

## KEYTONE DAIRY UPDATE

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- **First repeat order for the new AMF product, from Taiwan**
- **First sale of new AMF product in Australia**
- **Keytone Dairy's products listed on Chinese e-Commerce giant Pinduoduo, the third largest Chinese e-Commerce platform in terms of market share**
- **Keytone Dairy products launched in Shanghai First Food Mall (14 stores across Shanghai)**
- **Keytone Dairy products to be ranged on the irexchange platform – offering access to 540 independent retailers across Australia**
- **Keytone Dairy milk powders listed on New Zealand Whole Food Goodness and Bakery online platform Kilo**
- **Construction of second manufacturing facility progressing on schedule**

*Sydney, Australia and Christchurch, New Zealand* - **Keytone Dairy Corporation Ltd (ASX:KTD)** ("Keytone Dairy" or the "Company") is pleased to provide the following update on its business activities over recent weeks.

Keytone Dairy has continued to execute on its 'four-pillar' growth strategy, expanding its products, distribution channels, geographic reach and production capacity.

### **Expansion of Product Range and Geographic Reach**

In late July 2018, the Company announced that it had launched its first proprietary 'wet' product, KeyDairy® Anhydrous Fat Milk ("AMF") in 18kg tins for the food service channel, and that it had received the first order for this new product from Tehmag Foods Corporation ("Tehmag"), Taiwan's leading supplier of bakery ingredients. The AMF product has been well-received by the market, and the Company has now received a follow-on order from Tehmag, indicating customer satisfaction with the product.

Additionally, consistent with its strategy of penetrating additional geographic markets in multiple product verticals, Keytone Dairy has now received the first order for its AMF product from an Australian customer, Life Group Australia.

### **Expansion of Distribution Channels**

As previously announced, Keytone Dairy is listed on both the Alibaba (Tmall.com) and JD.com platforms. In addition, Keytone Dairy is pleased to announce that its proprietary products are now listed on Pinduoduo ("PDD"), the Chinese e-commerce platform with over 55.9 million daily active users and transaction volumes of over 141 billion yuan. PDD is one of the fastest growing online platforms in China and offers a differentiated service relative to other Chinese e-Commerce platforms such as JD.com and Alibaba. PDD's users can spot deals on products and then recruit friends to buy at a discount. This allows consumers to buy directly from manufacturers, cutting out middlemen and associated costs. Pinduoduo has the 3<sup>rd</sup> largest market share of all the Chinese e-Commerce retailers, following Alibaba and JD.com.

Further, Keytone Dairy's proprietary products have recently been stocked and listed by Shanghai First Food Mall. Shanghai First Food Mall has 12 metropolitan scale stores, two neighborhood community



stores, one branded provincial store and one flagship store in the heart of the shopping centre area, Nanjing Dong Road, Shanghai.

Keytone is also pleased to announce that its proprietary products are to be ranged on the Australian irexchange platform, providing access to over 540 independent retailers across Australia. irexchange challenges the incumbent wholesale distribution model in Australia, connecting suppliers directly to independent retailers, without the need for a wholesaler.

Locally in New Zealand, Keytone Dairy milk powders have been listed on whole food goodness and bakery ingredients online platform Kilo. Kilo supplies locally sourced and produced New Zealand ingredients and health and wellbeing products throughout New Zealand. Continuing to add local New Zealand distributors remains an important element of Keytone's strategy as it further validates the export of the proprietary products internationally, particularly into China.

### **Capacity Expansion**

Construction of Keytone Dairy's second manufacturing facility in Christchurch, New Zealand, continues to progress on schedule. The installation of the steel framework forming the manufacturing facility has been completed and the roof installed. Construction of the internal components of the facility has commenced with delivery on site of the previously announced and ordered plant and equipment due to commence through the next quarter. The Company expects that the facility will come online in the first half of 2019.

**ENDS**

### **Further Information**

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### **About Keytone Dairy Corporation Limited**

Based in Sydney, Australia and Christchurch, New Zealand, Keytone Dairy is an established manufacturer and exporter of formulated dairy products. In addition to Keytone Dairy's own brands, the company is a trusted production partner, contract packing for well-known brands in New Zealand and internationally. Keytone's purpose built dairy production facility offers a wide range of dairy and nutrition packing solutions, meeting the diverse needs of consumers from different markets and cultures.

Keytone Dairy's facility is certified with the New Zealand Ministry of Primary Industries, and Keytone holds a Certification and Accreditation Administration (CNCA) of the People's Republic of China manufacturer registration, thereby enabling export of Keytone's products to China. In addition, the facility holds a Halal certification from the Federation of Islamic Associations of New Zealand (an accredited body recognised by Islamic countries worldwide). Please visit [www.keytonedairy.com](http://www.keytonedairy.com) for further information.

### **About Pinduoduo**

Pinduoduo is an innovative and fast growing "new e-commerce" platform that provides buyers with value-for-money merchandise and fun and interactive shopping experiences. The Pinduoduo mobile platform offers a comprehensive selection of attractively priced merchandise, featuring a dynamic social shopping experience that leverages social networks as an effective and efficient tool for buyer acquisition and engagement. As a result of Pinduoduo's innovative business model, Pinduoduo has

been able to quickly expand its buyer base and establish its brand recognition and market position. Pinduoduo is one of the leading Chinese e-commerce players in terms of GMV and the number of total orders. Pinduoduo's GMV in 2017 and the twelve-month period ended June 30, 2018 was RMB141.2 billion and RMB262.1 billion (US\$41.8 billion), respectively. In 2017 and the twelve-month period ended June 30, 2018, the number of total orders placed on the Pinduoduo mobile platform reached 4.3 billion and 7.5 billion, respectively.

### **About irexchange**

irexchange is a technology platform that commenced development in 2015 and empowers Independent Retailers and Suppliers to better compete and increase returns via an intelligent trading platform and next generation supply chain capability. irexchange is changing the incumbent wholesale distribution model in Australia, eliminating the high cost structures of wholesalers, enabling retailers to transact directly with suppliers on the platform. irexchange has 540 independent retailers on its platform.