



Suite 4.06
55 Miller Street
PYRMONT NSW 2009
Telephone +61 2 9571 8300
Facsimile +61 2 9571 8200

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Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Change in Chinese Regulatory Product Approval Process Clarification of CFDA approvals of Golden Koala products in China

On 28 December, 2017 Jatenergy announced the proposed acquisition of 51% of Golden Koala Group Pty Limited. The announcement stated that Golden Koala had CFDA (Chinese Food and Drug Administration) approval to sell infant formula in China. That statement was not correct. Golden Koala has CNCA (Certification and Accreditation Administration of the People's Republic of China) approval only.

Change in Chinese Regulatory Product Approval Process

At the conclusion of the 13th National People's Congress of the People's Republic of China on 21 March 2018, it was announced that the China Food and Drug Administration (CFDA) will merge with other administrative bodies to form a national market supervision administration.

The official Chinese name of the new organisation is 国家市场监督管理总局

An official English name for the new organisation has not yet been formally announced but the Xinhua News Agency has referred to it as the "State Market Regulatory Administration."

Jatenergy Directors are advised that the above announcement means that the new organisation formally came into existence on 21 March 2018 and that the CFDA was formally abolished on the same day, so no longer exists.

Current Position

The current regulatory position in China of Golden Koala products is as follows:

1. Golden Koala milk products, including infant formula, are currently selling in China, online and in supermarkets with full Chinese regulatory approvals.
2. Golden Koala has continued to ship milk products to China (excluding infant formula) since 1 January 2018. The latest shipment was made in February.
3. All existing inventories of infant formula in China before 1 January 2018 are approved for sale.
4. Up to 1 January 2018, CNCA was the primary regulator for milk product exports to China, excluding infant formula. From 1 January 2018, any new shipments of infant

formula to China required CFDA (or the new regulator as the case may be) approval, in addition to CNCA approval.

5. Jatenergy, Golden Koala and Golden Koala's Australian manufacturer, Nutritional Choice Australia Pty Ltd, have been preparing an application to the CFDA (and now the new regulator) to export infant formula to China based on the revised regulatory requirements, expecting to formally lodge the application in April or May 2018. The preparation of the application will continue which is expected to be lodged with the new regulator, 国家市场监督管理总局.
6. The directors of Jatenergy and Golden Koala believe that the Chinese authorities will ensure that the necessary regulatory changes are implemented to continue the import of products including infant milk powders with minimum disruption.

Anthony Crimmins
Executive Chairman