

Wattle Health Australia Limited Signs Distribution Deal for Mainland China

- **Wattle Health Australia Limited signs Term Sheet with International Supplies and Distribution Company Pty Ltd (ISDC) for supply for the China market of Wattle Health Australia's conventional cow infant formula.**
- **ISDC has guaranteed minimum annual volumes to service the China Market committing a bank guarantee to secure supply of Wattle Health Australia's conventional cow infant formula.**
- **Finalisation of this distribution arrangement is subject to finalisation of CFDA accreditation and finalisation of formal supply agreement.**

5 April 2018: Wattle Health Australia Limited (**ASX: WHA**) is pleased to announce it has signed a Term Sheet (**Agreement**) with International Supplies and Distribution Company Pty Ltd (**ISDC**) to supply WHA's conventional cow infant formula for sale in traditional retail/ general trade in Mainland China.

ISDC under the Agreement to service the Mainland China market, has guaranteed volumes as follows:

- For the first 18 months, commitment to purchasing a minimum of 1,500,000 units;
- For the following 12 months thereafter, a further 1,500,000 units; and
- For the following 12 months period thereafter, a further 2,200,000 units.

Following completion of the 3 periods above, WHA and ISDC, by mutual consent, will set new volumes for subsequent 12 month periods.

ISDC has agreed to provide to WHA a bank guarantee (**BG**) of an amount equivalent to 25% of the production cost, to facilitate the minimum supply arrangement for each period outlined above. The minimum volume targets established with ISDC are in addition to WHA's arrangements with existing customers in Mainland China, being the Ayingdao mum and baby chain, Tesco Lotus and China Duty Free and other customers WHA are currently negotiating with.

Finalisation of the arrangement is subject to WHA receiving formal accreditation from the China Food and Drug Administration (**CFDA**) for its conventional cow infant formula and the signing of the formal supply agreement.

Mr Lazarus Karasavvidis, Executive Chairman said "This Agreement with ISDC is an important milestone for Wattle Health Australia which enables us to grow our footprint in Mainland China.

Further, this Agreement provides WHA minimum volume levels, which enable the Company to forward plan with confidence as we look to expand our product offerings not just in China but globally.

WHA welcomes ISDC to to the Wattle Health Family and we look forward to a long term mutually beneficial relationship."

Mr Danny Segal, Director of ISDC said "ISDC is an Australian owned company with offices both in Melbourne and Guangzhou, China. ISDC's owners have been dealing in China for over 25 years and have established strong business relationships. ISDC is currently selling products to over 2,000 Mother and Baby stores, and a growing wholesale network which includes Chemists, supermarkets and convenience stores throughout China.

We are looking forward to working closely with Wattle Health Australia and helping to build the brand awareness and sales in the highly lucrative market in China."

About ISDC

Established in 2012, ISDC are regional leaders in premium food products supply and distribution. Specializing in baby/mother products exported into the burgeoning Chinese market, ISDC has deep and extensive networks and experience throughout China and Australia, with the director's holding over 20 years of Chinese trade experience, and the organisation itself working closely with leading Mainland Chinese mother & baby retail chains.

ISDC's retail distribution network covers 13 provinces in China and comprises over 2,000 retail stores. ISDC's wholesale networks covers all Chinese provinces.

CFDA Update

Further to the announcement on 20 November 2017, WHA can confirm it has submitted all supplementary documentation requested by CFDA, in February 2018. WHA's consultants in China have confirmed no further requests for information have been made by CFDA and WHA's application is on track for final accreditation.

CFDA have not released an accreditation list for infant formula for both domestic or international brands since 23 February 2018, due to the Chinese New Year holidays and National Congress which involved all government departments. Therefore, we expect further accreditations to be released in the not too distant future.

Lazarus Karasavvidis

Executive Chairman

Wattle Health Australia Limited

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