



Commentary on CDC's dairy exports to China

Australian Dairy Farms Group (AHF) confirmed last Friday that the acquisition of the shares in Camperdown Dairy Company Pty Ltd (CDC) was scheduled for completion on **Friday 15 April 2016 at Melbourne** and the transaction remains on target.

There has been considerable commentary in the securities markets in the last few days about the changes to regulations regarding imports of various foods and vitamins into China and the potential impacts of those changes to AHF and its "soon to be" new subsidiary.

Directors are pleased to advise that they see no adverse impact on CDC's exports to China from the regulatory changes recently announced.

As previously advised, CDC is one of only a few Australian milk processing groups which have been granted special "rapid transit" import licences by the Chinese regulators for the shipment of fresh milk to retail outlets in China.

The rapid transit licences provide essentially a maximum seven day customs and quarantine assessment and delivery facility once the products arrive in China. In practice, the process is typically 3-4 days and, on occasions, milk collected from the local farms in South West Victoria has been processed, packed and placed on supermarket shelves in Shanghai China within 65 hours after being collected from the farm.

CDC has been careful to ensure that at every step in the quite lengthy process to secure licensing has been thoroughly completed. Every product including CDC's popular yoghurts requires separate specific licensing and the attention to detail in this process by CDC management and consultants has resulted in several new Chinese retailer customers seeking out CDC to supply their fresh milk and milk products.

As mentioned in the advisory announcement last Friday, *"the size and flexibility of the CDC processing facility has already proved to be very nimble and adaptable to customer needs and is in a very strong position to achieve growth in high value add products across a wide range of product."*

AHF and CDC together are well placed to be able to build on this solid base and understanding of the Chinese regulatory framework to grow the Chinese customer base as well as the volume and range of products it exports and to use these skills in developing customers in other Asian markets.

For further information

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About Australian Dairy Farms Group

Australian Dairy Farms Group (ADFG) is Australia's first ASX listed dairy farmer. Its focus is on aggregating high quality dairy farms in Victoria, initially in the South Western region with particular emphasis on the famous Golden Triangle region between Warrnambool and Colac south of the Princes Highway to the coast around Port Campbell.

On 23 December 2015, ADFG announced to ASX that it had entered into a contract to acquire Camperdown Dairy Company Pty Ltd – see announcement on <http://www.adfl.com.au/announcements>

Australian Dairy Farms Group is listed as a stapled security comprising one fully paid share in **Australian Dairy Farms Limited** (the Company) and one fully paid unit in **Australian Dairy Farms Trust** (the Trust). Within the structure, the Company is the operator and manager of the dairy farm properties, which are leased from the Trust as the registered owner.

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