



3 December 2018

NZX/ASX Market Release

## Further guidance on China Cross-Border E-Commerce

The a2 Milk Company notes further implementation policy guidance provided by the Chinese Government on 30 November 2018 regarding the new cross border e-commerce (CBEC) law.

The Company welcomes this further guidance, which continues to demonstrate the Chinese Government's support of this channel, with a strong focus on improving channel transparency and protecting the rights and safety of consumers.

The detailed implementation policy guidelines issued on 30 November are consistent with The a2 Milk Company's market interpretations expressed in market announcements of 3 September 2018 and 22 November 2018.

The 30 November implementation guidelines provide further clarity in respect of a number of matters which are relevant to the Company, including by:

- Defining the major participants within the CBEC channel - cross-border e-commerce enterprises, cross-border e-commerce platforms, China domestic service providers and consumers - the Company believes any large corporate enterprise active across markets will be considered a participant in the CBEC channel under the new law and policy framework
- Setting out the responsibilities of these participants, including:
  - English label products that comply with the regulations of the country of origin will continue to be sold through CBEC, provided the CBEC participant provides the consumer with: access to an electronic Chinese translation of the packaging label; and notification that the products comply with the regulations of the country of origin, but not necessarily with those of China
  - a requirement for consumers to electronically acknowledge their understanding of such notification before placing an order
  - the requirement for adequate product traceability systems, return and exchange services, product recall systems, product quality and safety risk prevention and control mechanisms, and consumer dispute handling processes
  - real-time reporting of transaction, payment and logistics information electronically to China Customs

The new e-commerce law comes into effect from 1 January 2019, with the latest policy providing for a further three-month grace period to 31 March 2019, to ensure a smooth transition by CBEC companies to meet the new regulatory requirements.

The Company and its major trading partners selling English label products to Chinese consumers are confident all requirements will be met on or before 31 March 2019.

**The a2 Milk Company Limited**

**Jayne Hrdlicka**

**Managing Director and CEO**

