



WATTLE HEALTH AUSTRALIA SIGNS SUPPLY TERM SHEET WITH SHANDONG WEIHAI PORT INTERNATIONAL TRADE CO. LTD

- **Wattle Health Australia Limited (WHA) signs non-exclusive supply term sheet with Shandong Weihai Port International Trade Co Ltd (Shandong) for WHA's conventional cow infant formula range.**
- **Shandong has committed to minimum volumes for the first three years with a cumulative revenue of approximately \$34 million.**
- **Shandong is a Chinese state-owned enterprise with approximately 2,000 employees with an operating revenue of RMB 3.7 Billion (2016).**

29 June 2018: Wattle Health Australia Limited (ASX: **WHA**) is pleased to announce it has signed a non-exclusive term sheet (**Agreement**) with Shandong Weihai Port International Trade Co Ltd (**Shandong**) for supply of WHA's conventional cow infant formula range.

Under the agreement, Shandong have committed to minimum order volumes representing the following revenue for the first three years:

- For the first 12 months, approximately A\$6.6 million
- For the following 12 months, approximately A\$11.5 million
- For the last period under the initial term, approximately A\$16.5 million

Extension of the agreement and volumes after the third year will be negotiated at the expiry of this agreement, but to continue with this agreement volumes must not be less than the guaranteed volume for the last 12 months.



This agreement with Shandong represents approximately A\$34.0 million in revenue to the company over a 3-year period.

Finalisation of the agreement with Shandong is subject to WHA receiving formal accreditation from State Administration for Market Regulation (**SAMR**, formerly known as CFDA) for its conventional cow infant formula and the signing of the formal supply agreement.

This agreement with Shandong further adds to WHA's sales pipeline following the recent agreement with International Supplies and Distribution Company (**ISDC**) announced to the ASX on 5 April 2018. The ISDC agreement was to supply WHA's conventional cow infant formula for sale in traditional retail/ general trade in Mainland China. The revenue from the agreement is anticipated to be in excess of A\$100.0 million across a 3-year period and is backed by a bank guarantee.

Mr Lazarus Karasavvidis, Executive Chairman said *"This agreement with Shandong is another important milestone for Wattle Health Australia which will further grow our footprint and brand awareness in the Chinese market."*

Following the agreement with ISDC and now with Shandong providing minimum volumes over a 3-year period and the guaranteed revenue this brings allows the company to plan with confidence and further expand its distribution network and product offerings.

Wattle Health looks forward to working with Shandong for a long term mutually beneficial relationship."

About Shandong Weihai Port International Trade Co Ltd:

Shandong is situated in north eastern China with almost 2,000 employees and an operating revenue of RMB 3.7 billion (2016) generated across businesses in import, export, logistics, warehousing, sales and distribution.



Shandong has online sales channels with Alibaba Group, JD.com, Suning, and TMall, T.V Buying Shows; Dao Tu, Jia You Gou, Global Home Shopping and Dong Fang Gou – Group Purchase Platform. Cooperative partners include comprehensive shopping mall; Lian Qiao Group and Bei Guo Shang. National Chain Supermarkets; Jia Jia Yue and RT-Mart.

Shandong has its own state of the art Cross Border E-Commerce (**CBEC**) Industry Park comprising over 160,000 sqm (a total investment of 384 million RMB), including CBEC customs supervision and CIQ area, bonded warehousing, goods sorting & dispatching and O2O showroom as well as a commercial shopping area.

ENDS

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