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ASX ANNOUNCEMENT

Supply contract entered into by Sunnya Increased production capacity at ANMA JAT products hit the shelves in China and Australia

Jatcorp Limited (ASX: JAT) continues to execute on its strategy of developing its China business in the new COVID environment where sales through daigou channels and international tourists are minimal or non-existent.

Sunnya Pty Ltd supply contract

JAT's subsidiary, Sunnya Pty Ltd, has entered into a contract to supply its full range of Neuroio products to Shandong Puxuan Trading Co., Ltd (**SPT**) over the next 12 months.

SPT was established in March 2016 and specialises in distributing and importing baby and mother products into local stores in China. SPT has more than 20,000 franchise baby and mother stores under the name of "Kigo Baby" operating in China.

SPT has been a general distributor in China for Sunnya's products for the last two years. During 2020, SPT distributed approximately \$14.1 million of Sunnya's products.

The material terms of the agreement are as follows:

- The agreement takes effect from 3 February 2021 and is for an initial term of 12 months. The agreement will be automatically extended for a further 12 months unless either party decides to terminate.
- SPT is granted the exclusive distribution rights in China for selected Neuroio products. SPT will have non-exclusive distribution rights to those products where other distributors such as Hipac currently have non-exclusive distribution rights.
- SPT must pay CNY500,000 (\$101,600 at current exchange rates) as security bond for its performance.
- JAT is responsible for import duties, VAT and other associated charges in China and all the necessary import documents.
- SPT will pay 20% of the total order amount when placing the order and pay the balance after the products are cleared by Chinese customs.

SPT has paid CNY300,000 of the security bond and will pay the balance of CNY200,000 in the current month.

In 2020 calendar year, SPT purchased CNY 70 million (A\$14.1 million) of Neuroio products from Sunnya. JAT believes a greater amount would have been purchased in that period had sufficient stock been available.

SPT has included in the contract a projection of its expected monthly order volumes over the next 12 months. The total of those projected order volumes amounts to \$32 million in revenue for Sunnya. The projected monthly order volumes vary each month, past experience is that the volumes of product vary from season to season. Based on the performance of SPT over the last two years and, in particular, the sale of stock to SPT in 2020, the projected volumes of \$32 million are considered reasonable.

In the event that SPT does not meet the projected order volumes in two consecutive months, Sunnya has the right to terminate the agreement. There are no financial payments or penalties of any kind in the event that SPT does not meet the projected order volumes.

JAT confirms that it will be able to produce those volumes at its ANMA manufacturing facility in Melbourne (see further details below).

ANMA expansion

On 16 December 2020, JAT announced to the ASX that part of its strategy was the expansion of the ANMA manufacturing facility in Melbourne. The works for the expansion have commenced and are expected to be completed at the end of February 2021.

The expanded facility will double ANMA's manufacturing capacity which will permit ANMA to be able to supply Sunnya with the product to meet the projected SPT orders as well as large volume orders from other distributors at competitive prices.

JAT's in-house brands

JAT's in-house brands including Lone Milk, Moroka and Hopefern continue to expand their sales channels both in Australia and China. In China the products are selling through most popular online platforms such as Pinduoduo, Tmall and Taobao.

The brands are selling at well-known stores in China such as JD 7 Fresh Supermarket and Shanghai Huijin Department Store. In Australia, those products can now be found on the shelves at selected Go Vita and pharmacies such as Priceline and Better Value.

This announcement is authorised by JAT's Managing Director, Wilton Yao.

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About Jatcorp Limited

Jatcorp Ltd (ASX: JAT) is a China-Australia trade specialist. The Company 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.