

**Results for Announcement to the Market**

**Tianmei Beverage Group Corporation Limited**  
**ACN 611 845 811**

**APPENDIX 4E**

**PRELIMINARY FINAL REPORT**

**for the year ended 30 November 2017**

## **ASX ANNOUNCEMENT**

31 January 2018

### **About this Appendix 4E Report**

The Directors of Tianmei Beverage Group Corporation Limited (“**TB8**” or the “**Company**”) and its controlled entities (the “**Group**”) hereby present the Company’s first Appendix 4E – Preliminary Final Report.

### **About Tianmei Beverage Group Corporation Limited**

Tianmei Beverage Group Corporation Limited (ASX: TB8) is a company primarily engaged in the distribution and promotion of fast moving consumer goods, such as food, beverages and other grocery items in Guangdong province of China. Tianmei also promotes and distributes its own brand of drinking water products in China.

**TIANMEI BEVERAGE GROUP CORPORATION LIMITED**

ACN: 611 845 811

C/- Baker McKenzie, Level 46, Tower One – International Towers Sydney, 100  
Barangaroo Avenue, Barangaroo NSW 2000

## 1. Company details

Name of entity:	Tianmei Beverage Group Corporation Limited
ABN	88 611 845 811
Reporting period	For the year ended 30 November 2017
Previous period	For the year ended 30 November 2016

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## 2. Results for announcement to the market

Comparison to previous corresponding period	Increase/Decrease	Change %	\$
Revenue from ordinary activities	Increase	53%	35,356,786
Net profit from ordinary activities after tax attributable to owners	Increase	15%	3,853,365
Net profit for the year attributable to owners	Increase	15%	3,853,365

### Dividends

There were no dividends paid, recommended or declared during the current financial period. The directors do not propose to pay a final dividend for the year ended 30 November 2017.

### Review of operation

For the financial year ended 30 November 2017, the total sales revenue was \$101.77 million compared to \$66.41 million of sales revenue in the financial year ended 30 November 2016. Net profit after tax (NPAT) was \$28.97 million for the financial year ended 30 November 2017, representing an increase of 15% compared to 30 November 2016 NPAT of \$25.12 million. Gross profit margin for the year ended 30 November 2017 decreased by 1.39% to a gross profit margin of 60.97% when compared to the year ended 30 November 2016.

The Company's business model is two-pronged:

- Product Promotion Business: introducing third party food, beverage and general grocery suppliers to contracted stores (approx. 940 stores in China), with revenue generated through charging suppliers a promotion fee based upon the number of items placed in each store. The total sales revenue from the provision of services was \$61.72 million representing an increase of 46.8% compared to \$42.03 million recorded in financial year 2016.
- Water Products Business: selling Tianmei branded water products, including bottled water and water dispensers through retail outlets (approx. 519 retail outlets in China, they are all Company's network of contracted stores). Sales of water products amounted to \$40.05 million representing 39.35% of the total revenue, an increase of \$15.67 million from the financial year 2016.

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### 3. Consolidated Profit and Loss and other comprehensive income for the year ended 30 November 2017

(This statement is based on accounts, which are in the process of being audited)

Consolidated Profit and Loss	Year ended 30 November 2017	Year ended 30 November 2016
<b>Revenues</b>		
Provision of services	61,718,345	42,028,339
Sales of goods	40,046,955	24,380,175
<b>Total revenues</b>	<b>101,765,300</b>	<b>66,408,514</b>
<b>Cost of goods sold</b>		
Cost of goods sold	(39,714,122)	(24,993,131)
<b>Gross profit</b>	<b>62,051,178</b>	<b>41,415,383</b>
<b>Operating expenses</b>		
Research and development	(2,314,150)	(1,432,843)
Selling and marketing	(17,926,668)	(3,686,607)
Finance costs	-	(17,680)
General and administrative	(3,443,395)	(3,026,452)
Other income	689,928	1,024,769
<b>Total operating expenses</b>	<b>(22,994,285)</b>	<b>(8,163,582)</b>
<b>Profit before income tax expense</b>	<b>39,056,893</b>	<b>33,251,801</b>
Provision for income taxes	(10,085,249)	(9,158,291)
<b>Net profit for the year</b>	<b>28,971,644</b>	<b>25,118,279</b>
<b>Other comprehensive income</b>		
Foreign currency translation	1,246,529	(2,123,652)
<b>Total comprehensive income</b>	<b>30,218,173</b>	<b>22,994,627</b>

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#### 4. Consolidated Statement of Financial Position as at 30 November 2017

(This statement is based on accounts, which are in the process of being audited)

Consolidated Balance Sheet	30 November 2017	30 November 2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	48,181,271	20,140,567
Trade and other receivable	10,462,207	2,082,498
Inventories	12,709	634,491
Prepayments and other assets	9,829,196	4,167,942
Prepaid Slotting fees	6,167,188	11,605,048
<b>Total Current Assets</b>	<b>74,652,571</b>	<b>38,630,546</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	2,182,556	1,321,713
Intangible assets	15,000	15,000
Prepayments	7,512,123	3,936,043
<b>Total Non-Current Assets</b>	<b>9,709,679</b>	<b>5,272,756</b>
<b>Total Assets</b>	<b>84,362,250</b>	<b>43,903,302</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	2,243,062	1,756,811
Advance from customers	-	205,186
Borrowings	102,361	105,553
Current tax liabilities	1,628,239	3,079,491
<b>Total Current Liabilities</b>	<b>3,973,662</b>	<b>5,147,041</b>
<b>Total Liabilities</b>	<b>3,973,662</b>	<b>5,147,041</b>
<b>Net Assets</b>	<b>80,388,588</b>	<b>38,756,261</b>
<b>Equity</b>		
Share capital	24,768,052	13,353,898
Reserves	846,468	(780,274)
Retained earnings	54,774,068	26,182,637
<b>Total Equity</b>	<b>80,388,588</b>	<b>38,756,261</b>

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## 5. Consolidated Statement of Changes in Equity for the year ended 30 November 2017

(This statement is based on accounts, which are in the process of being audited)

Consolidated Statement of Changes in Equity	Issued and paid up capital	Retained Earnings	Reserves	Total
<b>Balance as at 30 November 2016</b>	<b>13,353,898</b>	<b>26,182,637</b>	<b>(780,274)</b>	<b>38,756,261</b>
New issued shares in IPO (Less issued cost)	9,414,154			9,414,154
Share placement -28 July 2017	2,000,000			2,000,000
Profit for the year		28,971,644		28,971,644
Statutory reserve		(380,213)	380,213	-
Other comprehensive income			1,246,529	1,246,529
<b>Balance as at 30 November 2017</b>	<b>24,768,052</b>	<b>54,774,068</b>	<b>846,468</b>	<b>80,388,588</b>

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## 6. Consolidated Statement of Cash Flows for the year ended 30 November 2017

(This statement is based on accounts, which are in the process of being audited)

Consolidated Statement of Cash Flows	Year ended 30 November 2017	Year ended 30 November 2016
<b>Cash flows from operating activities</b>		
Receipts from customers	93,505,150	66,139,013
Payments to suppliers and employees	(67,326,944)	(49,382,938)
Cash refund for cancellation of office lease agreement	2,779,200	-
Interest paid	(22,258)	(17,680)
Income tax paid	(11,706,786)	(6,455,612)
<b>Net cash provided by operating activities</b>	<b>17,228,362</b>	<b>10,282,783</b>
<b>Cash flows from investing activities</b>		
Payments purchase of intangible assets	-	(15,000)
Cash paid for acquisition of Qianlifeng	-	(785,720)
Payments for purchase of property, plant and equipment	(50,059)	(1,334,817)
Cash paid for construction of a new water plant	(1,884,677)	-
Acquisition of Qianlifeng, net of cash acquired	490,202	-
Interest received	83,565	-
<b>Net cash (used in) investing activities</b>	<b>(1,360,969)</b>	<b>(2,135,537)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	12,000,000	10,953,898
Cost of issue shares	(585,846)	-
Repayment of shareholder loans	-	(759,327)
<b>Net cash provided by financing activities</b>	<b>11,414,154</b>	<b>10,194,571</b>
<b>Net increase / (decrease) in cash</b>	<b>27,281,547</b>	<b>18,341,817</b>
<b>Cash at beginning of year</b>	<b>20,140,567</b>	<b>1,964,196</b>
Effect of exchange rate changes on cash	759,157	(165,446)
<b>Cash at end of year</b>	<b>48,181,271</b>	<b>20,140,567</b>

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## 7. Dividend Payment Information

N/A

## 8. Dividend/distribution reinvestment plan

N/A

## 9. Net tangible assets

	30 November 2017 (AUD cents)	30 November 2016 (AUD cents)
Net tangible assets per ordinary security	44	32

## 10. Details of entities over which control has been gained or lost during the period

On 23 February 2017 Guangdong Tianmei Selenium-Rich Beverage Chain Co.,Ltd, a subsidiary of Tianmei Beverage Group Corporation Limited, acquired 100% of the ordinary shares of Chenzhou Qianlifeng Beverage Co., Ltd (“Qianlifeng”).

## 11. Details of associate and joint venture entities

N/A

## 12. Other significant information

There are no other significant events or information not otherwise disclosed in these reports needed by an investor to make an informed assessment of the entity’s financial performance and financial position.

## 13. Review of operations

As at 30 November 2017, the Company had a strong cash position totalling \$48.18 million. Tianmei had substantially built up its branding through marketing campaigns and advertisements while delivering strong growth and growing well past the \$100 million revenue milestone. Furthermore, through the vertical integration with Qianlifeng who has the ownership and control of a water processing plant, this has primarily reduced the operating costs, increased efficiency and profits.

There has been a significant increase in the advertising and promotion expenditures in FY 2017 focusing on capturing market share and building up brand reputation. Selling expense increased by \$14.24 million in FY 2017 amounting to \$17.93 million. There are 7 different types of water related products that are still under the research and development (“R&D”) phase. R&D expenses have increased by \$0.88 million to \$2.31 million compared to FY2016. As at 31 November 2017, Tianmei has registered 4 patents in China and 3 patents application submitted but still under progress.

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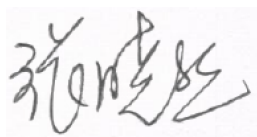
#### **14. Auditing Status**

This report is based on accounts, which are in the process of being audited.

#### **15. Audit disputes or qualifications**

This report is based on accounts, which are in the process of being audited.

For and on behalf of Tianmei Beverage Group Corporation Limited,



**Xiaoran Zhang**

*Director*