



04 August 2020

ASX Announcement

Star Combo Pharma expands manufacturing capacity with Milk Powder 'Blend and Pack' facility

- **New milk powder facility consists of three 'blend and pack' manufacturing lines capable of producing 5,500,000 tins per annum**
- **Facility supports growth strategy to become a leader in the health supplement manufacturing sector**
- **First purchase order for new facility received: 20,000 units from an existing contract manufacturing client**
- **Dairy export permit from the Department of Agriculture secured for the facility for overseas markets**

Star Combo Pharma Limited (ASX: S66) announces that it has expanded its manufacturing capabilities at its wholly-owned TGA-licensed nutraceutical manufacturing site in Sydney with a new milk powder 'blend and pack' facility (MPBP).

The MPBP facility is part of the Company's growth plan to be Australia's leading manufacturer in the health supplement sector. Star Combo Pharma now has the ability to contract manufacture high-value formulated, blended powder products, infant formula, whey protein, functional powder (weight-loss and protein powder) and milk powder.

The new facility also provides Star Combo Pharma with the opportunity to establish white label milk powder products for clients and develop formulas for its own proprietary brands.

The MPBP facility consists of three individual manufacturing lines with a production capacity of 5.5 million tins per annum. The Company has received its first purchase order for the new facility of 20,000 units of colostrum milk powder from an existing client.

Star Combo Pharma has been granted a dairy export permit from the Department of Agriculture for the new facility which will allow the Company to access overseas markets. The global infant formula market is expected to be worth US\$57 billion by 2024¹, with the Chinese market worth US\$32 billion alone by 2023².

Star Combo Pharma CEO Su Zhang said the facility was an important milestone in the Company's growth strategy, and both broadened and complemented existing service offerings.

"The milk powder market continues to be a growing sector and we expect demand for Australian made products to continue to grow both domestically and internationally. Our new 'blend and pack' facility reflects this and helps broaden our offering to existing and future clients," said Ms Zhang.

"This new manufacturing capability also has synergies with our existing e-commerce platform, AustoYou. Our vertically-integrated business model means that clients with milk powder products can not only manufacture with us, but also distribute products via our retail touchpoints."

The MPBP facility was funded through Star Combo Pharma's existing cash position, not via the \$33.32 million placement completed in May.

¹ Research and Markets, *Infant Formula Market – Forecasts from 2019 to 2024*

<https://www.researchandmarkets.com/reports/4849675/infant-formula-market-forecasts-from-2019-to>

² SCMP, *China's parents haunted by melamine baby milk scandal still favour foreign brands*, February 2020

<https://www.scmp.com/business/companies/article/3051808/foreign-brands-still-dominate-parents-do-not-trust-chinas-home>

Key facts of MPBP facility:

- Consists of three 'blend and pack' production lines with a combined capacity of 5.5 million tins per annum, including:
 - a powder sachet manufacturing line capable of packing end products in multiple sizes (660,000 units/day)
 - an automatic tin-filling power manufacturing line (21,000 units/day)
 - a bag-filling powder manufacturing line (25,000 units/day)
- Equipped with fully digital intelligent detectors to identify potential impurities in final powder formulations to ensure product quality
- Examples of finished manufactured products include: infant formula, colostrum milk powder, adult milk powder, and functional powders such as weight management and protein powder.

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This ASX announcement has been approved by the Star Combo Pharma's Board of Directors.

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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 current operations to serve its loyal business partners, customers and employees.