

ASX Announcement

22 July 2019

Market Update

- The due diligence process for acquiring Ian's Health Lounge (E-Commerce/Online platform) has been completed for the Australian part of the business.
- The administrative process to complete the acquisition (involving the China-based retail operation) is underway.
- The Ian's Health Lounge Flagship store in Sydney will open soon in Sydney

The Directors of Mediland Pharm Limited (ASX: MPH) ("**Mediland**" or the "**Company**") are pleased to provide an update on the progress of the previously announced (on 2 April 2019) intention to acquire Ian's Health Lounge (the "**business**"), a complementary business with established E-commerce platforms and retail franchise stores in China. The completed transaction is expected to accelerate Mediland's growth and E-commerce strategy, as well as expand its product range.

Ian's Health Lounge was first established in Australia in 2012 and has now grown to incorporate one direct shop in Australia, six franchise shops in China, three WeChat accounts and four E-commerce platforms, with operating entities and employees in both Australia and China.

The Company has undertaken due diligence on the business and as a result the Company decided to complete the acquisition in a three-staged transaction, with the first stage being the acquisition of the wechat e-commerce platform and Australian direct shop, which took place this morning (22 July 2019). This allows Mediland to immediately begin utilising and promoting the Company's goods and services on a ready-made and established wechat platform and Australian direct shop.

Mediland has sourced a location in Castlereagh Street, Sydney to establish another direct store under the Ian's Health Lounge brand and will commence a fit-out project to ensure that this store features a similar style to Mediland's current retail stores. The Company expects to open this store in 3 months' time.

The next two stages of the acquisition process will focus on Ian's Health Lounge's China-based retail operation and e-commerce platforms which will include registration of a subsidiary of Mediland in China which will be the new owner of Ian's Health Lounge's Chinese business. These steps are anticipated to be completed by the end of October.

The founder of Ian's Health Lounge, Ms Rita Zhang, said, "I am very excited to have concluded the first stage of the acquisition of Ian's Health Lounge by Mediland. I am committed to being part of Mediland's team to assist with the introduction of our E-commerce platform to Mediland whilst maintaining and expanding the existing retail sales network in China. I also look forward to working on the next stages of the acquisition process with Mediland's Board and Management."

The Chairman, Dr Peter French, added: "By launching an online store with Ian's Health Lounge's E-commerce platform, the Company will be able to continue servicing our customers when they return to China. This business model is expected to drive additional sales and provide the Company invaluable data on browsing and purchasing habits. Upon completion of the next stage of the transaction, Mediland will own established retail channels in China which will be used to sell our own products in addition to those of Ian's Health Lounge."

ENDS

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About Mediland Pharm

Mediland Pharm is a leading retailer of cosmetics, jewellery, health, well-being and wool products, servicing the inbound Chinese tourism market in Australia and New Zealand. The Company operates three retail stores located in Australia (Sydney, Melbourne and the Gold Coast) and one in Auckland, New Zealand. Mediland partners with leading travel agents and wholesale tour operators to generate sales through exclusive customer shopping agreements.