



22 November 2018

NZX/ASX Market Release

NEW CHINA CROSS-BORDER E-COMMERCE POLICY

The Company notes the announcement from the Chinese Government late on 21 November 2018 confirming the State Council's decision to continue and further improve the current cross border e-commerce (CBEC) policy and its scope.

The new policy supplements the new e-commerce law passed on 31 August 2018 and will also apply from 1 January 2019.

The information provided in this policy is broadly consistent with how CBEC has been operating up until 2018, and confirms:

- Goods included in the CBEC retail imports list (often referred to as the “positive list” and which includes infant formula):
 - will continue to benefit from more relaxed regulation as imports for personal use; and
 - will not require registration or a filing process, or first import licence approval
- Imported positive list items will continue to enjoy preferential tax rates with the following higher transaction thresholds applying to individual consumers in China:
 - the single transaction threshold will increase from RMB 2,000 to RMB 5,000 per person; and
 - the annual transaction limit will also be increased from RMB 20,000 to RMB 26,000 per person
- The number of approved CBEC pilot (or bonded warehouse) zones across China will be increased from 15 to 22 cities

The Company welcomes the new e-commerce law and policy and the Chinese Government's continued support of CBEC.

The Company will continue to proactively monitor and work closely with its partners to respond to China's evolving regulatory requirements.

The Company's business operates a flexible multi-channel multi-product strategy to best position the brand for growth.

The a2 Milk Company

Jayne Hrdlicka

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