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QIANLIFENG WATER PLANT EXPANSION

- Secured high quality water supply source following acquisition of Qianlifeng Water Plant (“Qianlifeng”) in February 2017
- Qianlifeng expansion underway to meet increasing demand for Tianmei’s product line of bottled drinking water
- Targeting completion of Qianlifeng plant expansion within 12 months
- Installation of new fully automated production and bottling facility will commence post completion of expansion works to increase annual drinking water production capacity from 35.47 million litres to 98.55 million litres

Tianmei Beverage Group Corporation Limited (ASX: TB8) (“Tianmei” or the “Company”) has secured its own water supply source following completion of the acquisition of Qianlifeng Water Plant (“Qianlifeng”) in February 2017. The acquisition not only serves to significantly mitigate water supply risks, but also sets the platform for further development and to meet increasing demand for Tianmei’s product line of bottled drinking water.

Following extensive planning and site selection process, the Company is pleased to announce the expansion of Qianlifeng. The expansion will take place at a new 17,800m² site located in close proximity to the existing Qianlifeng plant. It is estimated that the construction works will complete within 12 months with a total investment capital of approximately \$3.9 million, funded by internally generated cashflow.

The existing plant utilises a semi-automatic production facility with a production capacity of approximately 35.47 million litres per annum of drinking water. Upon completion of construction works at the new site, Tianmei will introduce two new state of the art production and bottling lines to increase production capacity to 98.55 million litres of high quality drinking water.

As the production base of drinking water for Tianmei, the water source of Qianlifeng is abundant and with stable flows. The water has a unique hydrochemical composition with low sodium and mineralisation but is rich in selenium and strontium and other trace elements beneficial to the human body. This water source allows Tianmei to target various market segments of premium drinking water, including the infant market with its Infant Bottled Water. Tianmei’s products are fully compliant with the National Food Hygiene Standards for high quality drinking water.

The Company will update shareholders progressively on the expansion of Qianlifeng.



Figure 1: Entrance of the Qianlifeng Water Plant located the city of Chenzhou, Hunan Province

ENDS

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