



the **Hydroponics** company
www.thcl.com.au

Australia's leading medicinal cannabis company

ASX RELEASE (30 July 2018)

Canadian Hydroponics Division and Restatement of Objectives

Key Points:

- **Crystal Mountain Products to develop organically**
- **Biofloral Inc and Crystal Mountain to cross promote across Canada**
- **Acquisitions not to impact on Company nature or scale of activities**
- **Chairman articulates Company objectives**

The Hydroponics Company Limited (THC or the Company), Australia's leading medicinal cannabis company¹ and Biofloral Inc, (**Biofloral**), a Canadian east coast hydroponics company, have chosen to work together to benefit from each other's IP and distribution networks. The proposed acquisition of BioFloral (ASX: 24 January 2018) is not proceeding.

Following extensive due diligence and review, and considering the possible impact to THC shareholders, the Company has determined, at this time, to limit acquisitions to those that do not represent a change to the nature or scale of activities, as provided in Chapter 11 of the Listing Rules. The Canadian acquisition did not meet these criteria.

Crystal Mountain Products (**CMP**) manufactures and distributes hydroponic equipment and supplies. THC will continue to provide the resources required by CMP in Canada to build the business organically.

CMP and Biofloral will look to cross promote and distribute their respective products across Canada. CMP has a strong west coast presence and Biofloral has a strong east coast presence.

"There are obvious synergies between Crystal Mountain Products and BioFloral," Steven Xu said. "THC is positioning itself to be able to capitalise on its Canadian business.

"We look forward to the synergies that we will achieve in working with Biofloral across Canada."

Steven Xu added, "THC is determined to maintain focus and implement its strategies, but not disrupt or distract the Company and its management team from reaching those objectives.

"Our priorities are to establish medicinal cannabis growing, cultivation and production in Australia, for both local and international markets and to develop and increase cash flow from our hydroponics manufacture and supply division."

¹ Assessment based on key peers (CAN, AC8) comparison matrix



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Background

Steven Xu – Chairman, THC

Mr Xu is a Director of Une-Innovation Consulting Australia Pty Ltd and Director of the MY INP Venture Capital Fund. Together, Une-Innovation and the MY INP Venture Capital Fund hold 6.4% of the shares in the THC and are substantial shareholders.

Mr Xu is a Chartered Accountant (CA ANZ) and has 15 years' experience working at PricewaterhouseCoopers and other listed companies in Australia and China. He specialises in financing, IPO, and M&A activities in a broad range of sectors.

As head of the MY INP Venture Capital Fund, Mr Xu has experience with global investments in Medicinal Cannabis, biotechnology, and other related industries. He has strong international connections, especially in North America, Israel and China.

The Hydroponics Company Limited (ASX: THC)

THC is at the forefront of developing a leading, diversified worldwide cannabis business, focusing on two core business units: Development and delivery of medicinal cannabis, and manufacturing and distribution of hydroponics equipment, materials and nutrients.

Crystal Mountain Products (CMP)

CMP is located in Vancouver, Canada. It has been operating for over a decade. CMP holds 9 trademarks and two patents. It manufactures and distributes wholesale across North America and the UK.

CMP has been able to compete with competitors while operating with a very low overhead. This allows CMP to be competitive, nimble but also scalable. As a subsidiary of THC, CMP is well positioned to take advantage of the rapidly changing cannabis market and growth in personal indoor farming.

Biofloral Inc (Biofloral)

BIOFLORAL® has been a distributor of hydroponic and horticultural products since 1999 and is Canada's leader in this field of activity.

BIOFLORAL offers a wide range of high quality products all over the country, including several exclusives, and brings together under one roof all the products needed for indoor and outdoor gardening. The company has several hundred points of sale in Canada and counts among its customers several licensed cannabis producers (LP) under the federal law.