



SYNLAIT MILK LIMITED

MEDIA RELEASE

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Synlait Milk well positioned for China's regulation changes

Synlait Milk Managing Director Dr John Penno says the Company remains confident in its nutritional strategy and is encouraged following last Thursday's announcement by the Ministry for Primary Industries that it expects Synlait Milk to receive registration by the Certification and Accreditation Administration of the People's Republic of China (CNCA) as an exporter of finished infant formula into China.

"The regulatory changes which come into force on 1 May 2014 are an important step forward in lifting the quality standards required of manufacturers supplying that market. We have been fully engaged in the process and have focused on positioning our business around CNCA's desire for international manufacturers exporting infant formula product to China to have committed milk supply, wet blending and spray drying, dry blending and consumer packaging on site.

"We have also been working closely with our three brand partners Bright Dairy & Food Co, Ltd., New Hope Nutritional Foods Co., Ltd and The a2 Milk Company in anticipation Chinese officials would require a close association between the brand owner and the manufacturer.

"Synlait Milk is now part of a group of New Zealand dairy manufacturing companies working through a process to achieve registration.

"The impact of these regulatory changes were anticipated in our recent six month report where we pointed to a likely short term reduction on sales of our finished infant formula and nutritional products into China, however we are confident of meeting our long term objectives.

"China remains an important market for us. While our finished infant formula business into China currently contributes a small portion of our total earnings we expect it to be a significant earner in future.

"In the meantime we continue to work with our first tier multinational customers for the supply of infant formula ingredients and finished products outside of China," said Dr Penno.

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