

ASX RELEASE

8 May 2020

Creation of New Brand and Release of New Products

Highlights:

- **JAT has established a new brand and products for exclusive distribution by Hipac, China's largest B2B platform for mother and baby care products. Hipac plans to order \$4.8 million of products in the first year**
- **JAT develops and sells the world's first camel milk modified with lactoferrin**
- **Additional shifts implemented at ANMA to meet growth in production demands**

Health and wellness consumer goods developer and manufacturer, Jatenergy Limited (ASX: JAT) is pleased to provide an update on new customers, its development of new products and expansion of ANMA milk orders and operations.

Strategy Execution

JAT commenced building its China distribution network in 2015. At that time, JAT sourced products from third party suppliers in Australia for export to China. JAT's strategy since June 2018 has been to develop its own products to sell into its China distribution network. This strategy allows JAT to secure significantly greater margins on its products than it could achieve by distributing third-party products.

Throughout 2019 and 2020, the latest phase of JAT's strategy has been to take advantage of its broad distribution network to either acquire or develop its own products to sell into its continually expanding China distribution network. JAT now offers a range of its own products through its operating subsidiaries which include Sunnya, Green Forest and Golden Koala. By acquiring ANMA in late 2019, the creation and manufacturer of its own brand of dairy products became another in-house function.

As a further extension of this strategy, JAT has established the **Abbeyard** brand, the details of which are set out below.

Release of Abbeyard Branded Children's Milk Products

JAT has developed the **Abbeyard** brand which will be used exclusively for the distribution of JAT's products by China's largest B2B e-commerce platform for mother and baby care products, Hipac. JAT has lodged an application with IP Australia to register the Abbeyard trademark.

The first product under the Abbeyard brand is an A2 protein children's milk powder packaged in 600g cans and produced by ANMA. Hipac has ordered the first shipment of this product, amounting to \$216,000, for delivery anticipated in the middle of June 2020. Hipac has advised JAT that it

plans to order \$4.8 million of this product over the next 12 months. JAT is working with Hipac to develop further products under the Abbeyard brand.

World's First Camel Milk Product

JAT has manufactured and sold its first orders of two new products which are different types of camel milk powder with lactoferrin. JAT believes these products are the world's first camel milk powder fortified with lactoferrin.

The first batch of these products has been shipped to Australian stores and to China, generating revenue of approximately \$92,000. An order amounting to \$77,000 is due to be shipped to China next week. Further orders amounting to \$292,000 have been received and will be shipped in June and July 2020. JAT estimates orders over the next 12 months will be more than \$2 million based on customer feedback to date.

ANMA Manufacturing Facility Ramps Up Production

JAT announced to the ASX on 30 April 2020 that its ANMA factory has commenced operating with two shifts per day.

As a result of orders continuing to grow, the ANMA factory is now moving to operate 24 hours a day (3 shifts) for two days a week, running double shifts on the remaining days.

JAT Managing Director, Wilton Yao, said:

“Our business is continuing to develop well as we are selling an increasingly broad range of highly-demanded products. We are now realising the benefits of our earlier efforts to establish relationships with a broad portfolio of distributors throughout China. Selling our own new and existing branded products through this network is allowing JAT to expand margins while we deliver revenue growth. Selling our new Abbeyard and camel modified milk products through Hipac and other platforms will support our goals of margin expansion and profitable growth.”

“As ANMA's production continues to ramp up, it is worth noting that we expect its operations to be profitable either with or without Chinese label infant formula registration approval. With the current economic situation inflicting difficulty even on some factories that have already gained Chinese infant formula registration approval, we are continuing to expand the scale of ANMA's operations with confidence. The addition of infant formula approval could open greater revenue and profit potential for JAT.”

“With the groundwork laid, our own brands in place and manufacturing capacity increasing, the Directors of JAT expect the next 18 months to be a period of expansion of sales based on selling our own products at very strong margins.”

General meeting and funding

On 22 April 2020, JAT announced that it had secured funding through the issue of two convertible note facilities to raise \$5 million. Shareholder approval is required in relation to both facilities. The funds raised from both facilities are essential in delivering on the JAT strategy described above.

In point 1 of section B of the announcement, JAT stated that \$1 million in cash had been subscribed by the Noteholder. JAT wishes to clarify that statement to make it clear that the Noteholder has agreed to subscribe \$1 million in cash. The cash subscription is expected to be received by JAT on or about 20 May 2020.

The meeting seeking approval for both facilities is expected to be held in mid-June 2020.

This announcement is authorised by Wilton Yao on behalf of the board.

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About Jatenergy Limited

Jatenergy Ltd (ASX: JAT) is a China-Australia trade specialist. JAT develops and markets a portfolio of in-house branded FMCGs, focusing on growth opportunities in dairy products.

JAT has positioned itself as a major player in the flourishing Australian consumer goods export industry, offering Chinese retail presence, online sales to Chinese consumers through offshore platforms, and high-volume wholesaling to daigou groups and other distribution channels.

JAT's extensive network of Chinese business affiliations is a substantial source of opportunities, both for the company and for its Australian business partners.