DIZUN INTERNATIONAL ENTERPRISES INC.

Condensed Consolidated Interim Financial Statements

For the Six Months Ended April 30, 2018 and 2017

(Unaudited – prepared by management)

(Expressed in Canadian dollars)

NOTICE OF NO AUDIT REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DIZUN INTERNATIONAL ENTERPRISES INC.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	April 30, 2018 $	October 31, 2017 $
Assets		
Current assets		
Cash	19,683	1,322
Total assets	19,683	1,322
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	70,173	22,070
Due to related parties (Note 3)	180,937	180,937
Loan payable (Note 4)	40,000	-
Total liabilities	291,110	203,007
Shareholders’ deficit		
Share capital	218,001	218,001
Share based payment reserve	58,900	-
Deficit	(548,328)	(419,686)
Total shareholders’ deficit	(271,427)	(201,685)
Total liabilities and shareholders’ deficit	19,683	1,322

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board on June 27, 2018:

/s/ “Hani Zabaneh”
Hani Zabaneh, Director

/s/ “Martin Bajic”
Martin Bajic, Director

DIZUN INTERNATIONAL ENTERPRISES INC.
Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Unaudited - expressed in Canadian dollars)

	Three Months Ended April 30, 2018 $	Three Months Ended April 30, 2017 $	Six Months Ended April 30, 2018 $	Six Months Ended April 30, 2017 $
Expenses				
Office and miscellaneous	24,443	3,744	49,780	10,495
Professional fees	6,095	4,725	9,595	4,725
Stock based compensation	-	-	58,900	-
Transfer agent and filing fees	6,968	5,260	10,367	5,260
Total expenses	37,506	13,729	128,642	20,480
Net loss and comprehensive loss for the year	(37,506)	(13,729)	(128,642)	(20,480)
Net loss per share, basic and diluted	–	–	–	–
Weighted average shares outstanding	116,058,800	116,058,800	116,058,800	116,058,800

DIZUN INTERNATIONAL ENTERPRISES INC.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars)

	Share capital		Share Based Payment Reserve	Deficit	Total shareholders' deficit
	#	$	$	$	$
Balance, October 31, 2016	116,058,800	218,001	–	(398,918)	(180,917)
Net loss for the period	–	–	–	(20,480)	(20,480)
Balance, April 30, 2017	116,058,800	218,001	–	(419,398)	(201,397)
Balance, October 31, 2017	116,058,800	218,001	–	(419,686)	(201,685)
Stock options granted	–	–	58,900	–	58,900
Net loss for the period	–	–	–	(128,642)	(128,642)
Balance, April 30, 2018	116,058,800	218,001	58,900	(548,328)	(271,427)

DIZUN INTERNATIONAL ENTERPRISES INC.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - expressed in Canadian dollars)

	Six Months Ended April 30, 2018 $	Six Months Ended April 30, 2017 $
Operating activities		
Net loss for the year	(128,642)	(20,480)
Non cash items:		
Stock based compensation	58,900	-
Changes in non-cash working capital:		
Accounts payable and accrued liabilities	48,103	2,343
Net cash used in operating activities	(21,639)	(18,137)
Financing activities		
Advances from related party	-	17,966
Proceeds from loans	40,000	-
Net cash provided by financing activities	40,000	17,966
Change in cash	18,361	(171)
Cash, beginning of period	1,322	2,721
Cash, end of period	19,683	2,550
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

1. Nature of Operations and Continuance of Business

Dizun International Enterprises Inc. (the "Company") was incorporated on November 22, 2011 under the Business Corporations Act (British Columbia). The Company's primary business is distributing tea and tea-related products, and establishing, operating, and franchising boutique tea houses that sell these products. The Company's principal executive office is located at Suite 918, 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at April 30, 2018, the Company has not generated any revenues from operations, has a working capital deficit of $271,427, and has an accumulated deficit of $548,328. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors may cast significant doubt on the Company's ability to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended October 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements. The Company followed the same accounting policies in these condensed consolidated interim financial statements as it applied to the most recent annual consolidated financial statements.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value.

(c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Dizun Holdings Limited ("Dizun Holdings"), until the date of dissolution of Dizun Holdings. All inter-company balances and transactions have been eliminated upon consolidation.

(d) Use of Estimates and Judgments

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

2. Significant Accounting Policies

(d) Use of Estimates and Judgments

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas where estimates are applied in these consolidated financial statements include unrecognized deferred income tax assets. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future years could be significant.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

(e) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended October 31, 2017, and have not been applied in preparing these financial statements.

New standard IFRS 9, "Financial Instruments"

The Company has not early adopted these new and revised standards and is currently assessing the impact that these standards will have on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Related Party Transactions

As at April 30, 2018, the Company owed $180,937 (2017 - $180,937) to the former President of the Company, which is non-interest bearing, unsecured, and due on demand. During the year ended October 31, 2017, the Company wrote-off $13,761 of the debt owing.

4. Promissory Notes Payable

On February 6, 2018, the Company entered into a promissory note agreement to borrow $20,000. The note is unsecured, bears interest at 10% and is due on demand.

On March 22, 2018, the Company entered into a promissory note agreement to borrow $20,000. The note is unsecured, bears interest at 10% and is due on demand.

(Unaudited - expressed in Canadian dollars)

5. Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

Options:

On January 9, 2018, the directors of the Company adopted a Stock Option Plan (the "Plan"). The plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the 2018 Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options. The number of common shares which may be reserved in any 12 month period for issuance to any one individual upon exercise of all stock options held by that individual may not exceed 5% of the issued and outstanding common shares of the Company at the time of grant. The number of common shares which may be reserved in any 12 months period for issuance to any one consultant may not exceed 2% of the issued and outstanding common shares and the maximum number of common shares which may be reserved in any 12 month period for the issuance to all persons engaged in investor relation activities may not exceed 2% of the issued and outstanding common shares of the Company. The 2018 Plan provides that options granted to any person engaged in investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three month period.

On January 10, 2018, the Company granted 1,000,000 stock options to directors and consultants of the Company, with an exercise price of $0.065 per share expiring on January 10, 2020. The estimated fair value of the options was $35,900 which was determined using the Black-Scholes option pricing model with the following assumptions: an annualized volatility of 236%; an expected life of 2 years; a dividend yield rate of 0%; and a risk-free interest rate of 1.73%.

The weighted average remaining life of options at April 30, 2018 was 1.69 years.

The following table summarized information about stock options outstanding and exercisable at April 30, 2018:

Number of Shares	Exercise Price	Expiry Date	Exercisable
1,000,000	$0.065	January 10, 2020	1,000,000

Reserves:

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

6. Financial Instruments and Risks

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at April 30, 2018 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, April 30, 2018 $
Cash	19,683	–	–	19,683

The fair values of other financial instruments, which include accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

7. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements, and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended October 31, 2017.