

Beroni Group Limited

ACN 613 077 526

FOURTH SUPPLEMENTARY PROSPECTUS

1 Important Information

This is a supplementary prospectus (**Fourth Supplementary Prospectus**) intended to be read with the replacement prospectus dated 8 December 2016 (**Replacement Prospectus**) as modified by the first supplementary prospectus dated 9 January 2017 (**First Supplementary Prospectus**), second supplementary prospectus dated 6 February 2017 (**Second Supplementary Prospectus**), and third supplementary Prospectus dated 14 February 2017 (**Third Supplementary Prospectus**) (all together the **Prospectus**), issued by Beroni Group Limited (**Company**).

This Fourth Supplementary Prospectus is dated 1 May 2017 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that day. ASIC, the National Stock Exchange of Australia Limited (**NSX**) and their respective officers do not take any responsibility as to the contents of this Fourth Supplementary Prospectus.

Other than as set out below, all details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Fourth Supplementary Prospectus and the Prospectus, this Fourth Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Fourth Supplementary Prospectus.

This Fourth Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the Company's website at <http://www.beronigroup.com>. The Company will send a copy of this Fourth Supplementary Prospectus to all Applicants who have applied for Shares under the Prospectus, as at the date of this Fourth Supplementary Prospectus.

This is an important document and should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

2 Supplementary Information

2.1 Purpose of the Fourth Supplementary Prospectus

This Fourth Supplementary Prospectus has been prepared for the purpose of:

- (a) providing disclosure of the amount raised and number of Applications received under the Offer;
- (b) reducing the issue price under the Offer from \$0.50 to \$0.35 per Share and the Minimum Subscription amount to be raised from \$6.78 million to \$4.746 million, and advising that this condition has been met from funds raised.
- (c) disclosing a revised use of funds based upon the reduced Minimum Subscription;
- (d) including an independent accountant's report prepared by Prosperity Advisers Audit Services Pty Limited (**Replacement Independent Accountant's Report**) and which includes the Group's audited financial information for the years ending 31 December 2014, 31 December 2015 and 31 December 2016, and pro forma financial information of the Group as at 31 December 2016 adjusted to include funds raised by the Prospectus and other transactions as referred to below;
- (e) disclosing the changed status of material contracts';

This Fourth Supplementary Prospectus is intended to be read in conjunction with the Replacement Prospectus dated 8 December 2016, the First Supplementary Prospectus dated 9 January 2017, the Second Supplementary Prospectus dated 6 February 2017 and the Third Supplementary Prospectus dated 14 February 2017 issued by Beroni Group Limited and lodged with ASIC on those dates.

- (f) disclosing certain other material events which may have occurred to Beroni since the last supplementary prospectus was lodged.

The Replacement Independent Accountant's Report is section 7 to this Fourth Supplementary Prospectus.

2.2 Applications Received

As at the date of this Fourth Supplementary Prospectus, the Company has received Applications for a total of \$4,793,389.65, or 13,695,399 Shares applying an issue price of \$0.35 per Share (see section 2.3 below).

No Applications have been processed and no Shares have been issued.

2.3 Capital structure and Minimum Subscription

The Directors have resolved to reduce the issue price under the Offer from \$0.50 per Share to \$0.35 per Share and to reduce the Minimum Subscription from \$6.78 million to \$4.746 million, and the Maximum Subscription from \$8,717,000 to \$6,101,900..

The Company's changed capital structure is set out on page 2 of the Replacement Independent Accountant's Report.

The Directors do not believe the reduced Minimum Subscription and issue price will affect the Group or its ability to carry out its stated objectives as set out in the Replacement Prospectus.

2.4 Revised use of funds

As a result of reducing the amount raised, the Company has revised the use of funds (as first disclosed in section 3.13 in the Replacement Prospectus) to now be as follows:

	Minimum Subscription (\$4.746 million) ('000)	Maximum Subscription (\$6.101 million) ('000)
Product research and development	678	872
Development of factory and production line	1,356	1,743
Market development and promotion	1,356	1,743
Brand building	678	872
General working capital		194
Expenses for the listing	678	678
Total expenditure	4,746	6,102

The Directors do not believe the reduced used of funds will affect the Group or its ability to carry out its stated objectives as set out in the Replacement Prospectus. In particular, the Group's focus will remain on developing a factory and production line, market development and promotion and brand building. None of these items are reduced as a result of the reduced Minimum Subscription.

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2.5 PRC Legal Due Diligence Report

The Company has obtained a supplementary legal due diligence report (**Supplementary Legal Report**) from Tianjin Lingyu Law Firm dated 15 March 2017 supplementing the original Legal Due Diligence Report as referred to in section 3.15 of the Replacement Prospectus.

The Supplementary Legal Report includes the following additional disclosure:

(a) Zhong Ke Bei Cheng

Mr Zhang Boqing, a Director, was the legal representative and holder of 95% of the issued share capital of Tianjin Zhong Ke Bei Cheng Technology Co., Ltd (**Zhong Ke Bei Cheng**). On 27 May 2016, Mr Zhang signed a Share Transfer Agreement with Li Zhanfu transferring 90% of the issued share capital to Li Zhanfu. On 24 June 2016, at the time of lodging the shareholding transfer with the Industry and Commerce Bureau, Mr Zhang agreed to transfer and Mr Li agreed to accept 95% of the issued share capital in Zhong Ke Bei Cheng Technology Co., Ltd. Upon the transfer taking effect, Mr Zhang ceased to be the legal representative or a shareholder of Zhong Ke Bei Cheng.

See section 2.9 below for further details of Zhong Ke Bei Cheng and the terms of the sales.

(b) New patent applications

Tianjin Beroni has lodged a total of 21 new patent applications since the date of the original Legal Due Diligence Report. The 21 new patent applications consist of 11 “invention category” patents and 10 “utility model category” patents.

These applications are currently under regulatory review.

(c) Material contracts

See section 2.6 for details.

All material information in the Supplementary Legal Report is included in this Fourth Supplementary Prospectus.

2.6 Changes to material contracts relevant to the operation of the Company and its Business

(a) Agreement with Beijing Eagle Investment Co., Ltd

As disclosed in section 5.2 of the Replacement Prospectus, the Company and Beijing Eagle Investment Co., Limited are parties to an agreement under which Eagle IG, as nominee of Beijing Eagle Investment Co., Limited was to, amongst other things, be issued Shares with a value of RMB 5.4 million for capital raising and project management. This agreement has been varied such that Eagle IG will now be issued 1,864,506 Shares (being shares to the value of RMB 3.36 million (based on the new issue price of \$0.35 per Share and the exchange rate as at the date of this Fourth Supplementary Prospectus)) in full satisfaction of the Company’s obligation to issue Shares under the agreement.

(b) Distribution Agreement

Tianjin Beroni entered into a standard form distribution agreement with Shenzhen Qian Hai Xin Yu Technology Co., Ltd on 19 January 2017 under

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which Tianjin Beroni will purchase 1,000 family size spin quantum resonance spectrometers from Qian Hai Xin Yu for RMB 858,000. The distribution agreement otherwise includes terms and conditions customary to an agreement of this nature.

As at the date of the Supplementary Legal Report, Tianjin Beroni had paid for the spectrometers and was waiting for delivery of these products.

(c) Purchase Agreement

As disclosed in section 5.1 of the Replacement Prospectus, Tianji Beroni has an Exclusive Distribution Agreement with NicoBloc PLC.

Tianjin Beroni entered into a Purchase Agreement on 31 January 2017 purchasing 55,000 bottles of NicoBloc from NicoBloc PLC for a total consideration of US\$175,000. The Purchase Agreement otherwise includes terms and conditions customary to an agreement of this nature.

As at the date of the Supplementary Legal Report, Tianjin Beroni had paid in full or in accordance with the terms of the agreement for the NicoBloc products and was waiting for delivery of these products.

(d) Manufacturing Agreement

Tianjin Beroni has entered into the following Manufacturing Agreements with Guangzhou Olans Water Treatment Equipment Co., Ltd:

- (i) agreement dated 30 November 2016 – for the production of 400 Beroni portable water dispensers at RMB 470 per unit;
- (ii) agreement dated 23 December 2016 – for the production of 600 FogiBloc air purifiers at RMB 684 per unit; and
- (iii) agreement dated 22 February 2017 – for the production of 400 Beroni air purifiers at RMB 640 per unit.

The first two contracts have been fully performed by the parties. The third contract is still ongoing and Tianjin Beroni has paid a 30% instalment.

(e) Sale and purchase agreements

Tianjin Beroni has entered into 4 new sale agreements for its products, including air purifiers, low frequency resonators, water dispensers and NicoBloc liquids with a total sales revenue of RMB 2,572,000.00. All agreements are still ongoing and payment has not been fully received.

2.7 Other material contracts

Tianjin Beroni entered into a new 3-year lease agreement with Tianjin Zhongbei Liansheng Asset Management Co., Ltd from 1 December 2016 to 30 November 2019.

The rooms were rented for the purpose of researching and developing and marketing of biotechnology and related products. Rent is calculated as RMB 1 per square meter for each day and the annual rent is RMB 640,210 with payment to be made on a quarterly basis.

2.8 Risks

As noted in sections 2.5(a) and 2.9, Zhong Ke Bei Cheng is indebted to the Group for RMB 6,814,648.47. Due to delays in recovering the debt, the Group has allowed a provision for doubtful debt of RMB 7,329,360 or \$1,459,535. There is a risk that

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there may be delays in recovering the balance of the debt, or that it may not be recovered at all.

2.9 Directors' interests

As set out in section 5.9 of the Replacement Prospectus, the Group sells its products directly to purchasers via standard once-off sale agreements. These agreements are generally short-term and are completed as soon as the relevant products are delivered to the purchaser and the purchase price paid.

Two of the sale agreements were signed with Zhong Ke Bei Cheng on 2 June 2016 and 16 September 2016 respectively, under which Zhong Ke Bei Cheng agreed to purchase products for a total purchase price of RMB 5,405,000 (or \$1,387,920) (**ZKBC Agreement**), and RMB 8,185,000 (or \$1,653,936).

The Corporations Act provides that persons and their controlled entities who were directors within the previous 6 months are related parties for the purposes of the Corporations Act. Whilst the 6 month period has now passed, Mr Zhang was a related party during the Company's 2016 financial year and the sale of Group's products to Zhong Ke Bei Cheng are disclosed as related party transactions in the Replacement Independent Accountant's Report. The sales were on the same terms as sales to unrelated third parties, and the Directors other than Mr Zhang do not consider the sales to be materially adverse to investors.

Under the Corporations Act, based on the information disclosed under the Supplementary Legal Report summarised in section 2.5(a) above, Zhong Ke Bei Cheng would have been considered an entity associated with Mr Zhang Boqing and the ZKBC Agreement should therefore be considered a related party transaction.

The ZKBC Agreement was made on the same normal terms and conditions as to unrelated parties and Mr Zhang was not involved in Zhong Ke Bei Cheng's business affairs after he ceased to be a shareholder and director. Tianjin Beroni's standard payment term for its sales agreement is 15 days after each batch of products are delivered to the designated warehouse.

As at the date of the Supplementary Legal Report, Zhong Ke Bei Cheng has an outstanding debt of RMB 6,814,648.47 (following receipt of RMB 600,000 received after year end under the ZKBC Agreement. Whilst the amount remains unpaid and is outside the Group's usual trading terms, Zhong Ke Bei Cheng is a key customer of the Group and the Group has limited its steps to recover the debt.

2.10 Financial Information

Section 9 of the Replacement Prospectus is replaced with the new "Financial Information" section in section 8 of this Fourth Supplementary Prospectus.

2.11 Other information

The Directors are not aware of any other information which that investors and their professional advisers would reasonably require to make an informed assessment of the Company's assets and liabilities, financial position and performance, profits and losses and prospects.

3 Key Dates

The indicative timetable set out immediately before section 1 of the Prospectus is deleted and replaced with the following:

This Fourth Supplementary Prospectus is intended to be read in conjunction with the Replacement Prospectus dated 8 December 2016, the First Supplementary Prospectus dated 9 January 2017, the Second Supplementary Prospectus dated 6 February 2017 and the Third Supplementary Prospectus dated 14 February 2017 issued by Beroni Group Limited and lodged with ASIC on those dates.

Fourth Replacement Prospectus lodged with ASIC	1 May 2017
Closing Date of the Offers	3 May 2017
Issue of Shares under the Prospectus	7 May 2017
Expected quotation of Shares on NSX	12 May 2017

Please note that the timetable is indicative only, and may change. The Company reserves the right to extend the Closing Date or close the Offers early without notice, in its absolute discretion. Quotation of shares on NSX is at the discretion of NSX and is subject to the Company satisfying the listing requirements of NSX.

4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgement of this Fourth Supplementary Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in this Fourth Supplementary Prospectus; and
 - (ii) where applicable, to the inclusion in this Fourth Supplementary Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Fourth Supplementary Prospectus;
- (b) has not caused or authorised the issue of this Fourth Supplementary Prospectus;
- (c) has not made any statement in this Fourth Supplementary Prospectus or any statement on which a statement in this Fourth Supplementary Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Fourth Supplementary Prospectus, other than the references to their names and the statement(s) and/or report(s) (if any) specified below and included in this Fourth Supplementary Prospectus with the consent of that person.

Name	Role	Statement/Report
Prosperity Advisers Audit Services Pty Ltd	Investigating Accountant	Financial Information in section 8 Investigating Accountants' Report in section 7
Shandong Haoxin CPAs Co. Ltd	Auditor	Financial information in section 7
Tianjin Lingyu Firm	Law PRC Legal Adviser	Nil

5 New Applications

Applications for Shares under the Offer must be made using the application form attached to or accompanying this Fourth Supplementary Prospectus (**Supplementary Application Form**). Applications **must not** be made on the

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application form accompanying or attached to the Prospectus. The Supplementary Application Form contains detailed instructions on how it is to be completed.

6 Directors' Authorisation

This Fourth Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

Each of the Company's Directors do not believe the matters set out in this Fourth Supplementary Prospectus are materially adverse to investors and, for that reason, no rights are given for investors to withdraw their Applications.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Fourth Supplementary Prospectus with ASIC.

Dated: 1 May 2017



Julian Atkinson

Signed under a power of attorney dated 1 May 2017

For and on behalf of Beroni Group Limited

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7 Financial Information

7.1 Introduction

This section summarises the Group's selected financial information from the audited financial statements for the two financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, as well as the pro forma financial information.

The audited financial information is prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act.

The financial information has been converted from the RMB and presented in Australian Dollars using the following AUD/RMB exchange rates:

	Year ended 31 December 2014	Year ended 31 December 2015	Year ended 31 December 2016
Average exchange rate for the financial year (used for the Notional Consolidated Statement of Profit and Loss and other Comprehensive Income)	5.5284	4.6951	4.9448
Spot exchange rate for the financial year as at 31 December or 31 December (used for the Notional Consolidated Statements of Financial Position)	5.0859	4.7442	5.0286

The information set out in this section and the pro forma financial information should be read together with:

- (a) the risk factors described in section 6;
- (b) the Investigating Accountant's Report on the Historical and Pro Forma Financial Information set out in section 9; and
- (c) the other information contained in this Prospectus.

The financial information is presented in an abbreviated format and does not contain all of the disclosures and other mandatory reporting requirements required by the AASB and the Corporations Act. The complete set of the notional consolidated financial statements together with the Investigating Accountant's Report as prepared by Prosperity Advisers Audit Services, are shown in section 9 of this Prospectus.

7.2 Audited financial statements

The historical financial information has been extracted from the Company's audited financial reports for the full financial years ended 31 December 2014, 31 December 2015 and 31 December 2016, which were reviewed by Prosperity Advisers Audit Services Pty Ltd, in accordance with Australian Auditing Standards applicable to review engagements. The financial statements of the operating company, Beroni Tianjin for the years ended 31 December 2014, 31 December 2015 and 31 December 2016 were audited by Shandong Haoxin CPAs Co. Ltd, who are based in China.

7.3 Pro forma consolidated financial statements

The consolidated financial statements have been prepared to demonstrate the impact of a capital raising pursuant to this Prospectus as follows:

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- The issue pursuant to this Prospectus of a minimum of 13,560,000 ordinary shares at A\$0.35 per share, raising A\$4,746,000.
- The issue pursuant to this Prospectus of a maximum of 17,434,000 ordinary shares at A\$0.35 per share, raising A\$6,101,900.
- The payment of the estimated costs of the offer of A\$1,674,487 as incurred by the Company in relation to the capital raising and the subsequent write-off of part of these costs (A\$551,077 for minimum subscription and A\$619,299 for maximum subscription) against issued capital.

7.4 Historical and pro forma consolidated statement of comprehensive income

The historical statement of comprehensive income has been extracted from the audited financial statements of the Company for the full financial years ended 31 December 2014, 31 December 2015 and 31 December 2016.

The pro forma consolidated statement of comprehensive income for the year ended 31 December 2016 reflects the significant events and proposed transactions as set out in the Investigating Accountant's Report, as if they had occurred as at 31 December 2016.

	Actual Consolidated 21 May to 31 December 2014	Actual Consolidated 1 January to 31 December 2015	Actual Consolidated 1 January to 31 December 2016	Proforma Consolidated 1 January to 31 December 2016 (Minimum subscription)	Proforma Consolidated 1 January to 31 December 2016 (Maximum subscription)
	A\$	A\$	A\$	A\$	A\$
Revenue	182,510	1,104,186	4,360,202	4,360,202	4,360,202
Cost of sales	124,343	351,873	1,541,301	1,541,301	1,541,301
Gross profit	58,167	752,313	2,818,901	2,818,901	2,818,901
Distribution expenses	91,081	182,389	557,213	557,213	557,213
Administrative expenses	186,523	885,415	756,517	756,517	756,517
Listing expenses	-	-	846,910	1,123,410	1,055,188
Other income and gains/(losses)	35,465	108,164	22,881	22,881	22,881
Finance income	187	475	4,177	4,177	4,177
Finance costs	-	787	70	70	70
Profit/(loss) before income tax	(183,786)	(207,639)	639,487	362,987	431,209
Income tax expense	43,980	48,495	(163,605)	(163,605)	(163,605)
Profit/(loss) for the year	(139,806)	(159,144)	475,882	199,382	267,604
Foreign exchange translation gain/(loss)	(12,164)	(10,601)	(106,858)	60,501	60,501
Total comprehensive income/(loss) for the year	(151,969)	(169,745)	369,024	259,883	328,105

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7.5 Historical and pro forma consolidated statement of cash flows

The historical statement of cash flows has been extracted from the audited financial statements of the Company for the full financial years ended 31 December 2014, 31 December 2015 and 31 December 2016.

The pro forma consolidated statement of cash flows for the year ended 31 December 2016 reflects the significant events and proposed transactions as set out in the Investigating Accountant's Report, as if they had occurred as at 31 December 2016.

	Actual Consolidated 21 May to 31 December 2014	Actual Consolidated 1 January to 31 December 2015	Actual Consolidated 1 January to 31 December 2016	Proforma Consolidated 1 January to 31 December 2016 (Minimum subscription)	Proforma Consolidated 1 January to 31 December 2016 (Maximum subscription)
	A\$	A\$	A\$	A\$	A\$
Cash flows from operating activities:					
Receipts from customers	175,130	652,564	6,201,963	6,201,963	6,201,963
Payments to suppliers and employees	(275,561)	(1,657,230)	(4,610,242)	(4,681,632)	(4,681,632)
Cash generated from operations	(100,431)	(1,004,666)	1,205,241	1,520,331	1,520,331
Interest paid	-	(787)	(70)	(70)	(70)
Income tax paid	-	-	(64,481)	(64,481)	(64,481)
Net cash generated from operating activities	(100,431)	(1,005,453)	1,527,170	1,455,780	1,455,780
Cash flows from investing activities:					
Purchase of property, plant and equipment	(45,960)	(10,636)	(136,603)	(136,603)	(136,603)
Payments for intangible assets	(362)	-	-	-	-
Interest received	187	475	4,177	4,177	4,177
Net cash used in investing activities	(46,135)	(10,161)	(132,426)	(132,426)	(132,426)
Cash flows from financing activities:					
Proceeds from issue of equity	217,061	1,767,800	103,608	4,746,000	6,101,900
Proceeds from borrowings	-	17,039	-	-	-
Repayments of borrowings	-	-	(16,166)	(16,166)	(16,166)
Net cash provided by financing activities	217,061	1,784,839	87,442	4,729,834	6,085,734
Net increase in cash				6,053,188	7,409,088

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and cash equivalents	70,495	769,225	1,482,186		
Cash and cash equivalents at beginning of the year	-	76,629	843,413	843,413	843,413
Exchange gains/(losses) on cash and cash equivalents	6,134	(2,421)	(73,756)	(73,756)	(73,756)
Cash and cash equivalents at end of the year	76,629	843,413	2,251,843	6,822,845	8,178,745

7.6 Historical and pro forma consolidated statement of financial position

The historical statement of financial position has been extracted from the audited financial statements of the Company for the full financial years ended 31 December 2014 and 31 December 2015 and the full financial year ended 31 December 2016.

The pro forma consolidated statement of financial position as at 31 December 2016 reflects the significant events and proposed transactions as set out in the Investigating Accountant's Report, as if they had occurred as at 31 December 2016.

	Actual Consolidated as at 31 December 2014	Actual Consolidated as at 31 December 2015	Actual Consolidated as at 31 December 2016	Proforma Consolidated as at 31 December 2016 (Minimum subscription)	Proforma Consolidated as at 31 December 2016 (Maximum subscription)
	A\$	A\$	A\$	A\$	A\$
CURRENT ASSETS					
Inventories	-	442,493	89,877	328,510	328,510
Trade and other receivables	104,516	751,691	1,098,609	1,759,969	1,759,969
Amounts due from related parties	9,625	222,562	564,529	33,425	26,662
Prepayments and other current assets	-	29,510	245,807	67,403	67,403
Cash and cash equivalents	76,629	843,413	2,251,843	8,529,291	10,466,291
TOTAL CURRENT ASSETS	190,770	2,289,669	4,250,665	8,821,667	10,177,567
NON-CURRENT ASSETS					
Property, plant and equipment	44,188	43,462	157,102	157,102	157,102
Intangible assets	317	199	55	55	55
Deferred income tax assets	47,807	99,243	72,462	72,462	72,462
Other assets	-	-	63,856	63,856	63,856
TOTAL NON-CURRENT ASSETS	92,312	142,904	293,475	293,475	293,475
TOTAL ASSETS	283,082	2,432,573	4,544,140	9,115,142	10,471,042

CURRENT LIABILITIES

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Trade and other payables	184,528	133,592	1,107,771	1,107,771	1,107,771
Convertible notes payable			1,245,899	-	-
Salary and welfare payables	14,577	33,065	37,498	35,498	35,498
Amounts due to related parties	-	567,021	308	308	308
Borrowings	-	16,863	-	-	-
TOTAL CURRENT LIABILITIES	199,105	750,541	2,389,476	1,143,577	1,143,577
TOTAL LIABILITIES	199,105	750,541	2,389,476	1,143,577	1,143,577
NET ASSETS	83,977	1,682,032	2,154,664	7,971,565	9,327,465
EQUITY					
Share capital	235,946	2,003,746	2,107,354	8,140,254	9,427,932
Reserves	(12,164)	(22,765)	(129,623)	(69,122)	(69,122)
Retained earnings/(Accumulated losses)	(139,805)	(298,949)	176,933	(99,567)	(31,345)
TOTAL EQUITY	83,977	1,682,032	2,154,664	7,971,565	9,327,465

7.7 Pro forma consolidated share capital

The pro forma share capital and number of shares issued as at 31 December 2016 reflects the significant events and proposed transactions as set out in the Investigating Accountant's Report.

	Proforma adjustments			
	Number of shares raised (minimum subscription)	Amount of shares raised (minimum subscription)	Number of shares raised (maximum subscription)	Amount of shares raised (maximum subscription)
		A\$		A\$
Beroni Technology Ltd	35,255,782	2,046,855	35,255,782	2,046,855
Shares on issue at date of Prospectus	35,255,782	2,046,855	35,255,782	2,046,855
Shares offered to corporate advisor	1,864,506	652,577	1,864,506	652,577
Conversion of convertible notes to equity	3,559,712	1,245,899	3,559,712	1,245,899
Shares issued pursuant to this offer	13,560,000	4,746,000	17,434,000	6,101,900
Cash costs of this offer	-	(551,077)	-	(619,299)
	54,240,000	8,140,254	58,114,000	9,427,932

7.8 Management discussion and analysis of the financial information

Below is a discussion of the main factors which affected the Company's operations and relative financial performance for the years ended 31 December 2014, 31

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December 2015 and 31 December 2016. The discussion of these general factors is to provide a brief summary only and does not detail all factors that affected the Company's historical operating and financial performance, nor everything that may affect its operations and financial performance in the future.

7.9 General factors affecting the operating results of the historical financial information

(a) Revenue

Although the Company was incorporated on 21 May 2014, it has built a strong presence and strong reputation which has contributed to the significant growth in its revenue after the initial year. The revenue for the full year in 2016 was \$4.4m. The Company is confident that its future sales prospects will be much better than the first couple of years. It is also looking to expand into other health-related products.

(b) Profit margin

The Company has a relatively low cost base that provides it with operating leverage and the ability to grow earnings faster than revenue. It will focus on achieving significant gross profit margins through a deep understanding of each specific product and their cost factors. The management team expects its gross profit margin to improve tremendously once it has reached a critical mass in the market.

(c) Costs of doing business

Costs of doing business include selling and distribution expenses, general and administrative expenses, and other expenses. The Company has a higher than normal administration expenses in 2016 which was attributed to the prepayment for its listing costs.

(d) Profit before income tax

Profit before income tax has improved from a loss in both FY2014 and FY2015 to about A\$639,487 in FY2016 as a result of strong growth in revenue and stable costs of doing business.

7.10 Working capital

The Directors consider that the Company has sufficient working capital to support its existing business and the launch of new products. Notwithstanding the foregoing, the Directors intend to expand the Company's business by exploring new markets and such expansion plans require the deployment of significant additional capital. The Directors plan to use the new equity capital raised from its listing to facilitate its expansion into new products and new markets.

7.11 Subsequent events

On 10 October 2016, the Company acquired 100% of the registered equity of Beroni Hong Kong Limited for an implied value of AUD2,046,855. Before this acquisition, Beroni Hong Kong has on 9 September 2016 acquired 100% of the registered capital of Beroni Tianjin for a total consideration of RMB10,100,000.

7.12 No prospective financial forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because the variable and uncertain nature of the Company's revenue.

This Fourth Supplementary Prospectus is intended to be read in conjunction with the Replacement Prospectus dated 8 December 2016, the First Supplementary Prospectus dated 9 January 2017, the Second Supplementary Prospectus dated 6 February 2017 and the Third Supplementary Prospectus dated 14 February 2017 issued by Beroni Group Limited and lodged with ASIC on those dates.

Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

This Fourth Supplementary Prospectus is intended to be read in conjunction with the Replacement Prospectus dated 8 December 2016, the First Supplementary Prospectus dated 9 January 2017, the Second Supplementary Prospectus dated 6 February 2017 and the Third Supplementary Prospectus dated 14 February 2017 issued by Beroni Group Limited and lodged with ASIC on those dates.

8 Investigating Accountant's Report

This Fourth Supplementary Prospectus is intended to be read in conjunction with the Replacement Prospectus dated 8 December 2016, the First Supplementary Prospectus dated 9 January 2017, the Second Supplementary Prospectus dated 6 February 2017 and the Third Supplementary Prospectus dated 14 February 2017 issued by Beroni Group Limited and lodged with ASIC on those dates.

1 May 2017

PRIVATE & CONFIDENTIAL

The Directors
Beroni Group Limited
Level 36 Gateway Tower
1 Macquarie Place
Sydney NSW 2000

Dear Sirs,

SUBJECT: Investigating Accountant's Report - Beroni Group Limited

Introduction

This Investigating Accountant's Report ("Report") has been prepared at the request of the Directors of Beroni Group Limited ("BTG", "the Company" or "the Group"), for inclusion in a prospectus to be lodged with the National Stock Exchange of Australia ("NSX") on or around 1 May 2017 ("Prospectus"). The Company is seeking to list on the NSX to give the Company a more visible and prominent profile to better promote, market and develop the operations of the Group, and to provide an orderly and transparent platform for the Company's existing shareholders and interested investors to trade in the Company's shares, whilst providing a solid base for growth.

Basis of Preparation

The report has been prepared to provide investors with information on historical results and pro-forma financial information of the Group as at 31 December 2016 adjusted to include funds raised by the Prospectus and other transactions as referred to in Appendix 1.

The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial reports in accordance with the *Corporations Act 2001*.

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Chartered Accountants
Liability limited by a Scheme
approved under the Professional
Standards Legislation.

This report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment. Prosperity Advisers Audit Services Pty Limited ("Prosperity Audit Services") has not been requested to consider the Prospectus for BTG nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Prosperity Audit Services accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 6 of the Prospectus.

Background

The principal activities of the BTG group consist of sourcing and distributing health products from overseas, developing and patenting smoking control products (NicoBloc), air purifier and healthcare products and supplements, and establishing distribution networks in China. Further information about BTG and its future plans can be found in other sections of the Prospectus.

Prior to the date of the Prospectus, BTG undertook a restructure of the Group as set out below:

- (a) On 21 May 2014, Tianjin Beroni was incorporated with its initial shareholder, Beijing Yisheng Huikang holding 100% of its share capital;
- (b) On 30 May 2016, Beroni HongKong Co., Limited was incorporated with a paid-in capital of HKD 10,000 and a sole shareholder, Mr Zhang Boqing.
- (c) On or about 8 September 2016, Tianjin Beroni placed 0.99% shares to Eagle IG Limited for an investment of RMB 10,000;
- (d) On 9 September 2016, Beijing Yisheng Huikang and Eagle IG Limited under a share sale agreement with Beroni HongKong Co. Limited sold the entire issued capital of Tianjin Beroni to Beroni HongKong Co., Limited for a consideration of RMB 10,010,000;
- (e) On 24 October 2016, Mr Zhang transferred all of his shareholding in Beroni Hong Kong Co to Beroni Group Limited.
- (f) As at the date of the Prospectus, Beroni Group Limited is 100% owned by Beroni Technology Limited a company incorporated and domiciled in the Seychelles.

Pursuant to the Prospectus, the Company is offering for subscription a minimum number of 13,560,000 shares at an issue price of A\$0.35 (35 cents per share), payable in full on application to raise up to A\$4,746,000 and a maximum number of 17,434,000 shares at an issue price of A\$0.35 (35 cents per share) payable in full on application to raise up to A\$6,101,900 ("Capital Raising" or the "Offer").

In addition, 3,559,712 shares will be issued in satisfaction of convertible notes totaling A\$1,245,899, and 1,864,506 shares with a value of \$652,577 (at \$0.35 per share) will be issued to Eagle IG Limited.

BTG's proposed capital structure following completion of the Offer is as follows:

	<u>Minimum Capital Raise</u>		<u>Maximum Capital Raise</u>	
	<u>No. Shares</u>	<u>%</u>	<u>No. Shares</u>	<u>%</u>
Beroni Technology Limited	35,255,782	65%	35,255,782	60.67%
Shares on issue at date of Prospectus	35,255,782	65%	35,255,782	60.67%
Debt to equity conversion of convertible notes	3,559,712	6.56%	3,559,712	6.13%
Eagle IG Limited	1,864,506	3.44%	1,864,506	3.20%
Shares to be issued pursuant to the Prospectus	13,560,000	25%	17,434,000	30%
Total shares on issue at completion of the Offer	54,240,000	100%	58,114,000	100%

All amounts presented in this Report are in Australian Dollars ("AUD"). The functional currency of Tianjin Beroni is Chinese Yuan ("RMB"). Entities with functional currencies other than Australian dollars have been translated into Australian Dollars under the principles of AASB 121 *"The Effects of Changes in Foreign Exchange Rates"*.

For the purposes of this Report, the following exchange rates were applied:

	<u>A\$/RMB</u>
Closing rate - 31 December 2016	A\$1 = RMB5.0286
Closing rate - 31 December 2015	A\$1 = RMB4.7442
Closing rate - 31 December 2014	A\$1 = RMB5.0859
Average rate 1 January 2016 to 31 December 2016	A\$1 = RMB4.9488
Average rate 1 January 2015 to 31 December 2015	A\$1 = RMB4.6951
Average rate - 21 May 2014 to 31 December 2014	A\$1 = RMB5.5284

Scope of Report

Prosperity Audit Services has been requested to prepare an Independent Accountant's Report on:

- (a) The notional consolidated Statement of Profit or Loss and Other Comprehensive Income of the BTG Group for period 21 May 2014 to 31 December 2016;
- (b) The notional consolidated Statement of Financial Position of the BTG Group as at 31 December 2016;
- (c) The notional consolidated pro-forma Statement of Financial Position of the BTG Group as at 31 December 2016 adjusted to include:
 - i) 13,560,000 shares issue totaling A\$4,746,000 (minimum capital to be raised) and 17,434,000 shares issue totaling A\$6,101,900 (maximum capital to be raised);
 - ii) the issue of 3,559,712 shares to satisfy the convertible notes totalling A\$1,245,899;
 - iii) the issue of 1,864,506 shares at a value of A\$0.35 per share, totalling A\$652,577 to Eagle IG Limited pursuant to the Prospectus; and
 - iv) capitalisation of share issue costs against share capital of A\$551,077 (minimum capital raise) and A\$619,299 (maximum capital raise) from the estimated share issue costs totalling A\$1,674,487, and the completion of certain other transactions as disclosed in this report.
- (d) The notional consolidated Statement of Cash Flows of the BTG Group for the period 21 May 2014 to 31 December 2016.

The financial information presented in our report has been notionally consolidated for the period 21 May 2014 to 31 December 2016 because BTG did not acquire Beroni Hong Kong Ltd comprising the BTG Group of companies until after that date. The acquisition by BTG of Tianjin Beroni resulted in no substantive change to the operations of Tianjin Beroni or its assets and liabilities, hence presentation of notionally consolidated financial information reflects the historical financial performance and financial position of the BTG Group.

Scope of Review

The historical financial information has been extracted from the unaudited management accounts of BTG, Beroni Hong Kong Co. Ltd as at 31 December 2016, and the audited financial statements of Tianjin Beroni for the period 21 May 2014 to 31 December 2016.

The financial statements for Tianjin Beroni for the period 21 May 2014 to 31 December 2016 were audited by Shandong Haoxin CPA Co Limited who are based in the People's Republic of China.

The Directors of BTG are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions.

Our responsibility

The Investigating Accountant's responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement and review of the historical financial information in accordance with the Standard on Assurance Engagement ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document*.

We made such enquiries and performed such procedures as we, in our professional judgment, consider reasonable in the circumstances, including:

- enquiry of directors, management and others;
- analytical procedures on the historical information;
- a review of work papers, accounting records and other documents;
- comparison of consistency in application of the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BTG; and
- review of work papers for the audit of Tianjin Beroni performed by Shandong Haoxin CPA Co. Limited for the period 21 May 2014 to 31 December 2016.

The review procedures were substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards.

We have reviewed the Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Financial Information is not prepared, in all material aspects, by the Directors on the basis of the stated basis of preparation.

As noted, our review of the Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review 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 and audit. Accordingly, we do not express an audit opinion.

Our review of the Financial Information did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Historical Financial Information and Pro forma Statement of Financial Position.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the notional pro-forma financial information, as set out in the appendices of this report is not presented fairly in accordance with the basis of preparation in the appendices and assumptions set out therein and with the recognition and measurement requirements (but not the disclosure requirements) of Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by BTG.

Subsequent Events

To the best of our knowledge and belief, there have been no material items, transactions or events subsequent to 31 December 2016 not otherwise disclosed in this report or its appendices that have come to our attention during the course of our review which would cause the information included in this report to be misleading or deceptive.

Independence

Prosperity Audit Services does not have any interest in the outcome of the listing of the shares, other than in connection with the preparation of this report for which a professional fee will be received. Prosperity Audit Services were not involved in the preparation of any part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Directors' Responsibility

The Directors are responsible for the preparation of the Historical Financial Information and the pro forma financial information, including the selection and determination of pro forma adjustments included in the Pro Forma Statement of Financial Position. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and the Pro Forma Statement of Financial Position are free from material misstatement, whether due to fraud or error.

Consent

Prosperity Audit Services consents to the inclusion of this report in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours sincerely



PROSPERITY AUDIT SERVICES



LUKE MALONE
Director

Encl.

Appendix 1 – Historical and Pro-Forma Financial Information

Beroni Group Limited

Statement of Profit or Loss and Other Comprehensive Income

Summarised below is BTG's notional consolidated Statement of Profit or Loss and Other Comprehensive Income for the period 21 May 2014 to 31 December 2014 (audited), year ended 31 December 2015 (audited) and the year ended 31 December 2016 (audited). The notional consolidated statement of Comprehensive Income illustrates what the financial performance of the Company would have been had it owned the other entities comprising the BTG Group of companies from 21 May 2014.

	Notes	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
		AUD	AUD	AUD	AUD	AUD
Revenue		182,510	1,104,186	4,360,202	4,360,202	4,360,202
Cost of sales		(124,343)	(351,873)	(1,541,301)	(1,541,301)	(1,541,301)
Gross profit		58,167	752,313	2,818,901	2,818,901	2,818,901
Distribution expenses		(91,081)	(182,389)	(557,213)	(557,213)	(557,213)
Administrative expenses		(186,523)	(885,415)	(756,517)	(756,517)	(756,517)
Listing expenses	4	-	-	(846,910)	(1,123,410)	(1,055,188)
Other income and gains/(losses)		35,465	108,164	(22,881)	(22,881)	(22,881)
Finance income		187	475	4,177	4,177	4,177
Finance costs		-	(787)	(70)	(70)	(70)
Profit/(loss) before income tax		(183,785)	(207,639)	639,487	362,987	431,209
Income tax expense		43,980	48,495	(163,605)	(163,605)	(163,605)
Profit/(loss) for the period		(139,805)	(159,144)	475,882	199,382	267,604
Profit/(loss) attributable to:						
Owners of the Company		(139,805)	(159,144)	475,882	199,382	267,604
Profit/(loss) for the period		(139,805)	(159,144)	475,882	199,382	267,604
Other comprehensive income/(loss)		(12,164)	(10,601)	(106,858)	60,501	60,501
Total comprehensive income/(loss) for the period		(151,969)	(169,745)	369,024	259,883	328,105

Appendix 1 – Historical and Pro-Forma Financial Information

Beroni Group Limited Consolidated Statement of Financial Position

	Notes	Notional Actual Consolidated as at 31 December 2014	Notional Actual Consolidated as at 31 December 2015	Notional Actual Consolidated as at 31 December 2016	Notional Pro- forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro- forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
CURRENT ASSETS						
Cash and cash equivalents	5	AUD 76,629	AUD 843,413	AUD 2,251,843	AUD 6,822,845	AUD 8,178,745
Trade and other receivables	6	104,516	751,691	1,098,609	1,098,609	1,098,609
Amounts due from related parties	6	9,625	222,562	564,529	564,529	564,529
Prepayments and other current assets		-	29,510	245,807	245,807	245,807
Inventories		-	442,493	89,877	89,877	89,877
TOTAL CURRENT ASSETS		190,770	2,289,669	4,250,665	8,821,667	10,177,567
NON-CURRENT ASSETS						
Property, plant and equipment		44,188	43,462	157,102	157,102	157,102
Intangible assets		317	199	55	55	55
Deferred tax assets		47,807	99,243	72,462	72,462	72,462
Other assets		-	-	63,856	63,856	63,856
TOTAL NON-CURRENT ASSETS		92,312	142,904	293,475	293,475	293,475
TOTAL ASSETS		283,082	2,432,573	4,544,140	9,115,142	10,471,042
CURRENT LIABILITIES						
Trade and other payables		184,528	133,592	1,107,771	1,107,771	1,107,771
Convertible notes payable	7	-	-	1,245,899	-	-
Employee entitlements		14,577	33,065	35,498	35,498	35,498
Amounts due to related parties	8	-	567,021	308	308	308
Borrowings		-	16,863	-	-	-
TOTAL CURRENT LIABILITIES		199,105	750,541	2,389,476	1,143,577	1,143,577
TOTAL LIABILITIES		199,105	750,541	2,389,476	1,143,577	1,143,577
NET ASSETS		83,977	1,682,032	2,154,664	7,971,565	9,327,465
EQUITY						
Share capital	9	235,946	2,003,746	2,107,354	8,140,254	9,427,932
Reserves	10	(12,164)	(22,765)	(129,623)	(69,122)	(69,122)
Retained earnings		(139,805)	(298,949)	176,933	(99,567)	(31,345)
TOTAL EQUITY		83,977	1,682,032	2,154,664	7,971,565	9,327,465

Appendix 1 – Historical and Pro-Forma Financial Information

Beroni Group Limited Statement of Changes in Equity

	Paid-up capital	Foreign currency translation reserve	Retained earnings	Actual Consolidated Total	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
	AUD	AUD	AUD	AUD	AUD	AUD
Balance as at 21 May 2014	-	-	-	-	-	-
Profit/(loss) for the year	-		(139,805)	(139,805)	-	-
Other comprehensive income/(loss) for the year	-	(12,164)	-	(12,164)	-	-
Capital contributed	235,946	-	-	235,946	-	-
Balance as at 31 December 2014	235,946	(12,164)	(139,805)	83,977	-	-
Balance as at 1 January 2015	235,946	(12,164)	(139,805)	83,977	-	-
Profit/(loss) for the year	-	-	(159,144)	(159,144)	-	-
Other comprehensive income/(loss) for the year	-	(10,601)	-	(10,601)	-	-
Capital contributed	1,767,800	-	-	1,767,800	-	-
Balance as at 31 December 2015	2,003,746	(22,765)	(298,949)	1,682,032	-	-
Balance as at 1 January 2016	2,003,746	(22,765)	(298,949)	1,682,032	-	-
Profit/(loss) for the year	-	-	475,882	475,882	-	-
Other comprehensive income/(loss) for the year	-	(106,858)	-	(106,858)	-	-
Capital contributed	103,608	-	-	103,608	-	-
Balance as at 31 December 2016	2,107,354	(129,623)	176,933	2,154,664	-	-
Equity balances post pro forma adjustments						
Share capital	-	-	-	-	8,140,254	9,427,932
Reserves	-	-	-	-	(69,122)	(69,122)
Retained earnings	-	-	-	-	(99,567)	(31,345)
Pro forma adjusted balance as at 31 December 2016	-	-	-	-	7,971,565	9,327,465

Appendix 1 – Historical and Pro-Forma Financial Information

Beroni Group Limited Statement of Cash Flows

Notes	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro- forma adjusted consolidated as at 31 December 2016 (minimum capital raise)	Notional Pro- forma adjusted consolidated as at 31 December 2016 (maximum capital raise)
	AUD	AUD	AUD	AUD	AUD
Cash flows from operating activities:					
Receipts from customers	175,130	652,564	6,201,963	6,201,963	6,201,963
Payments to suppliers and employees	(275,561)	(1,657,230)	(4,610,242)	(4,681,632)	(4,681,632)
Interest paid	-	(787)	(70)	(70)	(70)
Income tax paid	-	-	(64,481)	(64,481)	(64,481)
Net cash generated/(used in) from operating activities	(275,561)	(1,658,017)	1,527,170	1,455,780	1,455,780
Cash flows from financing activities:					
Gross proceeds from issue of equity instruments of the Company	217,061	1,767,800	103,608	4,746,000	6,101,900
Proceeds from borrowings	-	17,039	-	-	-
Repayments of borrowings	-	-	(16,166)	(16,166)	(16,166)
Net cash provided by financing activities	217,061	1,784,839	87,442	4,729,834	6,085,734
Cash flows from investing activities:					
Purchase of property, plant and equipment	(45,960)	(10,636)	(136,603)	(136,603)	(136,603)
Payments for intangible assets	(362)	-	-	-	-
Interest received	187	475	4,177	4,177	4,177
Net cash used in investing activities	(46,135)	(10,161)	(132,426)	(132,426)	(132,426)
Net increase in cash and cash equivalents	70,496	769,225	1,482,186	6,053,188	7,409,088
Cash and cash equivalents at beginning of the period	-	76,629	843,413	843,413	843,413
Exchange gains/(losses) on cash and cash equivalents	6,133	(2,441)	(73,756)	(73,756)	(73,756)
Cash and cash equivalents at end of the period	76,629	843,413	2,251,843	6,822,845	8,178,745

5 (a)

Appendix 2 – Notes to and Forming Part of the Financial Statements

1. General Information

Tianjin Beroni Biotechnology Co., Limited ("Tianjin Beroni") was incorporated as a limited company in Tianjin, the People's Republic of China (the "PRC") on 21 May 2014. The address of its registered office is No. 15-2, Phase 2, Science and Technology Industrial Park, Zhongbei, Xiqing District, Tianjin, the PRC. Beijing Yisheng Huikang held 100% equity of Tianjin Beroni.

The Company is principally engaged in the sale of smoking control product (NicoBloc), air purifier and healthcare products and supplements in China.

Beijing Yisheng Huikang reduced its shareholding in Tianjin Beroni by 0.99% to allow for investment by Eagle IG Limited prior to seeking approval for establishment of the Hong Kong enterprise with investment in the People's Republic of China. On 9 September 2016, Beijing Yisheng Huikang and Eagle IG Limited transferred all their shareholdings in Tianjin Beroni to Beroni HongKong Limited, which is now 100% owned by BTG.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the financial periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

Historical cost convention

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.2 Business Combination and reverse acquisition accounting

The acquisition of Tianjin Beroni by the Company has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "Business Combinations", notwithstanding Beroni Group Limited being the legal parent of the Group. This transaction is outside the scope of AASB 3 as there has been no combination with any other business and there was no economic substance in terms of any alteration in the composition of ownership of Tianjin Beroni. Beroni Group Limited does not constitute a business as defined by this standard.

Consequently, the historical financial information presented in this Report is the historical financial information of Tianjin Beroni as at 31 December 2014, 31 December 2015 and 31 December 2016, represented as a continuation and notional consolidation of Tianjin Beroni.

The legal structure of the Group subsequent to the acquisition of Tianjin Beroni will be that Beroni Group Limited will be the parent entity. However the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Tianjin Beroni) obtain control of the acquiring entity (in this case, Beroni Group Limited) as a result of the business combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (Beroni Group Limited) but are a continuation of the financial statements of the legal subsidiary (Tianjin Beroni), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

Appendix 2 – Notes to and Forming Part of the Financial Statements

2.3 Foreign currency translation

(a) Functional and presentation currency

The currency of the primary economic environment in which the trading entity operates ('the functional currency') is RMB. The financial statements are translated from RMB and presented in AUD.

(b) Transactions and balances

Foreign currency transactions are translated from the functional currency using the relevant financial year's average exchange rates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

2.4 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term cash investments.

2.5 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold land held under finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land held under finance lease and other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Office equipment	3 years
Other equipment	5 years

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Profit and Loss.

Appendix 2 – Notes to and Forming Part of the Financial Statements

2.7 Financial assets

Management determines the classification of its financial assets at initial recognition. Other than loans and receivables, the Company did not hold any financial assets in other categories.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and bill receivables', 'amounts due from related parties' in the Statement of Financial Position (Notes 6).

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Profit and Loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings and Amounts Due to Related Parties

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Appendix 2 – Notes to and Forming Part of the Financial Statements

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred tax assets

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Income tax expense and assets shown in the Statement of Profit and Loss and Statement of Financial Position represent the Company's tax obligations in the People's Republic of China.

No pro forma adjustments have been made to the tax expense as the Company is not considered a tax resident of Australia and hence has no Australian tax obligations as noted in 3.21 of the Prospectus.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Company is subject to the tax law of People's Republic of China (PRC). In accordance of the tax law of PRC, companies with no special tax concessions are taxed at a flat rate of 25%.

2.13 Employee benefits

Employee benefits are all forms of consideration given and compensations incurred by the Company in exchange for services rendered by employees or the termination of the employment relationship. Except for termination benefits, employee benefits are recognised as a liability in the period in which the associated services are rendered by its employees, with a corresponding increase in cost of relevant assets or the expenses in profit or loss.

(a) Post-employment benefits

The Company divides post-employment benefit plans into defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions. Defined benefit plans are post-employment benefit plans other than defined contribution plans. For defined contribution plans, the Company pays contributions to basic retirement insurance and unemployment insurance for the employees during the reporting period, while defined benefit plans are mainly supplementary retirement benefits.

Defined contribution retirement schemes

Pursuant to the relevant laws and regulations in the PRC, the Company has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities. The Company makes contributions to the retirement schemes at the applicable rates based on the amounts stipulated by the local government organisations. The contributions are charged to the profit or loss on an accrual basis. When employees retire, the local government labour and security authorities are responsible for the payment of the basic retirement benefits to the retired employees.

Appendix 2 – Notes to and Forming Part of the Financial Statements

(b) Termination benefits

Where the Company terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision is recognised for the compensation arising from termination of employment relationship, with a corresponding charge to the profit or loss for the current period. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs.

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(d) Sales of goods

The Company sells healthcare products and smoking control products to wholesalers and individual customers. Sales of goods are recognised when the Company has delivered products to the wholesaler or customer.

For wholesale, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery does not occur until the products have arrived at the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Sales are recorded based on agreed price.

For retail sales, the Company also sells products to individual customers through its retail terminals. Sales of goods are recognised in the accounting period in which the retail terminals sell products to the customer. Retail sales are usually settled in cash or by credit card.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.16 Critical Accounting Estimates and Judgements

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

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

(a) Estimated provision for impairment of receivables

The Company makes provision for impairment of receivables based on an assessment of the collectability of trade and other receivables. Provisions for impairment are applied to trade and other receivables where events or changes in circumstances indicated that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and doubtful debt expenses in the period in which such estimate is changed.

Appendix 2 – Notes to and Forming Part of the Financial Statements

(b) Depreciation and amortisation

Leasehold land and land use rights, property, plant and equipment (excluding land and construction in progress) and intangible assets (excluding goodwill and intangible assets with indefinite useful life) are depreciated and amortised using the straight-line method during the estimated useful lives of these assets to allocate the cost of the assets to their estimated net residual values. The Company reviews the estimated useful lives and estimated residual values periodically, to ensure that method and rate of depreciation/amortisation are consistent with the pattern how such assets' economic benefits are expected to be realised.

The Company makes estimates of the useful lives and residual values of such assets, based on historical experience and with reference to estimated technical improvement. In case of significant changes in estimated useful lives and residual values, depreciation and amortisation expenses will be adjusted accordingly.

(c) Provision for decline in the value of inventories

The Company measures inventories according to the lower of cost and net realisable value at the balance sheet date, and the calculation of net realisable value requires assumptions and estimates. If the management revises the estimated selling price and cost and expenses to be incurred till completion, the estimates of net realisable value will be impacted, and the difference from the original estimates will affect the provision for decline in the value of inventories.

3. Pro forma transactions

The pro forma Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flows have been derived from the historical financial information as at 31 December 2016 adjusted to give effect to the following actual or proposed significant events and transactions by the Company subsequent to 31 December 2016:

- i) Incorporation of Beroni Technology Limited, the holding company of BTG and shares allotted and swapped for the original vendors of Tianjin Beroni in proportion to their respective shareholding;
- ii) Just prior to IPO, the shares in BTG were split to allow for additional shares to be issued on listing;
- iii) On IPO, the conversion of RMB 6,265,000 (A\$1,245,899) debt balance into 3,559,712 share equity as per the convertible notes agreements signed by the investors and Tianjing Beroni on 16 June 2016;
- iv) On IPO, the allotment of 1,864,506 shares at the fair value of A\$0.35 (35 cents per share) to Eagle IG Ltd totalling A\$652,577 in value;
- v) On IPO, the issuance of minimum of 13,560,000 shares at A\$0.35 (35 cents per share), raising up to A\$4,746,000 (minimum capital raise) to a maximum of 17,434,000 shares at A\$0.35 (35 cents per share), raising up to A\$6,101,900 (maximum capital raise); and
- vi) The capitalisation of share issue costs against share capital of A\$551,077 (minimum capital raise) and A\$619,299 (maximum capital raise) from total estimated share issue costs of A\$1,674,487.

Appendix 2 – Notes to and Forming Part of the Financial Statements

4. Listing expenses

	Audited Actual Consolidated 1 January 2016 to 31 December 2016 AUD	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise) AUD	Notional Pro-forma adjusted consolidated as at 31 December 2016 Maximum capital raise) AUD
Listing expenses for the period ended 31 December 2016			
ASIC and NSX fees	70,000	70,000	70,000
Corporate advisory fees	500,000	500,000	500,000
Legal fees	187,010	187,010	187,010
Investigating accountant, auditors and consultants fees	89,900	89,900	89,900
Total listing costs expensed	846,910	846,910	846,910
<i>Pro forma adjustments:</i>			
Estimated Prospectus design and printing costs	-	30,000	30,000
Estimated Miscellaneous expenses	-	60,000	60,000
Investigating accountant, auditors and consultants fees	-	85,000	85,000
Value of shares issued to Eagle IG Limited as consideration for services rendered on IPO	-	652,577	652,577
Share issue costs allocated against share capital *	-	(551,077)	(619,299)
Total pro forma adjustments	-	276,500	208,278
Adjusted listing expenses	846,910	1,123,410	1,055,188
Total share issue costs	846,910	1,674,487	1,674,487
Share issue costs pro-rata in accordance with pre IPO shares on issue (refer to Note 9)	-	(551,077)	(619,299)
Adjusted listing expenses	846,910	1,123,410	1,055,188

*Share issue costs are allocated pro-rata against share capital in accordance with the pre IPO shares on issue over the total number of shares at the completion of the Offer, 65% for minimum capital raise and 60.67% for maximum capital raise.

Appendix 2 – Notes to and Forming Part of the Financial Statements

5. Cash and Cash Equivalents

(a) Analysis of the balances of cash and cash equivalents

As at balance sheet dates, cash and cash equivalents were denominated in the following currencies:

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
	AUD	AUD	AUD	AUD	AUD
Cash at bank and in hand	76,629	843,413	2,251,843	2,251,843	2,251,843
<i>Pro forma adjustment</i>					
Cash on hand (BTG)	-	-	-	2	2
Issue of shares pursuant to Prospectus	-	-	-	4,746,000	6,101,900
Remaining estimated costs of the Offer not recognised in year ended 31 December 2016	-	-	-	(175,000)	(175,000)
	76,629	843,413	2,251,843	6,822,845	8,178,745

6. Trade and other receivables

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
	AUD	AUD	AUD	AUD	AUD
Trade and other receivables	104,516	751,691	1,098,609	1,098,609	1,098,609
Amounts due from related parties (refer Note 11)	9,625	222,562	564,529	564,529	564,529

7. Convertible Notes payable

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
	AUD	AUD	AUD	AUD	AUD
Convertible notes payable*	-	-	1,245,899	-	-

The Company raised RMB 7.67 million (approx. A\$1,472,509) through convertible loans from 73 investors during June 2016. The money raised has been, or will be used for general working capital, paying costs and expenses for the listing, marketing, research and development and costs associated with pursuing new products or new business opportunities.

Subsequent to 30 June 2016, two investors terminated their convertible loan agreements and withdrawn their funds from the company. Funds withdrawn were RMB 72,000 (approx. A\$14,951) on 1 September 2016 and RMB1,000,000 (approx. A\$202,659) on 12 September 2016 respectively, resulting in convertible notes payable balance of A\$1,245,899 as at 31 December 2016.

Appendix 2 – Notes to and Forming Part of the Financial Statements

The loans will be automatically converted into Shares at the IPO issue price (A\$ 0.35) upon the Company's listing on the NSX.

In the event that the listing is not successful, the loans will be repayable in full.

There is no interest on the loan amount. The agreement is governed by Australian law. The 73 investors and each of their loan amounts are disclosed in the PRC Legal Due Diligence Report, a copy of which can be obtained on request free of charge from the Company's registered office.

8. Loans payable

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
	AUD	AUD	AUD	AUD	AUD
Amounts due to related parties (Refer Note 11)	-	567,021	308	308	308

9. Share Capital

	Minimum Capital Raise			Maximum Capital Raise		
	Number of Shares	%	A\$	Number of Shares	%	A\$
Beroni Technology Limited	35,255,782	65.00%	2,046,855	35,255,782	60.67%	2,046,855
Shares on issue at date of Prospectus in AUD	35,255,782	65.00%	2,046,855	35,255,782	60.67%	2,046,855
Debt to equity conversion of convertible notes*	3,559,712	6.56%	1,245,899	3,559,712	6.13%	1,245,899
Shares issued to Eagle IG Limited for services provided on IPO*	1,864,506	3.44%	652,577	1,864,506	3.20%	652,577
Shares to be issued pursuant to the Prospectus	13,560,000	25.00%	4,746,000	17,434,000	30.00%	6,101,900
Share issue costs (Refer Note 4)	-	-	(551,077)	-	-	(619,299)
Total shares on issue at completion of the Offer	54,240,000	100.00%	8,140,254	58,114,000	100.00%	9,427,932

* No cash is received on issuance of these shares.

10. Reserves

Foreign currency translation reserve

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro-forma adjusted consolidated as at 31 December 2016 (minimum capital raise)	Notional Pro-forma adjusted consolidated as at 31 December 2016 (Maximum capital raise)
	AUD	AUD	AUD	AUD	AUD
Opening balance	-	(12,164)	(22,765)	(129,623)	(129,623)
Foreign currency gain/(loss) from translation	(12,164)	(10,601)	(106,858)	-	-
Closing balance before pro forma adjustments	(12,164)	(22,765)	(129,623)	(129,623)	(129,623)
<i>Pro forma adjustments:</i>					
Foreign currency translation gain/(loss)	-	-	-	60,501	60,501
Closing balance post pro forma adjustments	(12,164)	(22,765)	(129,623)	(69,122)	(69,122)

Appendix 2 – Notes to and Forming Part of the Financial Statements

11. Related Party Transactions

(a) Transactions with Beijing Yisheng Huikang (Previous holding company)

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro- forma adjusted consolidated as at 31 December 2016 (Minimum)	Notional Pro- forma adjusted consolidated as at 31 December 2016 (Maximum)
	AUD	AUD	AUD	AUD	AUD
Purchases of smoking control products	125,571	774,993	725,428	725,428	725,428

(b) Transactions with other related companies

Sale of smoking control products					
Tianjin Zhongkebeicheng Technology Co. Limited (Director was previous shareholder and director of related company)	-	-	1,387,920	1,387,920	1,387,920
NicBloc (Beijing) Biotechnology Co. Limited (Director related company)	-	202,580	-	-	-
Country Mart (Tianjin) Trading Co. Limited (Director related company)	-	89,541	-	-	-
Total	-	292,121	1,387,920	1,387,920	1,387,920

(c) Key management compensation

Key management includes directors (executive and non-executive) and senior management. The compensation paid or payable to key management for employee services is shown below:

Salaries and other short-term employee benefits	29,568	61,706	176,058	176,058	176,058
Superannuation expenses	1,105	3,201	5,888	5,888	5,888
Total	30,673	64,907	181,946	181,946	181,946

(d) Balances with related parties

Amounts due from related parties (Refer Note 6)					
Tianjin Zhongkebeicheng Technology Co. Limited (Director was previous shareholder and director of related company)	-	-	316,022	316,022	316,022
Beijing Yisheng Huikang (Previous holding company)	-	-	158,173	158,173	158,173
NicBloc (Beijing) Biotechnology Co. Limited (Director related company)	-	149,884	-	-	-
Country Mart (Tianjin) Trading Co. Limited (Director related company)	-	72,678	-	-	-
Zhang Boqing (Director)	9,625	-	-	-	-
Beroni Hongkong Limited	-	-	1,265	1,265	1,265
Other related parties	-	-	89,069	89,069	89,069
Total	9,625	222,562	564,529	564,529	564,529

Appendix 2 – Notes to and Forming Part of the Financial Statements

11. Related Party Transactions (cont'd)

	Audited Actual Consolidated 21 May 2014 to 31 December 2014	Audited Actual Consolidated 1 January 2015 to 31 December 2015	Audited Actual Consolidated 1 January 2016 to 31 December 2016	Notional Pro- forma adjusted consolidated as at 31 December 2016 (Minimum)	Notional Pro- forma adjusted consolidated as at 31 December 2016 (Maximum)
	AUD	AUD	AUD	AUD	AUD
Amounts due to related parties (Refer Note 8)					
Beijing Yisheng Huikang (Previous holding company)	-	461,303	-	-	-
Zhang Boqing (Director)	-	327	308	308	308
Wang Gang (Director)	-	105,391	-	-	-
Total	-	567,021	308	308	308

The transactions were at arm's length and on normal commercial terms and conditions.

12. Employee Share and Option Plan

Refer to section 3.19 of the Prospectus. The Company has established an employee share option plan (Incentive Plan) but as noted in the Prospectus, no options are issued as at the date of the Prospectus. No pro forma adjustments have been made in this report.

13. Contingencies and Commitments

The Directors are not aware of any contingencies or commitments other than as set out in the Prospectus.

14. Events after the Balance Sheet Date

There were no material events after the reporting date apart from those as set out in the Prospectus.

Group restructure

The Group undertook a restructure to facilitate the proposed listing on the National Stock Exchange Australia. Refer to Note 1 and 2 for further details.

15. Auditors remuneration

Listing fees are incurred for the proposed listing of the Group at the National Stock Exchange of Australia.

The remuneration of the Investigating Accountant (Prosperity Audit Services) and the auditor of the financial statements of Tianjin Beroni (Shandong Haoxin CPA Co. Limited) were as follows:

	AUD \$
Prosperity Audit Services - preparation and issuance of Investigating Accountant's Report	\$102,900
Shandong Haoxin CPA Co. Limited - Audit of financial statements of Tianjin Beroni for the period 21 May 2014 to 31 December 2016 (RMB 300,000)	\$59,279

End of Investigating Accountants Report