

10 July 2017

WATER PRODUCTS SALES PERFORMANCE

- **Robust sales volume for all water and water related products for the six months ended May 2017**
- **Bottled water and infant water continue to experience exceptional growth as Tianmei continues to focus on marketing its own branded Fast Moving Consumer Goods through contracted stores**
- **Qianlifeng Water Plant expansion progressing well and will underpin supply to meet growing demand**
- **Aggressive marketing budget to continue to promote Tianmei's premium water products to the health conscious Chinese consumer markets**

Tianmei Beverage Group Corporation Limited (ASX:TB8) ("Tianmei" or the "Company") is pleased to announce that its Water Product Business is continuing to record strong sales volume across the entire product range (see Table 1). Sales volume of all water and water related products experienced triple digit growth compared to previous corresponding period.

Table 1: Comparison of sales volume for 1H2016 and 1H2017

Products	Measurement	1 December 2015 to 31 May 2016	1 December 2016 to 31 May 2017	Growth %
368ML Bottled Water	Carton	170,293	478,395	181%
568ML Bottled Water	Carton	139,579	363,156	160%
11L Barrelled	Barrel	473,177	1,317,153	178%
530ML Infant Water	Carton	8,811	79,709	805%
550ML White Label*	Carton	-	41,557	-
Desktop Normal Temperature Water Dispenser	Unit	2,310	6,267	171%
Vertical Normal Temperature Water Dispenser	Unit	2,196	6,180	181%
Desktop Warm Water Dispenser	Unit	1,578	5,482	247%
Vertical Warm Water Dispenser	Unit	1,235	5,020	306%
Beauty Nano Spray	Unit	5,029	41,395	723%
Cabinet Type Water Purifier	Unit	88	1,425	1,519%
Whole House Water Purifier	Unit	42	1,344	3,100%

Note *: Sale of third party white labelled products following acquisition of Qianlifeng Water Plant in February 2017.

Tianmei's Water Product Business comprises of a growing range of water products including bottled water, water for infants, water dispensers, water purifiers and beauty nano spray, selling through a network of 518 retail outlets selected from Tianmei's 951 contracted stores.

Sale of water dispenser units remains strong and underpins the sales of barrelled water. Tianmei's Soft Water Barrel is a patented 11-litre water container which folds in on itself as water is dispensed out of it. It is filled in a way where no air enters the barrel, keeping the water free of any pollutants that may be transferred by air. This is unlike the traditional hard water barrels in the market which suck in air as the water is dispensed.

Tianmei is addressing Chinese consumers' concerns over contamination in traditional bottled water products sold in China. The Company's product development is underpinned by ongoing research and development to provide unique and high-quality products which cater to both mass and niche markets as identified by Tianmei. As China moves into the summer months the demand for water products increases. Tianmei is well positioned to meet the demand having secured its own water supply through the acquisition of the Qianlifeng Water Plant in February 2017.

Tianmei is increasing its advertising and marketing budget for the August quarter to \$8 million during this conventionally higher demand period. Tianmei also plans to spend approximately \$11.2 million during the August quarter on raw materials acquisition, increase inventory holdings for water dispenser and purifier products, as well as renewing various contracted stores entrance fees for Tianmei's Product Promotion Business. The increase in operational spending during the August quarter will be funded by sales revenue generated during the same quarter. As at the end of May 2017 the Company has cash and cash equivalent of \$39.96 million.

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Nicholas Ong

Director & Company Secretary

On behalf of the Board of Tianmei Beverage Group Corporation Limited

Forward-Looking Statements

This announcement includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual, results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Tianmei. These factors may cause actual results to differ materially from those expressed in the statements contained in this announcement.