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- TIANMEI -

Tianmei Beverage Group Corporation Limited
ACN 611 845 811



PROSPECTUS

For the offer of 40,000,000 New Shares at an Offer Price of A\$0.20 to raise A\$8,000,000 with up to A\$2,000,000 of oversubscriptions and the admission to the Official List of Australian Securities Exchange

IMPORTANT NOTICE

This is an important document, which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.

Lead Manager:



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Important Information

Offer

The Offer contained in this Prospectus is an invitation to acquire Shares in Tianmei Beverage Group Corporation Limited (ACN 611 845 811) (**Company** or **Tianmei**).

Lodgement and listing

This Prospectus is dated 29 November 2016. A copy of this Prospectus was lodged with ASIC on 29 November 2016.

The Company will apply to the ASX for admission to the Official List of ASX and for quotation of the Shares issued under this Prospectus on ASX within seven days after the date of this Prospectus.

Neither ASIC nor ASX or their officers take any responsibility for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry date

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

This Prospectus is important and should, along with each of the documents incorporated by reference, be read in its entirety prior to deciding whether to invest in the Company's Shares. There are risks associated with an investment in the Shares and the Shares offered under this Prospectus must be regarded as a speculative investment. Some of the risks that should be considered are set out in Section 8 (Risk Factors) of this Prospectus. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues).

There may also be risks in addition to these that should be considered in light of your personal circumstances. If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Shares.

No person named in this Prospectus guarantees the Company's performance or any return on investment made pursuant to this Prospectus.

No offering where offering would be illegal

This Prospectus does not constitute an Offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The distribution of this Prospectus outside Australia may be restricted by law and therefore any person who resides outside Australia and who receives this Prospectus should seek advice on and observe any such restrictions. Any person who has a registered address in any other country who receives this Prospectus may only apply for Shares where that person is able to reasonably demonstrate to the satisfaction of the Company that the person may participate in the Offer relying on a relevant exception from, or are not otherwise subject to, the lodgement, filing, registration or other requirements of any applicable securities laws in the jurisdiction in which they have a registered address.

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The Company will not offer to sell, nor solicit an offer to purchase, any securities in any jurisdiction where such offer, sale or solicitation may not lawfully be made. Any failure to comply with these restrictions may constitute violation of applicable laws.

Notice to United States residents

The securities being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable State securities laws. This Prospectus does not constitute an offer or invitation to sell, or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. Any hedging transactions involving these securities may not be conducted unless in compliance with the US Securities Act and applicable State securities laws.

Notice to Hong Kong residents

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

Notice to PRC residents

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph only, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

Financial Information and amounts

The "Financial Information" section in Section 6 sets out in detail the Financial Information referred to in the Prospectus. The basis of preparation of the Financial Information is set out in the "Financial Information" in Section 6. All references to FY2014, FY2015 and 1H2016 appearing in this Prospectus are to the financial year ended 30 November 2014, 30 November 2015 or half financial year ended 31 May 2016 respectively, unless otherwise indicated. Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by International Financial Reporting Standards.

The Historical Financial Information in this Prospectus should be read in conjunction with, and they are qualified by, reference to the information contained in Section 6.

The functional currency of the operating entities in the Group is Chinese Yuan, and the historical financial reports of Tianmei China and Qianlifeng were presented in US dollars. The presentation currency in this Prospectus is Australian dollars. Save as set out above, the financial amounts referred to in this Prospectus are expressed in Australian dollars unless stated otherwise. Tianmei has adopted the foreign currency translation accounting policy set out in Section 6. Accordingly, investors should be aware that the amounts represented in the Prospectus may change as a result of fluctuations in the exchange rates between AUD, USD and RMB.

Disclaimer

Investors should not rely on any information which is not contained in this Prospectus in making a decision as to whether to acquire Shares in the Company under the Offer. No person is authorised by the Company or the Lead Manager to give any information or make any representation in connection with the Offer that is not contained in the Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its Directors or any other person in connection with the Offer. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations and financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim",



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“anticipate”, “assume”, “believe”, “could”, “due”, “estimate”, “expect”, “goal”, “intend”, “may”, “objective”, “plan”, “predict”, “potential”, “positioned”, “should”, “target”, “will”, “would” and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences include, but are not limited to, the risks described under the heading “Risk factors” in Section 8.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with the ASX after the date of this Prospectus.

This Prospectus contains market data and industry forecasts that were obtained from industry publications, third-party market research and publicly available information. These publications generally state that the information contained in them has been obtained from sources believed to be reliable, but the Company has not independently verified the accuracy and completeness of such information.

Some numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

This Prospectus also includes trademarks, trade names and service marks that are the property of other organisations.

Exposure Period

The Corporations Act prohibits the Company from processing Applications under the Offer in the seven-day period after the lodgement of this Prospectus with ASIC (**Exposure Period**). The Exposure Period may be extended by ASIC up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. This Prospectus will be made generally available without the Application Form during the Exposure Period by being posted on the Company's website at www.tianmei.com.au. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Electronic Prospectus

This Prospectus will also be made available in electronic form on the Company's website: www.tianmei.com.au. Any references to documents included on the Company's website are for convenience only, and none of the documents or other information available on the website is incorporated by reference in this Prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of the Prospectus received electronically, or a print out of it, you should contact the Company. A paper copy of the Prospectus will be available free of charge by contacting:

Advanced Share Registry Ltd (Registry)

Tel: 08 9389 8033 (within Australia)

Tel: +61 8 9389 8033 (outside Australia)

or

Phillip Capital Limited (Lead Manager)

Tel: 03 8633 9810 (within Australia)

Tel: +61 3 8633 9810 (outside Australia)

Applications for Shares under this Prospectus may only be made on a printed copy of the Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with section 724 of the Corporations Act.

Privacy

By completing an Application Form, you are providing personal information to the Company and the Registry, which is contracted by the Company to manage Applications, and consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected held and used both in and outside of Australia by the Company, and the Registry on its behalf, to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public share register. This information must continue to be included in the Company's public share register even if you cease to be a Shareholder. The Company and the Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Registry for ongoing administration of the Company's public share register;
- the Lead Manager in order to assess your Application;
- the Australian Tax Office and other government bodies as required by law;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or the Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Defined words and abbreviations

Defined terms and abbreviations used in this Prospectus are defined in the "Glossary" section in Section 10.

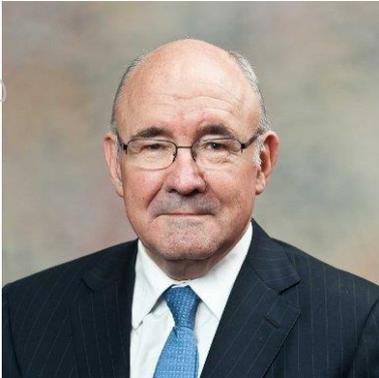
Time

All references to time in this Prospectus refer to Australian Eastern Standard Time unless stated otherwise.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only. Unless otherwise stated, all data contained in graphs and tables is based on information available as at the date of this Prospectus.

Chairman's Letter



29 November 2016

Dear Investors,

On behalf of the Board of Tianmei Beverage Group Corporation Limited (together with its subsidiaries, the **Group**), I am delighted to present this Prospectus and offer you the opportunity to become a Shareholder of the Company.

The Group commenced business in May 2015 and its operations are located in Guangdong province, China. Currently, the Group has two streams of business:

- a product promotion business introducing food, beverage and general grocery suppliers to a network of convenience stores that Tianmei has relationships with in Guangdong province in China; and
- a water products business developing, distributing and selling bottled water and soft bottled water products in China.

The Group achieved pro forma revenues of approximately A\$15.1 million and a pro forma net profit after tax of approximately A\$4.4 million, for the 6 months period to 31 May 2016.

The Group is also actively pursuing opportunities created by the China Australia Free Trade Agreement by establishing and developing a business promoting the import of food and beverage products from Australia suitable for sale in Tianmei's network of stores. The Company has recently entered into memorandums of understanding with an ASX listed dairy products manufacturer and a distributor of food and beverage products to explore the importation and distribution of food and beverage products from Australia into China.

This Prospectus contains an offer of up to 50,000,000 Shares at an issue price of A\$0.20 to raise up to A\$10,000,000. The Minimum Subscription under the Offer is A\$8,000,000. The funds raised under the Offer will be applied by the Group to:

- develop its product promotion and Australian import businesses;
- update point of sale methods in Tianmei's network of stores to promote products introduced by Tianmei (including Australian products);
- conduct research and development in relation to its water products;
- acquire a water processing plant in Hunan Province in China;
- pay the costs associated with the Offer and the listing on the ASX; and
- provide general working capital for the Group, including operational expenses.

The Company is committed to listing on the ASX as it will allow the Company to raise funds on an internationally recognised capital market, offer an internationally recognised corporate governance environment which the Directors believe will provide a suitable platform for the Group's growth, and provide a platform to establish, develop and promote an Australian import business.

An investment in the Company is subject to risks, such as product price variation risks, competition risks, loss of key customers and suppliers, risks in supplying beverage products, quality control and loss of key personnel. Detailed information about these risks is set out in Section 8, which I encourage you to read carefully.

I believe that the journey ahead to realise the full potential of the Group will be an exciting one and on behalf of the directors, I look forward to welcoming you as a Shareholder of Tianmei Beverage Group Corporation Limited.

Yours sincerely,



Tony Sherlock
Chairman

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1 Investment Overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

1.1 Summary of the Offer

This Prospectus provides investors with the opportunity to participate in the initial public offering of New Shares in Tianmei Beverage Group Corporation Limited, a company incorporated in Western Australia.

The Offer

Key Offer Statistics	Minimum Subscription	Maximum Subscription
Offer Price	A\$0.20	A\$0.20
Total number of New Shares to be issued	40,000,000	50,000,000
Number of Shares held by Existing Shareholders ¹	120,000,000	120,000,000
Total number of Shares on issue at Completion of the Offer	160,000,000	170,000,000
Total cash proceeds to the Company from the Offer	A\$8,000,000	A\$10,000,000
Market capitalisation at Completion of the Offer ²	A\$32,000,000	A\$34,000,000

1. These Existing Shares may be subject to ASX escrow arrangements. See Section 9.7 for further details of these escrow arrangements.
2. Calculated as the total number of Shares on issue on Completion of the Offer multiplied by the Offer Price.

Important dates

Event	Date and time (Australian Eastern Standard Time)
Lodgement of Prospectus with ASIC	29 November 2016
Opening Date	6 December 2016
Closing Date	14 February 2017
Issue of New Shares	20 February 2017
Expected dispatch of Holding Statements	21 February 2017
Shares expected to begin trading on ASX	28 February 2017

These dates are indicative only and may change. Tianmei reserves the right to vary the dates and times set out above subject to Corporations Act and other applicable laws. Tianmei reserves the right to vary the times and dates of the Offer including to close the Offer early, extend the Offer or to accept late Applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Investors are therefore encouraged to submit their Application Forms as early as possible after the Offer opens.

How to invest

Applications for New Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus. Instructions on how to apply for Shares are set out in Section 2.2 of this Prospectus and on the back of the Application Form.

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Admission to the Official List of ASX

The Prospectus is also issued for the purpose of qualifying the Company for admission to the Official List of ASX. The Company will apply to ASX for listing and quotation of its Shares, including the Shares, within seven days after the date of the Prospectus.

If ASX does not grant permission for official quotation of the Shares within three months after the date of this Prospectus, or such longer period permitted by the Corporations Act, none of the Shares offered for subscription under this Prospectus will be allotted or issued and Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

1.2 Overview of Tianmei

Topic	Summary	For more information
Nature of the Company's business	Tianmei is engaged in the distribution and promotion of fast moving consumer goods, such as food, beverages and other grocery items in Guangdong province of China. Tianmei also promotes and distributes its own brand of drinking water products in China.	Section 4.1
Corporate structure	The Company is an Australian company incorporated in Western Australia on 6 May 2016. It owns 100% interest in Tianmei China.	Section 4.1
The Company's business model	The Company's business model is two-pronged: Product Promotion Business: introducing third party food, beverage and general grocery suppliers to 941 Contracted Stores, with revenue generated through charging suppliers a promotion fee based upon the number of items placed in each store; and Water Products Business: selling Tianmei branded water products, including bottled water and water dispensers through 519 retail outlets, 518 of which are part of the Company's network of Contracted Stores.	Section 4.3 and 4.4
Product Promotion Business	<u>Suppliers of fast moving consumer goods</u> Tianmei China enters into standard Product Promotion Services Agreements with its suppliers. Under these contracts, Tianmei China is responsible for introducing and promoting the supplier's products to its Contracted Stores. In return for promoting their products, contracted suppliers pay a monthly promotion fee to Tianmei China based upon the number of items being placed in each store. <u>Contracted Stores</u> To promote the products from the suppliers, Tianmei China establishes cooperative relationship with local supermarkets and grocery stores by entering into standard Cooperation Agreements. Tianmei China will also sign standard Supermarket Access Agreements with the Contracted Stores to place its promoted products in store. Contracted Stores charge a slotting fee for placing the products of Tianmei's suppliers on their shelves. The slotting fee is separately agreed on a case by case basis for each product through Supermarket Access Agreements with each Contracted Store.	Section 4.3



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Topic	Summary	For more information
Water Products Business	<p><u>Tianmei water products</u></p> <p>Tianmei Water Products Business currently focuses on the sale of Tianmei-branded water products, including bottled water and other water related products. Tianmei Water Product Business uses spring water which has been tested to be rich in multiple trace elements such as lithium, selenium, strontium and silicic acid. It is also weakly alkaline to improve the health benefits of the drinking water.</p> <p>Tianmei also sells a range of water and water related products including bottled water, water dispensers and filtration systems. These products are sold to Contracted Stores and other retailers.</p> <p><u>Sourcing and processing</u></p> <p>Water processing adopts advanced foreign production equipment, strict production management systems and disinfection treatment technologies. Water sourcing and processing is currently undertaken by Qianlifeng, an entity that Tianmei has entered into an agreement with to acquire, conditional only on it raising the minimum subscription of the Offer and gaining admission to the ASX.</p>	Section 4.4
Management and employees	<p>As of 31 October 2016, Tianmei China employs 113 employees, including 19 in senior management roles and approximately 71 in sales roles.</p>	Section 4.6
Intellectual property	<p>Tianmei has 3 registered patents and 4 current patent applications in relation to its Water Products Business. Tianmei China has 2 trademark applications in China.</p>	Section 4.4.4
Strengths and competitive advantage	<p><u>Product Promotion Business</u></p> <p>Tianmei has established a solid network of Contracted Stores throughout Guangzhou and the wider Guangdong region which is one of China's most developed provinces. Tianmei's network of Contracted Stores reaches deep into a solid marketplace that has high-demand for the quality food, beverage and grocery products that are promoted by Tianmei.</p> <p>Tianmei's Product Promotion Business Model allows it to be dynamic in response to opportunities created by favourable economic conditions such as the greater international trade with Australia that will be facilitated by the China-Australia Free-Trade Agreement. Tianmei recognises this and its ability to reach into its well established and expansive network of reputable and quality suppliers, including Australian producers, gives it a distinctive competitive advantage in supplying its Contracted Stores with the high quality products demanded by the Chinese population.</p> <p><u>Water Products Business</u></p> <p>Through its established commitment to research and development, Tianmei is well placed to produce water products that meet the Chinese consumers' high demand for clean and healthy products. This differentiates Tianmei's water products from many of its competitors and provides it with a competitive advantage in creating new markets for its clean water products. Tianmei has positioned itself to acquire the Qianlifeng Water Processing Plant which, if successfully acquired, will provide Tianmei with control over the clean water production process. This will reduce production and supply risks, and increase margins and profitability which will in turn enhance</p>	Section 4.5

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Topic	Summary	For more information
	Tianmei's overall strength and competitiveness.	
Strategies for growth	<p>The Company intends to grow the business by:</p> <ul style="list-style-type: none"> Expanding its Product Promotion Business <p>Tianmei continues to seek opportunities to develop and expand its number of Contracted Stores throughout Guangzhou and the wider Guangdong province. Tianmei plans to focus on increasing its marketing efforts to meet the growing demand in China for healthy and high quality foods.</p> <p>Further, Tianmei intends to grow the supply-side of its Product Promotion Business by continuing to increase its network of quality suppliers both domestically and overseas. Tianmei currently promotes Australian products for sale in China.</p> Establishment of an Australian import business <p>in addition to its established network of Chinese suppliers, Tianmei plans to source many high-demand consumer commodities from Australia. This is on the back of Australia's strong reputation for high health and environmental standards and regulations associated with food production that is well revered by Chinese consumers. As a result, Tianmei intends to establish its own Australian Import Business to deliver such goods to meet Chinese demand.</p> Expanding its Water Products Business <p>Tianmei is proposing to invest in further research and development with respect to its water products in order to grow this side of the business. This includes developing improved methods relating to composition, production and packaging innovation.</p> <p>In addition to research and development, Tianmei is proposing to invest in marketing in order to further develop markets for its water products. This includes promotional and educational material, and implementing point of sale strategies.</p> <p>Additionally, Tianmei is planning on securing its own water supply source to ensure high quality standards. It intends to acquire Qianlifeng, which currently supplies water products to Tianmei via sale contracts. This not only significantly mitigates supply risks, but sets the platform for further development and growth.</p> 	Section 4.7
Future funding use	<p>The Company plans to use the funds raised to upgrade and install Australian product display shelves in Tianmei's contracted stores, conduct research and development for water products, acquire Qianlifeng and accommodate for operating expenses in Australia. In addition, the Company also committed to expand the Water Plan as part its commitments under ASX Listing Rule 1.3.2(b).</p>	Section 4.8



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1.3 Key investment features

Feature	Description	For more information
Established network of Contracted Stores in one of China's most developed regions	Tianmei has established a strong network of 941 Contracted Stores in Guangdong province for its Product Promotion Business with the intention of further expanding this network. Considering that Guangdong province is one of China's most developed provinces with a gross domestic product of US\$1.1 trillion in 2014 and has as its capital, Guangzhou city, China's third largest city with a population of approximately 13 million people, Tianmei's network of Contracted Stores reaches deeply into a solid marketplace that has a high demand for food, beverage and grocery products that are promoted by Tianmei.	Section 4.5.1
Potential to capitalise on the China-Australia Free Trade Agreement (ChAFTA)	<p>Australian products hold a strong reputation for high health and environmental standards and regulations associated with food production that is well revered by Chinese consumers. Tianmei intends to harness the increasing trade opportunities between China and Australia created by the ChAFTA by establishing a network of Australian suppliers whose products it can promote through its 941 Contracted Stores in China.</p> <p>To date, Tianmei has begun discussions with Australian suppliers of food and beverage products with two memorandums of understanding signed with the intention to explore and test the suitability of Australian products for the Chinese market.</p>	Section 4.5.1 and 4.7.2
Innovative water products backed by patents	Tianmei has a growing range of water products including bottled water, water for infants, water dispensers, water purifiers and beauty nano spray. Its product development is underpinned by research and development efforts to provide unique and high quality products which cater to market needs as identified by Tianmei. To date, Tianmei has been granted 3 Chinese patents for water disinfection equipment, a vacuum water dispenser and a disposable vacuum soft water barrel. It also has 4 Chinese patents pending approval.	Section 4.4.2 and 4.4.4(b)
Operates in an industry with strong potential for growth	<p>Both Tianmei's Product Promotion Business and Water Products Business operate in market segments which have seen consistent historical growth.</p> <ul style="list-style-type: none"> The fast moving consumer goods (FMCG) distribution industry in China, in which Tianmei's Product Promotion Business operates in, has seen consistent historic growth with the number of enterprises in the industry growing at a compounded annual growth rate (CAGR) of 15.8% between 2010 and 2015, and revenue across FMCG sales channels growing at a CAGR of 4.8% over the same period. The packaged water industry, in which Tianmei Water Products Business operates in, has seen strong growth between 2011 and 2015 with a CAGR of 16.3% to 87.7 million tons. Of this, approximately 16.5% produced in Guangdong province. 	Section 3.1.3 and 3.2.1

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1.4 Key risk factors

Investing in Shares involves substantial risks. The key risks as listed in the table below are not exhaustive and an investment in the Company should be considered speculative. Before making an investment decision, potential investors should read the entire Prospectus. In particular, investors should give full consideration to the detailed discussion on the risks that are associated with, and which could affect the financial performance of, an investment in the Company, as set out in "Risk factors" in Section 8.

Risk factor	Summary	For more information
Product price variation	The prices of the products that Tianmei promotes in Contracted Stores (i.e., retail food and beverage goods) are affected by supply and demand variation in the consumer market. Similarly, the price of bottled water products that Tianmei distributes is also subject to supply and demand forces. Further, aggressive behaviour by competitors may reduce competition and result in a lowering of prices, and may decrease the overall sales volume should Tianmei be unable to match prices.	Section 8.2.1
Competition Risks	Tianmei is subject to competition from domestic producers of retail food and beverage, and bottled water products. Increased competition may reduce the volume and/or price of products that Tianmei is able to sell which may have a material and adverse effect on Tianmei's revenue and profitability and, in particular, its growth.	Section 8.2.2
Loss of key contracts with suppliers and Contracted Stores	The Company could lose material contracts with suppliers and Contracted Stores for a range of reasons such as (but not limited to) failure to renew a contract, mismanagement, weakening of customer relations, disputes with suppliers, Contracted Stores or customers and more. The loss of key contracts may materially and adversely affect the Group's revenue stream, profitability and growth.	Section 8.2.3
Quality control risk	<p>As a product promoter, Tianmei relies on the quality control of its suppliers. Tianmei minimises the risks associated with the products it promotes by selecting and contracting with highly reputable suppliers. Nevertheless, the quality control of promoted goods is largely beyond Tianmei's direct control and as such Tianmei cannot guarantee that its suppliers will consistently manufacture products in accordance with Tianmei's high measures and standards.</p> <p>Tianmei is contractually entitled to supervise the quality and production standards of water supplied by Qianlifeng, and to carry out testing on Qianlifeng's water products. Failure by Qianlifeng or any other supplier to adhere to food safety standards could damage the reputation and brand image of the supplier which may, in turn, affect Tianmei's ability to promote that particular product or brand within its Contracted Stores. Further, because water products carry the Tianmei brand, failure by Qianlifeng to adhere to high quality control standards or consistently produce water to Tianmei's specifications could damage Tianmei's reputation and brand image.</p>	Section 8.2.4
Scarcity of water and reliance on a single Water Plant with a	<p>Tianmei's Water Products Business is subject to the availability of its clean water resource.</p> <p>Scarcity of water resources may pose a threat to the supply side of Tianmei's Water Products Business. Some foreseeable factors include</p>	Section 8.2.5



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Risk factor	Summary	For more information
single water source	<p>natural and environmental causes such as climate change. There is no guarantee that there will be enough water resources to support the packaged water industry into the future.</p> <p>Qianlifeng has only one water source, being their Water Plant. There is no guarantee that this water source will not become non-operational due to mechanical issues or water contamination. Any contamination of this single water source will affect Qianlifeng's ability to produce and supply clean water to Tianmei. In the unfortunate event that Qianlifeng's Water Plant cannot produce clean water products, for whatever reason, and the Company cannot find a replacement supplier in a timely manner, Tianmei's Water Products Business operations could cease.</p>	
Proposed acquisition of Qianlifeng	<p>The Company plans to acquire Qianlifeng, subject to the Company's approval and listing on ASX. There is a risk that the company elects not to proceed with the purchase or attempt to renegotiate the terms of the purchase. Should the purchase of Qianlifeng not be completed, the Company will need to revert back to contractual arrangements with Qianlifeng or another supplier for its Water Products Business.</p>	<p>Section 8.2.6</p>
Fluctuations in demand for water products	<p>The water products industry in China faces foreseeable and unforeseeable fluctuations in demand. Typically, demand and sales of bottled water in China are typically higher in the warmer months between April and October. However, demand and sales can also be affected, during the course of a financial year, by other reasons such as unseasonal weather conditions, the timing of ad hoc advertising and promotional campaigns, etc. These are risks to the stability and predictability of sales profits.</p>	<p>Section 8.2.7</p>
Approvals, permits and licences	<p>Tianmei, as the main operating entity in China, requires certain licences and approvals to conduct their business. These licenses are granted at the discretion of the relevant Chinese authorities, and the criteria for eligibility may change. The business activities of Tianmei and its subsidiaries are subject to the supervision of these authorities which have the power to revoke previously granted licences or approvals or reject applications for new or extended licences or approvals.</p> <p>In particular, if any entity in the Group fails to obtain the grant or renewal of any required licenses or approvals, the business activities of the affected entity and the Group as a whole may be interrupted, or, if the affected entity continues to operate without the necessary licences and approvals, it may be liable for penalties.</p>	<p>Section 8.2.8</p>
Reputation and intellectual property rights	<p>The Company believes that reputation and brand recognition are vital to its business and effective protection of intellectual property rights is critical to its interests. The Company cannot ensure that there will not be any infringement of the Group's intellectual property rights, which may be detrimental to the Group's reputation, lead to litigation or adversely affect financial performance.</p>	<p>Section 8.2.9</p>
Reliance on key personnel	<p>Tianmei's business is reliant upon the provision of high quality operational services by its senior personnel. It is also dependent on its skilled training staff and technical personnel for the successful and ongoing operation of business activities. Any change in the quality or quantity of these services, or an inability to attract qualified and motivated personnel to provide these</p>	<p>Section 8.2.10</p>

Risk factor	Summary	For more information
	services, could affect Tianmei's distribution of consumer goods or business activities and financial performance.	
Risk of significant control by Existing Shareholders	Immediately after the Offer, the Existing Shareholders will beneficially own approximately 75% of the Company's issued capital assuming 40,000,000 New Shares are issued under the Offer. As a result, these Existing Shareholders, if they act together, would be able to exert a significant degree of influence over the Company's management affairs and over matters requiring Shareholder approval.	Section 8.2.11
Operating risks	The operations of the Group may be affected by various factors, including operational and technical difficulties encountered in water production, difficulties in commissioning and operating plant and equipment, mechanical failure or factory plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.	Section 8.2.12
Lack of insurance coverage	In China it is not customary for businesses to take out extensive insurance protection. Tianmei has not taken out any insurance policies covering risks to its business premises. Thus, Tianmei does not have insurance protection against either business disruption or fire damage, and may not be able to recover compensation in such circumstances. Any uninsured loss or damage, litigation or business disruption may result in substantial cost to the Company and its subsidiaries, which could have a material and adverse effect on the Company or its subsidiaries' business, net assets, financial condition, and operational results.	Section 8.2.13

1.5 Key financial information

The following tables present a summary of the Group's financial data which has been derived from the Financial Information set out in Section 6 and should be read together with the Investigating Accountant's Report on the Financial Information as set out in Section 7.

This Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards adopted by the Australian Accounting Standards Board which are consistent with International Financial Reporting Standards issued by the International Accounting Standards Board, and the accounting policies of the Company.

1.5.1 Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income

Set out below is a summary of the Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015 and 1H2016.



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¥000's	US\$			A\$		
	FY2014	FY2015	1H2016	FY2014	FY2015	1H2016
Revenue	5,051	7,967	11,033	5,556	10,516	15,115
Cost of Sales (COS)	(2,914)	(3,339)	(3,143)	(3,205)	(4,407)	(4,306)
Gross profit	2,137	4,628	7,890	2,351	6,109	10,809
Other revenue	33	1	768	36	1	1,052
Selling and distribution expense	(469)	(829)	(1,219)	(516)	(1,094)	(1,671)
Administration expenses	(101)	(336)	(2,036)	(111)	(443)	(2,790)
Research and development expenses	-	-	(390)	-	-	(535)
EBITDA	1,600	3,464	5,013	1,760	4,573	6,865
Depreciation	(34)	(112)	(133)	(38)	(148)	(182)
EBIT	1,566	3,352	4,880	1,722	4,425	6,683
Net interest expense	(3)	(1)	(9)	(3)	(2)	(13)
Net profit before tax	1,563	3,351	4,871	1,719	4,423	6,670
Taxation expense	(4)	(623)	(1,659)	(5)	(823)	(2,272)
Net profit after tax	1,559	2,728	3,212	1,714	3,600	4,398
Other comprehensive income/(expense)	1	(45)	(125)	1	(59)	(171)
Total comprehensive income	1,560	2,683	3,087	1,715	3,541	4,227

1.5.2 Tianmei Group pro forma historical consolidated Statements of Cash Flows

Set out below is a summary of the Tianmei Group pro forma historical consolidated Statements of Cash Flows for FY2014, FY2015 and 1H2016.

¥000's	US\$			A\$		
	FY2014	FY2015	1H2016	FY2014	FY2015	1H2016
EBITDA	1,600	3,465	5,011	1,759	4,574	6,866
Movement in working capital	4	(1,132)	(1,708)	5	(1,495)	(2,340)
Share compensation for management	-	-	1,767	-	-	2,421
Net cash flow from operating activities before investing activities, financing activities and tax	1,604	2,333	5,070	1,764	3,079	6,947
Purchase of property, plant and equipment	(14)	(1,638)	(300)	(15)	(2,162)	(411)
Deposit paid for intent of acquisition	-	-	(154)	-	-	(210)
Net cash flow before interest, tax and financing activities	1,590	695	4,616	1,749	917	6,326
Net Proceeds/(repayment) of borrowings	10	1,748	7,219	11	2,308	9,891
Net Interest Paid	(3)	(1)	(9)	(3)	(2)	(13)
Taxation paid	248	(219)	(920)	273	(289)	(1,260)
Distributions to shareholders of predecessor entity	-	(3,433)	-	-	(4,531)	-
Exchange Differences on Cash and Cash Equivalents	1	192	24	1	253	32
Net cash flow	1,846	(1,018)	10,930	2,031	(1,344)	14,976

1.5.3 Tianmei Group pro forma historical consolidated Statement of Financial Information

Set out in the table below are the adjustments that have been made to the audited Statements of Financial Position of Tianmei China and Qianlifeng as at 31 May 2016 to present the Tianmei Group pro forma historical consolidated Statement of Financial Position. The adjustments include the impact of the proposed acquisition and the change in capital structure that will be in place immediately following Completion of the Offer, as if the acquisition of Qianlifeng and Offer had occurred as at 31 May 2016. These adjustments include assumptions relating to matters that are known as at the date of the Prospectus.

\$000's	Tianmei China	Qianlifeng	Aggregated	Aggregated	Notes	Minimum Subscription		Maximum Subscription	
	31-May-16	31-May-16				Pro-Forma	31-May-16	Pro forma	31-May-16
	Audited	Audited	In USD	In AUD		Adjustments	Pro forma	Adjustments	Pro forma
	In USD	In USD	In USD	In AUD		In AUD	In AUD	In AUD	In AUD
Current assets									
Cash and cash equivalents	12,015	420	12,435	17,285	1	2,910	20,195	4,744	22,029
Deferred slotting fees	2,395	-	2,395	3,329		-	3,329	-	3,329
Prepayments	684	2	686	954		-	954	-	954
Inventories	315	208	523	727		-	727	-	727
Deposit	152	-	152	211	2	(211)	-	(211)	-
Restricted cash	-	152	152	211	3	(211)	-	(211)	-
Trade and other receivables	1	584	585	813	4	(765)	48	(765)	48
	15,562	1,366	16,928	23,530		1,723	25,253	3,557	27,087
Non-current assets									
Property and equipment	482	1,192	1,674	2,327		-	2,327	-	2,327
Deferred tax asset	-	-	-	-	5	722	722	772	772
Pre-payments	389	-	389	541		-	541	-	541
	871	1,192	2,063	2,868		722	3,590	772	3,640
Total assets	16,433	2,558	18,991	26,397		2,445	28,842	4,329	30,726
Current liabilities									
Borrowings - related parties	(6,615)	(700)	(7,315)	(10,168)	6	10,168	-	10,168	0.15
Borrowings - third parties	(78)	-	(78)	(108)		-	(108)	-	(108)
Due to shareholder	-	(152)	(152)	(211)	7	211	-	211	-
Convertible debt	(1,003)	-	(1,003)	(1,394)	8	1,394	-	1,394	-
Taxes payable	(1,066)	(340)	(1,406)	(1,954)		-	(1,954)	-	(1,954)
Trade and other payables	(808)	(159)	(967)	(1,344)	9	765	(579)	765	(579)
Advance from customers	(778)	-	(778)	(1,081)		-	(1,081)	-	(1,081)
Total liabilities	(10,348)	(1,351)	(11,699)	(16,262)		12,538	(3,724)	12,538	(3,724)
Net assets	6,085	1,207	7,292	10,136		14,983	25,119	16,867	27,003
Equity and liabilities									
Share capital	-	-	-	-	10	16,260	16,260	18,095	18,095
Share premium	1,767	664	2,431	3,379	11	(923)	2,456	(923)	2,456
Statutory reserve fund	445	64	509	708	12	(89)	619	(89)	619
Retained earnings	4,006	487	4,493	6,245	13	(276)	5,969	(227)	6,018
Other comprehensive (loss)	(133)	(8)	(141)	(196)	14	11	(185)	11	(185)
	6,085	1,207	7,292	10,136		14,983	25,119	16,867	27,003

1.6 Directors and key management

Tianmei has assembled a well-credentialed and balanced Board, and a management team with extensive experience in company management and the product promotion and water product industries.

Name and position	Experience
Tony Sherlock <i>Non-Executive Chairman</i>	<p>Mr Sherlock has over 30 years' experience in public company governance, credit risk management, private equity, mergers and acquisitions, corporate restructures and administration. Mr Sherlock co-founded Bennelong Capital, a boutique financial advisory firm, with extensive experience in corporate advisory including restructures, refinancing, turnarounds and corporate governance. Mr Sherlock was the Head of the Credit Risk Management division for Coopers & Lybrand (now Price Waterhouse Coopers) for over 10 years.</p> <p>Mr Sherlock is an experienced non-executive director. He is the former Chairman of the Australian Wool Corporation Limited, The Woolmark Company Pty Ltd, Network Limited, and Equatorial Mining Limited, and a former non-executive Director of Austral Coal Limited, Sydney Attractions Group Limited, iSOFT Group Limited, KH Foods Limited and Export Finance Insurance Corporation Limited. Mr Sherlock is a director of Stockland Capital Partners Limited and continues to act on a number of committees for both Federal and State governments, advising on regulatory and organisational process.</p>
Nicholas Ong <i>Non-executive Director, Company Secretary and Public Officer</i>	<p>Mr Ong was a Principal Adviser at the Australian Securities Exchange in Perth and brings 12 years' experience in listing rules compliance and corporate governance. He has overseen the admission of over 100 companies to the official list of the ASX.</p> <p>Mr Ong now runs a boutique corporate advisory firm in Perth, Western Australia. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.</p> <p>Mr Ong is currently a director of Segue Resources Limited and CoAssets Limited and is company secretary to three listed companies.</p>
Xiaoran Zhang <i>Non-executive Director</i>	<p>Mr Zhang graduated from Capital University of Economics and Business with a Master of Economics. He has acted as President of Harbin Ridaxing Science and Technology Industrial Co., Ltd., Director of Advanced Battery Technology, USA and is the General Manager and President of Beijing Ruihua Future Investment Management Co., Ltd.</p>
Songpei Guo <i>Executive Director and Chief Executive Officer</i>	<p>Mr Guo graduated from the University of International Business and Economics. Mr Guo was the chief financial officer of China National Light Industrial Products Import & Export Corp between 1991 and 2004, the chief financial officer of Tianjin Tianrun Hongtai Commerce and Trade Co Limited between 2004 and 2007, and the chief financial officer of the Beijing representative office of Hong Kong Taili Clothing Co Ltd between 2007 and 2015. Mr Guo has been the Executive Director of Tianmei China since 2016.</p>
Han Xu <i>Executive Director</i>	<p>Ms Xu graduated from the University of Birmingham, UK, with a Master of International Finance and Management. Between 2013 and 2014 she was the President Assistant at the Guangzhou branch of British HSBC Bank. Since 2015 she has acted as Tianmei's Legal Representative and Executive Director.</p>

1.7 Use of Funds

The Company expects to receive proceeds of A\$8,000,000 at Minimum Subscription and of A\$10,000,000 at Maximum Subscription from the issue of Shares at the Offer Price of A\$0.20 per Share. The table below sets out the proposed use of funds based on the Minimum Subscription and Maximum Subscription (**Total Funds**). The amounts represented below may change as a result of fluctuations in the exchange rate. All amounts disclosed in the table below are rounded to the nearest A\$1,000.

Use of funds ('000's)	Minimum Subscription		Maximum Subscription	
	Amount (A\$)	%	Amount (A\$)	%
Costs of the Offer ¹	2,396	29.9%	2,562	25.6%
Upgrade and installation of Australian products display cases in Tianmei Contracted Stores ²	1,400	17.5%	2,500	25.0%
Research and development expenses for water products ³	1,200	15.0%	1,230	12.3%
Acquisition of Water Plant ⁴	1,068	13.4%	1,068	10.7%
Operating expenses of Australian business ⁵	1,936	24.2%	2,640	26.4%
Total	8,000	100.0%	10,000	100.0%

1. Refer to Section 9.9 for more information about the costs of the Offer.
2. Refer to Section 4.8.1(a) for more information about upgrade and installation of Australian products display cases in Tianmei Contracted Stores.
3. Refer to Section 4.8.1(b) for more information about research and development expenses for water products.
4. Refer to Section 4.8.1(c) for more information about acquisition of Water Plant.
5. Refer to Section 4.8.1(d) for more information about operating expenses in Australia.

The proposed use of proceeds described above represents the Company's current intentions based upon the present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Company's development efforts.

1.8 Capital structure following the offer

The ownership structure of Tianmei when the Offer has been completed will be as follows:

Shareholder	Minimum Subscription		Maximum Subscription	
	Number of Shares	%	Number of Shares	%
Biotechnology International Holding Ltd ¹	36,000,000	22.50	36,000,000	21.18
Han Xu	36,000,000	22.50	36,000,000	21.18
Mengdi Zhang	24,000,000	15.00	24,000,000	14.12
Qiao Pan	7,200,000	4.50	7,200,000	4.24
Zuliang Xu	6,000,000	3.75	6,000,000	3.53
Yi Ching Ip	4,800,000	3.00	4,800,000	2.82
Xian Li	1,200,000	0.75	1,200,000	0.71
Ru Liu	1,200,000	0.75	1,200,000	0.71
Haiping Wu	1,200,000	0.75	1,200,000	0.71
Haoyun Tang	1,200,000	0.75	1,200,000	0.71
Jifen Liu	1,200,000	0.75	1,200,000	0.71
Shares on issue at date of Prospectus	120,000,000	75.00	120,000,000	70.59
Shares offered under this Prospectus	40,000,000	25.00	50,000,000	29.41
Total	160,000,000	100.00	170,000,000	100.00



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1. *Biotechnology International Holding Ltd was incorporated in the British Virgin Islands on 17 March 2015. China Gewang Biotechnology, Inc., a company incorporated in Nevada, U.S. quoted on the U.S. OTC Pink Market (ticker CGWB), is the sole shareholder of Biotechnology International Holding Ltd.*

1.9 Answers to key questions

Topic	Summary	For more information
Who is the issuer of this Prospectus?	Tianmei Beverage Group Corporation Limited, a company incorporated in Western Australia.	Section 1.1
What is being offered?	Pursuant to the Offer, the Company invites Applications for 40,000,000 Shares with the right to accept oversubscriptions up to 10,000,000 additional Shares at an Offer Price of A\$0.20 to raise up to A\$10,000,000.	Section 2.1
What is the Offer Price?	The Offer Price is A\$0.20 per Share.	Section 2.1
Is the Offer underwritten?	The Offer is not underwritten.	
What are the key dates of the Offer?	The Offer closes on 14 February 2017. The Shares are expected to be allotted on 20 February 2017. The Holding Statements are expected to be dispatched on 21 February 2017. The Shares are expected to commence trading on ASX on 28 February 2017.	Section 1.1
What is the amount to be raised under the Offer?	Tianmei is offering 40,000,000 Shares with an oversubscription up to 10,000,000 Shares to raise up to A\$10,000,000 before costs of the Offer.	Section 1.1
What is the Maximum Subscription available under the Offer?	Tianmei is offering a Maximum Subscription of 50,000,000 Shares to raise up to A\$10,000,000.	Section 1.1
What is the Minimum Subscription available under the Offer?	Tianmei is offering a Minimum Subscription of 40,000,000 Shares to raise A\$8,000,000. If the Minimum Subscription amount is not raised then Tianmei will not proceed with the Offer and will repay Application Monies received (without interest).	Section 1.1
What will the market capitalisation of the Company be upon Listing on ASX?	Based on the Offer Price of A\$0.20 per Share, the market capitalisation is expected to be A\$32,000,000 if the Minimum Subscription of 40,000,000 Shares is reached, and A\$34,000,000 if the Maximum Subscription of 50,000,000 Shares is reached.	Section 1.1

Topic	Summary	For more information
What are the significant tax implications of investing in the Company?	The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.13
What are the costs of the Offer payable by the Company?	The Company's costs of the Offer are estimated to total approximately A\$2,058,527 (exclusive of tax) based on the Maximum Subscription amount.	Section 9.9
How do I apply for Shares?	You can apply for Shares by submitting a valid Application Form contained within or accompanying this Prospectus (including the electronic version of the Prospectus) in accordance with the instructions contained within.	Section 2.2
What is the allocation policy?	The Company will determine the basis for the allocation of Shares.	Section 2.3
When will I receive confirmation that my Application has been successful?	Holding Statements confirming Applicants' allocations under the Offer are expected to be dispatched to Shareholders on 20 February 2017.	Section 1.1
Why is the admission of the Company to the Official List of ASX being sought?	<p>The Company seeks to be listed on the ASX for the following reasons:</p> <ul style="list-style-type: none"> to utilise Australian capital markets to expand the Company's opportunities to seek financing in Australia; to introduce Australian products into the current Chinese market, and to expand the Company's business in Australia; to increase market awareness of the Company, and to improve its brand image; and to improve the Company's competitiveness. 	

1.10 Questions or further information

If you have queries in relation to this Prospectus, including how to complete the Application Form or how to obtain additional copies, then you can:

- contact the Registry on 08 9389 8033 (for Australian investors) or +61 8 9389 8033 (for international investors) open from 8.30am until 5.00pm (AEST) Monday to Friday until Completion of the Offer; or
- visit www.tianmei.com.au to download and print an electronic copy of the Prospectus. You may only download an electronic copy of the Prospectus if you are a resident of Australia and access the website from within Australia.

If you are unclear in relation to any matter or are uncertain as to whether Tianmei is a suitable investment for you, then you should seek professional advice from your stockbroker, accountant, financial adviser, lawyer or other professional adviser.



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2 Details of the Offer

2.1 The Offer

Tianmei is seeking to raise A\$8,000,000 with an oversubscription amount of A\$2,000,000 through the issue of up to 50,000,000 Shares under the Offer. The Offer is a general public offer. The allocation of Shares between the Applicants is determined by Tianmei at its absolute discretion.

The Offer is not underwritten.

A Minimum Subscription amount of A\$8,000,000, representing 40,000,000 Shares at the Offer Price of A\$0.20 per Share, is required under the Offer. The Offer will not proceed and all Applications and associated Application Monies will be returned to Applicants (without interest), unless the Minimum Subscription amount of A\$8,000,000 is raised under the Offer. The Company reserves the right not to proceed with the Offer or any part of it at any time before allotment of Shares to Applicants under the Offer.

New Shares will be issued as fully paid Shares and when issued will rank equally with the existing Shares on issue.

2.2 How to apply for Shares under the Offer

2.2.1 Completing the Application Form

To participate in the Offer, you must complete the Application Form attached to, or accompanying this Prospectus. The Application Form contains detailed instructions on how to complete the form.

Once your Application Form is completed, please send your Application Form and cheque or bank draft for the Application Monies to the Registry at the address set out below:

Mailing Address	Hand Delivery
Tianmei Beverage Group Corporation Limited C/- Advanced Share Registry Ltd PO BOX 1156 Nedlands WA 6909 Australia	Tianmei Beverage Group Corporation Limited C/- Advanced Share Registry Ltd 110 Stirling Hwy Nedlands WA 6009

Cheque(s) or bank draft(s) must be:

- in Australian currency;
- drawn at an Australian branch of a financial institution;
- crossed "Not Negotiable"; and
- made payable: to "Tianmei Beverage Group Corporation Limited – Share Offer Account"

When paying by cheque(s), Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

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2.2.2 Acceptance of Applications

Regardless of the method of lodgement, the Registry must receive the relevant Application by no later than the close of the Offer (unless Tianmei varies the dates and times).

A completed Application Form constitutes an irrevocable offer to Tianmei to subscribe for Shares on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus), and as set out in the Application Form.

Tianmei reserves the right to:

- reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are dishonoured;
- accept late Applications received after the close of the Offer;
- allocate to any Applicant a lesser number of Shares than that for which any Applicant applied; and
- waive or correct any errors made by an Applicant in their Application.

2.2.3 Withdrawal or early close of the Offer

The Company reserves the right to withdraw the Offer at any time before the issue of Shares to Successful Applicants. If the Offer is withdrawn, then Application Monies will be refunded. No interest will be paid on any Application Money refunded as a result of the withdrawal of the Offer or otherwise. The Company will retain any interest, which accrues on Application Monies.

The Company reserves the right to close the Offer early.

2.2.4 Brokerage, commission and stamp duty

You do not have to pay brokerage, commission or stamp duty if you acquire Shares under the Offer. Fees are payable, in relation to the Offer, to Phillip Capital Limited, the Lead Manager. Details are set out in “Interests of advisers” in Section 5.2.3. These fees will be paid out of the proceeds of the Offer.

2.3 Allocation of Shares

The acceptance of Applications and the allocation of Shares are at the discretion of the Company. In consideration for the Directors agreeing to consider an Applicant's Application, the Applicant agrees its Application is an irrevocable offer, which cannot be withdrawn. The Company reserves the right to reject any Application and to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies. No Applicant under the Offer has any assurance of being allocated all or any Shares applied for.

2.4 Application Monies

All Application Monies will be held in a special purpose trust account until Shares are issued to Successful Applicants.

Application Monies will be refunded (in full or in part) if:

- an Application is rejected;
- an Application is subject to scale-back;
- the Offer is withdrawn or cancelled;
- the Minimum Subscription is not met; or
- permission for quotation of the Shares is not granted within three (3) months after the date of this Prospectus or such longer time as permitted by the Corporations Act.



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No interest will be paid on any Application Monies that are refunded. After Listing, or if Listing does not occur, the Company will retain any interest earned on Application Monies. Refund cheques will be sent after the close of the Offer or as otherwise applicable under the circumstances outlined above.

2.5 ASX Listing

The Company will, within seven days after the date of this Prospectus, apply for admission to the official list of ASX and for official quotation on ASX of the Shares offered under this Prospectus. Trading of Shares on ASX is expected to commence on 28 February 2017.

Tianmei will apply to participate in the Clearing House Electronic Sub-register System (**CHES**), operated by ASX Settlement Pty Ltd (a wholly owned subsidiary of the ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules. On admission to CHES, Tianmei will operate an electronic issuer-sponsored sub-register and an electronic CHES sub-register. The two sub-registers together will make up the principal register of securities. Under CHES, Tianmei will not issue share certificates to Successful Applicants following allotment, Tianmei will provide each Shareholder whose address is in Australia with a Holding Statement (similar to a bank account statement) which sets out the number of Shares allotted to the Shareholder under this Prospectus. If applicable, the Holding Statement will also advise Shareholders of their Holder Identification Number or Sponsoring Issuer Number. If a shareholding changes during a month, the Shareholder will receive a statement at the end of that month. Shareholders may also request statements at any other time (although Tianmei may charge an administration fee). It is the responsibility of Applicants to determine their allocation prior to the trading of the Shares. Applicants who sell Shares before they receive notice of their allocation do so at their own risk.

It is expected that the initial Holding Statements will be despatched by standard post on 20 February 2017 and that trading of Shares on a normal settlement basis will commence on 28 February 2017. If you apply, then it is your responsibility to determine your allocation before you trade in Shares. If you trade in Shares before you receive your initial Holding Statement, then you do so at your own risk.

The fact that ASX may agree to grant Official Quotation to any Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered. ASX takes no responsibility for the contents of this Prospectus.

If permission for quotation of the Shares is not granted within 3 months after the date of this Prospectus, Application Monies will be refunded without interest as soon as practicable.

2.6 Tax implications of investing in the Company

The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. A general summary of the tax implications of investing in the Company is contained in Section 9.13.

2.7 Foreign investors

This Prospectus and the Offer do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia.

2.7.1 PRC residents

The information in this document does not constitute a public offer of the New Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The New Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

2.7.2 Hong Kong residents

This document has not been, and will not be, registered as a prospectus under the Hong Kong Companies Ordinance, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

2.7.3 United States residents

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.



- TIANMEI -

3 Industry Overview

3.1 Fast moving consumer goods industry in China

Tianmei's primary business model, as outlined in Section 4.3, revolves around promoting and distributing fast moving consumer goods (**FMCG**), primarily food and beverage products, for FMCG suppliers through its network of over 900 supermarkets and convenience stores. This makes Tianmei a participant in China's large FMCG industry.

FMCG products have a short service life with fast consumption speed and need to be purchased constantly by consumers. These include products such as food, beverage, cosmetics, washing products, batteries, toilet paper, etc. The FMCG industry can be divided into four main categories:

- personal care products;
- household care products;
- food and beverage industry; and
- alcohol and tobacco industry.

The products of the FMCG industry are commonly used in people's daily lives and the cost and technological content are relatively low. Therefore, the FMCG industry accounts for a very large market share of consumer goods. It is a lucrative industry, in rapid development with fierce market competition amongst its constituents.

3.1.1 FMCG distribution channels and FMCG agents

FMCG distribution channels are relatively complex due to the characteristics of the low unit price, quick turnover, and repeated consumption of FMCG products. FMCG agents, parties like Tianmei who act as an intermediary between the FMCG supplier and the distribution channel, predominantly target the following channels:

(a) Terminal supermarkets

Terminal supermarkets are outlets such as supermarkets and convenience stores which are distributed widely across Chinese cities and are the main channel for the sale of FMCG products. As such, this is a channel heavily relied upon by FMCG agents. This channel allows for distribution of products, display exhibitions, customer communications and marketing. Whether this channel does well or not directly determines the power of an FMCG agent and their operational performance.

Terminal supermarkets charge several fees including barcode fees, shelf fees, marketing fees and other miscellaneous fees. FMCG agents thus add additional margin on top of these fees in providing promotional services through this channel to FMCG suppliers.

(b) Wholesale channels

The wholesale market is an important channel for FMCG agents. Through this channel, FMCG agents can achieve fast circulation of products and information. Although the wholesale channel accounts for a very large proportion of the sales volume of FMCG agents, they may not prefer this channel as there is little profit contribution to their operations.

(c) Second-tier distributors and channel distributors

Due to the FMCG products' characteristics, they have a high requirement for large penetration rates. As such, areas and channels for which FMCG agents are unable to provide coverage, they will generally focus on

developing marketing channels through second-tier distributors and channel distributors as this channel helps them rapidly put products on shelves.

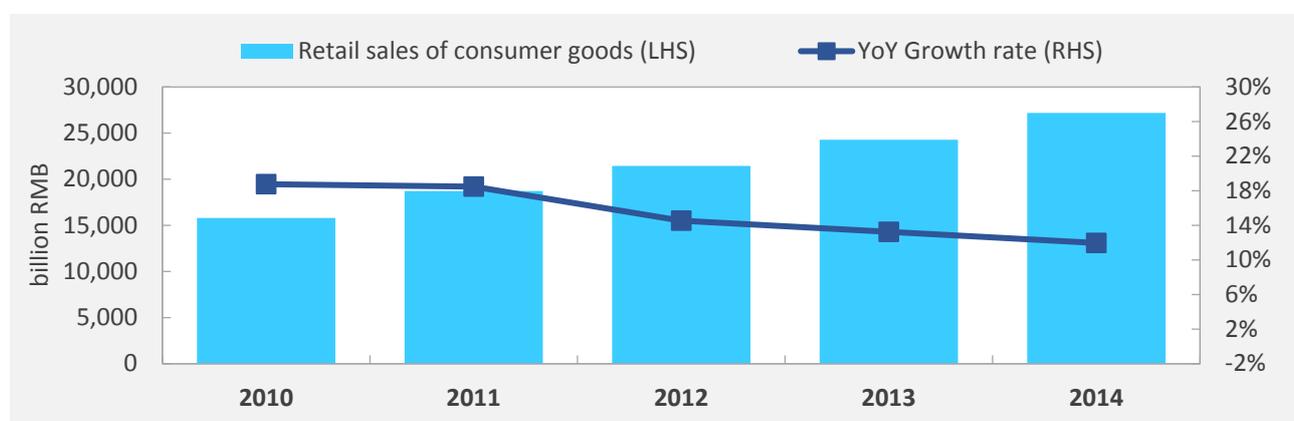
(d) Other channels

Other channels through which FMCG agents operate include grocery stores, community canteens, newspaper shops and other smaller channels. These channels are scattered and few in number, but have the potential for relatively high profit margins.

3.1.2 Retail sales of consumer goods in China and Guangdong province

Based on statistical data from the National Bureau of Statistics of China (**NBSC**), retail sales of consumer goods¹ have seen consistent growth in recent years. Figure 3.1 below shows that between 2010 and 2014, retail sales of consumer goods grew at a compounded annual growth rate (**CAGR**) of 14.5% from RMB 15,801 billion in 2010 to RMB 27,190 billion in 2014.

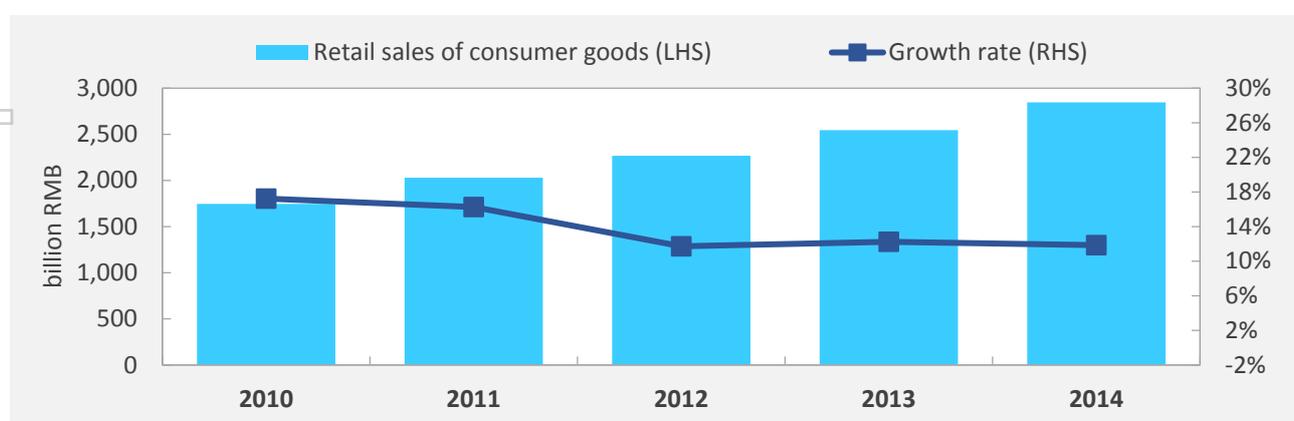
Figure 3.1 - Total retail sales of consumer goods in China from 2010 to 2014



Source: NBSC

In Guangdong province, where Tianmei operates, retail sales of consumer goods have seen growth in line with the national level. Retail sales of consumer goods grew at a CAGR of 13.0% from RMB 1,746 billion in 2010 to RMB 2,847 billion in 2014 as shown in Figure 3.2 below.

Figure 3.2 - Total retail sales of consumer goods in Guangdong province from 2010 to 2014



Source: NBSC

¹ Retail sales of consumer goods refer to sales of non-production and non-business physical commodities and from providing catering services.

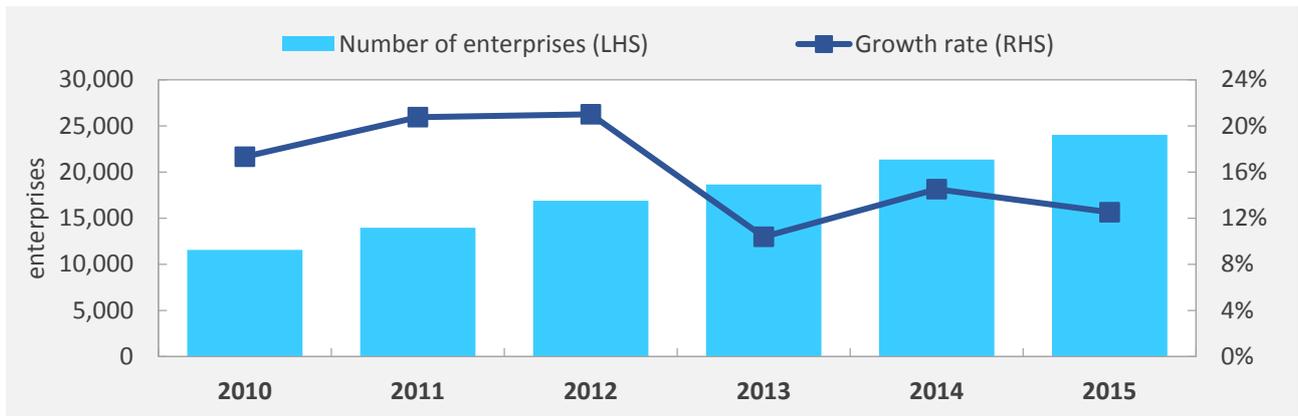
It should be noted that total consumer goods include FMCG products as well as other goods that fall outside of this classification.

3.1.3 FMCG distribution industry scale in China

FMCG industry sales channel scale can be explored through two aspects, the number of enterprises in the industry and the revenue generated.

According to the independent expert report prepared by CIConsulting² (*CIConsulting Report*), the number of enterprises in FMCG distribution industry across China has grown significantly between 2010 and 2015, achieving a CAGR of 15.8% and reaching 24,036 in 2015 as shown in Figure 3.3 below.

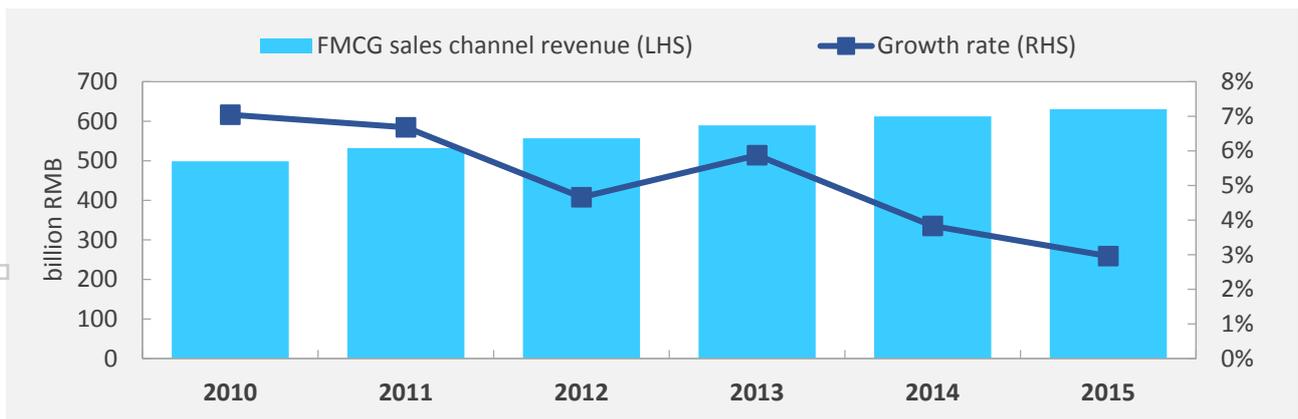
Figure 3.3 - Total number of enterprises in China from 2010 to 2015



Source: CIConsulting Report

Industry revenue across FMCG sales channels has also seen growth with a CAGR of 4.8% between 2010 and 2015, reaching RMB 630 billion as shown in Figure 3.4 below.

Figure 3.4 - Total FMCG sales channel revenue in China from 2010 to 2015



Source: CIConsulting Report

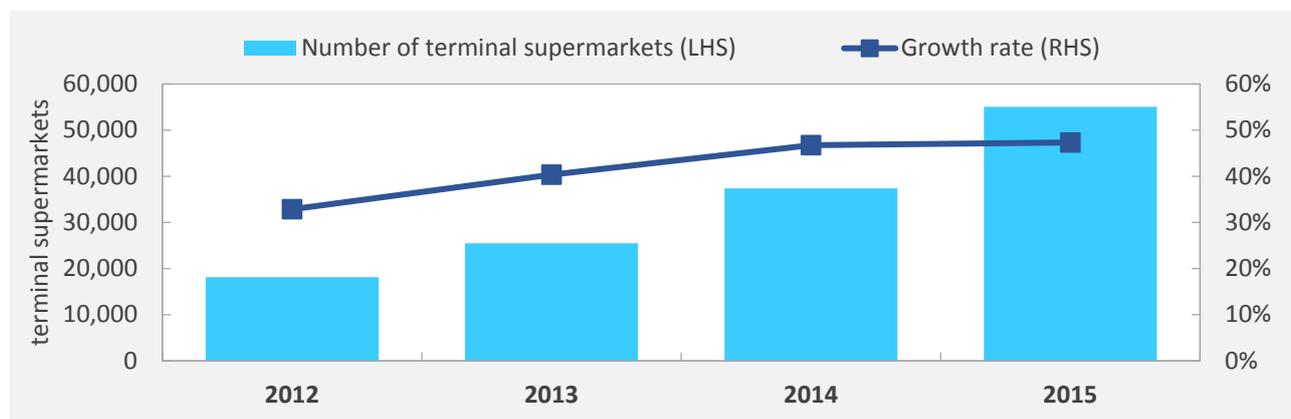
The FMCG industry in China, including its sales channels, is considered to have become a mature market. The growth rate of terminal supermarkets has been stable; the demand of terminal supermarkets remains strong; and the variety of goods provided by FMCG suppliers has reached a mature level of diversity. As a result, competition in distribution channels is increasing and regional monopolies are forming, in turn increasing barriers to entry for new participants.

² CIConsulting is a research organisation that acted as industry expert for the Company. It was commissioned to provide industry reports on the FMCG and water products industries.

3.1.4 Terminal Supermarkets in Guangdong province

Tianmei's operations are focused in the Guangdong province and primarily in the province's capital city, Guangzhou. Its main distribution channel is through its network of over 900 terminal supermarkets. Both the whole of Guangdong and Guangzhou have experienced rapid growth in this channel in recent years.

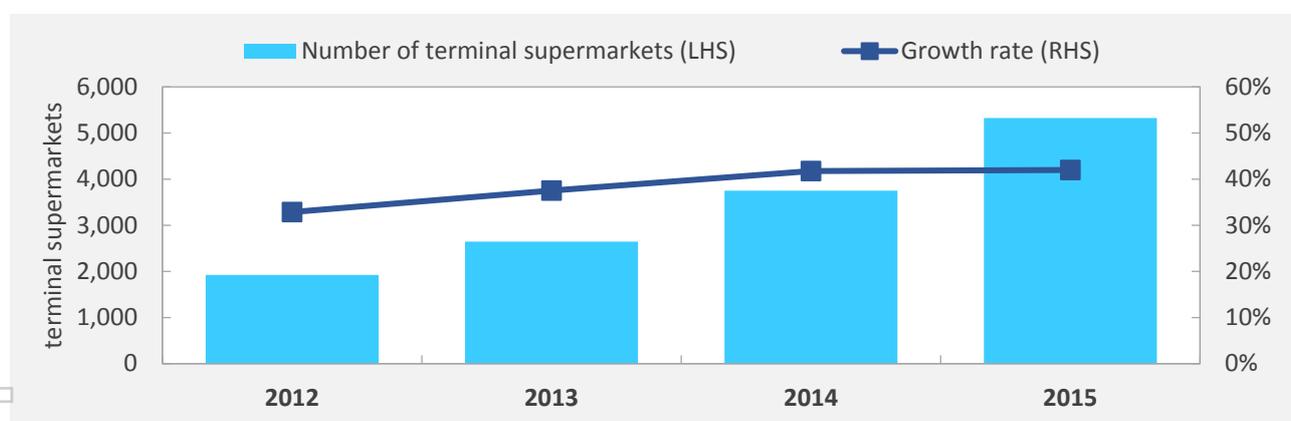
Figure 3.5 - Total terminal supermarkets in Guangdong province in 2012 to 2015



Source: CIConsulting Report

As presented in Figure 3.5 above, the number of terminal supermarkets across Guangdong province saw a large increase between 2012 and 2015, with a CAGR of 44.8% and reached 55,059 in 2015. This is similar to the growth experienced in Guangzhou as presented in Figure 3.6 below. Guangzhou saw a CAGR of 40.4% between 2012 and 2015, when the number of terminal supermarkets reached 5,326.

Figure 3.6 - Total terminal supermarkets in Guangzhou in 2012 to 2015



Source: CIConsulting Report

3.1.5 Barriers to entry for FMCG agents

There are a number of barriers for FMCG agents as outlined below:

(a) Channel construction

Developing a large and scalable distribution channel takes labour, capital and time. New entrants to the market face difficulty when competing against more established FMCG agents with established channels and sales teams. The level of penetration an organisation has into a distribution channel also affects its ability to gain quality FMCG suppliers as clients.

(b) Brand

The ability to gain quality brands to promote into its channel is very important for FMCG agents. Good quality brands are already market tested and have good turnover due to their familiarity with consumers. However, these quality brands also expect wide penetration and thus can be difficult to secure for smaller or new entrants in the market who do not have the distribution channels of the larger and more established participants.

(c) Product quality

In recent years, the Chinese government has required increasingly higher requirements of product quality in the FMCG industry, especially with respect to strengthening supervision in the food industry. This in turn makes it quite important for FMCG agents to represent food manufacturers that have an adequate scale and level of quality control to abide by the Country's health and safety regulations. As these tend to be more established brands, market participants require the scale and penetration to be able to effectively distribute and promote these products through their channels. This can be difficult for new or small market participants.

(d) Capital scale

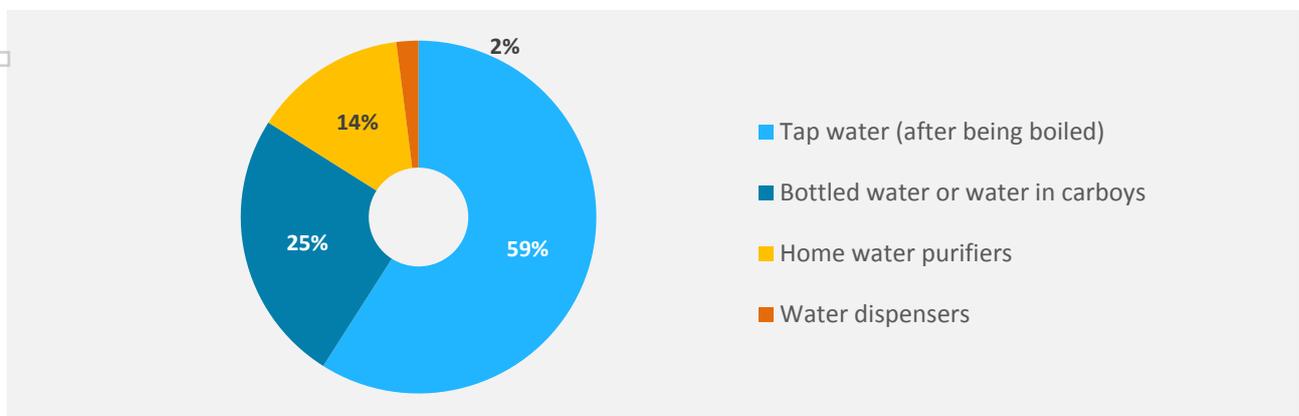
To expand business, FMCG agents are required to prioritise and invest in their channels. The ability to fund this can have a major effect on the success of an organisation. Maintaining scale, supporting logistics, expanding stores, training personnel and a number of other activities need to be financially supported by the FMCG agent to maintain competitiveness and grow.

3.2 Water products industry in China

Part of Tianmei's operations, as outlined in Section 4.4, is the supply, promotion and distribution of Tianmei-branded water bottle and water dispenser products in China. This means that Tianmei is a player in this growing sector.

Tap water in China is frequently affected by chemicals, pollution, bacteria and other water-contaminations. As a result, filtered water and packaged water products (including bottled water and water dispenser products) are regularly used in offices and households across China. A 2014 survey of 30,000 urban residents in 100 cities by the China Water Supply Services Union showed that only 59% drink tap water (after being boiled). Of the 41% of Chinese consumers who have moved away from drinking tap water, 25% chose bottled water or water in carboys, 14% used home water purifiers and 2% used water dispensers.

Figure 3.7 - 2014 survey of 30,000 urban residents in 100 cities by the China Water Supply Services Union



Source: China Water Supply Services Union

3.2.1 Packaged water production in China

In 2011, the total production volume of packaged water in China was around 47,890,000 tons. By 2015, the total production volume of packaged water in China had grown to around 87,660,900 tons, of which 14,466,000 tons was produced in Guangdong province (being 16.5% of the national packaged water production). Guangdong province became the highest packaged water production area in China. In that same year, packaged water accounted for around 40% of the beverage market in China.

3.2.2 Bottled water consumption in China

Bottled water has become one of China's fastest growing fast moving consumer goods. Convenient stores that sell bottled water are readily found throughout Chinese cities. It is seen by Chinese consumers as trendy and healthy, reflecting a quality lifestyle for those who consume it.

According to an International Bottled Water Association (*IBWA*) report, China's bottled water consumption has increased from 5.69 billion gallons in 2007 to 11.50 billion gallons in 2014, representing a CAGR of 15.0%. In 2014, it was leading the world in total quantity (by gallons) of bottled water consumed as shown in the Figure 3.8 below.

Figure 3.8: Consumption of bottled water by top 10 bottled water consuming countries – 2009 and 2014

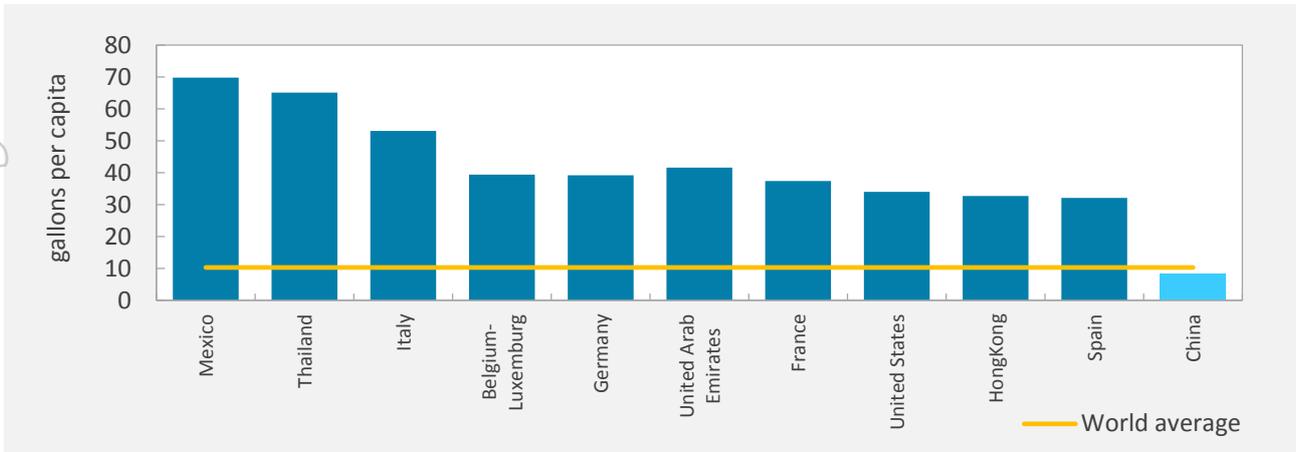
Rank (in 2014)	Country	2009		2014	
		Millions of Gallons	% of World	Millions of Gallons	% of World
1	China	5,692.3	10.6%	11,459.0	15.3%
2	United States	8,453.1	15.8%	10,874.8	14.6%
3	Mexico	6,891.6	12.9%	8,645.3	11.6%
4	Indonesia	2,940.5	5.5%	5,306.5	7.1%
5	Brazil	4,255.3	7.9%	5,151.3	6.9%
6	Thailand	1,743.3	3.3%	4,375.5	5.9%
7	Italy	2,949.1	5.5%	3,241.2	4.3%
8	Germany	2,842.5	5.3%	3,226.9	4.3%
9	France	2,165.2	4.0%	2,410.6	3.2%
10	India	1,111.5	2.1%	2,068.7	2.8%
Top 10 Subtotal		39,044.5	72.9%	56,759.9	76.0%
All Others		14,513.4	27.1%	17,947.9	24.0%
WORLD TOTAL		53,557.9		74,707.9	

Source: CIConsulting Report

An IBWA report revealed that China's per capita bottled water consumption per year was approximately 8.2 gallons per capita in 2014 – 20.3% lower than the global average of 10.3 gallons per capita.

Figure 3.9 below shows the substantial gap in consumption when compared to other countries. However, given China's population and economic growth, this signals tremendous potential in the bottled water market in China.

Figure 3.9 - Per capita consumption by top 10 bottled water consuming countries and China in 2014



Source: IBWA and Beverage Marketing Corporation

3.2.3 Water dispenser industry in China

Since the mid-1990s, there has been a significant boom in the water dispenser industry in China. The main factors contributing to such growth include:

- Improvement and promotion of water treatment technology;
- The impact of beverage markets abroad, especially from Hong Kong, Macao and Taiwan; and
- The inherent demands of the Chinese mainland market.

Water dispenser products have been quickly accepted in China because of safety and convenience. They have replaced the long-term monopolies that were traditionally enjoyed by carbonated drinks. Throughout China, water dispenser products are sold through independent sales, door-to-door servicing, and specialised distribution stores which primarily service residential districts and office blocks.

In 2011, the water dispenser industry's scale was RMB 33.43 billion. By the end of 2013, the industry's scale was RMB 37.29 billion, which is an increase of 4.7% compared with the same period in 2012. This signalled the maturity of the water dispenser water industry in China.

3.2.4 Increased competition in the sales channels

Sales of drinking water are mainly conducted in three sales channels:

- supermarkets and convenience stores;
- petrol stations, railway stations and cinemas; and
- sales terminals such as on trains, air flights and in hotels.

Competition between water brands sold in petrol stations and cinemas have intensified in recent years. Petrol stations and cinemas are regarded as the base of the middle-to-high range customers. There is more competition in petrol stations because, compared to supermarkets and e-commerce channels, customers at petrol stations are mainly car owners who have fixed incomes and are able to consume premium ranged drinking water. There are more opportunities for bulk sales in petrol stations. Sales of bottled drinking water in cinemas are also becoming popular.

In order to seek channel monopoly, and to achieve brand focus and larger sales, water product companies prefer to sell their brands of products through terminal exclusive sales. Sale terminals such as trains, planes and hotels are important bases of this channel.

4 Company Overview

4.1 Introduction

Tianmei Beverage Group Corporation Limited (ACN 611 845 811) (*Tianmei* or *Company*) is an Australian company incorporated in Western Australia on 6 May 2016. It owns 100% interest in Guangdong Tianmei Selenium-Rich Beverage Chain Company Limited (*Tianmei China*) which engages in distribution and promotion of fast moving consumer goods, such as food, beverages and other grocery items in Guangdong province of China (*Product Promotion Business*). Tianmei also promotes and distributes its own brand of drinking water products in China (*Water Products Business*).

The Product Promotion Business and Water Products Business were previously owned by Guangdong Gewang Biotechnology Co., Ltd. (*Gewang*) and were transferred to Tianmei China upon its establishment on 22 May 2015. Both businesses have been in operation for around two years prior to being transferred to Tianmei China.

4.2 History

A timeline of some of the significant events and milestones for the Group is set out below.

Time	Event
January 2013	<ul style="list-style-type: none"> Gewang started to conduct the Product Promotion Business and Water Products Business in Guangdong Province.
May 2015	<ul style="list-style-type: none"> Incorporation of Tianmei China with the Product Promotion Business and Water Products Business transferred from Gewang.
June 2015	<ul style="list-style-type: none"> Tianmei introduced its bottled water as well as its soft water barrel to the marketplace.
March 2016	<ul style="list-style-type: none"> Tianmei expanded its bottled water range by bringing to market a type of bottled water for infants.
April 2016	<ul style="list-style-type: none"> Tianmei introduced the beauty nano spray and a series of water dispensers to the marketplace.
May 2016	<ul style="list-style-type: none"> Tianmei Beverage Group Corporation Limited was incorporated in Australia in preparation of its proposed listing on the ASX. The Company introduced its range of water purifiers to the market.

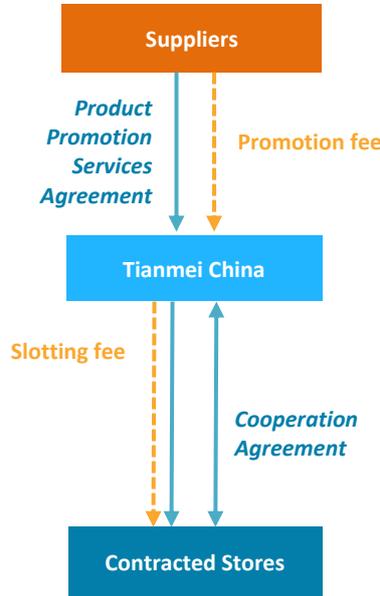
4.3 Product Promotion Business

4.3.1 Business Model

Tianmei China has contracts with over 900 supermarkets and convenience stores in Guangdong province, China (Contracted Stores). Tianmei China introduces fast moving consumer goods, including food, beverage and general grocery products provided by its suppliers to the Contracted Stores. These are small to medium scale retail stores which sell food, beverages and other grocery items. These contracts are entered into under a number of types of arrangements. Please refer to Section 9.4.1(a) for a summary of these contracts.

For the 6 months to 31 May 2016, approximately 58% of its revenue was generated through the Product Promotion Business. Revenue is generated as fees charged by Tianmei to its suppliers, representing a premium over the slotting fees paid by Tianmei to its Contracted Stores. Diagram 4.1 illustrates the structure, cash flow, documents and how revenue is generated in Tianmei China's Product Promotion Business.

Diagram 4.1: Tianmei China's Product Promotion Business Model



4.3.2 Suppliers

Tianmei China enters into standard Product Promotion Services Agreements with its suppliers. Under these contracts, Tianmei China is responsible for introducing and promoting the supplier's products to its Contracted Stores. In return for promoting their products, contracted suppliers pay a monthly promotion fee to Tianmei China based upon the number of items being placed in each store. Please refer to Section 9.4.1(a) for a summary of key terms of the standard Product Promotion Services Agreements.

As of 31 October 2016, Tianmei China has entered 69 Product Promotion Services Agreements with key fast-moving consumer good suppliers. Based on the revenue generated for the 6 months to 31 May 2016, the following is a list of Tianmei top 10 suppliers:

Rank	Supplier	Name	Products supplied
1		Tianjin Saiyu Food Co., Ltd	<ul style="list-style-type: none"> Bestore Macadamia Nuts (200g) Bestore Egg Corn Snack (68g) Bestore Beef Jerky (165g)
2		Hubei Shendan Healthy Food Co., Ltd	<ul style="list-style-type: none"> Spiced Egg Quail Egg Mage's Fresh Cube Cake (1,280g) Crisp Broad Bean (225g)
3		Guangxi Wuzhou Shuang Qian Industrial Co., Ltd	<ul style="list-style-type: none"> Spicy Pickle Chicken Feet (250g) Huang Shang Huang Sausage (400g) Sugimoto Red Bean Agar Cake (360g)

Rank	Supplier	Name	Products supplied
4		Jiaozuo City Ming Ren Natural Medicine Co., Ltd	<ul style="list-style-type: none"> • Lotte Carbonated Beverages (250ml) • Jinpee Matcha Milk Tea (15g) • Del Monte Prune Juice (946ml)
5		Sichuan Jia Mei Food Industry Co., Ltd	<ul style="list-style-type: none"> • Chocolate Flavored Milk Tablet (500g) • Miss Dong Potato Chips (36g) • Zhang Fei Beef Jerky (200g)
6		Jilin Tasly Spa Beverage Co., Ltd	<ul style="list-style-type: none"> • Maxwell House Original Flavoured Coffee (13g) • Velamints Professional Gum (36g) • Amovo Dark Chocolate (120g)
7		Sichuan Weiyi Beverage and Food Co., Ltd	<ul style="list-style-type: none"> • Mage's Fresh Cube Cake (1,280g) • Eagle-Coin Premium Canned Fish (184g) • Fini Filled Candy (50g)
8		Sichuan Tong Jiangshan Bawang Wild Food Co., Ltd	<ul style="list-style-type: none"> • White House Chen Ji Instant Noddles (1,080g) • NFC Fresh Juice (3,600ml)
9		Wuqiong Food Co., Ltd	<ul style="list-style-type: none"> • Wuqiong Roasted Chicken Wings • Wuqiong Baked Egg (600g) • Wuqiong Spicy Chicken Feet (160g)
10		Zhangzhou Ding Jin Food Co., Ltd	<ul style="list-style-type: none"> • Trung Nguyen G7 Instant Coffee (16g) • Fini Bubble Gums (8g)

4.3.3 Contracted Stores

To promote the suppliers' products, Tianmei China establishes cooperative relationship with local supermarkets and grocery stores by entering into standard Cooperation Agreements with the Contracted Stores. Tianmei China will also sign standard Supermarket Access Agreements with the Contracted Stores to place its promoted products in store. Contracted Stores charge a slotting fee for placing the products of Tianmei's suppliers on their shelves. The slotting fee is separately agreed on a case by case basis for each supplier's product through Supermarket Access Agreements with each Contracted Store. Please refer to Section 9.4.1(a) for a summary of key terms of the standard Cooperation Agreements and Supermarket Access Agreement.

Tianmei China divides the Contracted Stores into two levels: "tier 1 stores" and "tier 2 stores". Tier 1 stores are typically larger non-community based stores in premier locations, whilst tier 2 stores are community-based and primarily serve local customers of a residential block community. The slotting fees payable to tier 1 stores are usually higher than those paid to tier 2 stores.



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As of 31 October 2016, Tianmei China has entered into Cooperation Agreements with 941 retail stores and supermarkets. Of these, Tianmei China has entered into 941 Supermarket Access Agreements with Contracted Stores in Guangdong province, China. The 941 Contracted Stores, which are owned by 940 different owners, are broken down as follows:

Geographical division in Guangdong	Number (as at 31 October 2016)	
	Tier 1 stores	Tier 2 stores
Central region	88	455
Non-central region	38	360
Total	126	815

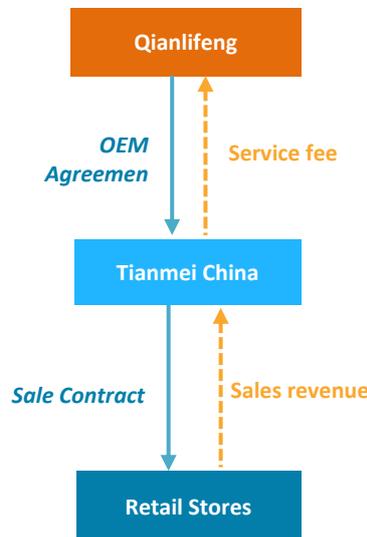
4.4 Water Products Business

4.4.1 Water Products Business Model

Tianmei's Water Products Business currently focuses on the sale of Tianmei-branded water products, including bottled water and water dispensers through its Contracted Stores and other stores throughout China. It is Tianmei's intent to expand beyond water products to other Tianmei-produced goods as determined by marketplace demands and opportunities.

For the 6 months to 31 May 2016, approximately 42% of Tianmei's revenue is generated through its Water Products Business. Diagram 4.2 illustrates the relationship cash flow and sale contract relationship with Contracted Stores and other retail stores in Tianmei China's Water Products Business Model.

Diagram 4.2: Tianmei China's Water Product Business Model



As of 31 October 2016, Tianmei China has entered into Sale Contracts with 519 retail stores throughout the Guangdong province for the distribution of its water products, 518 of which are also Contracted Stores as detailed in Section 4.3.3. Currently, water is sourced from Qianlifeng on an as needs basis according to OEM Agreements between Tianmei China and Qianlifeng, branded with Tianmei packaging and delivered directly to stores. Tianmei does not carry any inventory. Please refer to Section 9.4.1(b) for a summary of key terms of the standard OEM Agreements and Sales Contracts.

Pending final due diligence and members' approval, Tianmei plans to purchase Qianlifeng for RMB 5 million and, coupled with a strong focus in research and development, produce water products organically and distribute them through its Sale Contracts. Please refer to Section 9.4.2 for a summary of key terms of the Acquisition Agreement.

4.4.2 Product range

Tianmei sells a range of water and water related products including bottled water, water dispensers and filtration systems as outlined in the table below.

Item	Description
	<p>Tianmei Bottled Water</p> <p>Tianmei Bottled Water is premium spring water which comes in two sizes, 568 millilitres and 368 millilitres.</p>
	<p>Tianmei Infant Bottled Water</p> <p>Tianmei's Infant Bottled Water is premium spring water that has undergone a special physical treatment process so that the composition of trace elements in the water is suitable for infants. The water is bottled in a sterile and clean environment and packaged through a high pressure fast sterilisation process satisfying the commercial aseptic requirements for infant water products. The Infant Bottled Water comes in 530 millilitre bottles.</p>
	<p>Tianmei Soft Water Barrel</p> <p>Tianmei's Soft Water Barrel is an 11 litre water container which folds in on itself as water is dispensed out of it. It is filled in a way where no air enters the barrel, keeping the water free of any pollutants that may be transferred by air. This is unlike the traditional hard water barrels in the market which suck in air as the water is dispensed.</p>
	<p>Tianmei Water Dispenser</p> <p>The Tianmei Water Dispenser uses a unique design to ensure that the water does not come into contact with air by using a double seal design. This keeps the water free of pollutants that may be transferred by contact with air. Unlike traditional water dispenser which use hard water barrels, Tianmei's Water Dispenser uses Tianmei's Soft Water Barrel which collapses as water is dispensed.</p> <p>The Water Dispenser comes in the form of a table-top dispenser or an upright standing dispenser, which sits on the floor. Each of these</p>



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Item	Description
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types of Water Dispensers can also be purchased with a temperature controller so that the user can choose the water temperature, over several levels from cold to warm (40 degrees Celsius), as the water is dispensed.



Tianmei Beauty Nano Spray

Tianmei’s Nano Spray is a lightweight spray used to rehydrate dry skin. It uses ultrasonic vibration technology to achieve strong atomization of water so that the fine water droplets can be quickly absorbed by skin. The product features a water storage tank with a visible water reservoir to make it convenient to use and refill.

Tianmei Water Purifier



The Tianmei Water Purifier is a water filtration system which comes in two sizes. The smaller Water Purifier uses a permanent hydrophilic polyvinylidene fluoride (PVDF) silk film developed by Tianmei. The PVDF film has high flux, good durability and high rejection rate with a 9 nanometre aperture. It is suitable for small volumes of water, such as a single tap.

The larger Water Purifier allows filtration of large volumes of water with a filtration capacity that can serve a whole household. It uses an advanced filter with a 9 nanometre aperture.

The 9 nanometre aperture of the filters used helps to restrict the transmission of viruses, bacteria, organic compounds and harmful substances while allowing for the beneficial substances and trace elements in water to flow through.

4.4.3 Water source and processing

The Tianmei Water Product Business uses spring water and has been tested and shown to be rich in multiple trace elements such as lithium, selenium, strontium and silicic acid.

Tianmei's water processing uses advanced foreign production equipment, and strict production management systems and disinfection treatment technologies. Tianmei’s products are fully compliant with the National Food Hygiene Standards for high quality drinking water.

Water sourcing and processing is currently undertaken by Qianlifeng, an entity that Tianmei has entered into an agreement with to acquire, conditional only on it raising the minimum subscription of the Offer and gaining admission to the ASX.

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4.4.4 Trademarks and patents

(a) Trademarks

Tianmei has the following two trademarks pending approval in China:

Trademark	Registration Number	Product and/or service category	Application Acceptance Date
	17475853	<ul style="list-style-type: none"> CLASS 29 (Meats and processed foods) Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats. CLASS 33 (Wine and spirits) Alcoholic beverages (except beers). CLASS 35 (Advertising and business) Advertising; business management; business administration; office functions. CLASS 43 (Hotels and Restaurants) Services for providing food and drink; temporary accommodations. 	23 December 2015
	17250995	<ul style="list-style-type: none"> CLASS 32 (Light beverages) Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages. 	23 December 2015

(b) Patents

Tianmei has a strong focus on research and development to grow its Water Products Business. Currently, Tianmei holds 3 patents registered in China including designs for mineral water disinfection equipment, a vacuum water dispenser and a disposable vacuum soft bucket.

Patent Number	Description	Application Date	Approval Date	Duration
201520693437.8	Mineral water disinfection equipment	9 September 2015	30 December 2015	10 years
201520693439.7	Desktop vertical hot water combination vacuum dispenser	9 September 2015	13 January 2016	10 years
201520693574.1	Disposable vacuum soft green bottle	9 September 2015	30 December 2015	10 years



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There are 4 additional Chinese patent applications pending approval as follows.

Patent Number	Description	Application Date	Status
201510568668.0	Desktop Vertical Combined vacuum warm water dispenser	9 September 2015	In-progress
201510568683.5	Mineral water disinfection method	9 September 2015	In-progress
201510959516.3	Hot water dispenser that is applied to one kind of nano-silicon ceramic heating element	21 December 2015	In-progress
201521067003.3	Instant hot water dispenser	21 December 2015	In-progress

4.5 Strengths and competitive advantages

4.5.1 Product Promotion Business

Tianmei has established a solid network of Contracted Stores throughout Guangzhou city and the wider Guangdong region. As discussed in Section 4.3.3, Tianmei is currently contracted to 941 stores and there is intent for this network to continue to expand. Considering that Guangdong province is one of China's most developed provinces with a gross domestic product of US\$1.1 trillion in 2014 and has as its capital, Guangzhou city, is China's third largest city with a population of approximately 13 million people, Tianmei's network of Contracted Stores reaches deeply into a solid marketplace that has high-demand for food, beverage and grocery products that are promoted by Tianmei.

Tianmei's Product Promotion Business Model allows it to be dynamic in response to opportunities created by favourable economic conditions such as greater international trade with Australia that will be facilitated by the ChAFTA which came into effect in December 2015. The Company has positioned itself to be able to seize upon the benefits of external supply markets, including the promotion and planned importation of quality Australian-products into the Chinese market.

Tianmei has the ability to reach into its well established and expansive network of reputable and quality suppliers (including Australian producers), which gives it a distinctive competitive advantage in supplying its Contracted Stores with the quality products demanded by the Chinese population. The Australian network of suppliers will provide a platform for Tianmei to generate additional income through placing Australian products in Contracted Stores.

Tianmei believes that the establishment of an Australian import business will provide it with a competitive advantage in the Chinese market.

4.5.2 Water Products Business

Through a range of research and development initiatives, Tianmei's Water Product Business addresses Chinese consumers' concerns over contamination in traditional bottled water products sold in China. Through its established commitment to research and development, Tianmei is well placed to produce water products that meet the Chinese consumers' high demand for clean and healthy products. Tianmei's extensive research and development plans are discussed in Section 4.8.1(b). This differentiates Tianmei's water products from many of its competitors and provides it with a competitive advantage in creating new markets for its clean water products.

Many competing water dispensers use "hard" plastic water barrels that result in air being pushed back into the bottle whenever water is dispensed, thus sucking polluted air into the bottle. Tianmei has addressed such consumer concern by developing a "soft" barrel product along with a vacuum water dispenser and a metal ceramic heater which heats the water to 40 degrees Celsius when dispensed. This technology avoids polluted air being sucked into the bottle and contaminating the water. The ability of Tianmei's products to alleviate these safety and health concerns of the

Chinese consumer significantly increases the Company's overall strength and competitive advantage over others in the market.

Tianmei has positioned itself to acquire the Qianlifeng Water Processing Plant which, if successfully acquired, will provide Tianmei with control over the clean water production process. This will reduce production and supply risks, and increase margins and profitability which will in turn enhance Tianmei's overall strength and competitiveness.

4.6 Head office and employees

As of 31 October 2016, Tianmei China employs 113 employees, including 19 in senior management roles and approximately 71 in sales roles.

4.7 Strategies for growth

The Company intends to grow the business by:

- expanding its Product Promotion Business by continuing to broaden its supply and distribution bases;
- establishing an Australian import business; and
- expanding its Water Products Business catalysed by its purchase of Qianlifeng coupled with a strong focus on research and development.

4.7.1 Growing the Product Promotion Business

Tianmei continues to seek opportunities to develop and expand its number of Contracted Stores throughout Guangzhou and the wider Guangdong province. There is recognition that the demands of Chinese consumers have been driven by the increase in China's wealth and disposable income per person. Resultantly, Chinese consumers are increasingly conscious of consuming premium "clean and green" food and beverage products. Tianmei plans to focus on increasing its marketing efforts in these areas.

Tianmei intends to grow the supply-side of its Product Promotion Business by continuing to increase its network of quality suppliers both domestically and internationally. Tianmei currently promotes Australian products for sale in China. Tianmei has immediate plans to use funds raised under the Offer to upgrade its Contracted Stores (please see Section 4.8.1(a) for further details regarding Contracted Stores upgrades).

Looking forward, Tianmei also plans to establish its own Australian import business, as discussed below. This is an example of an initiative to expand Tianmei's network of quality suppliers that reflect Chinese consumers' specific demands.

By expanding both its supply and distribution bases, Tianmei anticipates a significant growth in the product promotion side of its operations.

4.7.2 Establishment of an Australian import business

In addition to its established network of Chinese suppliers, Tianmei plans to source many high-demand consumer commodities from Australia. This is on the back of Australia's strong reputation for high health and environmental standards and regulations associated with food production that is well revered by Chinese consumers. As a result, Tianmei intends to establish its own Australian import business to deliver such goods to meet Chinese demand.

In line with this growth strategy, Tianmei intends to harness the increasing trade opportunities between China and Australia created by the ChAFTA coming into force. The elimination of tariffs on the Australian agricultural imports to China will create significant opportunities for producers of Australian processed foods which, in turn, will set ideal conditions for Tianmei to import high-quality Australian food, beverage and grocery products for sale in their growing number of Contracted Stores - for example, it has a vision to potentially import Australian dairy and wine products, which are much sought after by Chinese consumers.



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As at the date of Prospectus, Tianmei has entered into memorandum of understandings with two Australian parties as outlined below:

- ASX-listed dairy products manufacturer (Australian Dairy Co): Tianmei has entered into a memorandum of understanding with Australian Dairy Co, an ASX-listed dairy company which produces a variety of milk, butter and yoghurt products. The name of Australian Dairy Co cannot be disclosed due to a confidentiality agreement between the parties. Under the memorandum of understanding, the parties have agreed to explore supplying products Australian Dairy Co. to Tianmei's Contracted Stores.
- Food and beverage distributor (F&B Co): The Company has entered into a memorandum of understanding with F&B Co, a distributor of food and beverage products, to pursue discussions in relation to the supply of F&B Co's popular children's milk flavouring product into Tianmei's Contracted Stores. The name of F&B Co cannot be disclosed due to a confidentiality agreement between the parties. To date, samples of the product have been sent to Tianmei China for internal review and product testing.

In addition to continuing its investigation of products from the aforementioned parties, the Company will continue to explore the Australian market in order to source other products it believes will have a strong potential market in its network of Contracted Stores in China.

4.7.3 Growing the Water Products Business

Tianmei is strongly committed to growing its Water Production Business on the back of extensive research and development initiatives. Please see Section 4.8.1(b) for further details of the Company's plans to invest in research and development for the purposes of expanding its Water Products Business. By engaging in water products and processing development, Tianmei will be able to remain competitive in the water products market.

As part of Tianmei's strategy to grow its Water Products Business, Tianmei is planning on securing its own water supply source by acquiring Qianlifeng in order to mitigate supply risks and set the platform for further development and growth (please see Section 4.8.1(c) for further details of the proposed acquisition). Tianmei's water products are currently supplied by Qianlifeng via sale contracts.

Following the acquisition, Tianmei believes that it may be possible to increase Qianlifeng's production capacity to approximately 100 million litres of drinking water. As part of this, Qianlifeng has received preliminary approval from the Beihu District Government (the relevant local authority where the Water Plant is located) and has an option to acquire the rights to approximately 1.33 hectares of land adjacent to the Water Plant.

Additionally, Tianmei is committed to expanding its distribution base by adding to the current 519 retail stores in China that it has water sales contracts with as well as looking to Australia as a potential market for its water products.

4.8 Future funding use

4.8.1 Use of IPO proceeds

The Company expects to receive proceeds of A\$8,000,000 at Minimum Subscription and of A\$10,000,000 at Maximum Subscription from the issue of Shares at the Offer Price of A\$0.20 per Share. As set out in the table under Section 1.7, the Company plans to use the funds raised to upgrade and install Australian product display shelves in Tianmei's contracted stores, conduct research and development for water products, acquire a water plant and provide for operating expenses in Australia.

(a) Upgrade and installation of display shelves in Tianmei Contracted Stores

The anticipated spend per shop is to be in line with the below, depending on the funds raised:

Installation of Australian products promotion shelves in Tianmei Contracted Stores	Min Subscription (\$A)	Max Subscription (\$A)
Promotion shelves	560	1,000
Refrigeration	1,680	3,000
Decoration	1,120	2,000
Marketing material	560	1,000
Samples and stock	747	1,333
Total	4,667	8,333
For 300 Stores	1,400,000	2,500,000

The company will need to purchase and invest in a number of items to effectively promote Australian products through Tianmei Contracted Stores as outlined in the table above. Some further details on each of the items are outlined below:

- Promotional shelves are shelves that will be used to display products;
- Refrigeration will display products (such as dairy products) which require refrigeration;
- Enhanced branding and illustrative material will be used to highlight the Australian products displayed on shelves and/or in refrigeration. The goal of the company will be to ensure that the Australian products have appropriate signage and decoration to draw consumers' attention and increase sales volume;
- Marketing material (such as leaflets/brochures) will be prepared for the promotion of Australian products and provided to stores; and
- Samples and stock refers to initial quantities of products to be displayed on the shelves and as inventory for the stores.

(b) Research and development

The Company is committed to developing and continuously improving the quality of its water products. Research and development is a crucial area of the Company's Water Products Business. In May 2016, Tianmei China entered into three agreements with the Guangzhou Food Industry Research Institute Co., Ltd (R&D Firm) whereby the R&D Firm is to provide a unique technical research and development of water composition and the production processes for water suited to infants, primary and secondary school students and pregnant women. Details of the current contracts with the R&D Firm are set out below in Section 9.4.3.

(c) Proposed acquisition of Water Plant

In order to expand its Water Products Business, Tianmei China proposes to undertake an acquisition transaction, subject to the Company's approval and listing on ASX. It plans to acquire the water processing company Qianlifeng. As part of this acquisition, if successful, Tianmei will also take ownership and control of the Qianlifeng Water Processing Plant in Hunan province, China (**Water Plant**). The Water Plant is adjacent to the Yinshan Longwu Water Spring located at Group 1 Qinshan Village, Yongchun Town, Beihu District, Chenzhou City in Hunan Province. This area is renowned for producing quality drinking water. The Water Plant was built in or around 2004 and is capable of producing approximately 34,560,000 litres of drinking water each year. It currently supplies two parties, including Tianmei. Further details of the agreement for the acquisition of the Qianlifeng are set out in Section 9.4.2 of this prospectus.

(d) Operating expenses of Australian business

In line with expanding its water products business, the Company intends to develop its operation in Australia. In order to do so, it will need to fund office leases, staff salaries, market research in Australia, channel marketing expenses



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public relations and marketing campaigns. The Company anticipates this will cost in the range of A\$1.9 million to A\$2.6 million over a two-year period.

4.8.2 Commitment test

The Company will be applying to ASX for its admission to the Official List under the 'assets test'. The Company's pro forma historical balance sheet as at 31 May 2016 (which takes into account the impact of the Offer and acquisition of Qianlifeng) shows a pro forma balance of the company's cash and other assets readily convertible to cash of A\$22.9 million if Minimum Subscription is achieved, or A\$24.9 million if Maximum Subscription is achieved under the Offer, which is more than half of the pro forma balance of the company's total tangible assets. Accordingly, in accordance with the requirements of ASX Listing Rule 1.3.2(b), the company confirms that it has commitments to apply 50.3% (if Minimum Subscription) and 51.4% (if Maximum Subscription) of the cash assets, being between A\$11.5 million (if Minimum Subscription) and A\$12.9 million (if Maximum Subscription). The commitments are consistent with the company's business objectives (including its growth strategies as described in Section 4.7). These commitments presented in the table below. All amounts disclosed in the table below are rounded to the nearest A\$1,000.

Cash and cash equivalents (000's)	Min Subscription (\$A)	Max Subscription (\$A)
Cash and cash equivalents as at 31 May 2016	17,285	17,285
Adjustment for repayment of convertible note in Tianmei China	(1,394)	(1,394)
Adjustment for repayment of borrowings within Qianlifeng	(973)	(973)
Cash received from the Offer	8,000	10,000
Total cash and cash equivalents upon listing	22,918	24,918
Commitments (000's)	Min Subscription (\$A)	Max Subscription (\$A)
Costs of the Offer ¹ expected to be incurred from 31 May 2016	1,867	2,033
Upgrade and installation of Australian products display cases in Tianmei Contracted Stores ²	1,400	2,500
Research and development expenses for water products ³	1,200	1,230
Acquisition of Water Plant, net of 20% deposit paid ⁴	856	856
Expansion of Water Plant ⁵	6,200	6,200
Total commitments	11,523	12,819
Percentage of cash and cash equivalents upon listing	50.3%	51.4%

1. Refer to Section 9.9 for more information about the costs of the Offer.

2. Refer to Section 4.8.1(a) for more information about upgrade and installation of Australian products display cases in Tianmei Contracted Stores.

3. Refer to Section 4.8.1(b) for more information about research and development expenses for water products.

4. Refer to Section 4.8.1(c) for more information about acquisition of Water Plant.

5. Refer to Section 4.8.2(a) below for more information about expansion of Water Plant.

(a) Expansion of Water Plant

Tianmei is planning on investing approximately A\$6.2 million in expanding its water plant once the acquisition has been completed. This will involve the following key expenditure items:

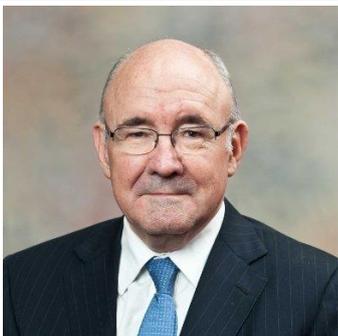
- obtaining land usage right for 20 mu (approximately 1.33 hectares) in the Beihu District of Hunan province at a cost of approximately A\$1.6 million;
- constructing necessary access roads and related infrastructure facilities like streetlights, signage and drainage facilities at a cost of approximately A\$1.2 million; and
- introducing two new production lines at a cost of approximately A\$3.4 million.

5 Key Individuals, Interests and Benefits

The Company is very cognizant of investor expectations with respect to governance and communications. In that regard, the Tianmei Board is constituted of Directors who have extensive skills and experience in both business operations and governance. The Board and senior management have a broad base of experiences covering operational, technical, corporate and commercial backgrounds spanning a number of decades across a range of different industries. The Board is well positioned to implement, oversee and monitor the Company's strategic objectives.

5.1 Board of Directors and Management Team

At Listing, the Tianmei Board will comprise five members, consisting of one Non-Executive Chairman, two Non-Executive Directors and two Executive Directors. The following table provides information regarding the Directors and the management team, including their positions and expertise.

Experience	
	<p>Mr Sherlock has over 30 years' experience in public company governance, credit risk management, private equity, mergers and acquisitions, corporate restructures and administration. Mr Sherlock co-founded Bennelong Capital, a boutique financial advisory firm, with extensive experience in corporate advisory including restructures, refinancing, turnarounds and corporate governance. Mr Sherlock was the Head of the Credit Risk Management division for Coopers & Lybrand (now Price Waterhouse Coopers) for over 10 years.</p> <p>Mr Sherlock is an experienced non-executive director. He is the former Chairman of Australian Wool Corporation Limited, Woolmark Company Pty Ltd, Network Limited and Equatorial Mining Limited, a former non-executive Director of Austral Coal Limited, Sydney Attractions Group Limited, iSOFT Group Limited, KH Foods Limited and Export Finance Insurance Corporation Limited. Mr Sherlock is a director of Stockland Capital Partners Limited and continues to act on a number of committees for both Federal and State governments, advising on regulatory and organisational process.</p>
Expertise / Qualifications	<ul style="list-style-type: none"> • Bachelor of Economics • FCA (fellow chartered accountant), • Member of AICD (Australian Institute of Company Directors)
Location	Australia
Independence or affiliations	Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Mr Tony Sherlock
Non-Executive Chairman



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Experience



Mr Ong was a Principal Adviser at the Australian Securities Exchange in Perth and brings 12 years' experience in listing rules compliance and corporate governance. He has overseen the admission of over 100 companies to the official list of the ASX.

Mr Ong now runs a boutique corporate advisory firm in Perth, Western Australia. He is a member of the Governance Institute of Australia and holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia.

Mr Ong is currently a director of Segue Resources Limited and CoAssets Limited and is company secretary to three listed companies.

Mr Nicholas Ong

*Non-executive Director,
Company Secretary and Public
Officer*

Expertise / Qualifications

- Bachelor of Commerce
- Graduate Diploma of Applied Finance
- Graduate Diploma of Applied Corporate Governance
- Member of ACIS (Institute of Chartered Secretaries and Administrators)
- Member of AICD (Australian Institute of Company Directors)
- AGIA (Associate of Government Institute of Australia)
- Master of Business Administration

Location Australia

Independence or affiliations Independent

Legal or disciplinary action Nil

Insolvent companies Nil

Experience



Mr Zhang graduated from Capital University of Economics and Business with a Master of Economics. He has acted as President of Harbin Ridaxing Science and Technology Industrial Co., Ltd., Director of Advanced Battery Technology, USA and is the General Manager and President of Beijing Ruihua Future Investment Management Co., Ltd.

Mr Xiaoran Zhang

Non-executive Director

Expertise / Qualifications Master of Economics

Experience

Location	China
Independence or affiliations	Not independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience

**Mr Songpei Guo**

Executive Director and Chief Executive Officer

Mr Guo graduated from the University of International Business and Economics. Mr Guo was the chief financial officer of China National Light Industrial Products Import & Export Corp between 1991 and 2004, and the chief financial officer of Tianjin Tianrun Hongtai Commerce and Trade Co Limited between 2004 and 2007, and the chief financial officer of the Beijing representative office of Hong Kong Taili Clothing Co Lte between 2007 and 2015. Mr Guo has been the Executive Director of Tianmei China since 2016.

Expertise / Qualifications	Bachelor degree from University of International Business and Economics
Location	China
Independence or affiliations	Non-Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

Experience

**Ms Han Xu**

Executive Director

Ms Xu graduated from the University of Birmingham, UK, with a Master of International Finance and Management. Between 2013 and 2014 she was the President Assistant at the Guangzhou branch of British HSBC Bank. Since 2015 she has acted as Tianmei's Legal Representative and Executive Director.



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Experience	
Expertise / Qualifications	Master of International Finance and Management
Location	China
Independence or affiliations	Non-Independent
Legal or disciplinary action	Nil
Insolvent companies	Nil

5.2 Interests and benefits

This Section sets out the extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- financial services licensee involved in the Offer; or
- promoter of the Company,

holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- the property acquired or proposed to be acquired by Tianmei in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of Tianmei.

5.2.1 Directors' and managements' interests and remuneration

(a) Non-Executive Directors' remuneration

The Directors decide the total amount paid to each Director as remuneration for their services. Under ASX Listing Rules the total amount paid to all Non-Executive Directors must not exceed in total in any financial year the amount fixed in a general meeting of the company. This amount is currently A\$195,000 per annum. Annual fees agreed to be paid to the Non-Executive Directors are as follows:

Name	Role	Annual Fee (A\$)
Tony Sherlock	Non-Executive Chairman	80,000
Nicholas Ong ¹	Non-Executive Director	45,000
Xiaoran Zhang	Non-Executive Director	45,000
Total		170,000

1. Mr Ong also serves as the Company's Company Secretary and Public Officer for which he is paid an additional A\$35,000 per annum.

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Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as a Director of the company.

All Directors fees include superannuation at the statutory rate if applicable. There are no retirement benefit schemes for Directors other than statutory superannuation contributions.

(b) CEO and Executive Director remuneration – Mr Songpei Guo

Mr Songpei Guo is the CEO and Executive Director of the Company. From 6 May 2016, Mr Guo will receive an annual fixed remuneration of A\$40,000. Pursuant to Mr Guo's executive contract, Mr Guo may resign from his position by giving 6 months' notice in writing. Mr Guo's employment may be terminated by his employer by giving 6 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Mr Guo's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Mr Guo's executive contract (whether by resignation or termination), Mr Guo will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

(c) Executive Director remuneration – Han Xu

Ms Han Xu is an Executive Director of the Company. From 6 May 2016, Ms Xu will receive an annual fixed remuneration of A\$40,000. Pursuant to Ms Xu's executive contract, Ms Xu may resign from her position by giving 6 months' notice in writing. Ms Xu's employment may be terminated by her employer by giving 6 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Ms Xu's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice. Upon the termination of Ms Xu's executive contract (whether by resignation or termination), Ms Xu will be subject to a restraint of trade period of up to 12 months. The restraint of trade period may be reduced or eliminated in its entirety at the discretion of the Company.

5.2.2 Directors' interest in Shares and other securities

Directors holding interests' at the date of this Prospectus are as follows.

Name	Role	Shares Directly Held	Shares Indirectly Held
Tony Sherlock	Non-Executive Chairman	Nil	Nil
Nicholas Ong	Non-Executive Director, Company Secretary and Public Officer	Nil	Nil
Xiaoran Zhang	Non-Executive Director	Nil	Nil
Songpei Guo	Executive Director and CEO	Nil	Nil
Han Xu	Executive Director	36,000,000	Nil

5.2.3 Interests of advisers

The following entities have been engaged as professional advisers to various members of the Group for the purposes of the Offer. The details of work provided and the fees payable are summarised below.

Adviser	Role	Fee (exclusive of tax) ²
Phillip Capital Limited	Australian Lead Manager to the Company	A\$1,070,000 ¹
Beijing Ruihua Future Investment Management Co., Ltd.	Chinese Corporate Adviser	RMB 3,000,000 (A\$588,807) (at exchange rate 1 AUD = 5.0945 RMB)
Baker & McKenzie	Australian legal adviser to the Company in connection	A\$170,000



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Adviser	Role	Fee (exclusive of tax) ²
	with the Offer and has performed work in relation to due diligence enquiries on Australian legal matters	
Beijing Jingze Law Firm	Chinese legal adviser to the Company in connection with the Offer and has performed work in relation to due diligence enquiries on Chinese legal matters	RMB 150,000 (A\$29,444) (at exchange rate 1 AUD = 5.0945 RMB)
Ng & Shum Solicitors & Notaries	Hong Kong legal adviser to the Company and has performed the work in relation to due diligence enquiries on Hong Kong legal matters	HK\$37,000 (A\$6,451) (at exchange rate 1 AUD = 5.7358 HKD)
Carey Olsen	BVI legal adviser to the Company and has performed the work in relation to rendering a legal opinion regarding Tianmei BVI	US\$1,550 (A\$2,096) (at exchange rate 1 AUD = 0.7394 USD)
BDO Corporate Finance (East Coast) Pty Ltd	Investigating Accountant to the Company and has prepared the Investigating Accountant's Report in Section 7	A\$130,000
BDO East Coast Partnership	Australian tax advisers to the Company and has prepared the Taxation Report for the Company	A\$15,000
CIConsulting	Independent expert to the Company and has provided parts of the information presented in the Industry Overview in Section 3.	RMB 13,000 (A\$2,552) (at exchange rate 1 AUD = 5.0945 RMB)

1. Amount is based on the assumption that the Maximum Subscription is raised under the Offer.
2. These amounts and other expenses of the Offer will be paid by the Company (or one of its subsidiaries) out of funds raised under the Offer. Further information on the use of proceeds from the Offer and costs of the Offer are set out in Sections 1.7 and 9.9 respectively.

5.3 Corporate governance

The Board of Tianmei is cognizant of the need for a well-articulated and robust corporate governance framework and believes that good corporate governance is essential to the preservation and enhancement of Shareholder value. The Board believes that the success of the business is strengthened by implementing clearly articulated policies to enhance accountability, efficiency and the reliable measurement of performance.

The Board has adopted a *Board Charter*, which sets out the key corporate governance principles and procedures of Tianmei. The Charter and other corporate governance documents are available on the Company's website at www.tianmei.com.au. These key documents will be kept under review by the Board and amended from time to time.

The Charter and the other governance measures adopted reflect the Board's endorsement of the recommendations contained in the ASX Corporate Governance Council's Principles and Recommendations, 3rd edition, 2014. Those principles marked with a ☉ either have not been fully implemented or are to be addressed during the FY2017 reporting year. The commentary addresses the reasons for the departure from the requirements.

Principle 1 – Lay solid foundations for management and oversight

1.1	The Board has outlined in its Charter, its roles and responsibilities and has established a clear distinction between its functions and those delegated to management.	✓
1.2	Appropriate checks including criminal record checks have been carried out on all Board members prior to their appointment. The Company will provide Shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a Director at future general meetings	✓
1.3	All Directors and senior executives have a written agreement with the Company or a member of the Group setting out the terms of their appointment.	✓

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Principle 1 – Lay solid foundations for management and oversight

- | | | |
|-----|---|---|
| 1.4 | The Company Secretary is accountable directly to the Board, through the Chairman on all matters to do with the proper functioning of the Board. | ✓ |
| 1.5 | The Board has adopted a Diversity Policy (a copy of which is on the Company's website). The Diversity Policy requires the Board to set measurable objectives for obtaining gender diversity. The Board has not yet set measurable objectives but intends to review the diversity statistics within the Company and use those measures to formulate measurable objectives. | ⊙ |
| 1.6 | At least once per year the Board will, with the advice and assistance of the Nomination and Remuneration Committee (NRC), review and evaluate the performance of the Board, each Board committee and each individual Director against the relevant charters, corporate governance policies, and agreed goals and objectives. | ✓ |
| 1.7 | Performance reviews for Executive Directors and Senior Management will take place at least annually. The NRC has accountability in its Charter to oversee these reviews and report to the Board on their outcomes. The Company intends to ensure the appropriate disclosures in the remuneration report are made in relation to each reporting period as to the performance evaluations that were undertaken and the process that was followed. | ✓ |

Principle 2 – Structure the Board to add value

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|-----------|--|---|
| 2.1 | The Board has formed a Nomination and Remuneration Committee. The charter for the Nomination and Remuneration Committee is available on the Company's website. Membership of the Nomination and Remuneration Committee is: Tony Sherlock, Xiaoran Zhang and Nicholas Ong. | ✓ |
| 2.2 | In establishing the Board of Tianmei, regard was had to the skills and expertise required of the Directors relevant to Tianmei's business, its Listing in Australia and operations in China. Directors with the desired skills and expertise were carefully selected for appointment to the Board. | ✓ |
| 2.3 & 2.4 | The Board Charter sets out the criteria adopted by the Board for considering if a Director is independent. The Board is comprised of five members, two of whom are independent. Mr Tony Sherlock and Mr Nicholas Ong are considered independent as none of them has shareholding in the Company or is an adviser or supplier to the Company or has any other material contractual relationship with the Company other than their position as a Director. The Company has considered the recommendation of having a majority of the Board as independent Directors. However, the Board considers the Company's immediate requirements as it transits to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of independence and skill and experience in the period immediately after Listing on the ASX. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company. | ⊙ |
| 2.5 | The Chairman is an independent Director and facilitates the effective contribution of all Directors at Board meetings. The roles of Chair and Executive Director are exercised by different individuals. | ✓ |
| 2.6 | All Non-Executive Directors have had an extensive induction into the business of the Company prior to accepting their appointment and have received continuing information on the Company and its operations since being appointed. The induction process has included site visits in China and presentations by management.

Directors are also given access to continuing education in relation to the Company extending to its business, the industry in which it operates, and other information required by them to discharge the responsibilities of their office. | ✓ |



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Principle 3 – Act ethically and responsibly

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| 3.1 | The Board has adopted a code of conduct applicable to all Directors, senior executives and employees, a copy of which is disclosed on the Company's website. | ✓ |
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Principle 4 – Safeguard integrity in financial reporting

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|-----|---|---|
| 4.1 | The Board has established an audit and risk committee (ARC). The audit and risk committee is comprised a majority of Non-Executive Directors. Its composition being Nicholas Ong, Tony Sherlock and Xiaoran Zhang. The qualifications of the members of the audit and risk committee are set out in the Prospectus in Section 5.1.
A copy of the audit and risk committee's charter is on the Company's website. | ✓ |
| 4.2 | The Board of Tianmei has not yet had to approve the entity's financial statements for a financial period and accordingly has not been required to receive relevant declarations from the CEO and CFO in respect of the financial records of the Group. It is the intention of the Board that these declarations will be required for both the half-year and full-year results and this fact has been communicated to both the CEO and CFO | ⊙ |
| 4.3 | Tianmei has not yet held an Annual General Meeting (AGM) but it is the intention of the Board to ensure that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit. | ⊙ |

Principle 5 – Make timely and balanced disclosure

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| 5.1 | The Board has established a written continuous disclosure policy to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability for compliance. Each Board meeting considers whether any continuous disclosure issues arose during the course of the meeting. The continuous disclosure policy is on the Company's website. | ✓ |
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Principle 6 – Respect the rights of Shareholders

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| 6.1 | Tianmei has established an English website which provides information about the Group, Directors and executives, key governance policies and other information relevant to its investors. The website will be a key communication tool between the Company and the Shareholders. | ✓ |
| 6.2 | Tianmei has not yet designed and implemented an investor relations program to facilitate effective two-way communication with investors, however, the Board recognises its importance and will put in place a tailored program following the Completion. | ⊙ |
| 6.3 | The Board has adopted a Shareholder Communication Policy and will provide Shareholders with opportunities to have questions addressed at Shareholder meetings, irrespective of whether the Shareholder is able to attend. A copy of the Shareholder Communication Policy is on the Company's website. | ✓ |
| 6.4 | All Shareholders of Tianmei will be able to communicate with the Company and its share registry electronically and in fact this method of communication is encouraged. | ✓ |

Principle 7 – Recognise and manage risk

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| 7.1 | The Board has established a combined audit and risk committee. The audit and risk committee is comprised a majority of Non-Executive Directors. Its composition being Nicholas Ong, Tony Sherlock and Xiaoran Zhang. The qualifications of the members of the audit and risk committee are set out in the Prospectus in Section 5.1.
A copy of the audit and risk committee's charter is on the Company's website. | ✓ |
|-----|---|---|

Principle 7 – Recognise and manage risk

- | | | |
|-----|--|---|
| 7.2 | The risk management framework for the Group has not yet been formally reviewed by the Board but the Board has requested a report from management by November 2017. The Board has appointed the ARC to assist it with discharging its oversight function in respect of material business risks and to determine if the system of risk management is sound. Outcomes of those reviews will be reported in the corporate governance statement annually. | ⊙ |
| 7.3 | The Group has various quality assurance functions throughout the business but not a dedicated internal audit function. It is the Board's intention that the ARC reviews the need for an internal audit function, the scope of any function should one be required and whether it will be insourced or outsourced. The outcome of the review will be reported in the Company's annual report. | ⊙ |
| 7.4 | As mentioned under Principle 7.2, the Board expects a report on the risk management framework by November 2017 and has requested that management address economic, environmental and sustainability risks. The outcome of that review will be reported in the Company's annual report. | ⊙ |

Principle 8 – Remunerate fairly and responsibly

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|-----|---|---|
| 8.1 | The Board has formed a combined Nomination and Remuneration Committee. Membership of the Nomination and Remuneration Committee is: Tony Sherlock, Xiaoran Zhang and Nicholas Ong. A copy of the charter for the NRC is provided on the company's website. The qualifications of the members of the nomination and remuneration committee are set out in the Prospectus in Section 5.1.
A copy of the charter for the NRC is provided on the Company's website. | ✓ |
| 8.2 | The Board has adopted a remuneration policy for Non-Executive Directors. A remuneration policy for Executive Directors and other senior executives will be developed post Completion. A copy of the Non-Executive Director remuneration policy is provided on the Company's website. | ⊙ |
| 8.3 | The Company's Securities Trading Policy prohibits participants of any equity-based remuneration scheme entering into transactions which limits the economic risk of a participant. | ✓ |

6 Financial Information

6.1 Introduction

This Section contains a summary of the historical financial information of Guangdong Tianmei Selenium-Rich Beverage Chain Company Limited (**Tianmei China**) and Chenzhou Qianlifeng Beverage Co., Ltd (**Qianlifeng**) and pro forma historical financial information of the combined Tianmei China and Qianlifeng Group (**Tianmei Group**) (collectively the **Financial Information**), which has been prepared by the Directors of Tianmei Beverage Group Corporation Limited (**Tianmei** or the **Company**).

The Historical Financial Information comprises the:

- Tianmei China historical Statements of Profit or Loss and Other Comprehensive Income for the financial years ended 30 November 2014 (**FY2014**) and 30 November 2015 (**FY2015**) and the six month period ended 31 May 2016 (**1H2016**) (**Tianmei China historical Statements of Profit or Loss and Other Comprehensive Income**);
- Tianmei China historical Statements of Cash Flows for FY2014, FY2015 and 1H2016 (**Tianmei China historical Statements of Cash Flows**);
- Qianlifeng historical Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015 and 1H2016 (**Qianlifeng historical Statements of Profit or Loss and Other Comprehensive Income**); and
- Qianlifeng historical Statements of Cash Flows for FY2014, FY2015 and 1H2016 (**Qianlifeng historical Statements of Cash Flows**).

The Pro Forma Historical Financial Information comprises the:

- Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015 and 1H2016 (**Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income**);
- Tianmei Group pro forma historical consolidated Statements of Cash Flows for FY2014, FY2015 and 1H2016 (**Tianmei Group pro forma historical consolidated Statements of Cash Flows**); and
- Tianmei Group pro forma historical consolidated Statement of Financial Position of the Tianmei Group as at 31 May 2016 (**Tianmei Group pro forma historical consolidated Statement of Financial Position**).

The Historical Financial Information has been audited by Wei, Wei & Co., LLP and the Pro Forma Historical Financial Information has been reviewed by BDO Corporate Finance (East Coast) Pty Ltd (**BDO Corporate Finance**). BDO Corporate Finance's Investigating Accountant's Report on the Pro Forma Historical Financial Information is contained in Section 7. Investors should note the scope and limitations of that report (refer to Section 7).

Also summarised in this Section are:

Table 1: Overview of Financial Information

Section	Heading
6.2	Basis of Preparation and Presentation of the Financial Information
6.3	Tianmei China historical Statements of Profit or Loss and Other Comprehensive Income
6.4	Tianmei China historical Statements of Cash Flows
6.5	Qianlifeng historical Statements of Profit or Loss and Other Comprehensive Income
6.6	Qianlifeng historical Statements of Cash Flows
6.7	Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income

Section	Heading
6.8	Tianmei Group pro forma historical consolidated Statements of Cash Flows
6.9	Tianmei Group pro forma historical consolidated Statement of Financial Information
6.10	Debt facilities
6.11	Lease commitments
6.12	Liquidity and Capital Resources
6.13	Dividend Policy
6.14	Significant Accounting Policies
Appendix A	Financial Information Section Reconciliations

The information in this Section 6 should be read in conjunction with the risk factors set out in Section 8 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars, and unless otherwise noted, are rounded to the nearest thousand dollars.

6.2 Basis of Preparation and Presentation of the Financial Information

6.2.1 Overview

The Directors of Tianmei are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Section 6 has been prepared in accordance with the recognition and measurement principles prescribed in International Financial Reporting Standards (*IFRS*) issued by the International Accounting Standards Board, and the accounting policies of Tianmei. The Financial Information and accompanying commentary presented in this Section has also been disclosed with consideration to regulatory guidance issued by ASIC.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by IFRS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In preparing the Financial Information, the accounting policies of the Company have been applied consistently throughout the periods presented. The significant accounting policies of the Company relevant to the Financial Information are set out in Section 6.14.

The Directors have considered ASIC Regulatory Guide 170, and having regard to the requirements of this Regulatory Guide, note any prospective financial information would contain a broad range of potential outcomes and possibilities such that the Directors have concluded the Company cannot include prospective financial information in this Prospectus.

6.2.2 Preparation of Historical Financial Information

The Historical Financial Information has been extracted from the relevant financial statements of Tianmei China and Qianlifeng for FY2014, FY2015 and 1H2016.

Tianmei China was founded on 22 May 2015 and prior to this the business operated under a cooperation agreement with Guangdong Gewang Biotechnology Co., Ltd (*Tianmei China (Predecessor Operations)*). Tianmei China's financial performance and financial position for the six month period ended 31 May 2016 are reported in the consolidated

financial statements of Tianmei International Beverage Co Ltd (**Tianmei BVI**) which is a holding company owning 100% of Tianmei China.

The financial statements of Tianmei China (Predecessor Operations) for FY2014 and for the period from 1 December 2014 to 21 May 2015, of Tianmei China for the period from 22 May 2015 to 30 November 2015, and of Tianmei BVI for 1H2016 were each audited by Wei, Wei & Co., LLP (**Wei Wei**) in accordance with International Standards on Auditing. Wei Wei issued unqualified audit opinions on each of these financial statements. Refer to Appendix A for a reconciliation of the Tianmei China FY2015 historical financial information, comprising a combination of the reported Tianmei China (Predecessor Operations) financial information for the period from 1 December 2014 to 21 May 2015, and of Tianmei China for the period from 22 May 2015 to 30 November 2015.

The financial statements of Qianlifeng for FY2014, FY2015 and 1H2016 were each audited by Wei Wei in accordance with International Standards on Auditing. Wei Wei issued unqualified audit opinions on each of these financial statements.

The Directors of the Company intend to present the financial reports of the Company in Australian dollars to ensure consistency with other Australian listed companies. Historical financial reports of Tianmei China and Qianlifeng were presented in US dollars. For the convenience of prospective investors, both Australian dollar and US dollar financial information is included in this Prospectus.

6.2.3 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus, and has been extracted from the financial statements of Tianmei China and Qianlifeng with adjustments applied as discussed below.

The Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income and Cash Flows have been extracted from the financial statements of Tianmei China and Qianlifeng for FY2014, FY2015 and 1H2016 with adjustments applied to reflect the impact of the proposed acquisition of Qianlifeng as if that acquisition had occurred on 30 November 2013. Refer to Appendix A for a reconciliation between the Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income and Cash Flows and the reported historical financial performance and cash flow information of Tianmei China and Qianlifeng.

The Tianmei Group pro forma historical consolidated Statement of Financial Position has been extracted from the financial statements of Tianmei China and Qianlifeng for 1H2016 with adjustments to reflect the impact of the proposed acquisition of Qianlifeng and the Company's capital structure that will be in place following Completion of the Offer. Refer to Section 6.9 for a description of adjustments and a reconciliation between the Tianmei Group pro forma historical consolidated Statement of Financial Position and the reported historical financial position information of Tianmei China and Qianlifeng.

On 21 April 2016, an internal restructure was completed resulting in a newly incorporated company, Tianmei Beverage Group Corporation Limited, becoming the legal parent of Tianmei China.

The Directors have elected to account for the restructure as a capital re-organisation rather than a business combination. In the Directors' judgement, the continuation of existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure.

As such, the consolidated financial statements of the Company will be presented as a continuation of the pre-existing accounting values of assets and liabilities in the Tianmei China financial statements with Tianmei China deemed to be the acquirer for accounting purposes.

In adopting this approach the Directors note that there is an alternate view that such a restructure could be accounted as a business combination, with the Company being the acquirer. If this view is taken, the net assets of the group would have been uplifted to fair value by A\$7.1 million, based on assumed market capitalisation at IPO of A\$32.0

million (assuming the Minimum Subscription), with consequential impacts on the Statement of Comprehensive Income and Statement of Financial Position. The Directors anticipate that the excess of the fair value compared to the book value of net assets would primarily be allocated to intangibles.

An IASB project on accounting for common control transactions is likely to address such restructures in the future. However, the precise nature of any new requirements and the timing of these are uncertain. In any event, history indicates that any potential changes are unlikely to require retrospective amendments to the financial statements.

The Pro Forma Historical Financial Information presented in this Prospectus has been reviewed by BDO Corporate Finance. Investors should note the scope and limitations of BDO Corporate Finance's Investigating Accountant's Report (refer to Section 7).

6.2.4 Explanation of certain non-IFRS and other financial measures

The Company uses certain measures to manage and report on its business that are not recognised under AAS or IFRS. These measures are collectively referred to as 'non-IFRS financial measures'. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with IFRS and not as a substitute for those measures. As non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that the Company calculates them may be different to the way that other companies calculate similarly titled measures. Readers should therefore not place undue reliance on non-IFRS financial information.

In the disclosures in this Prospectus, the Company uses the following non-IFRS measures of performance to assist prospective investors with understanding the trends in financial performance and profitability.

- **Gross profit** is calculated as revenue less costs of sales;
- **EBITDA** is earnings before interest, tax, depreciation and amortisation expenses; and
- **EBIT** is earnings before interest and tax expenses.



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6.3 Tianmei China historical Statements of Profit or Loss and Other Comprehensive Income

Set out below is a summary of the Tianmei China historical Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015 and 1H2016.

Table 2: Tianmei China historical Statements of Profit or Loss and Other Comprehensive Income

\$000's	US\$			A\$		
	FY2014*	FY2015**	1H2016	FY2014*	FY2015**	1H2016
Revenue	4,908	7,661	10,870	5,399	10,112	14,891
Cost of Sales (COS)	(2,810)	(3,485)	(4,169)	(3,091)	(4,600)	(5,711)
Gross profit	2,098	4,176	6,701	2,308	5,512	9,180
Other revenue	-	1	768	-	1	1,052
Selling and distribution expense	(461)	(662)	(898)	(507)	(873)	(1,230)
Administration expenses	(63)	(246)	(1,950)	(69)	(324)	(2,672)
Research and development expenses	-	-	(390)	-	-	(535)
EBITDA	1,574	3,269	4,231	1,732	4,316	5,795
Depreciation	(26)	(47)	(57)	-	-	(78)
EBIT	1,548	3,222	4,174	1,732	4,316	5,717
Net interest expense	(3)	(1)	(9)	(3)	(2)	(13)
Net profit before tax	1,545	3,221	4,165	1,729	4,314	5,704
Taxation expense	-	(591)	(1,482)	-	(780)	(2,031)
Net profit after tax	1,545	2,630	2,683	1,729	3,534	3,673
Other comprehensive income/(expense)	1	(23)	(100)	1	(30)	(137)
Total comprehensive income	1,546	2,607	2,583	1,730	3,504	3,536

Notes:

* FY2014 has been extracted from the audited financial statements of Tianmei China (Predecessor Operations) for FY2014.

** FY2015 has is a combination of the financials extracted from the audited financial statements of Tianmei China (Predecessor Operations) for the period from 1 December 2014 through 21 May 2015 and the financials extracted from the audited Tianmei China financial statements for the period from 22 May 2015 through 30 November 2015. Refer to Appendix A for the full reconciliation.

(1) All amounts disclosed in the above table are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

(2) US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.1 for FY2014, 1.32 for FY2015 and 1.37 for 1H2016.

6.4 Tianmei China historical Statements of Cash Flows

Set out below is a summary of the Tianmei China historical Statements of Cash Flows for FY2014, FY2015 and 1H2016.

Table 3: Tianmei China historical Statements of Cash Flows

\$000's	US\$			A\$		
	FY2014*	FY2015**	1H2016	FY2014*	FY2015**	1H2016
EBITDA	1,574	3,269	4,230	1,732	4,316	5,795
Movement in working capital	-	(964)	(1,235)	-	(1,273)	(1,692)
Share compensation for management	-	-	1,767	-	-	2,421
Net cash flow from operating activities before investing activities, financing activities and tax	1,574	2,305	4,762	1,732	3,043	6,524
Purchase of property, plant and equipment	(14)	(290)	(296)	(15)	(383)	(406)
Deposit paid for intent of acquisition	-	-	(154)	-	-	(210)

\$000's	US\$			A\$		
	FY2014*	FY2015**	1H2016	FY2014*	FY2015**	1H2016
Net cash flow before interest, tax and financing activities	1,560	2,015	4,312	1,717	2,660	5,908
Net Proceeds/(repayment) of borrowings	-	636	7,163	-	840	9,813
Net Interest Paid	(3)	(1)	(9)	(3)	(2)	(13)
Taxation paid	252	(218)	(839)	277	(288)	(1,149)
Distributions to shareholders of predecessor entity	-	(3,433)	-	-	(4,531)	-
Exchange Differences on Cash and Cash Equivalents	1	16	(30)	1	21	(41)
Net cash flow	1,810	(985)	10,597	1,992	(1,300)	14,518

Notes:

* FY2014 has been extracted from the audited financial statements of Tianmei China (Predecessor Operations) for FY2014.

** FY2015 has is a combination of the financials extracted from the audited financial statements of Tianmei China (Predecessor Operations) for the period from 1 December 2014 through 21 May 2015 and the financials extracted from the audited Tianmei China financial statements for the period from 22 May 2015 through 30 November 2015. Refer to Appendix A for the full reconciliation.

(1) All amounts disclosed in the above table are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000.

Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

(2) The cash flow information has been constructed using the indirect method (i.e. reconciling EBITDA to operating cash flows).

(3) US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.1 for FY2014, 1.32 for FY2015 and 1.37 for 1H2016.

6.5 Qianlifeng historical Statements of Profit or Loss and Other Comprehensive Income

Set out below is a summary of Qianlifeng's historical Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015 and 1H2016.

Table 4: Qianlifeng historical Statements of Profit or Loss and Other Comprehensive Income

\$000's	US\$			A\$		
	FY2014*	FY2015**	1H2016	FY2014*	FY2015**	1H2016
Revenue	143	705	1,749	157	931	2,396
Cost of Sales (COS)	(104)	(253)	(560)	(114)	(334)	(767)
Gross profit	39	452	1,189	43	597	1,629
Other revenue	33	-	-	36	-	-
Selling and distribution expense	(9)	(167)	(322)	(10)	(220)	(441)
Administration expenses	(38)	(90)	(86)	(42)	(119)	(118)
Research and development expenses	-	-	-	-	-	-
EBITDA	25	195	781	27	258	1,070
Depreciation	(8)	(65)	(76)	(9)	(86)	(104)
EBIT	17	130	705	18	172	966
Net interest expense	-	-	-	-	-	-
Net profit before tax	17	130	705	18	172	966
Taxation expense	(4)	(33)	(176)	(5)	(43)	(242)
Net profit after tax	13	97	529	13	129	724
Other comprehensive income/(expense)	-	(22)	(25)	-	(30)	(35)
Total comprehensive income	13	75	504	13	99	689

Notes:

(1) All amounts disclosed in the above table are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000.

Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

(2) US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.1 for FY2014, 1.32 for FY2015 and 1.37 for 1H2016.

6.6 Qianlifeng historical Statements of Cash Flows



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Set out below is a summary of Qianlifeng's historical Statements of Cash Flows for FY2014, FY2015 and 1H2016.

Table 5: Qianlifeng historical Statements of Cash Flows

\$'000's	US\$			A\$		
	FY2014*	FY2015**	1H2016	FY2014*	FY2015**	1H2016
EBITDA	25	195	781	28	258	1,070
Movement in working capital	4	(168)	(473)	5	(222)	(648)
Net cash flow from operating activities before investing activities, financing activities and tax	29	27	308	33	36	422
Purchase of property, plant and equipment	-	(1,347)	(4)	-	(1,778)	(5)
Net cash flow before interest, tax and financing activities	29	(1,320)	304	33	(1,742)	417
Net Proceeds/(repayment) of borrowings	10	1,112	57	11	1,468	78
Net Interest Paid	-	-	-	-	-	-
Taxation paid	(3)	-	(81)	(4)	-	(111)
Exchange Differences on Cash and Cash Equivalents	-	175	53	-	232	73
Net cash flow	36	(33)	333	40	(42)	457

Notes:

- (1) All amounts disclosed in the above table are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
- (2) The cash flow information has been constructed using the indirect method (i.e. reconciling EBITDA to operating cash flows).
- (3) US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.1 for FY2014, 1.32 for FY2015 and 1.37 for 1H2016.

6.7 Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income

Set out below is a summary of the Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income for FY2014, FY2015 and 1H2016.

Table 6: Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income

\$'000's	US\$			A\$		
	FY2014	FY2015	1H2016	FY2014	FY2015	1H2016
Revenue	5,051	7,967	11,033	5,556	10,516	15,115
Cost of Sales (COS)	(2,914)	(3,339)	(3,143)	(3,205)	(4,407)	(4,306)
Gross profit	2,137	4,628	7,890	2,351	6,109	10,809
Other revenue	33	1	768	36	1	1,052
Selling and distribution expense	(469)	(829)	(1,219)	(516)	(1,094)	(1,671)
Administration expenses	(101)	(336)	(2,036)	(111)	(443)	(2,790)
Research and development expenses	-	-	(390)	-	-	(535)
EBITDA	1,600	3,464	5,013	1,760	4,573	6,865
Depreciation	(34)	(112)	(133)	(38)	(148)	(182)
EBIT	1,566	3,352	4,880	1,722	4,425	6,683
Net interest expense	(3)	(1)	(9)	(3)	(2)	(13)
Net profit before tax	1,563	3,351	4,871	1,719	4,423	6,670
Taxation expense	(4)	(623)	(1,659)	(5)	(823)	(2,272)
Net profit after tax	1,559	2,728	3,212	1,714	3,600	4,398
Other comprehensive income/(expense)	1	(45)	(125)	1	(59)	(171)
Total comprehensive income	1,560	2,683	3,087	1,715	3,541	4,227

Notes:

- (1) The above pro forma financials are a combination of the Tianmei China and Qianlifeng historical financial information as presented in Sections 6.3 and 6.5 with adjustments to show the impact of the proposed acquisition of Qianlifeng as if this had occurred on 30 November 2013. Refer to Appendix A for the full reconciliation.
- (2) All amounts disclosed in the above table are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
- (3) US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.1 for FY2014, 1.32 for FY2015 and 1.37 for 1H2016.

6.8 Tianmei Group pro forma historical consolidated Statements of Cash Flows

Set out below is a summary of the Tianmei Group pro forma historical consolidated Statements of Cash Flows for FY2014, FY2015 and 1H2016

Table 7: Tianmei Group pro forma historical consolidated Statements of Cash Flows

¥000's	US\$			A\$		
	FY2014	FY2015	1H2016	FY2014	FY2015	1H2016
EBITDA	1,600	3,465	5,011	1,759	4,574	6,866
Movement in working capital	4	(1,132)	(1,708)	5	(1,495)	(2,340)
Share compensation for management	-	-	1,767	-	-	2,421
Net cash flow from operating activities before investing activities, financing activities and tax	1,604	2,333	5,070	1,764	3,079	6,947
Purchase of property, plant and equipment	(14)	(1,638)	(300)	(15)	(2,162)	(411)
Deposit paid for intent of acquisition	-	-	(154)	-	-	(210)
Net cash flow before interest, tax and financing activities	1,590	695	4,616	1,749	917	6,326
Net Proceeds/(repayment) of borrowings	10	1,748	7,219	11	2,308	9,891
Net Interest Paid	(3)	(1)	(9)	(3)	(2)	(13)
Taxation paid	248	(219)	(920)	273	(289)	(1,260)
Distributions to shareholders of predecessor entity	-	(3,433)	-	-	(4,531)	-
Exchange Differences on Cash and Cash Equivalents	1	192	24	1	253	32
Net cash flow	1,846	(1,018)	10,930	2,031	(1,344)	14,976

Notes:

- (1) The above pro forma financials are a combination of the Tianmei China and Qianlifeng historical financial information as presented in Sections 6.4 and 6.6 with adjustments to show the impact of the proposed acquisition of Qianlifeng as if this had occurred on 30 November 2013. Refer to Appendix A for the full reconciliation.
- (2) All amounts disclosed in the above table are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
- (3) The cash flow information has been constructed using the indirect method (i.e. reconciling EBITDA to operating cash flows).
- (4) US dollar financial information has been translated into Australian dollars at the average exchange rate for the relevant financial period, being 1.1 for FY2014, 1.32 for FY2015 and 1.37 for 1H2016.



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6.9 Tianmei Group pro forma historical consolidated Statement of Financial Information

Set out in the table below are the adjustments that have been made to the audited Statements of Financial Position of Tianmei China and Qianlifeng as at 31 May 2016 to present the Tianmei Group pro forma historical consolidated Statement of Financial Position. The adjustments include the impact of the proposed acquisition of Qianlifeng and the change in capital structure that will be in place immediately following Completion of the Offer, as if the acquisition and Offer had occurred as at 31 May 2016. These adjustments include assumptions relating to matters that are known as at the date of the Prospectus.

\$000's	Tianmei China	Qianlifeng	Aggregated	Aggregated	Notes	Minimum Subscription		Maximum Subscription	
	31-May-16	31-May-16				Pro-Forma Adjustments	31-May-16 Pro forma	Pro forma Adjustments	31-May-16 Pro forma
	Audited In USD	Audited In USD	In USD	In AUD		In AUD	In AUD	In AUD	In AUD
Current assets									
Cash and cash equivalents	12,015	420	12,435	17,285	1	2,910	20,195	4,744	22,029
Deferred slotting fees	2,395	-	2,395	3,329		-	3,329	-	3,329
Prepayments	684	2	686	954		-	954	-	954
Inventories	315	208	523	727		-	727	-	727
Deposit	152	-	152	211	2	(211)	-	(211)	-
Restricted cash	-	152	152	211	3	(211)	-	(211)	-
Trade and other receivables	1	584	585	813	4	(765)	48	(765)	48
	15,562	1,366	16,928	23,530		1,723	25,253	3,557	27,087
Non-current assets									
Property and equipment	482	1,192	1,674	2,327		-	2,327	-	2,327
Deferred tax asset	-	-	-	-	5	722	722	772	772
Pre-payments	389	-	389	541		-	541	-	541
	871	1,192	2,063	2,868		722	3,590	772	3,640
Total assets	16,433	2,558	18,991	26,397		2,445	28,842	4,329	30,726
Current liabilities									
Borrowings - related parties	(6,615)	(700)	(7,315)	(10,168)	6	10,168	-	10,168	0.15
Borrowings - third parties	(78)	-	(78)	(108)		-	(108)	-	(108)
Due to shareholder	-	(152)	(152)	(211)	7	211	-	211	-
Convertible debt	(1,003)	-	(1,003)	(1,394)	8	1,394	-	1,394	-
Taxes payable	(1,066)	(340)	(1,406)	(1,954)		-	(1,954)	-	(1,954)
Trade and other payables	(808)	(159)	(967)	(1,344)	9	765	(579)	765	(579)
Advance from customers	(778)	-	(778)	(1,081)		-	(1,081)	-	(1,081)
Total liabilities	(10,348)	(1,351)	(11,699)	(16,262)		12,538	(3,724)	12,538	(3,724)
Net assets	6,085	1,207	7,292	10,136		14,983	25,119	16,867	27,003
Equity and liabilities									
Share capital	-	-	-	-	10	16,260	16,260	18,095	18,095
Share premium	1,767	664	2,431	3,379	11	(923)	2,456	(923)	2,456
Statutory reserve fund	445	64	509	708	12	(89)	619	(89)	619
Retained earnings	4,006	487	4,493	6,245	13	(276)	5,969	(227)	6,018
Other comprehensive (loss)	(133)	(8)	(141)	(196)	14	11	(185)	11	(185)
	6,085	1,207	7,292	10,136		14,983	25,119	16,867	27,003

Notes:

- (1) All amounts disclosed in the tables are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.
- (2) All amounts disclosed in the above table have been translated from the reporting currency of US Dollars to Australian dollars at the closing rate applicable as at 31 May 2016 being 1.39.

6.9.1 Pro forma adjustments to Statement of Financial Position

Note 1 – Cash and cash equivalents

Cash and Cash Equivalents \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	12,015	12,015
Audited balance of Qianlifeng as at 31 May 2016 (USD)	420	420
Aggregated amounts as at 31 May 2016 (USD)	12,435	12,435
Aggregated amounts converted to AUD	17,285	17,285
<i>Pro forma adjustments:</i>		
Purchase consideration net of deposit paid for Qianlifeng (USD)	(616)	(616)
Repayment of convertible note within Tianmei China (USD)	(1,003)	(1,003)
Repayment of borrowing within Qianlifeng (USD)	(700)	(700)
Aggregated amounts as at 31 May 2016 (USD)	(2,319)	(2,319)
Aggregated amounts converted to AUD	(3,224)	(3,223)
<i>Impacts of the Offer:</i>		
Proceeds from shares issued under the Offer (AUD)	8,000	10,000
Offer costs (AUD)	(1,867)	(2,033)
	6,133	7,967
Pro forma Balance (AUD)	20,195	22,029

Tianmei China will pay an additional US\$0.6m in addition to the initial deposit paid (refer note 2) for the purchase consideration of Qianlifeng. Convertible notes within Tianmei China and borrowings within Qianlifeng of US\$1.0m and US\$0.7m respectively have been repaid subsequent to 31 May 2016.

The Offer is expected to raise a minimum of A\$8.0 million and a maximum of A\$10.0 million before payment of Offer costs. Offer costs incurred subsequent to 31 May 2016 are expected to total between approximately A\$1.9 million (minimum) and A\$2.0 million (maximum) (inclusive of non-recoverable GST where applicable).

Note 2 – Deposits

Deposits \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	152	152
Audited balance of Qianlifeng as at 31 May 2016 (USD)	-	-
Aggregated amounts as at 31 May 2016 (USD)	152	152
Aggregated amounts converted to AUD	211	211
<i>Pro forma adjustments:</i>		
Conversion of deposit to investment in Qianlifeng on acquisition (AUD)	(211)	(211)
	(211)	(211)
Pro forma Balance (AUD)	-	-

In conjunction with the Offer, Tianmei China will complete the acquisition of Qianlifeng.



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Note 3 – Restricted Cash

Restricted Cash \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	-	-
Audited balance of Qianlifeng as at 31 May 2016 (USD)	152	152
Aggregated amounts as at 31 May 2016 (USD)	152	152
Aggregated amounts converted to AUD	211	211
<i>Pro forma adjustments:</i>		
Payment of Qianlifeng purchase deposit to shareholders on completion of acquisition (AUD)	(211)	(211)
	(211)	(211)
Pro forma Balance (AUD)	-	-

Note 4 – Trade and Other Receivables

Trade and Other Receivables \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	1	1
Audited balance of Qianlifeng as at 31 May 2016 (USD)	584	584
Aggregated amounts as at 31 May 2016 (USD)	585	585
Aggregated amounts converted to AUD	813	813
<i>Pro forma adjustments:</i>		
Elimination of intercompany balances between Tianmei China and Qianlifeng (USD)	(550)	(550)
Eliminations amounts in AUD	(765)	(765)
Pro forma Balance (AUD)	48	48

Note 5 – Deferred Tax Asset

Deferred Tax Assets \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016	-	-
Audited balance of Qianlifeng as at 31 May 2016 (USD)	-	-
Aggregated amounts as at 31 May 2016	-	-
<i>Pro forma adjustments:</i>		
Deferred tax asset relating to capital raising costs (AUD)	722	772
Pro forma Balance (AUD)	722	772

Offer costs are expected to total between approximately A\$2.4 million (minimum) and A\$2.6 million (maximum). It is assumed the offer costs are deductible to the Company for tax purposes over five years, resulting in deferred tax assets of A\$0.7 million (minimum) and A\$0.8 million (maximum) respectively.

Note 6 – Borrowings – related parties

Borrowings \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	(6,615)	(6,615)
Audited balance of Qianlifeng as at 31 May 2016 (USD)	(700)	(700)
Aggregated amounts as at 31 May 2016 (USD)	(7,315)	(7,315)
Aggregated amounts converted to AUD	(10,168)	(10,168)
<i>Pro forma adjustments:</i>		
Elimination of Tianmei China borrowings from Tianmei	6,615	6,615
Repayment of Qianlifeng borrowings as subsequent event	700	700
Aggregated amounts as at 31 May 2016 (USD)	7,315	7,315
Aggregated amounts converted to AUD	10,168	10,168
Pro forma Balance (AUD)	-	-

Post 31 May 2016 Qianlifeng has repaid US\$0.7m of borrowings. Tianmei equity investment of US\$6.6 million recorded as borrowings in Tianmei China is eliminated on pro forma consolidation.

Note 7 – Amounts Due to Shareholders

Amounts Due to Shareholders \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	-	-
Audited balance of Qianlifeng as at 31 May 2016 (USD)	(152)	(152)
Aggregated amounts as at 31 May 2016 (USD)	(152)	(152)
Aggregated amounts converted to AUD	(211)	(211)
<i>Pro forma adjustments:</i>		
Payment of Qianlifeng purchase deposit received to shareholders on completion of acquisition by Tianmei in AUD	211	211
Pro forma Balance	-	-

On completion of the Qianlifeng acquisition by Tianmei China the acquisition deposit proceeds will be released to the shareholders of Qianlifeng.



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Note 8 – Convertible Debt

Convertible Debt \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	(1,003)	(1,003)
Audited balance of Qianlifeng as at 31 May 2016 (USD)	-	-
Aggregated amounts as at 31 May 2016 (USD)	(1,003)	(1,003)
Aggregated amounts converted to AUD	(1,394)	(1,394)
<i>Pro forma adjustments:</i>		
Repayment of convertible notes post 31 May 2016 in AUD	1,394	1,394
	1,394	1,394
Pro forma Balance	-	-

Post 31 May 2016 Tianmei China repaid US\$1m of convertible notes.

Note 9 – Trade and Other Payables

Trade and Other Receivables \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	(808)	(808)
Audited balance of Qianlifeng as at 31 May 2016 (USD)	(159)	(159)
Aggregated amounts as at 31 May 2016 (USD)	(967)	(967)
Aggregated amounts converted to AUD	(1,344)	(1,344)
<i>Pro forma adjustments:</i>		
Elimination of intercompany balances between Tianmei China and Qianlifeng (USD)	550	550
Eliminations amounts in AUD	765	765
Pro forma Balance	(579)	(579)

Note 10 – Share Capital

Share Capital \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016	-	-
Audited balance of Qianlifeng as at 31 May 2016 (USD)	-	-
<i>Pro forma adjustments:</i>		
Tianmei share capital (USD)	6,615	6,615
Aggregated amounts converted to AUD	9,195	9,194
Proceeds from shares issued under the Offer (AUD)	8,000	10,000
Offer costs in relation to new equity raised (AUD)	(935)	(1,099)
	7,200	9,060
Pro forma Balance	16,260	18,095

Prior to the Offer, Tianmei has paid up share capital of US\$6.6 million. Under the Offer the Company will raise a minimum of A\$8.0 million and a maximum of A\$10.0 million. Offer costs directly attributable to the new equity raised are booked against share capital.

Note 11 – Share Premium

Share premium \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	1,767	1,767
Audited balance of Qianlifeng as at 31 May 2016 (USD)	664	664
Aggregated amounts as at 31 May 2016 (USD)	2,431	2,431
Aggregated amounts converted to AUD	3,379	3,379
<i>Pro forma adjustments:</i>		
Elimination of Qianlifeng balances on acquisition (AUD)	(923)	(923)
	(923)	(923)
Pro forma Balance	2,456	2,456

Note 12 – Statutory Reserve

Statutory reserve fund \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	445	445
Audited balance of Qianlifeng as at 31 May 2016 (USD)	64	64
Aggregated amounts as at 31 May 2016 (USD)	509	509
Aggregated amounts converted to AUD	708	708
<i>Pro forma adjustments:</i>		
Elimination of Qianlifeng balances on acquisition in AUD	(89)	(89)
	(89)	(89)
Pro forma Balance	619	619

Note 13 – Retained Earnings

Retained earnings \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	4,006	4,006
Audited balance of Qianlifeng as at 31 May 2016 (USD)	487	487
Aggregated amounts as at 31 May 2016 (USD)	4,493	4,493
Aggregated amounts converted to AUD	6,245	6,245
<i>Pro forma adjustments:</i>		
Elimination of amounts of retained earnings within Qianlifeng prior to acquisition (USD)	(487)	(487)
Gain on acquisition of Qianlifeng (USD)	439	439
Net adjustment to retained earnings on acquisition of Qianlifeng (USD)	(48)	(48)
Net adjustment to retained earnings on acquisition of Qianlifeng (AUD)	(66)	(66)
Offer costs in relation to listing of existing equity (AUD)	(210)	(161)
Pro forma Balance	5,969	6,019

As set out below, the purchase consideration to be paid by Tianmei China for the acquisition of Qianlifeng of US\$0.8 million is US\$0.4 million lower than the net assets of Qianlifeng to be acquired. For the purposes of the Tianmei Group pro forma historical consolidated Statement of Financial Position a preliminary assessment has been made that the Qianlifeng net assets position is representative of the fair value of the Qianlifeng assets to be acquired. Accordingly, a gain on acquisition of US\$0.4 million has been recognised. Post completion of the acquisition and the



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Offer a detailed assessment of the fair value of Qianlifeng assets acquired will be conducted and that may result in adjustments to the final gain on acquisition recognised.

Offer costs in relation to listing of existing equity presented in the table above represent the incremental costs incurred post 31 May 2016.

\$000's	(US\$) 30 June 2016
Net assets of Qianlifeng	1,207
Assessed fair value of assets acquired:	1,207
Purchase Consideration	768
Gain on acquisition recognised	439

Note 14 – Other Comprehensive Income

Other Comprehensive Income Reserve \$000	Pro forma after Offer	
	Minimum	Maximum
Audited balance of Tianmei China as at 31 May 2016 (USD)	(133)	(133)
Audited balance of Qianlifeng as at 31 May 2016 (USD)	(8)	(8)
Aggregated amounts as at 31 May 2016 (USD)	(141)	(141)
Aggregated amounts converted to AUD	(196)	(196)
<i>Pro forma adjustments:</i>		
Elimination of Qianlifeng balances on acquisition (AUD)	11	11
	11	11
Pro forma Balance	(185)	(185)

6.10 Debt facilities

Immediately following completion of the Offer, the Company will have no bank debt arrangements and a third party borrowing amount of approximately A\$108,000.

6.11 Lease commitments

Tianmei China and Qianlifeng will each have one premises lease commitment in place immediately following completion of the Offer. The table below sets out the future non-cancellable minimum lease payments for premises committed to by the Company as at 31 May 2016.

Non-cancellable operating leases	Tianmei China Amount (A\$)	Qianlifeng Amount (A\$)	Tianmei Group (A\$)
Not later than 1 year	103,250	6,448	109,698
Later than 1 year and not later than 5 years	288,147	19,343	307,490
Later than 5 years	-	12,895	12,895

6.12 Liquidity and Capital Resources

Following Completion of the Offer, the Company's principal sources of funds will be cash flow from operations and proceeds from the Offer.

6.13 Dividend Policy

The ability to pay dividends depends on a number of factors. Dividends paid out of profits generated outside of Australia will be unfranked. The Directors do not provide any assurance of the future level of dividends or the extent to which they are franked, and there may be periods in respect of which dividends are not paid.

6.14 Significant Accounting Policies

6.14.1 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards.

Historical cost convention

The financial information has been prepared under the historical cost convention except for assets and liabilities to be measured at fair value.

Use of estimates and judgements

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.

6.14.2 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.

6.14.3 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



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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.

6.14.4 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.

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.

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, non-current trade and other receivables are measured at amortized cost using the effective interest method, less any impairment losses.

6.14.5 Non derivative financial liabilities

The Company recognizes the liabilities on the trade 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, and borrowings. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

6.14.6 Property, plant and equipment

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 statements of profit or loss and other comprehensive income.

The cost of replacing a part of an item of property and equipment is recognized in 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 statements of comprehensive income as incurred.

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.

6.14.7 Impairment

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 receivable 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.

6.14.8 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.

Deferred slotting fees



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In connection with the Company's product promotion and placement services, the Company is required prepay each store where it places a vendor's product, an annual slotting fee, which is shown as deferred slotting fees in the accompanying balance sheet. As each slotting fee contract is renewed annually, the deferred slotting fees will be recognized within the following twelve months.

6.14.9 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.

6.14.10 Fair value measurement

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.

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.

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.

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.

6.14.11 New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations have been issued since 31 May 2016 up to the date of authorisation 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:

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.

Appendix A – Financial Information Section Reconciliations

Reconciliation of Tianmei China FY2015 Statements of Profit or Loss and Other Comprehensive Income Reconciliation

	Tianmei China (Predecessor Operations) 1/12/14 to 21/5/15 Audited In USD	Tianmei China 22/5/15 to 30/11/15 Audited In USD	Tianmei China FY2015* In USD
Revenue	2,804,690	4,856,251	7,660,941
Cost of sales	(1,605,938)	(1,878,928)	(3,484,866)
Gross profit	1,198,752	2,977,323	4,176,075
Other income	-	529	529
Selling and distribution expenses	(289,726)	(371,851)	(661,577)
Administrative expenses	(35,138)	(210,546)	(245,684)
EBITDA	873,888	2,395,455	3,269,343
Depreciation and amortisation	(13,904)	(32,980)	(46,884)
EBIT	859,984	2,362,475	3,222,459
Financing expenses	(1,452)	-	(1,452)
Interest income	-	-	-
Profit before tax	858,532	2,362,475	3,221,007
Income tax	-	(590,803)	(590,803)
Profit after tax for the period	858,532	1,771,672	2,630,204
Other comprehensive income	-	-	-
Exchange differences	10,779	(33,408)	(22,629)
Total comprehensive income for the period	869,311	1,738,264	2,607,575

* FY2015 is a combination of the financials extracted from the audited financial statements of Tianmei China (Predecessor Operations) for the period from 1 December 2014 through 21 May 2015 and the financials extracted from the audited Tianmei China financial statements for the period from 22 May 2015 through 30 November 2015. Amounts have been aggregated as per the above reconciliation, in order to present FY2015 amounts as disclosed with Section 6.3.

Reconciliation of Tianmei China FY2015 Statements of Cash Flows

	Tianmei China (Predecessor Operations) 1/12/14 to 21/5/15 Audited In USD	Tianmei China 22/5/15 to 30/11/15 Audited In USD	Tianmei China FY2015* In USD
EBITDA	873,888	2,395,455	3,269,343
Non-Cash Items	-	-	-
Changes in net working capital	873,888	2,395,455	3,269,343
Changes in net working capital	-	(964,128)	(964,128)
Purchases of PP&E	-	(290,358)	(290,358)
Proceeds from borrowings	-	636,400	636,400
Net cash flows before interest, tax and financing activities	873,888	1,777,369	2,651,257
Interest Received	-	-	-
Interest Paid	(1,452)	-	(1,452)
Income tax	144,845	(363,141)	(218,296)
Profit after tax for the period	1,017,281	1,414,228	2,431,509
Distributions to shareholders of predecessor entity	-	(3,432,682)	(3,432,682)
Exchange differences	12,460	3,824	16,284
Net cash flows	1,029,741	(2,014,630)	(984,889)

* FY2015 is a combination of the financials extracted from the audited financial statements of Tianmei China (Predecessor Operations) for the period from 1 December 2014 through 21 May 2015 and the financials extracted from the audited Tianmei China financial statements for the period from 22 May 2015 through 30 November 2015. Amounts have been consolidated as per the above reconciliation, to comprise amounts as disclosed with Section 6.4.



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Reconciliations of Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income

FY2014 reconciliation

	Tianmei China	Qianlifeng	Elimination of Intercompany transactions	Tianmei Group Pro forma
	FY2014 Audited In USD	FY2014 Audited In USD	In USD	In USD
Revenue	4,908,094	142,813	-	5,050,907
Cost of sales	(2,810,305)	(103,696)	-	(2,914,001)
Gross profit	2,097,789	39,117	-	2,136,906
Other income	-	32,754	-	32,754
Selling and distribution expenses	(460,574)	(8,691)	-	(469,265)
Administrative expenses	(63,045)	(37,828)	-	(100,873)
EBITDA	1,574,170	25,352	-	1,599,522
Depreciation and amortisation	(25,751)	(8,470)	-	(34,221)
EBIT	1,548,419	16,882	-	1,565,301
Financing expenses	(3,161)	-	-	(3,161)
Interest income	-	-	-	-
Profit before tax	1,545,258	16,882	-	1,562,140
Income tax	-	(4,221)	-	(4,221)
Profit after tax for the period	1,545,258	12,661	-	1,557,919
Other comprehensive income				
Exchange differences	723	(55)	-	668
Total comprehensive income for the period	1,545,981	12,606	-	1,558,587

FY2015 reconciliation

	Tianmei China	Qianlifeng	Elimination of Intercompany transactions	Tianmei Group Pro forma
	FY2015 Audited In USD	FY2015 Audited In USD	In USD	In USD
Revenue	7,660,941	705,269	(399,392)	7,966,818
Cost of sales	(3,484,866)	(253,133)	399,392	(3,338,607)
Gross profit	4,176,075	452,136	-	4,628,211
Other income	529	288	-	817
Selling and distribution expenses	(661,577)	(167,011)	-	(828,588)
Administrative expenses	(245,684)	(89,968)	-	(335,652)
EBITDA	3,269,343	195,445	-	3,464,788
Depreciation and amortisation	(46,884)	(64,903)	-	(111,787)
EBIT	3,222,459	130,542	-	3,353,001
Financing expenses	(1,452)	-	-	(1,452)
Interest income	-	-	-	-
Profit before tax	3,221,007	130,542	-	3,351,549
Income tax	(590,803)	(32,635)	-	(623,438)
Profit after tax for the period	2,630,204	97,907	-	2,728,111
Other comprehensive income				
Exchange differences	(22,629)	(22,393)	-	(45,022)
Total comprehensive income for the period	2,607,575	75,514	-	2,683,089

1H2016 reconciliation

	Tianmei BVI	Qianlifeng	Elimination of intercompany transactions	Tianmei Group Pro forma
	1H2016 Audited In USD	1H2016 Audited In USD	In USD	In USD
Revenue	10,869,660	1,748,600	(1,585,320)	11,032,940
Cost of sales	(4,168,888)	(559,849)	1,585,320	(3,143,417)
Gross profit	6,700,772	1,188,751	-	7,889,523
Other income	767,622	117	-	767,739
Selling and distribution expenses	(897,643)	(321,738)	-	(1,219,381)
Administrative expenses	(1,950,290)	(85,877)	-	(2,036,167)
Research and development expenses	(390,327)	-	-	(390,327)
EBITDA	4,230,134	781,253	-	5,011,387
Depreciation and amortisation	(57,167)	(75,899)	-	(133,066)
EBIT	4,172,967	705,354	-	4,878,321
Financing expenses	(9,476)	-	-	(9,476)
Interest income	-	-	-	-
Profit before tax	4,163,491	705,354	-	4,868,845
Income tax	(1,482,333)	(176,339)	-	(1,658,672)
Profit after tax for the period	2,681,158	529,015	-	3,210,173
Other comprehensive income				
Exchange differences	(99,705)	(25,289)	-	(124,994)
Total comprehensive income for the period	2,581,453	503,726	-	3,085,179

The above pro forma historical consolidated Statements of Profit and Loss and Other Comprehensive Income are a combination of the Tianmei China (presented as Tianmei BVI in 1H2016) and Qianlifeng historical financial information as presented above, with adjustments to show the impact of the proposed acquisition of Qianlifeng as if this had occurred on 30 November 2013. Amounts have been consolidated as per the above reconciliations, to comprise amounts as disclosed with Section 6.6.

Reconciliations of Tianmei Group pro forma historical consolidated Statements of Cash Flows Reconciliations

FY2014 reconciliation

	Tianmei China	Qianlifeng	Elimination of Intercompany transactions	Tianmei Group Pro forma
	FY2014 Audited In USD	FY2014 Audited In USD	In USD	In USD
EBITDA	1,574,170	25,352	-	1,599,522
Non-Cash Items	-	-	-	-
	1,574,170	25,352	-	1,599,522
Changes in net working capital	-	4,333	-	4,333
Purchases of PP&E	(13,558)	-	-	(13,558)
Deposit paid for intent of acquisition	-	-	-	-
Net cash flows before interest, tax and financing activities	1,560,612	29,685	-	1,590,297
Proceeds from borrowings	-	9,762	-	9,762
Interest Received	-	-	-	-
Interest Paid	(3,161)	-	-	(3,161)
Income tax	251,706	(3,494)	-	248,212
Profit after tax for the period	1,809,157	35,953	-	1,845,110
Exchange differences	965	302	-	1,267
Net cash flows	1,810,122	36,255	-	1,846,377



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FY2015 reconciliation

	Tianmei China	Qianlifeng	Elimination of Intercompany transactions	Tianmei Group Pro forma
	FY2015 Audited In USD	FY2015 Audited In USD	In USD	In USD
EBITDA	3,269,343	195,445	-	3,464,788
Non-Cash Items	-	-	-	-
	3,269,343	195,445	-	3,464,788
Changes in net working capital	(964,128)	(168,216)	-	(1,132,344)
Purchases of PP&E	(290,358)	(1,347,219)	-	(1,637,577)
Net cash flows before interest, tax and financing activities	2,014,857	(1,319,990)	-	694,867
Proceeds from borrowings	636,400	1,111,767	-	1,748,167
Interest Received	-	-	-	-
Interest Paid	(1,452)	-	-	(1,452)
Income tax	(218,296)	(268)	-	(218,564)
Profit after tax for the period	2,431,509	(208,491)	-	2,223,018
Distributions to shareholders of predecessor entity	(3,432,682)	-	-	(3,432,682)
Exchange differences	16,284	175,458	-	191,742
Net cash flows	(984,889)	(33,033)	-	(1,017,922)

1H2016 reconciliation

	Tianmei BVI	Qianlifeng	Elimination of Intercompany transactions	Tianmei Group Pro forma
	1H2016 Audited In USD	1H2016 Audited In USD	In USD	In USD
EBITDA	4,230,134	781,253	-	5,011,387
Non-Cash Items	-	-	-	-
Share compensation for management	1,767,118	-	-	1,767,118
	5,997,252	781,253	-	6,778,505
Changes in net working capital	(1,235,008)	(473,136)	-	(1,708,144)
Purchases of PP&E	(296,155)	(3,991)	-	(300,146)
Deposit paid for intent of acquisition	(153,514)	-	-	(153,514)
Net cash flows before interest, tax and financing activities	4,312,575	304,126	-	4,616,701
Proceeds from borrowings	7,162,653	56,800	-	7,219,453
Interest Received	3,319	-	-	3,319
Interest Paid	(12,796)	-	-	(12,796)
Income tax	(838,687)	(81,169)	-	(919,856)
Profit after tax for the period	10,627,064	279,757	-	10,906,821
Exchange differences	(29,692)	53,350	-	23,658
Net cash flows	10,597,372	333,107	-	10,930,479

The above pro forma historical consolidated Statements of Cash Flows are a combination of the Tianmei China (presented as Tianmei BVI in 1H2016) and Qianlifeng historical financial information as presented above, with adjustments to show the impact of the proposed acquisition of Qianlifeng as if this had occurred on 30 November 2013. Amounts have been consolidated, to comprise amounts as disclosed with Section 6.8.

7 Investigating Accountant's Report



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 Australia

The Directors
 Tianmei Beverage Group Corporation Limited
 Level 2, 45 Richardson Street
 West Perth WA 6005

28 November 2016

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Introduction

BDO Corporate Finance (East Coast) Pty Ltd ('**BDO Corporate Finance**') has been engaged by Tianmei Beverage Group Corporation Limited ('**Tianmei**' or '**the Company**'), to prepare this Investigating Accountant's Report ('**Report**') in relation to certain financial information of the Company, for the initial public offering of shares in the Company which wholly owns Guangdong Tianmei Selenium-Rich Beverage Chain Co., Ltd ('**Tianmei China**'), for inclusion within a prospectus to be issued on or about 28 November 2016 ('**Prospectus**').

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the financial information to which it relates for any purpose other than that for which it was prepared.

Scope

You have requested BDO Corporate Finance to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdiction other than Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Pro Forma Historical Financial Information

You have requested BDO Corporate Finance to perform limited assurance procedures in relation to the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of the Company included in the Prospectus:

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247 420 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



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- the Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016;
- the Tianmei Group pro forma historical consolidated Statements of Cash Flows for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016; and
- the Tianmei Group pro forma historical consolidated Statement of Financial Position as at 31 May 2016.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Tianmei China and Chenzhou Qianlifeng Beverage Co., Ltd (**'Qianlifeng'**), after adjusting for the effects of pro forma adjustments described in Sections 6.7, 6.8 and 6.9 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in International Financial Reporting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 6.2 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the event(s) or transaction(s) described in Sections 6.7, 6.8 and 6.9 of the Prospectus on the Company's financial performance and cash flows for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016 and financial position as at 31 May 2016. As part of the process, information about the Company's financial position, financial performance and cash flows has been extracted by the Company from the relevant audited financial statements of Tianmei China and Qianlifeng for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016 as described below.

Tianmei China was founded on 22 May 2015 and prior to this the business operated under a cooperation agreement with Guangdong Gewang Biotechnology Co., Ltd (**'Tianmei China (Predecessor Operations)'**). Tianmei China's financial performance and financial position for the six month period ended 31 May 2016 are reported in the consolidated financial statements of Tianmei International Beverage Co., Ltd (**'Tianmei International'**) which is a holding company owning 100% of Tianmei China.

The financial statements of Tianmei China (Predecessor Operations) for the year ended 30 November 2014 and for the period from 1 December 2014 to 21 May 2015, of Tianmei China for the period from 22 May 2015 to 30 November 2015 and of Tianmei International for the six month period ended 31 May 2016 were each audited by Wei, Wei & Co., LLP (**'Wei Wei'**) in accordance with International Standards on Auditing. Wei Wei issued unqualified audit opinions on each of these financial statements.

The financial statements of Qianlifeng for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016 were each audited by Wei Wei in accordance with International Standards on Auditing. Wei Wei issued unqualified audit opinions on each these financial statements.

Directors' Responsibility

The directors of the Company are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the Pro Forma Historical Financial



Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Pro Forma Historical Financial Information, based on our limited assurance engagement. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

Conclusions

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in Sections 6.7, 6.8 and 6.9 of the Prospectus, and comprising:

- the Tianmei Group pro forma historical consolidated Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016;
- the Tianmei Group pro forma historical consolidated Statement of Cash Flows for the years ended 30 November 2014 and 30 November 2015 and the six month period ended 31 May 2016; and
- the Tianmei Group pro forma historical consolidated Statement of Financial Position as at 31 May 2016

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 6.2 of the Prospectus.

Subsequent Events

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of the Company not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence

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BDO Corporate Finance is a member of BDO International Ltd. BDO Corporate Finance does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

General Advice Warning

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO Corporate Finance has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO Corporate Finance has not authorised the issue of the Prospectus. Accordingly, BDO Corporate Finance makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO Corporate Finance (East Coast) Pty Ltd



Greg Ellis
Director and Representative



Financial Services Guide

This Financial Services Guide is issued in relation to an investigating accountant's report ("**Report**") prepared by BDO Corporate Finance (East Coast) Pty Limited (ABN 70 050 038 170) ("**BDO CF**") at the request of the directors ("**Directors**") of Tianmei Beverage Group Corporation Limited ("**the Company**") to provide general financial product advice in the form of a Report in relation to the initial public offering of shares in the Company ("**Proposal**"). The Report is intended to accompany a Prospectus ("**Document**") that is to be provided by the Directors to help potential investors make an informed decision in relation to the financial product.

Engagement

BDO CF has been engaged by the Directors to prepare the Report expressing our opinion in respect of the Pro Forma Historical Financial Information to be included in the Document to be issued in connection with the Proposal.

Financial Services Guide

BDO CF holds an Australian Financial Services Licence (Licence No: 247420) ("**Licence**"). As a result of our Report being provided to you BDO CF is required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of a Licence.

Financial services BDOCF is Licenced to provide

The Licence authorises BDO CF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives to retail and wholesale clients.

BFO CF provides financial product advice by virtue of an engagement to issue the Report in connection with the issue of securities of another person.

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Report has been issued.

Our Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

General financial product advice

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Proposal described in the Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDO CF may receive

BDOCF has charged fees for providing our Report. The basis on which our fees will be determined has been agreed with, and our fees will be paid by, the person who engaged

us to provide the Report. Our fees have been agreed on either a fixed fee or time cost basis.

BDO CF will receive a fee of approximately A\$130,000 (plus GST and disbursements) in relation to the preparation of the Report. The fee is not contingent upon the outcome of the Proposal, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposal.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDO CF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

Referrals

BDO CF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDO CF is Licenced to provide.

Associations and relationships

BDO CF is a member of a national association of independent entities which are all members of BDO (Australia) Ltd, an Australian company limited by guarantee. BDO CF and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms.

BDO CF's contact details are as set out on our letterhead.

Complaints resolution

As the holder of a Licence, we are required to have a process for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Corporate Finance (East Coast) Pty Limited, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("**FOS**"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDO CF is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited

GPO Box 3

Melbourne VIC 3001

Toll free: 1300 78 08 08

Email: info@fos.org.au



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8 Risk Factors

8.1 Introduction

Tianmei is subject to various risks. Some of these are specific to its business activities. Others could affect the whole industry or are more general in nature. Individually or in combination, these risks may affect the future operating and financial performance of Tianmei and the value of its Shares. There can be no guarantee that Tianmei will achieve or realise its stated business strategy or any of its forward-looking statements contained in this Prospectus. Investors should note that past performance is not a reliable indicator of future performance.

This Section describes potential risks associated with Tianmei's business and risks associated with an investment in the Shares. It does not purport to list every risk that may be associated with Tianmei's business or with an investment in the Shares now or in the future. The occurrence or consequences of some of the risks described in this section are partially or completely outside the control of Tianmei, its Directors and its senior management.

The risks described in this section have been grouped into the following:

- Risks that relate specifically to Tianmei and the way it operates its businesses;
- General risks associated with operating in China; and
- General risks that relate to investing in Tianmei Shares.

Before applying for Shares, investors should satisfy themselves that they have sufficient understanding of the risks of investing in Tianmei, of investing in the industry and of investing in shares in general, with regard to their own investment objectives, financial circumstances and taxation position. Investors should read this Prospectus in its entirety and should consider consulting their professional advisers before deciding on whether or not to apply for the Shares.

8.2 Risks specific to the Company

8.2.1 Product price variation

The prices of the products that Tianmei promotes in Contracted Stores (i.e., retail food and beverage goods) are affected by supply and demand variation in the consumer market. Similarly, the price of bottled water products that Tianmei distributes is also subject to supply and demand forces. Further, aggressive behaviour by competitors may reduce competition and result in a lowering of prices, and may decrease the overall sales volume should Tianmei be unable to match prices.

A decrease in commodity prices, a decrease in demand for Tianmei's water products or the prices that Tianmei can charge for its water products, whether as a result of the actions of competitors or more general economic conditions or supply and demand factors in China, may result in Tianmei having to reduce its water products' prices. This in turn may lead to a reduction in supply of water products or inability to grow the supply. A reduction in the price of water products may also reduce the funds available for the payment of dividends on Shares.

8.2.2 Competition risks

Tianmei is subject to competition from domestic producers of retail food and beverage, and bottled water products.

Increased competition may be in response to market conditions and the opportunity for competitors to expand their operations and markets, in response to increased demand for food and beverage, and bottled water products, in response to increased supply in their existing markets, as a result of the actions of governments and market response.

Increased competition may reduce the volume and/or price of products that Tianmei is able to sell which may have a material and adverse effect on Tianmei's revenue and profitability and, in particular, its growth.

Tianmei maintains a competitive advantage through its supply of products from 69 suppliers. In addition, Tianmei is party to and renews annual contracts with its network of over 900 Contracted Stores to ensure adequate supply channels.

8.2.3 Loss of key contracts with suppliers and Contracted Stores

The Company could lose material contracts with suppliers and Contracted Stores for a range of reasons and circumstances. For instance, circumstances could cause either party to fail to renew a contract after the term lapses or failure to remedy a contractual breach may result in the loss of that contract. As these contracts often depend on the commercial relationship between the parties, mismanagement of relationships, weakening customer relations, disputes with suppliers, Contracted Stores or customers or a consolidation of customers may result in the contract being terminated or otherwise not renewed.

Other circumstances such as a failure to comply with health and safety laws and regulations or occupational health and safety requirements or a Contracted Store becoming insolvent may also frustrate the contract. Increased competition in the market may result in customers, suppliers or Contracted Stores engaging with Tianmei's competitors leading to a loss of commercial relationships. The loss of key contracts may materially and adversely affect the Group's revenue stream, profitability and growth.

8.2.4 Quality control

As a product promoter, Tianmei relies on the quality control of its suppliers. Tianmei minimises the risks associated with the products it promotes by selecting and contracting with highly reputable suppliers. Tianmei will seek confirmation of the quality control measures adopted by its suppliers and from time to time will undertake test checks of the effectiveness of those control procedures of its suppliers. Nevertheless, the quality control of promoted goods is largely beyond Tianmei's direct control and as such Tianmei cannot guarantee that its suppliers will consistently manufacture products in accordance with Tianmei's high measures and standards.

Tianmei is contractually entitled to supervise the quality and production standards of water supplied by Qianlifeng, and to carry out testing on Qianlifeng's water products. It periodically conducts site visits of Qianlifeng's Water Plant and processor to monitor the compliance of such measures and standards. However, the Company cannot guarantee that Qianlifeng's processor will consistently produce water products in accordance with Tianmei's high measures and standards.

Failure by Qianlifeng or any other supplier to adhere to food safety standards could damage the reputation and brand image of the supplier which may, in turn, affect Tianmei's ability to promote that particular product or brand within its Contracted Stores. Further, because water products carry the Tianmei brand, failure by Qianlifeng to adhere to high quality control standards or consistently produce water to Tianmei's specifications could damage Tianmei's reputation and brand image. These situations could lead to product liability claims, product recall or prosecution under applicable Chinese food safety laws and regulations.

If Tianmei acquires Qianlifeng's Water Plant and its associated processor, it will have the ability to directly impose its own strict quality control measures and standards. Tianmei will be in a position to directly implement an internal stringent compliance process to ensure that its quality control measures and standards are followed. This may alleviate some of the risks associated with the quality of water distributed by Tianmei.

8.2.5 Scarcity of water and reliance on a single Water Plant with a single water source

Tianmei's Water Products Business is subject to the availability of its clean water resource.

Scarcity of water resources may pose a threat to the supply side of Tianmei's Water Products Business. Some foreseeable factors include natural and environmental causes such as climate change. In addition, the scarcity of



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water is also affected by the Chinese government's "Water Ten Plan" which includes regulations to limit and/or prohibit groundwater extraction (depending on location) by 2020 (**Water Ten Plan**) and the Plan for the Most Stringent Water Management System, which issued by Chinese State Council on 16 February 2012 and introduced water caps and quotas (**Most Stringent Water Management System**).

Given the Water Ten Plan, the Most Stringent Water Management System and related policies and plans, there is no guarantee that there will be enough water resources to support the packaged water industry into the future. For example, in Jilin province, home to Changbaishan Springs, bottled water supply quotas have halved as a result of provincial water use quotas. Local authorities have introduced policies to protect various water sources, such as the groundwater table, and have also introduced policies regarding mineral water development and reformation. There is no guarantee that Hunan Province, where the Qianlifeng Water Plant is located, will not introduce similar policies. If such policies are introduced in Hunan province, the production capacity of the Water Plant that supplies Tianmei may be affected.

Qianlifeng has only one water source, being their Water Plant. There is no guarantee that this water source will not become non-operational due to mechanical issues or water contamination. Any contamination of this single water source will affect Qianlifeng's ability to produce and supply clean water to Tianmei. In the unfortunate event that Qianlifeng's Water Plant cannot produce clean water products, for whatever reason, and the Company cannot find a replacement supplier in a timely manner, Tianmei's Water Products Business operations could cease.

8.2.6 Proposed acquisition of Qianlifeng

The Company plans to acquire Qianlifeng, subject to the Company's approval and listing on ASX. Tianmei seeks to mitigate the inherent risks of any commercial acquisition of assets through thorough due diligence and obtaining appropriate vendors' warranties and indemnities. Should there be any breach of the representations or warranties by the vendors, the acquisition of Qianlifeng may be affected. There is a risk that the Company will elect not to proceed with the purchase or attempt to renegotiate the terms of the purchase. Should the purchase of Qianlifeng not be completed, the Company will need to revert back to contractual arrangements with Qianlifeng or another supplier for its Water Products Business.

8.2.7 Fluctuations in demand for water products

The water products industry in China faces foreseeable and unforeseeable fluctuations in demand. Typically, demand and sales of bottled water in China are typically higher in the warmer months between April and October. However, demand and sales can also be affected, during the course of a financial year, by other reasons such as unseasonal weather conditions, the timing of ad hoc advertising and promotional campaigns, etc. These are risks to the stability and predictability of sales profits.

Due to these foreseeable and unforeseeable fluctuations and risks, comparisons of sales and operating results between the same period within a single year, or between periods in different financial years, are not necessarily meaningful and, as such, are not relied upon as indicators of the Company's performance.

8.2.8 Approvals, permits and licences

Tianmei, as the main operating entity in China, requires certain licences and approvals to conduct their business. These licenses are granted at the discretion of the relevant Chinese authorities, and the criteria for eligibility may change. The business activities of Tianmei and its subsidiaries are subject to the supervision of these authorities which have the power to revoke previously granted licences or approvals or reject applications for new or extended licences or approvals.

If any activity carried out by the Group fails to meet the requirements of applicable rules or regulations, the Group may incur legal liabilities. In particular, if any entity in the Group fails to obtain the grant or renewal of any required licenses or approvals, the business activities of the affected entity and the Group as a whole may be interrupted, or, if the affected entity continues to operate without the necessary licences and approvals, it may be liable to penalties.

Any interruption to the Group's business activities or potential penalties may have a material and adverse effect on Tianmei and its subsidiaries' business, net assets, financial condition and operational results.

8.2.9 Reputation and intellectual property rights

The Company believes that reputation and brand recognition are vital to its business and effective protection of intellectual property rights is critical to its interests. The Company is in the process of registering Tianmei's brand "Tianmei" as trademark with the Trademark Office of the State Administration for Industry and Commerce of the People's Republic of China, with application numbers 17475853 and 17250995. Tianmei also possesses the patents for mineral water disinfection equipment, vertical hot water combination vacuum dispenser and disposable vacuum soft green bottle, registered with the State Intellectual Property Office.

The Company cannot ensure that there will not be any unauthorised usage or misuse of the Company's brand; and any such infringement of the Group's intellectual property rights may be detrimental to the Group's reputation, lead to litigation or adversely affect financial performance.

8.2.10 Reliance on key personnel

Tianmei's business is reliant upon the provision of high quality operational services by its senior personnel. It is also dependent on its skilled training staff and technical personnel for the successful and ongoing operation of business activities. Any change in the quality or quantity of these services, or an inability to attract qualified and motivated personnel to provide these services, could affect Tianmei's distribution of consumer goods or business activities and financial performance. Tianmei's original founders also retain substantial operations roles with the company and have substantial influence over the day to day affairs and strategic direction of the company. Without these founders acting in conjunction with other management personnel, the Group may not be able to continue its distribution operations or business activities successfully or deliver its long-term strategic objectives.

8.2.11 Risk of significant control by Existing Shareholders

Immediately after the Offer, the Existing Shareholders will beneficially own approximately 75% of the Company's issued capital assuming 40,000,000 New Shares are issued under the Offer. As a result, these Existing Shareholders, if they act together, would be able to exert a significant degree of influence over the Company's management affairs and over matters requiring Shareholder approval.

8.2.12 Operating risks

The operations of the Group may be affected by various factors, including failure to achieve predicted well production flow rates, operational and technical difficulties encountered in harvest, difficulties in commissioning and operating plant and equipment, mechanical failure or factory plant breakdown, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

8.2.13 Lack of insurance coverage

In China it is not customary for businesses to take out extensive insurance protection. Tianmei has not taken out any other insurance policies covering risks to its business premises. Thus, Tianmei does not have insurance protection against either business disruption or fire damage, and may not be able to recover compensation in such circumstances. Any uninsured loss or damage, litigation or business disruption may result in substantial cost to the Company and its subsidiaries, which could have a material and adverse effect on the Company or its subsidiaries' business, net assets, financial condition, and operational results.

This lack of comprehensive insurance coverage is by reason of the early stage of the Chinese insurance industry. Insurance companies in China offer limited commercial insurance products for the fast moving consumer goods or water products sectors or only offer them on unattractive terms. When balancing the risk of disruption or product



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liability or risk of damage against the cost of insuring against these risks and the difficulty of procuring commercially reasonable insurance product terms, Tianmei considers that it is not commercially sensible to acquire such insurance.

8.3 General risks with operating in China

8.3.1 Economic uncertainty

Tianmei's operations, prospects and financial results are dependent on the economic and political developments in China. Although the Chinese economy has experienced significant growth in the last 30 years, that growth has slowed in recent years. The Company cannot assure investors that the Chinese economy will continue to grow or grow at a steady rate. The recent volatility in the Chinese equity market and the Chinese Government's policy response have increased the general level of uncertainty regarding China's economic outlook. This uncertainty makes it difficult for the Company to foresee and manage economic risks. A significant deterioration of economic conditions in China may have a negative impact on the performance of the Company and its share value.

8.3.2 Chinese legal system and legal risks

The business operations of the Tianmei Group are governed by Chinese laws and regulations. Tianmei China, the Company's Chinese subsidiary, is a foreign-invested enterprise and is subject to the laws and regulations applicable to foreign investment in China.

The legal system in China is based on the nation's Constitution and is made up of written laws, regulations, circulars and directives. The Chinese government is still in the process of developing its legal system to meet the needs of investors and to encourage foreign investment. Nevertheless, as the Chinese economy has grown at a faster pace than developments in its legal system, some degree of uncertainty exists in connection with whether and how existing laws and regulations are applied in certain circumstances. Some laws and regulations, their interpretation, implementation and enforcement, are still subject to governmental policy changes.

The introduction of new laws, changes to existing laws and the interpretation or application of laws, or the delays in obtaining approvals from the relevant authorities, may have an adverse impact on the Group's business or operations.

Further, precedents on the interpretation, implementation and enforcement of Chinese laws and regulations are limited and, unlike other common law countries such as Australia, decisions on precedent cases are not binding on lower courts. As such, the outcome of litigation may not be consistent or predictable as in other more developed jurisdictions. It may be difficult to obtain swift or equitable enforcement of the laws in China, or obtain enforcement judgment by a court of another jurisdiction. The legislative trend in China in recent years has been to enhance the protection afforded to foreign investment and to allow for more active control by foreign parties of foreign invested enterprises. However, there is no assurance that such a trend will continue. Any restrictive rules against foreign investments may severely affect the Group's ability to expand its operations in China.

8.3.3 Payment of dividends from Tianmei China

The Chinese Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. As at the date of this Prospectus, Tianmei receives all of its revenues in RMB, and the Company relies principally on dividends from its Chinese subsidiary, Tianmei China, to fund any cash and financing requirements the Company may have.

The inability of Tianmei China to transfer dividends or other payments to the Company could materially and adversely affect the Company's ability to grow, make investments or acquisitions that could be beneficial to its businesses, pay dividends, or otherwise fund and conduct its business.

Under existing Chinese foreign exchange regulations, the payment of current account items including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval by the State Administration of Foreign Exchange (**SAFE**) provided that certain

procedural requirements are complied with. This currently enables Tianmei China to transfer dividends to the Company for payment to Australian shareholders.

However, the conversion of RMB into foreign currency and remittance out of China to pay for capital items such as repatriation of capital, securities investments and repayment of loans require approval from SAFE.

Current Chinese regulations permit Tianmei China to pay dividends only out of accumulated after-tax profits, if any, as determined in accordance with Chinese accounting standards and regulations. In addition, Tianmei China is required to set aside a certain amount of its after-tax profits each year, if any, to fund certain statutory reserves. These reserves are not distributable as cash dividends.

Further, in the future, if Tianmei incur debt on their own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other payments to the Company.

8.3.4 China's enterprise income tax law

There is a risk that the Tianmei Group may be considered as a “resident enterprise” and may therefore be subject to the enterprise income tax of 25% of the Group’s worldwide income. This may significantly increase its tax burden in the future.

If the Group is treated as a Chinese “resident enterprise”, under the Enterprise Income Tax Law (*EIT Law*) and its implementing rules, dividends paid to the Company from Tianmei China would qualify as “tax exempted income”. However, the Company cannot assure that such dividends will not be subject to a 10% withholding tax, as the State Administration of Taxation has not issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for Chinese enterprise income tax purposes. This is also because the dividends of Tianmei China are paid to Tianmei HK in the first instance.

In addition, it is uncertain whether any dividends to be distributed by it to its non-Chinese enterprise shareholders would be subject to a 10% withholding tax and whether any sale of its shares would also be subject to this 10% withholding tax. If the Company is required under the EIT Law to withhold such withholding tax with respect to dividends, or if its shares will be subject to Chinese tax, shareholders’ investment in Shares may be materially and adversely affected.

The Chinese Individual Income Tax Law imposes tax at the rate of 20% on dividends and gains realised by overseas individuals who are not domiciled or tax resident in China, to the extent that such dividends or gains are sourced within China. Pursuant to the Individual Tax Law, if the Company (or parts of it), were considered a Chinese resident enterprise, dividends or gains realised by the Group’s non-Chinese individual shareholders may be treated as income derived from sources within China and may be subject to Chinese income tax (which in the case of dividends may be withheld) at a rate of 20%.

8.3.5 Tax treaty matters

Pursuant to the arrangement between the Chinese Government and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes which came into effect on 27 September 2006 (*Treaty*), and the Notice of the State Administration of Taxation on How to Understand and Determine “Beneficial Owner” in Tax Agreements issued on 27 October 2009, the withholding tax rate on the dividend distribution by the foreign investment enterprise will be a preferential tax rate of not more than 5% of the total dividend declared if the “Beneficial Owner” of the dividends is a company that holds directly at least 25% of the share capital of the Company paying the dividend.

According to the Notice of the State Administration of Taxation on the Issues relating to the Administration of the Dividend Provision in Tax Treaties which came into effect on 20 February 2009, the corporate recipients of dividends distributed by Chinese enterprises must satisfy the direct ownership thresholds of 25% at all times during the 12 consecutive months preceding the receipt of the dividends. In the event that a company is not considered to be a



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“Beneficial Owner” of the dividends, the preferential tax rate of not more than 5% does not apply and the withholding tax rate will be 10% instead.

If the Company is not deemed to be the “Beneficial Owner” of the dividends distributed and the Company is subject to a withholding tax rate which is higher than the preferential tax rate of not more than 5%, it may limit the amount of dividends declared by Tianmei China. Further, there is no assurance that the Chinese and Hong Kong Governments will not alter or amend the Treaty, or that the Company will continue to be deemed to be the “Beneficial Owner” of the dividend by the local tax authorities and be entitled to the preferential tax rate of not more than 5%.

8.3.6 Foreign exchange risks

The Group's profitability will be generated in China. Economic or political instability in China (which may be caused by a number of unforeseeable events) may have an adverse effect on the Company.

China's exchange rate has historically fluctuated in relatively short periods of time. Adverse movements in China's exchange rate could result in a decreased reported contribution from the Chinese operations, and this may have a material adverse effect on the Company. In addition, fluctuations in exchange rates between China and the countries of origin of the Company's suppliers may impact the cost of the Company's supplies.

8.4 General investment risks

8.4.1 Potential fluctuations in prices of Shares

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade below the Offer Price. There is no assurance that the price for the Shares will increase following quotation on the ASX, even if the Company's earnings increase.

The market price and demand for shares quoted on ASX could be volatile or fluctuate due to numerous factors including (i) fluctuations in the domestic and international market for listed stocks; (ii) general economic conditions, including interest rates, inflation rates, exchange rates, commodity prices and oil prices; (iii) changes to government fiscal, monetary or regulatory policies; legislation or regulation; inclusion in or removal from market indices; (iv) the nature of the markets in which the Company operates and general operational and business risks.

8.4.2 Liquidity of Shares

There is currently no public market through which the Shares of the Company may be sold. On Completion of the Offer, there can be no guarantee that an active market will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer. It may also affect the prevailing market price at which the Shareholders can sell their Shares. This may result in Shareholders who acquire Shares under the Offer receiving a market price for their Shares that is less or more than the Offer Price.

On Completion of the Offer, all Existing Shareholders will hold approximately 70.59% to 75% of the Shares (subject to subscription amount). Around 42.38% to 45.00% of the Shares may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of quotation (please refer to Section 9.7). The absence of any sale of Shares by the Existing Shareholders during the escrow period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

8.4.3 Exposure to general economic conditions

The operating and financial performance of Tianmei is influenced by a variety of general domestic and global economic and business conditions that are outside the control of the Company. Prolonged deterioration in general

economic conditions may affect the demand for the Company's services and may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of the Company.

8.4.4 Risk of Shareholder dilution

In the future, the Company may elect to issue shares to raise funds for the Company's business operations or additional acquisitions that the Company may decide to make. While the Company will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it can issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issuance of shares and fundraisings.

8.4.5 Accounting standards

Any changes in accounting standards or how they are applied and interpreted may have an adverse impact on Tianmei's financial performance and position.

8.4.6 Taxation reform

Any changes to the current rate of the Company's income tax in Australia or abroad (i.e., China) may affect Shareholder returns. Any changes to relevant tax laws, the way they are interpreted and applied or to the current rate of taxes could have an adverse effect on Tianmei's financial performance or results. In addition, any change in tax rules and tax arrangements could also have an adverse effect on the level of dividend imputation or franking and Shareholder returns.

8.4.7 Litigation and regulatory inquiries

The Company may be subject to litigation, complaints and other claims or disputes, regulatory inquiries or investigations and other enforcement action initiated by customers, employees, regulators or other third parties in the course of its business. Such matters may have a materially adverse effect on the Company's financial performance and position. Even if such matters are successfully defended or settled without financial consequences, they may have a material adverse effect on the Company's reputation.

8.4.8 Dividends may not be fully franked

Given the proportion of Tianmei's earnings from Chinese operations, it is unlikely that Tianmei will have sufficient franking credits in the future to fully frank dividends. There is likewise no guarantee that the franking system will not be varied or abolished. In addition, as the proportion of Tianmei's earnings from Chinese operations increases, it may not be possible to fully frank dividends.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or as a refund claim after the end of the income year, will depend on the individual tax position of each Shareholder.

8.4.9 Force majeure events

Force majeure events, or events beyond the control of the Company, may occur within or outside Australia that could affect the world economy, the operations of the Company and the price of the Shares. These events include war, acts of terrorism, civil disturbance, political intervention and natural events such as earthquakes, floods, fires and severe weather conditions.

9 Additional Information

9.1 Registration

The Company was incorporated in Western Australia as a public company limited by shares on 6 May 2015. On Completion of the Offer, the Company will have

- 160,000,000 Shares on issue including 40,000,000 Shares issued under this Prospectus in case of the Minimum Subscription; or
- 170,000,000 Shares on issue including 50,000,000 Shares issued under this Prospectus in case of the Maximum Subscription.

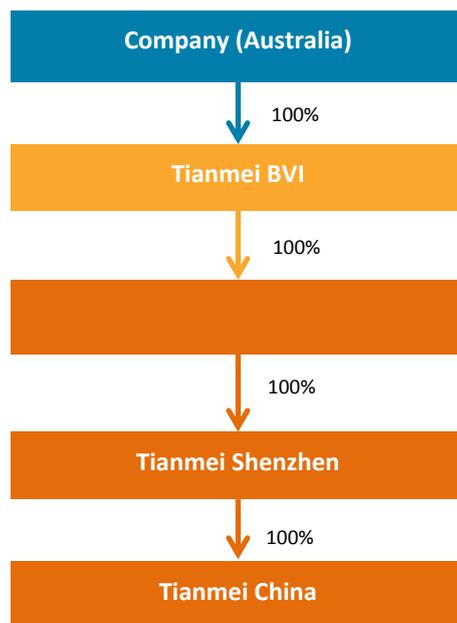
The Company (on a standalone basis) is and will be subject to tax at the Australian corporate tax rate. Its subsidiaries will be subject to tax in the jurisdictions in which they operate. Profits repatriated to the Company from Tianmei BVI will not be subject to Australian income tax.

9.2 Corporate Structure

The Company was incorporated in Western Australia. A group restructure, commencing in August 2015 and completing in February 2016, resulted in:

- the establishment of Tianmei International Beverage Co Ltd (*Tianmei BVI*) by the Company;
- the establishment of Hong Kong Tianmei International Holdings Co Ltd (*Tianmei HK*) by Tianmei BVI;
- the establishment of Shenzhen Tianmei Selenium Enrichment Information Consulting Co Ltd (*Tianmei Shenzhen*) by Tianmei HK; and
- the acquisition of Tianmei China by Tianmei Shenzhen.

The Group structure at the date of this Prospectus is shown in the diagram below.



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9.3 Summary of rights and liabilities attaching to shares and other material provisions of the Company's constitution

9.3.1 General

The rights and liabilities attaching to ownership of the Shares are:

- detailed in the Constitution of the Company which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders. This summary assumes the Company is admitted to the official list of ASX.

9.3.2 Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

9.3.3 Dividends

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them.

9.3.4 Issue of shares

Subject to the Constitution, the Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue or cancel shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions and the issue price they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital or otherwise, as the Directors think fit.

9.3.5 Variation of class rights

Subject to the Corporations Act and the Listing Rules, the rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- with the written consent of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

9.3.6 Transfer of Shares

Subject to the Constitution, the Corporations Act, the Listing Rules and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the Listing Rules or the ASX Settlement Operating Rules or where the transfer is in breach of the ASX listing Rules or a restriction agreement (within the meaning of ASX



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Listing Rules Appendix 9A). If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

9.3.7 Small holdings

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of shares with a market value of less than A\$500.

9.3.8 General meetings and notices

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act.

9.3.9 Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, the Constitution, the Corporations Act and the Listing Rules, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution.

9.3.10 Directors – appointment and removal

The minimum number of Directors is three and the maximum is to be fixed by the Directors but may not be more than 10 unless the Company passes a resolution varying that number. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that any Director who has held office for three or more years or three or more annual general meetings (whichever is the longer) (excluding any managing Director) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the Directors who will then hold office until the next annual general meeting of the Company.

9.3.11 Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chairman has a second or casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

9.3.12 Directors' remuneration

The Directors, other than the Executive Directors, are entitled to be paid by such Directors' fees for their services as the Directors decide, provided that the total fees do not exceed the maximum aggregate sum as may be approved from time to time by Shareholders in general meeting. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions. Any change to that maximum aggregate sum needs to be approved by Shareholders.

9.3.13 Alteration of share capital

Subject to the Listing Rules, the Constitution and the Corporations Act, the Company may alter its share capital.

9.3.14 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution.

9.3.15 Variation of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

9.3.16 Share buy-backs

The Company may buy back shares in accordance with the provisions of the Corporations Act.

9.3.17 Dividend plan

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan.

9.4 Material contracts

The Directors consider that there are a number of contracts which are significant or material to the Group or of such nature that an investor may wish to have details of them when making an assessment of whether to apply for Shares. The main provisions of these contracts are summarised below, or elsewhere in this Prospectus. These summaries do not purport to be complete and are qualified by the text of the contracts themselves.

9.4.1 Agreements associated with Company's business

As set out in Section 4.1 of this prospectus, Tianmei generates income via two components to its business: the product promotion business and the water products business. The material contracts with respect to each of its business arms are set out below.

(a) Product promotion business

As per Diagram 4.1, illustrated in Section 4.3.1 of this prospectus, the key agreements which make up the product promotion business are the Product Promotion Services Agreement between the supplier and Tianmei China, the Supermarket Access Agreement between Tianmei China and Contracted Stores, and the Cooperation Agreement between the Contracted Stores and Tianmei China.

- **Product Promotion Services Agreement**

As of 31 October 2016, Tianmei China has entered into framework Product Promotion Services Agreements with 69 fast-moving consumer good suppliers (**Suppliers**) in China, all of which are operational and have not yet expired. Under the Product Promotion Services Agreements, Tianmei China has agreed to promote the product items of these Suppliers to Tianmei's Contracted Stores. The key terms of the framework Product Promotion Services Agreement are as follows:

Key term	Details
Contractual term	1 year (for 65 Suppliers) or 3 years (for 4 Suppliers)
Renewal of the agreement	Tianmei China has priority to renew the agreement with the Supplier under the similar terms and conditions.
Promotion of products	Tianmei China will promote the products of the supplier to Tianmei China's Contracted Stores.
Exclusivity	The Supplier may not introduce their products into the retail stores in Tianmei China's promotion network without Tianmei China's involvement. Tianmei China has the right to remove all of the Suppliers' products from its network if the Supplier is found to have done so.



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Key term	Details
Fees	The Supplier must pay Tianmei China a promotion fee in instalments. The first instalment is payable within 30 business days after signing the agreement, and all remaining instalments will be paid by the end of each month.

- **Supermarket Access Agreement**

As of 31 October 2016, Tianmei China has entered into standard Supermarket Access Agreements with 941 Contracted Stores to sell the products of its Suppliers. Supermarket Access Agreements (or renewed agreements) with all of these Contracted Stores are in effect and have not yet expired. The key terms of the framework Supermarket Access Agreements are as follows:

Key term	Details
Contractual term	1 year (for 840 Contracted Stores) or 3 years (for 92 Contracted Stores)
Renewal of the agreement	The agreement will be automatically renewed if the fees payable by Tianmei China under the renewed term is no more than 110% of the fees paid during the pervious term. In addition, Tianmei China has priority to renew the agreement with the Supplier under the similar terms and conditions.
Sale of products	The Contracted Store must display the product recommended by Tianmei China for sale in a prominent location in the supermarket.
Exclusivity	The Contracted Store must not sell products similar to those recommended by Tianmei China.
Fees	Tianmei China must pay to the supermarket a "shelving fee" per item and per item category as stipulated in the contract.

- **Cooperation Agreement**

As of 31 October 2016, Tianmei China has also entered into framework Cooperation Agreements with the 941 Contracted Stores for the operation and provision of products to the Contracted Stores. Cooperation Agreements (or renewed agreements) with all of these Contracted Stores are in effect and have not yet expired. The key terms of the framework Cooperation Agreements are as follows:

Key term	Details
Contractual term	3 years
Provision of products	Tianmei China must provide products that satisfy product quality standards.
Training	Tianmei China must provide business and product promotion training to the retail stores.
Supervision	Tianmei China can supervise and manage the retail store's operations to ensure that the business is conducted in accordance with the requirements agreed to in the contract (<i>Business Operation Standards</i>).
Indemnity	The retail store indemnifies Tianmei China against any loss arising from any of the retail store's breach of the Business Operation Standards.

(b) Water products business

As per Diagram 4.2, illustrated in Section 4.4.1 of this prospectus, the key agreement which makes up the water products business of the Group is the OEM Agreement and the Sales Contract.

- **OEM Agreements**

On 20 September 2016, Tianmei China entered into framework OEM Agreements for Tianmei Natural Mineral Water with Qianlifeng (***OEM Agreement***) for the manufacture of Tianmei bottle water. A summary of the key terms of the standard OEM Agreement is set out as below:

Key term	Details
Contractual term	3 years, from 20 September 2016 to 19 September 2019
Products	Bottled natural mineral water and drinking water made specially for infants and children (<i>Water Products</i>).
Service	Qianlifeng is to process the products in accordance with prescribed food standards.
Key rights and obligations of Tianmei China	<ul style="list-style-type: none"> • To supervise the production process and to monitor the quality of the Water Products with the right to conduct sample inspections and advise on product deficiencies. • To reject any Water Products that do not comply with quality standards prescribed by the Agreement, with the right to claim compensation or breach of contract.
Key rights and obligations of Qianlifeng	<ul style="list-style-type: none"> • Processing, inspecting, packaging and storing all raw materials and manufactured goods in accordance with prescribed standards. • Protect and manage the use of Tianmei China's logos.
Failure to meet obligations	<ul style="list-style-type: none"> • If Qianlifeng is fails to deliver the Water Products on time or if Tianmei China fails to pay the consideration on time, the party in breach is liable to pay to the innocent party 0.1% of the value of the consideration per day until the obligation is discharged. • Either party who breaches any other clauses of the agreement shall be liable to pay the other party 30% of the value of agreed consideration. If this is insufficient to remedy the loss suffered by the innocent party, the party in breach shall compensate the innocent party for the actual economic loss suffered.

- **Sales Contract**

As of 31 October 2016, Tianmei China has entered into framework Sale Contracts with 519 retail stores in Guangdong for the distribution of Tianmei branded water products. 518 of these retail stores are also Contract Stores with which Tianmei has entered into the Supermarket Access Agreement and the Cooperation Agreement. All of these Sale Contracts (or its renewed agreements) are in effect and have not yet expired. The key terms of the framework Sale Contracts are as follows:

Key term	Details
Contractual term	1 year (for 422 retail stores) or 3 years (for 97 retail stores)
Renewal of the contract	Tianmei China has priority to renew the contract with the Supplier under the similar terms and conditions.



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Key term	Details
Delivery	Tianmei China is responsible for delivering its water products to the retail stores. The contract amount of each agreement is dependent upon the quantity of products ordered by each retail store.
Fee	The retail store must sell the products according to the recommended retail price determined by Tianmei China, which can be adjusted in accordance with Tianmei China's promotion policy.

9.4.2 Acquisition Agreement of Qianlifeng

On 12 May 2016, Tianmei China entered into a legally binding Agreement of Acquisition Intention (**Acquisition Agreement**) with Qianlifeng's current shareholders, Tanggen Wang, Lianhe Deng and Shenggao Xiao for the acquisition of 100% of the shares in Qianlifeng. A summary of the key terms of the Acquisition Agreement is set out below:

Key term	Details
Acquisition Target	100% of the shares in Qianlifeng
Consideration	RMB 5,000,000
Deposit	20% of the Consideration, payable by Tianmei within 10 business days after the date of the Acquisition Agreement
Condition Precedents	<ul style="list-style-type: none"> Tianmei obtains in principle approval from ASX for its listing; and Tianmei raises a minimum of A\$6.7 million through its IPO.
Tianmei's key responsibilities	<ul style="list-style-type: none"> If Tianmei fails to pay the consideration amount, it agrees to pay 0.03% of the outstanding payments per day as liquidated damages, however the aggregated amounts of the liquidated damages is capped at 10% of the consideration amount; and If the acquisition is not completed by the completion date due to the failure to meet any one of the condition precedents, Tianmei is not liable for breach of the contract and Qianlifeng must refund all payments made by Tianmei China in full.
Completion date	31 December 2016

9.4.3 Research and development

Tianmei China entered into three cooperative research and development contracts with the R&D Firm, whereby Tianmei China agreed to pay an agreement amount to the R&D Firm on a monthly basis to jointly carry out research and development with respect to the production processes for its water products. Under the contracts, both parties agreed that Tianmei China will own the rights to use and apply the results of the R&D, know-how and any other intellectual property rights arising from the R&D work.

Contract name(s)	Monthly payment	Execution date	Contract term	Summarised contents
R&D Contract of water for pregnant women	RMB 300,000	23/05/2016	10 months	Parties agreed to jointly develop technical solutions (including water composition) and production process for water products for pregnant women.

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Contract name(s)	Monthly payment	Execution date	Contract term	Summarised contents
R&D Contract of water for infants	RMB 162,500	24/05/2016	12 months	Parties agreed to jointly develop technical solutions (including water composition) and production process for water products for infants.
R&D Contract of water for primary and secondary school students and children	RMB 125,000	25/05/2016	24 months	Parties agreed to jointly develop technical solutions (including water composition) and production process for water products for primary and secondary school students and children.

9.4.4 Renovation of Contracted Stores

On 15 May 2016, Tianmei China entered into an agreement with Guangzhou Shangdi Decoration Engineering Co., Ltd, (*Shangdi*) whereby Shangdi agreed to renovate 300 Tianmei's Contracted Stores. The key terms of this agreement is set out below:

Key term	Details
Term	5 July 2016 to 4 February 2018
Stores and price	300 Contracted Stores, and the renovation cost of each stores is RMB 10,000
Renovation	Shangdi will provide to Tianmei China the requirements of renovation materials and Tianmei China will be responsible for the supply of these renovation materials. Shangdi is responsible for renovation works and assumes responsibility for the renovation work failing to meet the relevant criteria or any damage.
Payment	The renovation will take place over two phases. <ul style="list-style-type: none"> Phase 1: 150 stores, from 5 July 2016 to 4 April 2017 Phase 2: 150 stores, from 5 April 2017 to 4 February 2018. Within 30 days prior to the start of each stage, the first instalment of 750,000 is payable to Shangdi by Tianmei China. The second instalment of 750,000 is payable, within 10 days from the completion and satisfactory inspection of the renovation.

9.4.5 Deeds of access, insurance and indemnity for Directors

(a) Access

The Company has entered into a deed of access, insurance and indemnity with each Director which contains rights of access to certain books and records of Tianmei.

(b) Indemnification

Under the Constitution, Tianmei is required to indemnify all Directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, Tianmei indemnifies parties against all liabilities to another person that may arise from their position as an officer of Tianmei or its subsidiaries to the extent permitted by law. The deed stipulates that Tianmei will meet the full amount of any such liabilities, including reasonable legal costs and expenses.



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(c) Insurance

Under the Constitution, Tianmei may arrange and maintain directors' and officers' insurance for its Directors to the extent permitted by law and under the deed of access, insurance and indemnity, Tianmei must maintain insurance cover for each Director for the duration of the access period.

9.5 Related party contract

Related party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated in Australia under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on "arm's length terms", represents no more than reasonable remuneration, or complies with other limited exemptions.

As of the date of this Prospectus, Tianmei China has not entered into any related party contracts. Following the acquisition (please refer to Section 9.4.2) of Qianlifeng, Qianlifeng will become a wholly owned subsidiary of Tianmei China. Prior to the acquisition, Qianlifeng has entered into the following agreement with its related party:

9.5.1 Property Lease Agreement

On 29 November 2012, Qianlifeng and its majority shareholder, Tanggen Wang entered into a lease agreement for the use of real property located in Yongchun Township, Beihu District, Chenzhou City with construction area of 1,158.47 square metres, whereby both parties agreed that Qianlifeng is granted access to use the property owned by Tanggen Wang for RMB 3,500 per month from 1 December 2012 to 30 November 2022 for a total period of 10 years.

9.6 Existing Shareholder interests

The table below sets out the interests of Shareholders as at the date of this Prospectus and immediately following the Offer:

Shareholder	Minimum Subscription		Maximum Subscription	
	Number of Shares	%	Number of Shares	%
Biotechnology International Holding Ltd ¹	36,000,000	22.50	36,000,000	21.18
Han Xu	36,000,000	22.50	36,000,000	21.18
Mengdi Zhang	24,000,000	15.00	24,000,000	14.12
Qiao Pan	7,200,000	4.50	7,200,000	4.24
Zuliang Xu	6,000,000	3.75	6,000,000	3.53
Yi Ching Ip	4,800,000	3.00	4,800,000	2.82
Xian Li	1,200,000	0.75	1,200,000	0.71
Ru Liu	1,200,000	0.75	1,200,000	0.71
Haiping Wu	1,200,000	0.75	1,200,000	0.71
Haoyun Tang	1,200,000	0.75	1,200,000	0.71
Jifen Liu	1,200,000	0.75	1,200,000	0.71
Shares on issue at date of Prospectus	120,000,000	75.00	120,000,000	70.59
Shares offered under this Prospectus	40,000,000	25.00	50,000,000	29.41
Total	160,000,000	100.00	170,000,000	100.00

1. Biotechnology International Holding Ltd was incorporated in the British Virgin Islands on 17 March 2015. China Gewang Biotechnology, Inc., a company incorporated in Nevada, U.S. quoted on the U.S. OTC Pink Market (ticker CGWB), is the sole shareholder of Biotechnology International Holding Ltd.

9.7 Escrow requirements under the ASX Listing Rules

Subject to the quotation of the Company's securities on ASX, certain Shares may be classified by ASX as restricted securities and may be required to be held in escrow for up to 24 months from the date of quotation.

Shareholder	Minimum Subscription		Maximum Subscription		Escrow Period
	Shares subject to escrow	%	Shares subject to escrow	%	
Biotechnology International Holding Ltd	36,000,000	22.50	36,000,000	21.18	24 months
Han Xu	-	-	-	-	-
Mengdi Zhang	24,000,000	15.00	24,000,000	14.12	24 months
Zuliang Xu	6,000,000	3.75	6,000,000	3.53	12 months
Qiao Pan	-	-	-	-	-
Yi Ching Ip	-	-	-	-	-
Xian Li	1,200,000	0.75	1,200,000	0.71	12 months
Ru Liu	1,200,000	0.75	1,200,000	0.71	12 months
Haiping Wu	1,200,000	0.75	1,200,000	0.71	12 months
Haoyun Tang	1,200,000	0.75	1,200,000	0.71	12 months
Jifen Liu	1,200,000	0.75	1,200,000	0.71	12 months
Total escrowed shares	72,000,000	45.00	72,000,000	42.38	
Total shares at Completion of the Offer	160,000,000	100.00	170,000,000	100.00	

During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on the ASX.

9.8 Consents to be named and disclaimers of responsibility

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Phillip Capital Limited has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Lead Manager to the Company in the form and context it is so named;
- Beijing Ruihua Future Investment Management Co., Ltd. has given and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Chinese Corporate Adviser to the Company in the form and context it is so named;
- BDO Corporate Finance (East Coast) Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context it is so named and to the inclusion of its Investigating Accountant's Report on the Historical Financial Information in Section 7;



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- BDO East Coast Partnership has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian auditor and tax adviser of the Company in the form and context it is so named;
- Baker & McKenzie has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context it is so named;
- Beijing Jingze Law Firm has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Chinese legal adviser to the Company in relation to the Offer in the form and context it is so named;
- Ng & Shum Solicitors & Notaries has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's Hong Kong legal adviser which has performed the work in relation to due diligence enquiries on Hong Kong legal matters in the form and context it is so named;
- Carey Olsen has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Company's BVI legal adviser which has performed the work in relation to rendering a legal opinion regarding Tianmei BVI in the form and context it is so named;
- Advanced Share Registry Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Registry in the form and context it is so named;
- Wei, Wei & Co., LLP has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor of Tianmei China in the form and context it is so named; and
- CIConsulting has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as independent expert in the form and context it is so named.

No entity or person referred to above in Section 9.8 has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. Each of the persons and entities referred to above in this Section 9.8 has not authorised or caused the issue of this Prospectus, does not make any offer of New Shares and expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus except as stated above in this Section 9.8.

In addition, as permitted by ASIC Class Order [CO 00/193] this Prospectus may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication.

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9.9 Costs of the Offer

If the Offer precedes, the estimated costs of the Offer (exclusive of non-recoverable GST, where applicable), by type of cost, are shown in the table below:

Estimated expenses (A\$) (exclusive of non-recoverable GST, where applicable)	Minimum Subscription (\$A)	Maximum Subscription (\$A)
Broker fees	932,750	1,096,750
Corporate advisory fees	588,870	588,870
Legal fees and other advisory fees	348,439	348,439
ASX and ASIC fees	98,294	100,494
Audit, Investigating Accountant and taxation	335,976	335,976
Printing, marketing and other costs	91,663	91,663
Total estimated expenses¹	2,395,992	2,562,192

1. Final expenses may be higher due to tax impacts.

9.10 Working capital statement

The Directors believe that, on Completion of the Offer, the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

9.11 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in New South Wales and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales.

9.12 Legal proceedings

So far as the Company is aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material in which the Group is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Group.

9.13 Tax considerations

Set out below is a general overview of the Australian taxation implications for investors who acquire the New Shares on capital account. This Section 9.13 is based on legislation applicable at the time of its preparation. Given the complexity of taxation laws, it does not cover all possible implications for particular investors.

As the tax position of each investor may vary depending on their individual circumstances, this Section 9.13 should not be considered advice specific to any particular investor. Before lodging an Application, each investor should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances.

9.13.1 Taxation of dividends

The treatment of the dividends which are paid to investors will vary depending on whether or not the investor is an Australian resident or foreign resident. The taxation treatment will also vary depending on the extent to which any dividends carry a franking credit.

(a) Dividends received by Australian resident Shareholders

For Australian resident individuals and complying superannuation entities, dividends on the New Shares will be assessable income of the Shareholder in the income year in which they are paid (or deemed to be paid) to the Shareholder. If the dividend carries a franking credit (for imputed Australian corporate tax paid by the Company) then the dividend paid (or deemed to be paid) plus the franking credit will be included in the Shareholder's taxable income and subject to tax at the Shareholder's marginal tax rate. The Shareholder will be entitled to offset the franking credit against tax payable by the Shareholder if the Shareholder is a qualified person. A qualified person is a Shareholder who satisfies the holding period rule (by holding shares on which the dividend is "at risk" for at least 45 days continuously from the day after the Shareholder acquires the shares to the 45th day after the shares become ex-dividend) and the related payments rule.

Individuals and complying superannuation funds are entitled to a refund of any part of the franking credits that exceed their tax payable.

Australian resident companies can convert excess franking credits to tax losses that can potentially be deductible against income in future years.

Unfranked dividends received by Australian resident Shareholders will be taxable at the Shareholder's marginal tax rate. For individuals, this tax rate may be up to 49% (including Medicare levy and temporary Budget Repair levy). For companies and complying superannuation funds, rates of tax are generally 30% and 15% respectively.

(b) Dividends received by non-resident Shareholders

Dividend withholding tax is not imposed on fully franked dividends paid to foreign Shareholders.

It may be necessary for the Company to withhold tax from unfranked dividends paid to foreign Shareholders and remit the tax to the Australian Taxation Office.

Where unfranked dividends are paid to non-resident Shareholders and the unfranked dividend is not declared to be "conduit foreign income", dividend withholding tax must be deducted from the gross dividends paid. If the Shareholder is a resident of a country that does not have a Double Tax Agreement (DTA) with Australia then a 30% withholding tax rate will be applied to dividends paid to the non-resident Shareholder. If the Shareholder is a resident of a country that does have a DTA with Australia then the DTA will determine the maximum amount of withholding tax that can be imposed. DTA dividend withholding tax rates generally range from 0% to 15%.

9.13.2 Disposal of Shares

As noted above, the following overview of Australian tax implications associated with disposal of New Shares is confined to investors who hold their shares on capital account. Australian income tax laws impose tax on capital gains (CGT).

Persons who acquire New Shares on revenue account or for a share trading purpose should seek independent professional advice as the issues are complex and the tax implications depend heavily on individual circumstances.

(a) Disposal of Shares by Australian resident Shareholders

Disposal of some or all of the New Shares held on capital account by Australian resident investors will give rise to a CGT event and investors may become liable to pay CGT if they make a capital gain on disposal, or another CGT event occurs in respect of the New Shares.

An investor will be taken to have acquired New Shares when these are issued or transferred to the investor and to have disposed of the New Shares when the investor transfers (or agree to transfer) the New Shares to another person. Taxation law also deems a disposal to have occurred in some other circumstances as well.

To calculate the capital gain that is subject to tax initially requires the cost base of shares to be subtracted from the consideration (money or property) received from their disposal. If the calculation results in a negative number, then a capital loss has been incurred.

The market value of shares at the time of their disposal may be substituted as consideration if the disposal is for nil or not undertaken on an arm's length dealing basis. In the case of New Shares acquired pursuant to the Prospectus, the cost base for CGT purposes will generally be the amount paid for the New Shares (A\$0.20 per Share), plus incidental transaction costs (such as brokerage fees) incurred in selling the shares.

If the Shareholder has also derived capital losses in the income year, or has accumulated capital losses that are deductible, then those losses may be offset against the capital gain derived from the disposal of the shares. A capital loss cannot be offset against ordinary taxable income but may be carried forward and offset against future capital gains. However, utilisation of carried forward capital losses is subject to various loss integrity tests. Consideration of these loss provisions is beyond the scope of this Section.

For those investors that are companies, a net capital gain made on the disposal of New Shares (after any capital losses are offset) must be included in the company's taxable income and subject to tax at the prevailing general corporate tax rate (30%).

Investors who are either individuals or complying superannuation funds (or another similar form of qualifying entity), and dispose of New Shares held for at least 12 months, may be entitled to a CGT discount of 50% and 33 1/3% respectively. Companies are not entitled to any discount and special rules apply for trusts.

The net capital gain remaining after permitted offsets and discounts, is added to the investor's other taxable income, and the total amount is then subject to tax at the investor's marginal tax rate.

Where shares are held by a trust (and the trust is not taxed as a company for Australian tax purposes) then a CGT discount of 50% is generally available. When the capital gain is distributed to the beneficiary by the trustee of the trust, the capital gain needs to be grossed up and the relevant beneficiary(s) will need to determine for themselves whether or not they are able to access the CGT discount provisions.

(b) Disposal of Shares by non-Australian resident Shareholders

Foreign residents are only subject to CGT on the disposal of taxable Australian property. For tax purposes, New Shares will generally only be considered taxable Australian property where the following conditions are satisfied:

- the investor owns an interest of 10% or more in the Company; and
- more than 50% of the value of the Company relates to assets that are taxable Australian real property such as land and buildings or interests in land and buildings. For example, leasehold rights over land situated in Australia are considered to be taxable Australian real property.

Based on information contained in the Prospectus regarding the planned operation of the business, the Company's shares are unlikely to be taxable Australian property. As such, foreign residents that dispose of their shares are unlikely to be subject to Australian CGT. However, the circumstances of the company should be reviewed by investors as at the time they dispose of some or all New Shares.

9.13.3 Tax File Numbers quotation

It is not compulsory for Australian resident Shareholders to provide the Company with details of their Tax File Number (**TFN**) or Australian Business Number (**ABN**). However, a failure to quote a TFN or ABN to the Company will result in the Company being required to withhold and remit tax of 49% (47% for years ended following 30 June 2017 based on current legislation) from unfranked dividends paid to the relevant Shareholder. The amount withheld in these circumstances should be available as a credit against the investor's tax liability.

9.13.4 GST and transfer duty



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No GST is applicable to the issue or transfer of the New Shares given that, under current law, shares in a company are a financial supply for GST purposes. Shareholders may not be entitled to claim full input tax credits in respect of GST paid on costs incurred in connection with the acquisition of shares.

Transfer duty will not be payable on New Shares issued pursuant to the Prospectus.

9.14 Statement of Directors

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act.

This Prospectus is signed by a Director of Tianmei Beverage Group Corporation Limited in accordance with section 351 of the Corporations Act.

Tony Sherlock
Chairman

10 Glossary

Term	Definition
1H	First half financial year, ending on 31 May of any year, and the four digits following FY indicate which year (for example 1H2016 means the first half financial year ending 31 May 2016).
A\$, AUD or AUD\$	Australian dollars, the lawful currency of the Commonwealth of Australia.
ABN	Australian Business Number.
ACN	Australian Company Number.
Acquisition Agreement	Has the meaning given in Section 9.4.2.
AEST	Australian Eastern Standard Time.
Applicant	A person who has applied to subscribe for Shares under the Offer.
Application	A valid application for Shares made under this Prospectus.
Application Form	The form accompanying or attached to this Prospectus by which an Applicant may apply for Shares.
Application Money or Application Amount	Money payable for Shares applied for by an Applicant.
ARC	Audit and Risk Committee of the Board.
ASIC	Australian Securities and Investment Commission.
ASX or Australian Securities Exchange	ASX Limited (ABN 98 008 624 691), or the securities market it operates, as the context requires.
ASX Listing Rules or Listing Rules	The official listing rules of the ASX.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	The settlement rules of the settlement facility provided by ASX Settlement.
Board	The Board of Directors of the Company.
BVI	British Virgin Islands.
CAGR	Compounded annual growth rate.
CEO	Chief Executive Officer of the Company.
CFO	Chief Financial Officer of the Company.
China or PRC	The People's Republic of China.
Closing Date	5:00pm (AEST) on 14 February 2017 or such other date as the Board may decide, and is the date on which the Offer closes.
Company or Tianmei	Tianmei Beverage Group Corporation Limited (ACN 611 845 811), the Group's holding company incorporated in Western Australia.
Completion	The issue of the Shares to Successful Applicants.
Contracted Stores	Has the meaning given in Section 4.3.1.
Corporations Act	Corporations Act 2001 (Cth).



- TIANMEI -

Term	Definition
Directors	The directors of the Company, and Director means any one of them.
EBIT	Earnings before interest and taxes.
EBITDA	Earnings before interest, taxes, depreciation and amortisation.
Executive Director	A Director appointed as an executive director of the Company.
Existing Shareholders	Those persons or entities who are holders of Shares of the Company as at the date of this Prospectus.
Exposure Period	Has the meaning given in "Important Information" Section.
Financial Information	Has the meaning given in Section 6.
FMCG	Fast moving consumer goods.
FY	Financial year, ending on 30 November of any year, and the two digits following FY indicate which year (for example FY2014 means the financial year ending 30 November 2014).
Gewang	Guangdong Gewang Biotechnology Co., Ltd.
Group	The consolidated group comprising the Company and its subsidiaries.
GST	The meaning given in section 195–1 of the A New Tax System (Goods and Services) Tax Act 1999 (Cth).
Historical Financial Information	Has the meaning given in Section 6.
HK\$ or HKD	Hong Kong dollars, the lawful currency of Hong Kong.
Holding Statement	A holding statement of Shares.
Hong Kong or HK	The Hong Kong Special Administrative Region of China.
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended from time to time.
IFRS	International Financial Reporting Standards.
Investigating Accountant or BDO Corporate Finance	BDO Corporate Finance (East Coast) Pty Ltd.
Lead Manager	Phillip Capital Limited (ABN 14 002 918 247, AFSL No.246827).
Listing	The admission of the Company to the Official List of ASX.
Listing Date	The date that the Company is admitted to the Official List of ASX.
Maximum Subscription	The maximum subscription amount under the Offer, being A\$10,000,000
Minimum Subscription	The minimum subscription amount under the Offer, being A\$8,000,000
NBSC	National Bureau of Statistics of China.
New Share(s)	Share(s) to be issued under the Offer.
Non-Executive Director	A Director appointed as a Non-Executive director of the Company.
NPAT	Net profit after taxes.
NRC	Nomination and Remuneration Committee of the Board.
OEM Agreement	Has the meaning given in Section 9.4.1(b).

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Term	Definition
Offer	The invitation in this Prospectus to subscribe for Shares.
Offer Price	A\$0.20 per Share.
Official List	The official list of entities that ASX has admitted and not removed.
Official Quotation	The quotation of the Shares on ASX.
Opening Date	8:30am (AEST) on 6 December 2016.
Qianlifeng	Chenzhou Qianlifeng Beverage Co., Ltd, a company incorporated in the PRC.
Product Promotion Business	Has the meaning given in Section 4.1.
Prospectus	This document and any supplementary or replacement prospectus in relation to this document.
R&D Firm	Guangzhou Food Industry Research Institute Co., Ltd
Registry	Advanced Share Registry Ltd.
RMB, Renminbi or ¥	Chinese Yuan, the lawful currency of the PRC.
Section	A section of this Prospectus.
SFO	The Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong, as amended from time to time.
Share(s)	Ordinary fully paid share(s) in the Company.
Shareholder	A holder of Share(s).
Successful Applicant	An Applicant who is issued Shares under the Offer.
Suppliers	Fast-moving consumer good suppliers of Tianmei.
Tianmei China	Guangdong Tianmei Selenium-Rich Beverage Chain Company Limited, a company incorporated in the PRC, being the main operating entity of the Group.
Tianmei BVI	Tianmei International Beverage Co Ltd, a company incorporated in the British Virgin Islands with company number 1895540.
Tianmei Group	Has the meaning given in Section 6.1.
Tianmei HK	Hong Kong Tianmei International Holdings Co Ltd, a company incorporated in Hong Kong.
Tianmei Shenzhen	Shenzhen Tianmei Selenium Enrichment Information Consulting Co Ltd, a company incorporated in the PRC, being another operating entity of the Group.
TFN	Tax file number.
US or United States	United States of America.
US Securities Act	US Securities Act of 1933, as amended.
US\$ or USD	US dollars, the lawful currency of the United States of America.
Water Plant	Qianlifeng Water Processing Plant in Hunan province, China.
Water Products Business	Has the meaning given in Section 4.1.



- TIANMEI -

Corporate Directory

Tianmei Beverage Group Corporation Limited

Registered Office

Level 36, Gateway
1 Macquarie Place, Sydney NSW 2000

Proposed ASX Code: **TB8**

Lead Manager

Phillip Capital Limited

Level 10, 330 Collins Street
Melbourne VIC 3000

Australian Legal Adviser

Baker & McKenzie

Level 27, 50 Bridge Street
Sydney NSW 2000

Chinese Legal Adviser

Beijing Jingze Law Firm

Room 805, Building A, Langqin International Mansion
168 Guanganmen Wai Avenue
Xicheng District, Beijing, China

Hong Kong Legal Adviser

Ng & Shum Solicitors & Notaries

21/F, United Centre
95 Queensway, Hong Kong

BVI Legal Adviser

Carey Olsen

Rodus Building, Road Reef Marina
PO Box 3093
Road Town, Tortola
British Virgin Islands

Offer website:

www.tianmei.com.au

Tianmei Share Offer Information Line

Within Australia: 08 9389 8033
Outside Australia: +61 8 9389 8033
Open 8:30am to 5:00pm WST Monday to Friday

Chinese Corporate Adviser

Beijing Ruihua Future Investment Management Co., Ltd.

Unit 805, Full Tower
9 East Third Ring Road
Chaoyang District, Beijing, China

Investigating Accountant

BDO Corporate Finance (East Coast) Pty Ltd

Collins Square , Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008

Tax Adviser and Australian Auditor

BDO East Coast Partnership

Collins Square , Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008

Registry

Advanced Share Registry Ltd

110 Stirling Hwy
Nedlands WA 6009