



18 November 2019

ASX Announcement

Star Combo increases China healthcare product and sales footprint with Inature Organic Care acquisition

Highlights:

- **Star Combo has entered into an agreement to acquire 51% of Australian Inature Organic Care (Inature)**
- **Inature distributes cosmetic, healthcare and natural beauty products through more than 3,000 mother and baby retail outlets in China**
- **Inature product lines focus on pre-natal, post-natal and infant consumer health markets**
- **Star Combo will manufacture Inature's consumer health products in its manufacturing facilities located in Sydney Australia**

Sydney, Australia. Star Combo Pharma Limited (ASX: S66, Star Combo, the Company) is pleased to announce that it has entered into an agreement to acquire 51% of Australian Inature Organic Care Pty Ltd (Inature). The acquisition provides Star Combo with access to new consumer health products in the pre-natal, post-natal and infant markets, which are currently experiencing significant growth. Importantly, Inature will bring an established in-country team of sales and marketing staff and networks that Star Combo can leverage for its full brand portfolio. Inature's products are currently available through an established distribution network of 3,000 retail outlets in China. Star Combo will manufacture the Inature product ranges in its Sydney based TGA facility resulting in further cost savings.

The Chairman of Star Combo, Mr Richard Allely, said "this is a strategic acquisition that opens new sales and distribution channels in China for our Australian made products and while the initial cost is relatively small (\$300k upfront payment) there exists the potential for additional payments, subject to significant earn out provisions". He added "we expect the acquisition to be immediately earnings accretive".

Australia Inature Organic Care

Inature has been in operation for 15 years and uses carefully sourced native fruit extracts and products from Queensland organic suppliers. Inature has built a strong sales pipeline and reputation in China for products aimed at infant and maternal care markets. These markets are anticipated to be worth over 3 trillion yuan in 2020 according to iResearch data. Inature currently markets products that focus on pregnancy skincare and baby skincare, currently distributed throughout 3,000 mother and baby retail outlets and several online consumer sales portals and maintains a sales and development team in China based in (Guang Zhou). Data research group iResearch anticipates a boom in the infant population over the next 5 years from the current number of 171 million children under the age of 6. Annual baby product sales are currently estimated at 69 billion yuan (iResearch China).

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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.