

8 September 2017

ACCELERATING MARKETING & PRODUCT INNOVATION

- **Rapid sales and profit growth momentum to continue throughout the second half of the financial year**
- **Growth to be driven by significant investment into:**
 - **Marketing of existing products and in-store promotion**
 - **Market analysis of its sales in established store locations to determine sales efficiencies**
 - **Research and development to advance its pipeline of new product innovation**
- **Tianmei is strategically positioned to become a leading enterprise in the large and growing Chinese drinking water industry**

Tianmei Beverage Group Corporation Limited (ASX: TB8) (“Tianmei” or the “Company”) today provides an update on the Company’s business growth strategy, ahead of its annual general meeting today.

As announced in Tianmei’s half year report, the Company has delivered strong growth across its water, marketing and channel distribution business. For the half-year to May 2017, the Company reported significant increases in revenue, and strong growth in its gross and net margins.

The Company expects to continue this rapid growth momentum throughout the remainder of the current financial year. Continued expansion of the franchise stores in China is expected, with additional stores coming online in neighbouring provinces in the coming months. This will expand the Company’s reach in its primary market of China. It also reinforces the continued growth of our channel capability, adding to the Company’s reach and stability as growth is achieved.

Furthermore, through the implementation of a strategic marketing plan and continuous research and development, Tianmei will maintain its growth and profitability momentum.

Accelerating Marketing Efforts to Drive Sales

To further boost sales of its existing products, Tianmei is focused on two key marketing strategies. Firstly, the Company will focus on the vigorous promotion of its four water dispenser products, two water purifiers and its beauty spray. The increase in promotional efforts and publicity via television advertising and print media, is expected to drive sales and expand the Company’s market share considerably for each of these products.

The second component of Tianmei’s enhanced marketing campaign aims to build its sales in its established network of partner retail stores. The Company is planning to invest in an increased program of in-store promotion of its products in selected sales territories.

In conjunction with its in-store promotional efforts, the Company will also conduct market analysis of its sales in established territories and store locations to determine the most efficient pathway to maintain the Company’s growth momentum.

Product Range Expansion via Ongoing R&D

Product innovation continues to form a significant part of Tianmei's growth strategy. The Company has identified several markets that are ripe for new product innovation through research and development. A selection of the Company's innovation pipeline is detailed below.

- **High-end drinking water** - The packaged drinking water industry in China has evolved and is characterised by accelerating growth in the popularity of natural mineral water. This consumer market focuses heavily on the mineral content of products. Accordingly, Tianmei is accelerating its research and development investment to create a high-end drinking water product. This new product would signal the Company's entry into the high-end water market.
- **Expectant mothers' drinking water** - Drinking water has been demonstrated as an important way for expectant mothers to supplement their diets with beneficial minerals and trace elements. Tianmei is progressing its research and develop plans to create a natural mineral water product that contains a variety of minerals and trace elements that can help boost the immune system of pregnant women, as well as support the development and growth of their babies during pregnancy.
- **Sports water** - Tianmei is developing a dedicated sports water product that enhances the consumer's sports ability, alleviates fatigue and helps to quickly regulate the body's function, while increasing athletic endurance.
- **Active, natural mineral water** – The Company plans to develop an active water product. With an increasing consumer focus on water quality, the product will promote negative ion absorption, help purify the blood, as well as support blood flow and metabolism.

Director, Mr John Zhang commented:

"Tianmei's established channel marketing opportunities, along with our innovation pipeline, gives us a sound position in the significant and developing Chinese fast moving consumer goods market. Our enhanced marketing campaigns to promote our existing brands of specialty waters, coupled with our strong focus on innovation to bring new products to market, will help the Company protect and grow its market share and continue the sales growth it achieved in the first half of the financial year.

"Our financial numbers are very strong and encouraging. Compared with the same period last year, revenue from self-supporting products has increased by 186.5% and the revenue from channel promoting increased by 300%. Compared with last year, the Company's gross profit margin has increased by 281% and our net margin increased by 416% - which is a significant result. Tianmei is strategically positioned to become a best-in-class leading enterprise in the international drinking water industry."

ENDS

Nicholas Ong

Director & Company Secretary

On behalf of the Board of Tianmei Beverage Group Corporation Limited

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