

21 November 2023

Distribution agreement and waiver from Listing Rule 5.2.1

New Zealand King Salmon Investments Ltd (NZX & ASX: NZK) announces that it has entered into an exclusive distribution agreement with China Resources Food Supply Chain Co. Ltd (CRFSC) to be the exclusive distributor to import and distribute a range of King Salmon products in Mainland China (Exclusive Distribution Agreement).

Under the terms of the Exclusive Distribution Agreement, CRFSC is required to place orders totalling a minimum of 4,000kgs of salmon products per calendar month throughout the term, with pricing being on commercial rates. If CRFSC fails to place an order for the minimum order volume for any calendar month throughout the term, NZK can either terminate the Exclusive Distribution Agreement or appoint one or more other distributors within Mainland China.

In May 2023, NZK recommenced a trading relationship with CRFSC, and has sold approximately 60,000kgs of salmon products to CRFSC over that time (which, on an annualised basis, would represent approximately 2.5% of the annual volume of products sold by NZK).

The Board considers that CRFSC is a Related Party of NZK for the purposes of NZX Listing Rule 5.2.1 as China Resources Enterprise Limited (CRE) (the 40% indirect shareholder of CRFSC) owns 9.81% of the shares in NZK and Yuen Carol Chen, Deputy General Manager of Corporate Strategy and Development at CRE, is a director of NZK.

Whilst the price and volume of the products supplied to CRFSC under the Exclusive Distribution Agreement will vary, there is potential for NZK to supply products to CRFSC with a value in excess of 10% of the Average Market Capitalisation of NZK during the life of the trading relationship between CRFSC and NZK. As a result, NZK sought, and has been granted, a waiver from Listing Rule 5.2.1 to the extent that this Rule would otherwise require NZK to seek shareholder approval in relation to the supply of products to CRFSC under the Exclusive Distribution Agreement.

The Board considers the Exclusive Distribution Agreement is in the best interests of NZK and its non-interested shareholders. China represents an important export market for our premium species and has the ability to provide additional demand for both our current volumes and future growth aspirations. The terms of the Exclusive Distribution Agreement have been negotiated, and entered into, on an arms' length commercial basis.

Authorised by:
Board of Directors of New Zealand King Salmon Investments Ltd