



SYNLAIT MILK LIMITED ANNOUNCEMENT

22 SEPTEMBER 2016

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

NOTICE PURSUANT TO CLAUSE 20(1)(a) OF SCHEDULE 8 TO THE FINANCIAL MARKETS CONDUCT REGULATIONS 2014

1. On 19 September 2016, Synlait Milk Limited (SML) announced it would undertake a pro rata 2 for 9 accelerated entitlement offer of ordinary shares to eligible shareholders. On 22 September 2016 the retail portion of the entitlement offer opened. Any shares not taken up or attributable to ineligible shareholders will be offered to institutional investors through two bookbuilds to be run by the Lead Manager, the first of which was completed on 21 September 2016. These offers (Offers) are underwritten (except for the entitlements of institutional shareholders that have committed to take up their entitlements in the Offers).
2. Pursuant to the Offers, an offer for issue is being made to investors in reliance upon the exclusion in clause 19 of schedule 1 to the Financial Markets Conduct Act 2013.
3. This notice is provided under subclause 20(1)(a) of schedule 8 to the Financial Markets Conduct Regulations 2014 (Regulations).
4. As at the date of this notice, SML is in compliance with the continuous disclosure obligations that apply to it in relation to ordinary shares in SML.
5. As at the date of this notice, SML is in compliance with its financial reporting obligations as defined in subclause 20(5) of schedule 8 to the Regulations.
6. As at the date of this notice, there is no information that is 'excluded information' as defined in subclause 20(5) of schedule 8 to the Regulations.
7. The potential effects that the Offers and acquisition of new shares will have on the 'control' (within the meaning of clause 48 of schedule 1 to the Financial Markets Conduct Act 2013) of SML and the consequences of those effects are as follows:
 - (a) As at the date of this notice, Bright Dairy Holding Limited (Bright) holds 39.12% of the ordinary shares in SML and has the director appointment rights set out in Schedule One of SML's constitution which are subject to Bright retaining at least 39.12% of SML's ordinary shares as calculated in accordance with clause 22.5 of the constitution.
 - (b) Bright has informed SML that it intends to participate in the Offers up to its pro-rata



entitlement and will therefore retain its powers under SML's constitution.

- (c) If all other eligible shareholders take up their pro rata entitlements to new shares under the Offers, their percentage shareholding in SML will remain the same and there will be no effect on the control of SML.
- (d) For shareholders who choose not to participate, and shareholders with registered addresses outside of New Zealand who are not eligible to participate in the Offers, their percentage shareholdings will be diluted as a result of the issue of new shares. However, it is not anticipated that any resulting dilution would have a material effect on the control of SML. SML will be entitled to allocate their entitlements to other parties, and expects to do so under the bookbuilds and, if necessary, the underwriting.
- (e) If no eligible shareholders took up their entitlements, the maximum shortfall would be approximately 22.2% of SML. It is expected that any shortfall would be allocated to a number of parties, such that the allocation should have no material effect or consequence on the control of SML.
- (f) SML has not sought a waiver from NZX Main Board Listing Rule 7.5 (regulating issues of shares which could affect the effective control of SML), and the Takeovers Code will also prevent any person holding or controlling 20% or more of the voting securities in SML as a result of the Offers and Bright from further increasing its holding or control of voting securities in SML.
- (g) Accordingly, the Offers are not expected to have any material effect or consequence on the control of SML.

ENDS

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Note: All capitalised terms used in this announcement have the meanings given the Offer Document dated 19 September. This announcement has been prepared for publication in New Zealand and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered in the United States under the US Securities Act of 1933 and may not be offered or sold in the United States, except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable to US state securities law.