

ASX Announcement

12 April 2017

On-market buyback relating to Dividend Reinvestment Plan

On 21 February 2017, China Dairy Corporation Limited (the “**Company**”) (ASX code: **CDC**) announced a dividend for the 9 months to 31 December 2016 of A\$0.0064 per CHESS Depository Interest (“**CDI**”). This dividend (“**current dividend**”) was in line with the Company’s dividend policy and represented a 12% increase over the previous dividend of A\$0.0057 per CDI which the Company declared on 24 May 2016 for the 9 months ending 31 March 2016.

Along with the current dividend, the Company offered securityholders the opportunity to increase their holdings via a Dividend Reinvestment Plant (“**DRP**”). Despite limited time to apply, the Board is delighted with the number of Australian securityholders participating. In total, over 200 securityholders holding over 9.6 million CDIs elected to participate in the DRP.

The DRP offer price will be A\$0.1207, representing a 5% discount to the volume weighted average price between the 20th and 31st of March 2017.

Due to the Company’s strong balance sheet with over US\$21.6 million in cash and cash equivalents at 31 December 2016, the Company has elected to conduct an on-market buyback of the CDIs to be provided to securityholders who elected to participate under the DRP. This will ensure that existing security holders are not diluted and the on-market buyback will be carried out over the coming weeks.

Whilst participation in this DRP is only available to local Australian and New Zealand residents, the Company will investigate offering the opportunity to participate in the Company’s DRP for future dividends to overseas securityholders.

The Company is committed to focusing on capital management strategies that deliver value to its securityholders. The board & management team recognise recent market performance of the Company’s securities and will use a combination of company strategy and capital resources to provide value to our securityholders. We will continue to update securityholders on capital management & company initiatives going forward.

For and on behalf of China Dairy Corporation Limited,



David Paul Batten

Independent Director and Local Agent



CHINA DAIRY CORPORATION LIMITED

About China Dairy Corporation Limited

China Dairy Corporation Limited is a company primarily engaged in the production and wholesale of raw milk and the rearing, breeding and sale of dairy cows in Heilongjiang province, China.

CDC generates revenue through two primary business models;

- the sale of raw milk from cows that are owned by the company; and
- milk sale commissions on the sale of raw milk from cows the company has sold to farmers.

As at 31 December 2016, CDC owned 31,877 cows and partnered with farmers with an additional 21,617 cows from which CDC makes a sales commission on the milk sold.

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CHINA DAIRY CORPORATION LIMITED

ARBN: 607 996 449

Hong Kong Company Registration Number: 2190508

Level 36, Gateway Tower, 1 Macquarie Place, Sydney NSW 2000