



February 26, 2018

ASX Announcement

Star Combo completes acquisition of Austoyou e-commerce platform and Koala Mall retail business

Sydney, Australia. Star Combo Pharma Limited (ASX: S66, Star Combo, the Company) is pleased to announce that it has completed the acquisition of the businesses of **Koala Mall Pty Ltd** and **Austoyou Group Pty Ltd** for A\$10 million, the details of which were announced to the Australian Stock Exchange on 7 February 2019.

Austoyou is a well-established Australia-China e-commerce platform that offers over 5000 high-demand product lines directly to Chinese health product consumers. This direct-to-consumer platform provides Star Combo with an opportunity to significantly increase product sales and accelerate its China growth strategy. Importantly, Austoyou has the ability to provide Star Combo with customer demand feedback and will allow the Company to enhance its product lines according to changing customer demand trends. Austoyou gives Star Combo an immediate competitive advantage in the high-demand market for Australian vitamins, skincare and health supplements into the large China consumer market.

The Koala Mall business provides a retail brand and premium shopping experience to showcase the range of Star Combo Pharma vitamins, skincare, milk products and health supplements at a number of highly visible retail stores in Sydney.

The acquired businesses delivered approximately \$17 million in sales in FY18 and have shown growth of more than 20% per annum in the past two years as demand for a broad range of Australian manufactured and quality controlled consumer goods, continues to increase from Chinese consumers.



Acquisition details:

Austoyou and Koala Mall were acquired via the Share Sale and Purchase Agreement dated 5 February 2019 which sets out a three stage completion process.

Stage 1. Completed on 19 February 2019 consisted of 70% of the Purchase Amount structured as 50% cash payment and 50% in shares issued at \$0.51

Stage 2. 12 months post settlement, a further 15% of the Purchase Amount. If any shares are to be issued for this payment, they will be issued at a 10% discount from the VWAP in the 10 days prior to payment.

Stage 3. 24 months post settlement, a final 15% of the Purchase Amount. If any shares are to be issued for this payment, they will be issued at a 10% discount from the VWAP in the 10 days prior to payment.

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About Star Combo Pharma

Star Combo Pharm (ASX: S66) is a leading distributor and manufacturer of branded premium health and natural beauty products. Based in Sydney, our products are distributed to both local Australians and to overseas markets. Star Combo has offices and distribution agreements in China and currently supplies Australian pharmacy lines as well as distribution to over 450 Terry White and Symbion Chemists and wholesale customers in Australia and China. Directed by pharmacists and experts in health supplement manufacturing, Star Combo's vision is to curate health products made from natural ingredients with scientific R&D and manufacturing practices. Since its establishment in 2004, Star Combo has demonstrated strong product and business development and continues its vision to expand our current operations to serve our loyal business partners, customers and employees.