisition of subsidiaries by the Company under common control. The predecessor values method requires financial statements to be prepared using predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity are recorded as an adjustment to equity as a common control reserve. No additional goodwill is created by the transaction. Based upon this treatment, the effect of transaction has been recast as if this transaction had occurred at the beginning of the earliest period being presented accordingly.

2. BASIS OF PREPARATION (continued)

2.5 Functional and presentation currency

These consolidated financial statements are presented in US dollars, and the Company's functional currency is the Renminbi ("RMB"). All financial information presented has been rounded to the nearest US dollar.

2.6 Foreign currency translation

Almost all Company assets are located in the PRC. The functional currency for the Company's operations is the Renminbi ("RMB"). The Company uses the United States Dollar ("US Dollar" or "US$" or "$") for financial reporting purposes.

For the purpose of presenting the financial statements, the assets and liabilities of the Company are translated into US Dollar using the exchange rate prevailing at the end of reporting period. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity. For the six months ended 31 May 2016, exchange differences on translating RMB to US Dollar of $(99,705) are recognized as other comprehensive loss in the consolidated statement of profit or loss and other comprehensive income (loss).

Although government regulations now allow convertibility of the RMB for current account transactions, significant restrictions still remain. Hence, such translations should not be construed as representations that the RMB could be converted into US Dollar at that rate or any other rate.

The value of the RMB against the US Dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. Any significant revaluation of the RMB may materially affect the Company's financial condition in terms of US Dollar reporting.

2. BASIS OF PREPARATION (continued)

2.7 Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial instruments

3.1.1 Non-derivative financial assets
The Company initially recognizes trade and other receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has the following non-derivative financial assets:

Trade and other receivables
Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-current trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents are comprised of cash balances, money market funds and short-term investments with original maturities of three months or less.

3.1.2 Non-derivative financial liabilities
The Company recognizes the liabilities on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables, advances from customers, taxes payable, and borrowings. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

3.1.3 Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined on a weighted average basis and comprises all costs of purchasing raw materials, direct labor and other costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimates of costs of completion and selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related turnover is recognized. The amount of any write-down of inventories to net realizable values and all losses of inventories are recognized as an expense in the period the write down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories as an expense in the period in which the reversal occurs.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property and equipment

3.3.1 Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized net within other income (loss) in the statement of profit or loss and other comprehensive income (loss).

3.3.2 Subsequent costs

The cost of replacing a part of an item of property and equipment is recognized at the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in the statement of profit or loss and comprehensive income (loss) as incurred.

3.3.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value, if any. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term or their useful life unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current period are as follows:

Electronic equipment	3 years
Motor vehicles	4 years
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Impairment

3.4.1 Financial assets (including receivables)

A financial asset not carried at fair value through profit and loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company considers evidence of impairment for trade and other receivables at both a specific asset and collective levels. All individually significant accounts receivables are assessed for specific impairment. All individually significant accounts receivable found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Trade and other receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated and adjusted accordingly.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

The Company has the following non-financial asset: property and equipment, prepayments, inventories, and deferred slotting fees.

<u>Deferred slotting fees</u>
In connection with the Company's product promotion and placement services, the Company is required to prepay each store where it places a vendor's product, an annual slotting fee, which is shown as deferred slotting fees in the accompanying statement of financial position. As each slotting fee contract is renewed annually, the deferred slotting fees will be recognized within the following twelve months.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Statutory reserve fund

Pursuant to corporate law of the PRC, the Company is required to transfer 10% of its net income, as determined under PRC accounting rules and regulations, to a statutory reserve fund until such reserve balance reaches 50% of the Company's registered capital. The statutory reserve fund is non-distributable other than during liquidation and can be used to fund previous years' losses, if any, and may be utilized for business expansion or used to increase registered capital, provided that the remaining reserve balance after use is not less than 25% of registered capital. The required statutory reserve fund transfer was $268,188 for the six months ended 31 May 2016.

3.7 Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the amount of the consideration received or receivable, net of estimated returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale. For sales of goods, usually transfer occurs when the product is received at the customer's warehouse.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to taxes payable in respect of previous years.

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. A valuation allowance is established to reduce deferred tax assets to the amount expected to be realized.

Revenues, expenses and assets are recognized net of the amount of sales tax. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

3.9 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations have been issued since 31 May 2016 up to the date of authorization of the financial statements which are not yet effective, have not been applied in preparing these financial statements. None of these new standards or amendments to standards when effective are expected to have a material effect on the consolidated financial statements of the Company except for the following:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 New standards and interpretations not yet adopted (continued)

IFRS 15 – Revenue from Contracts with Customers, which is effective, after amendment, for periods beginning on or after 1 January 2018. IFRS 15 sets forth the requirements for recognizing revenue that applies to all contracts with customers. The Company is in the process of determining the possible effects, if any, on its financial reporting.

IFRS 16 – Leases, which is effective for periods beginning on or after 1 January 2019. IFRS principally requires lessees to recognize assets and liabilities for all leases with terms longer than 12 months and to present the rights and obligations associated with these leases in the statement of financial position. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead all leases are treated in a similar way to finance leases applying IAS 17. The Company is in the process of determining the possible effects, if any, on its financial reporting.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Inventories

The fair value of inventories is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

4.2 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. The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

4. DETERMINATION OF FAIR VALUES (continued)

4.3 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

5. FINANCIAL RISK MANAGEMENT

5.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables from customers.

5.1.1 Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. In the normal course of business, the Company grants credit to its customers based on credit evaluations of their financial condition and generally requires no collateral or other security. No major customers were identified for the six months ended 31 May 2016.

Trade receivables are non-interest bearing and are generally on terms of 30-90 days. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. On a periodic basis, management evaluates accounts receivable balances and establishes an allowance, based on history of past write-offs and collections. As at 31 May 2016, the Company considers all accounts receivable to be fully collectible and, therefore, did not provide for an allowance for doubtful accounts.

5. FINANCIAL RISK MANAGEMENT (continued)

5.1.1 Receivables (continued)
The aging of receivables as at 31 May 2016 was as follows:

	Gross	Impairment
Not past due	$1,291	$ -
Past due 0-30 days	-	-
Past due 31-60 days	-	-
More than 60 days	-	-
	$1,291	**$ -**

5.2 Cash

Substantially all of the Company’s assets and bank accounts are in banks located in the PRC. The exchange rate of the RMB is determined by the government of the PRC and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

5.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’s approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’s reputation.

5.4 Market risk

The Company is exposed to market risk through its use of financial instruments and specifically to interest rate risk, which result from its operating activities. The change of economic conditions causes the risks, and the Company works to mitigate the risks.

5. FINANCIAL RISK MANAGEMENT (continued)

5.5 Capital management

The Company's debt to adjusted capital ratio at 31 May 2016 was as follows:

Total liabilities	$ 10,347,551
Less: cash and cash equivalents	12,015,425
Net debt	-
Total equity	$ 6,085,918
Net debt to capital ratio	-

6. INCOME TAX EXPENSE

6.1 Provision for income taxes

The provision for income taxes for the six months ended 31 May 2016 consists of the following:

Current	$ 1,482,333
Deferred	-
Total income tax provision	**$ 1,482,333**

6. INCOME TAX EXPENSE (continued)

6.2 Reconciliation of effective tax rate

	Tax rate	**Amount**
Operating profit before income tax expense		$ 4,163,491
Tax using the Company's domestic tax rate	25.00%	1,040,873
Tax effect of:		
Non-deductible expenses due to share compensation	10.57%	440,171
Changes in estimates related to prior years	0.03%	1,289
	35.60%	**$ 1,482,333**

7. DEPOSIT

On 16 May 2016, the Company and the shareholders of Chenzhou Qianlifeng Beverage transfer 100% ownership in Qianlifeng to the Company for RMB 5,000,000 (approximately USD 768,000). This agreement is subject to various preconditions, which must be satisfactorily completed prior to 31 December 2016.

An initial payment of 20% (RMB 1,000,000) of the total price was made by the Company on 20 May 2016. The amount is reflected as a $151,895 deposit on the consolidated statement of financial position as at 31 May 2016. The payment was made into a joint account managed by the Company and the shareholders of Qianlifeng. Upon satisfactory completion of the preconditions of the agreement, the remaining balance shall also be paid into the same account.

8. PREPAYMENTS

As at 31 May 2016, the majority of the prepayments consist of advertising expenses made in advance to various vendors.

9. PROPERTY AND EQUIPMENT

9.1 Carrying amounts of property and equipment

As at 31 May 2016, the carrying amounts of property and equipment consist of the following:

Electronic equipment	$ 106,018
Motor vehicles	294,647
Office equipment	81,525
Total property and equipment, net	**$ 482,190**

9.2 Cost or deemed cost

The cost or deemed cost of the property and equipment for the six months ended 31 May 2016 consists of the following:

	Electronic equipment	Motor vehicles	Office equipment	Total
At 30 November 2015	$ 120,974	$ 60,552	$ 103,358	$ 284,884
Additions	25,137	270,254	764	296,155
Disposals	-	-	-	-
Effect of exchange rate fluctuations	(3,524)	(4,481)	(2,793)	(10,798)
At 31 May 2016	**$ 142,587**	**$ 326,325**	**$ 101,329**	**$ 570,241**

9. PROPERTY AND EQUIPMENT (continued)

9.3 Depreciation and impairment losses

The depreciation and impairment losses of property and equipment for the six months ended 31 May 2016 consist of the following:

	Electronic equipment	Motor vehicles	Office equipment	Total
At 30 November 2015	$ 16,048	$ 6,308	$ 10,004	$ 32,360
Depreciation for the period	21,175	25,814	10,178	57,167
Impairment loss	-	-	-	-
Effect of exchange rate fluctuations	(654)	(444)	(378)	(1,476)
At 31 May 2016	**$ 36,569**	**$ 31,678**	**$ 19,804**	**$ 88,051**

10. TRADE AND OTHER PAYABLES AND ADVANCE FROM CUSTOMERS

Trade and other payables and advance from customers at 31 May 2016 consist of the following:

Trade and other payables	$ 807,879
Advance from customers	778,234
	$ 1,586,113

11. BORROWINGS

The borrowings from unrelated third parties of $77,800 as at 31 May 2016 reflect the short-term borrowings from third parties for the capital contribution to WFOE.

The borrowings – inter company of $6,614,999 reflect an unsecured short-term non-interest bearing intercompany loan from Tianmei Australia.

Amount owed to the prior shareholder of Guangdong Tianmei totaling $613,979 was fully repaid during the six months ended 31 May 2016.

12. CONVERTIBLE DEBT PAYABLE

On 29 March 2016, the Company issued convertible notes with a 6% annum interest rate to three unrelated individuals in the principal amounts of RMB 1,000,000 (approximately USD 153,000), RMB 5,000,000 (approximately USD 763,000), and RMB 600,000 (approximately USD 87,000), respectively. The holder of the note is entitled to convert all or a portion of the convertible note plus accrued interest, if any, at the lender's sole option, into shares of common stock of Tianmei Australia at a conversion price of the issue price on the conversion date.

Subsequent to 31 May 2016, on 29 June 2016, the Company repaid the three convertible notes in full.

13. SHARE CAPITAL

	Ordinary shares
In issue as at 1 December 2015	50,000
In issue as at 31 May 2016 – fully paid	-
In issue as at 31 May 2016 – receivable for equity share	50,000
Authorized – par value $0	50,000

Ordinary shares

All shares rank equally with regards to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

As at 31 May 2016, a total of 50,000 shares were issued and outstanding to one shareholder.

14. RELATED-PARTY

14.1 Related party transactions

In the normal course of business, the Company conducts certain transactions with Guangdong Gewang Biotechnology Co., Ltd. ("Gewang"), a related party affiliated by common control, and Tianmei Australia, the parent company.

14. RELATED-PARTY (continued)

The following is a summary of balances and significant transactions with the related party as at and for the six months ended 31 May 2016:

Borrowings – inter company:	
Tianmei Australia	$ 6,614,999

Receivable for equity share:	
Tianmei Australia	$ 50,000

Trademark expenses:	
Gewang	$ 895

Outstanding balances at 31 May 2016 are unsecured and non-interest bearing.

14.2 Trademark

The Company entered into an agreement on 10 June 2015 for the right to use Gewang's trademark for 10 years. The future commitment is approximately $1,500 each year.

14.3 Key management personnel compensation

Key management personnel's annual compensation is comprised of the following:

Short-term employee benefits	$ 65,563
Post-employment benefits	-
Termination benefits	-
Other long-term benefits	-
Share-based payments	-
	$ 65,563

15. FINANCIAL INSTRUMENTS

15.1 Credit risk

15.1.1 Exposure to credit risk
The carrying amount of financial assets represents the Company's maximum credit exposure. The maximum exposure to credit risk as at 31 May 2016 was as follows:

Trade and other receivables	$ 1,291
Cash and cash equivalents	12,015,425
	$ 12,016,716

15.2 Liquidity risk

The following are the contractual maturities (including interest payments where applicable) of financial liabilities.

15.2.1 Non-derivative financial liabilities

31 May 2016	Carrying amount	Contractual cash flow	6 months or less	6-12 months	More than 1 year
Trade and other payables	$ 807,879	$ 807,879	$ 807,879	$ -	$ -
Advance from customers	778,234	778,234	778,234	-	-
Taxes payable	1,066,132	1,066,132	1,066,132	-	-
Convertible debt payable	1,002,507	1,002,507	1,002,507	-	-
Borrowings – third parties	77,800	77,800	77,800	-	-
Borrowings – inter company	6,614,999	6,614,999	6,614,999	-	-
	$ 10,347,551	**$10,347,551**	**$10,347,551**	**$ -**	**$ -**

15. FINANCIAL INSTRUMENTS (continued)

15.3 Fair values

15.3.1 Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position as at 31 May 2016 were as follows:

Assets carried at amortized cost

	Carrying amount	Fair Value (Level I)	(Level II)	(Level III)	Total
Financial assets not measured at fair value					
Trade and other receivables	$ 1,291	$ -	$ -	$ -	$ 1,291
Cash and cash equivalents	12,015,425	-	-	-	12,015,425
	$ 12,016,716	**$ -**	**$ -**	**$ -**	**$12,016,716**

15. FINANCIAL INSTRUMENTS (continued)

15.3.1 Fair values versus carrying amounts (continued)

Liabilities carried at amortized cost

	Carrying amount	Fair Value (Level I)	Fair Value (Level II)	Fair Value (Level III)	Fair Value Total
Financial liabilities not measured at fair value					
Trade and other payables	$ 807,879	$ -	$ -	$ -	$ 807,879
Advance from customers	778,234	-	-	-	778,234
Taxes payable	1,066,132	-	-	-	1,066,132
Convertible debt payable	1,002,507	-	-	-	1,002,507
Borrowings – third parties	77,800	-	-	-	77,800
Borrowings – inter company	6,614,999	-	-	-	6,614,999
	$ 10,347,551	**$ -**	**$ -**	**$ -**	**$ 10,347,551**

15. FINANCIAL INSTRUMENTS (continued)

15.3.2 Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of the fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in the fair value measurement, as follows:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As at 31 May 2016, carrying values of non-derivative financial instruments disclosed above, approximate fair values due to the short term nature of these financial instruments.

16. OPERATING LEASE ARRANGEMENTS

16.1 Leasing arrangements

The Company leases its office space under a five-year operating lease from an unrelated third party, which started on 1 May 2015 before the Company was founded on 22 May 2015 and expires on 30 April 2020. The Company leases its warehouse under a three-year operating lease from an unrelated third party, which started on 1 March 2016 and expires on 28 February 2019. Upon the expiration of the lease, the Company is required to return the properties to the landlord in their original condition.

16. OPERATING LEASE ARRANGEMENTS (continued)

16.2 Payments recognized as an expense

Minimum lease payments	$ 48,840

16.3 Non-cancellable operating lease commitments

Not later than 1 year	$ 103,250
Later than 1 year and not later than 5 years	288,147
Later than 5 years	-

17. COST OF SALES

17.1 Details of cost of sales

The following schedule is the reconciliation of cost of sales for the six months ended 31 May 2016:

Cost of sales:	
Inventory, beginning of period	$ -
Amortization of slotting fees	1,759,269
Purchases	2,727,548
	4,486,817
Less: inventory, end of period	314,576
Effect of exchange rate fluctuations	(3,353)
Total cost of sales	**$ 4,168,888**

18. OPERATING EXPENSES

18.1 Details of selling and distribution expenses:

The selling and distribution expenses for the six months ended 31 May 2016 consist of the following:

SELLING AND DISTRIBUTION:	
Salaries and wages	$ 347,417
Fringe benefits	71,522
Advertising expenses	404,885
Rent	30,627
Depreciation	37,255
Maintenance and repairs	11,817
Utilities	2,675
Travel	22,195
Conference expenses	6,505
Total selling and distribution expenses	**$ 934,898**

18.2 Details of administrative expenses:

The administrative expenses for the six months ended 31 May 2016 consist of the following:

ADMINISTRATIVE:	
Salaries and wages	$ 93,642
Fringe benefits	19,764
Share compensation	1,762,218
Travel	13,152
Office expense	14,300
Rent	18,422
Depreciation	19,912
Utilities	2,018
Maintenance and repair	1,356
Bank charges	3,684
Other expenses	1,382
Conference expenses	13,930
Directors expenses	3,684
Trademark	2,738
Total administrative expenses	**$ 1,970,202**

18. OPERATING EXPENSES (continued)

18.3 Details of financing expenses:

The financing expenses for the six months ended 31 May 2016 consist of the following:

FINANCING	
Interest on convertible note	$ 9,476

18.4 Details of research and development expenses:

The research and development expenses for the six months ended 31 May 2016 consist of the following:

RESEARCH AND DEVELOPMENT	
Consulting expenses relating to product development	$ 390,327

19. SUBSEQUENT EVENTS

The Company's management has performed subsequent events procedures through 20 October 2016, which is the date the consolidated financial statements were available to be issued. Except for the matter discussed in Note 12, there are no subsequent events requiring adjustment to the consolidated financial statements or disclosure as stated herein.