

5 June 2017

TIANMEI BRANDED PRODUCTS R&D AND PROMOTION

- Selenium and strontium rich water source leads to premium water products research and development
- Market analysis has identified niche, high-end drinking water segments, targeting infant, children, pregnant women, and the elderly
- Sold 63,679 cartons of existing 530ml infant bottled water from 1 December 2016 to 30 April 2017, up substantially from the 4,309 cartons sold in the previous corresponding period
- R&D with reputable institution to develop a new 'infant exclusive' bottled water is almost complete; aiming product launch in late 2017

Tianmei Beverage Group Corporation Limited (ASX: TB8) ("Tianmei" or the "Company") is pleased to advise that the research and development cooperation with Guangzhou Food Industry Research Institute Co., Ltd to jointly develop technical solutions (including water composition) and production processes for Tianmei's new 'infant exclusive' bottled water, is almost complete for product launch in late 2017 ("R&D Agreement"). Pursuant to the R&D Agreement, Tianmei will own the rights to use and apply the results of the R&D, know-how and any other intellectual property rights arising from the R&D work.

Unlike general drinking water, the production of 'infant exclusive' bottled water is more stringent in terms of mineral element content and microbial control. For example, in a publication by the World Health Organisation in 2005 titled *Nutrients in Drinking Water*, the Committee on Nutrition of the German Society of Paediatrics advocated that, amongst others, Sodium concentrations of <20mg/L and Sulphate concentration of <200mg/L, for natural mineral water labelled as "suitable for the feeding of infants". Tianmei's water source has Sodium concentration of 0.8-20mg/L and Sulphate concentration of <50mg/L.

Tianmei first extracts its spring water, which is rich in selenium, strontium and other trace elements, but low in sodium and mineralisation. The water then goes through a special physical treatment process to retain the beneficial elements, while reducing the unwanted elements for infant consumption. Final packaging utilises purified aseptic filling and high-pressure rapid disinfection technics to sterilise equipment and bottles. Tianmei expects the new 'infant exclusive' bottled water will have a good market acceptance.

The strategy of targeting the niche, high-end drinking water market segments is further supported by the strong sales of Tianmei's existing 530ml infant bottled water. During the 5-month period from 1 December 2016 to 30 April 2017, Tianmei sold 63,679 cartons of 530ml infant bottled water compared to 4,309 cartons from 1 December 2015 to 30 April 2016.

The strong sales performance is consistent with Tianmei's market analysis on the potential of infant water products, and validates its strategy to create a new 'infant exclusive' bottled water line to further penetrate the premium end of this market.

Tianmei also intends to venture into other niche premium bottled water markets targeting children, pregnant women, and elderly consumers. Tianmei plans to increase its R&D, marketing and promotional commitment for its existing and new products at the contracted stores level in order to boost the revenue of Tianmei branded products beyond 50% of overall sales revenue.



Figure 1: R&D Facility

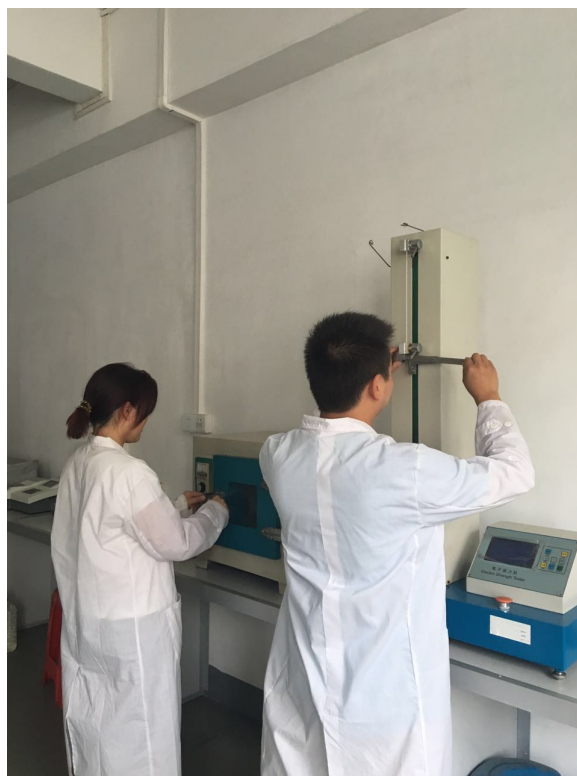


Figure 2: Strength testing of water filtration membrane by researchers

ENDS

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Director & Company Secretary

On behalf of the Board of Tianmei Beverage Group Corporation Limited