



ASX ANNOUNCEMENT

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Business Update - New China E-Commerce Law

- **Protection of consumer rights and brand IP**
- **Supporting the development of ecommerce**
- **Demonstrating the value of JAT's multi-channel strategy**

On Friday 31 August 2018, the Xinhua news agency announced that Chinese legislators had passed a new law aimed at improving regulation of e-commerce, due to come into effect on 1 January 2019.

The Board welcomes the new law, first reviewed in December 2016 then deliberated in October 2017 and again in June 2018, which:

- requires e-commerce operators to protect consumers' rights and interests, including personal information;
- protects the intellectual property of brands and merchants using the ecommerce platforms;
- bans e-commerce operators with dominant market positions from excluding or restricting competition;
- provides a regulatory framework for operators, contracts, disputes settlement and liabilities; and
- supports and promotes the sustainable development of e-commerce in China.

“The new law is good news for businesses like JAT which seek to provide Australian levels of product quality and consumer protections,” Executive Director Wilton Yao said. “Chinese infant formula sales totalled over \$17 billion in 2017 and over 30% of that was via ecommerce channels, so from the point of view of an Australian supplier, it is vital for regulators in China to weed out the counterfeiters and less scrupulous market participants, and ensure the integrity of the market.”

“The move also demonstrates the value of JAT's multi-channel approach,” Mr. Yao said. “In addition to domestic and cross-border ecommerce, JAT is implementing a strategy to sell to Chinese consumers via domestic distributors and retail outlets, which will benefit from the new ecommerce laws by putting ecommerce platforms on a more even-footing. We expect to open our first JAT Maternal & Infant Boutique next quarter.”

In the meantime, JAT's diagou business, at the core of recently purchased Green Forest International Pty Ltd, will continue unaffected, providing the company with a buffer against possible



delays which may arise as a result of implementation of the new law. Formal implementation guidance is expected in the coming months.

Wilton Yao
Executive Director