



Bubs Australia Limited
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**BUBS AUSTRALIA TO PARTNER WITH BEINGMATE CHINA:
A LEADING DOMESTIC INFANT NUTRITIONALS COMPANY**

***Compliance announcement relating to statement released to Shenzhen Stock Exchange
by Beingmate Baby & Child Food Co., Ltd (002570.SZ, Beingmate)***

- *Memorandum of Understanding to form a Joint Venture for marketing and distribution of Bubs® full portfolio of infant formula and organic baby food products in China.*
- *Provides Bubs significant opportunity to accelerate expansion of China operations via Beingmate's existing distribution network covering 30,000 Mother and Baby stores serviced by 2,200 employees.*
- *Offers unparalleled expertise advising on Chinese regulatory compliance and product registration.*

Sydney 6 March 2019: Bubs Australia (**ASX: BUB**) confirms that by unanimous Board vote, Beingmate Baby & Child Food Co., Ltd (**002570.SZ, Beingmate**) has entered a non-binding Memorandum of Understanding (**MoU**) with Bubs Australia Limited (**Bubs**) with the intention of forming an eventual Joint Venture in Shanghai to distribute and promote Bubs® infant formula and organic baby food products in China. Both parties see merit in the strategic partnership and have a shared intention to move to a definitive form Joint Venture Agreement, expected to be completed during the next month.

Beingmate is one of the largest Chinese owned enterprises in the infant and maternal nutrition industry and is listed on the Shenzhen Stock Exchange with a market cap of RMB6.115bn (~A\$1.29bn) and reported revenues for FY18 of RMB2.467bn (~A\$520 million).

Under the proposed Joint Venture, Bubs will supply infant formula and organic baby food products to Beingmate's distribution network covering 30,000 Mother and Baby stores throughout China. Bubs and Beingmate will finalise a sales and marketing plan to cover both Bubs Organic® baby food range which is already sold in around 500 stores in China, and Bubs® infant formula which is currently sold into China via various cross-border e-Commerce and O2O (Online-to-Offline) platforms.

Beingmate has 280 infant formula and baby food products in its portfolio and owns the largest number of registered infant formula brands in China, including 17 sub-brands and 51 product lines, that are successfully registered with the State Administration for Market Regulation (SAMR, formerly CFDA), and currently being physically distributed throughout China. Beingmate was the first infant nutrition company to obtain certification since the new registration system was established. Beingmate also has strong Research and Development (R&D) capabilities and its 'R&D Centre' is a certified post-doctoral research station.

Bubs Founder and CEO, Kristy Carr said: "Beingmate's extensive infrastructure, local knowledge, regulatory expertise and extensive domestic distribution footprint, coupled with Bubs unique premium international offering, will have the capacity to transform our business.



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"Beingmate is particularly strong in driving distribution via China's lower tier cities which are benefiting from China's new multi-child family policy, and so there are higher expectations for addressable market growth than in the Tier 1 cities where the costs to entry are high.

"Importantly, Chinese parents want only the best when it comes to infant nutrition, and in this regard Beingmate has an established brand position with the 'Beingmate Successful Child Care System,' which over the last 20 years has helped more than 10 million Chinese families. This will be a great support for introducing Bubs products into the Chinese market."

Mrs. Carr said that the two companies had shared values and commitment to best practice in sourcing and manufacturing, and were uncompromising when it comes to product quality.

The Beingmate Board has given Beingmate's Chief Executive Officer, Bao Xiufei, delegated authority to proceed with setting up the Joint Venture with associated establishment costs of up to RMB 10M (~A\$2.1M).

Commenting on the proposed partnership, Mr. Bao said: "We believe there is a terrific opportunity for Bubs to capture a material share of the super-premium infant formula and organic infant food sectors, both of which are experiencing rapid growth in China. In particular, Chinese parents are attracted to 'clean and green' infant nutrition products for which Australia has an enviable reputation.

"Foundational to embarking on the journey to forming a Joint Venture, it was essential we had a good understanding of Bubs management, brand attributes, its supply capabilities and reputation for quality. We are particularly attracted to the control Bubs has over its goat milk supply chain from the farm gate to the end consumer product, and the sheer size of their milk pool. As well, Bubs organic baby food products, particularly cereals, are also highly regarded.

"We are indeed truly excited to have the opportunity to build on our domestic business by partnering with an international trusted brand like Bubs," said Mr. Bao.

Charles Li, Bubs Chief Operating Officer for China said: "A Joint Venture with Beingmate will present Bubs with a special opportunity to fast-track our development of the China market and to become a leading player in our segments.

"Having operated in the industry for many years, I can testify to the value that Chinese parents place on premium quality underpinned by provenance when it comes to infant nutrition. I believe Bubs has an unrivalled advantage in that regard, and with the strength of Beingmate as our partner in the marketplace, I am very confident in our joint prospects for the Chinese market."



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Beingmate's Public Disclosure on the Shenzhen Stock Exchange

The following translated notice was published on the Shenzhen Stock Exchange around 11pm AEST on 5 March 2019.

The Beingmate Board has passed a resolution with 9 votes in favour, 0 votes against, and 0 abstentions, to enter the proposed strategic cooperation of establishing a subsidiary corporation with Bubs Australia Limited.

In order to improve the company's business structure, develop new business growth opportunities and enhance the company's market position in the infant nutrition industry, Beingmate plans to enter a strategic cooperation with Bubs Australia Limited. Both parties intend to establish a Joint Venture to promote and sell Bubs products in mainland China.

Beingmate plans to establish a wholly-owned enterprise in Shanghai, and subsequently establish a Joint Venture subsidiary with Bubs Australia Limited. The Joint Venture will be included in Beingmate's consolidated financial reporting. The Beingmate Board has delegated authorisation to management to complete the establishment of the subsidiaries and other related matters with associated costs of up to RMB 10 million.

About Beingmate

Beingmate Baby & Child Food Co., Ltd is the only infant and child nutrition focused business listed on China's A-share market with a market capitalisation of RMB6.115bn (~A\$1.29bn). It was founded in 1992 and listed on the Shenzhen Stock Exchange in 2011. Beingmate has reported sales for calendar 2018 of RMB 2.476 billion (~A\$520 million) and reported profit of RMB 81m (~A\$17M). Beingmate has 280 infant nutrition products in its portfolio.

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About Bubs Australia Limited (ASX: BUB)

Founded in 2006 in Sydney, Bubs Australia (ASX: BUB) is engaged in the business of *inspiring new generations of happy, healthy bubs* through its range of Australian made premium infant nutrition products. Bubs® speciality infant formula and organic baby food caters for a child's first 1,000 days of life.

Bubs Australia is the leading producer of goat dairy products in Australia with exclusive milk supply from the largest milking goat herd in the country, and Australia's only vertically integrated producer of goat milk infant formula.

Products are widely sold in major supermarkets and pharmacies throughout Australia, as well as exported to China, South East Asia, and the Middle East.

Consumer Website: bubsaustralia.com

Investor Centre: investor.bubsaustralia.com