
REGULATORY OVERVIEW

PRC LAWS AND REGULATIONS

This section discloses the PRC laws and regulations which may be applicable to our operations in the PRC.

Laws and Regulations Relating to Production and Sales of Health Food Products

Prior to June 1, 2009, the regulatory system for the food industry was stipulated by the Food Hygiene Law of the PRC (中華人民共和國食品衛生法) (“Food Hygiene Law”) promulgated by the Standing Committee of the National People’s Congress of the PRC (“SCNPC”) and effective on October 30, 1995. According to the Food Hygiene Law, the Health Administration of the State Council was in charge of overall supervision and management of food hygiene in the PRC. On June 1, 2009, the Food Hygiene Law was replaced by the PRC Food Safety Law (中華人民共和國食品安全法) (“Food Safety Law”) promulgated by SCNPC on February 28, 2009 and effective on June 1, 2009. According to the Food Safety Law, enterprises engaging in food production and processing are subject to the supervision and administration of quality supervision departments, industry and commerce administrative departments and food and drug supervision and administration departments at the county level.

The Food Safety Law provides various forms of penalties for any violation of such law, including warnings, orders to rectify, confiscations of illegal gains, confiscations of utensils, equipment and raw materials used for illegal production and operation, fines, recalls and destructions of food in violation of laws and regulations, orders to suspend production and/or operation, revocations of production and/or operation license, and even criminal sanctions.

According to the Implementation Rules of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) (“Implementation Rules of the Food Safety Law”) promulgated by the State Council and effective on July 20, 2009, CFDA will exercise strict supervision for the food claimed to have particular health benefit and specific measures shall be separately formulated by the State Council of the PRC.

Pursuant to the Administrative Measures on Food Hygiene Permits (食品衛生許可證管理辦法), a manufacturer or seller of general food products must obtain a food hygiene permit issued by the local health administrative department for general food manufacturing and operating activities. The Food Safety Law abolished the food hygiene permit requirement from June 1, 2009, replacing it with a new regulatory regime requiring manufacturers to obtain a food manufacturing permit, traders to obtain a food circulation permit, and catering service providers to obtain a food catering service permit. However, food hygiene permits issued to manufacturers, traders or catering service providers before June 1, 2009 remain valid until expiration.

Pursuant to the Regulations of the PRC on the Administration of Production License for Industrial Products (中華人民共和國工業產品生產許可證管理條例) promulgated by the State Council of the PRC on July 9, 2005 and effective on September 1, 2005, China has put in place a production licensing system for enterprises engaging in the production of processed food such as dairy products, meat products, beverage, rice, noodles, cooking oil, wine, and other products, the consumption of which may directly affect human health.

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Food manufacturing permit

According to the Implementation Rules for the Supervision and Administration on Quality and Safety of Food Production and Processing Enterprises (Trial) (食品生產加工企業質量安全監督管理實施細則(試行)) promulgated by the AQSIQ and effective on September 1, 2005, those who engage in food production and processing for purpose of sale within the territory of the PRC must comply with the rules. Pursuant to such rules, China has adopted a market access system for food quality and safety. Enterprises engaging in food production and processing must possess the requisite production conditions that guarantee food quality and safety, and must obtain the Production License for National Industrial Products (全國工業產品生產許可證) (“Food Manufacturing Permit”). Food produced and processed must be inspected and imprinted (or adhered) with the market access logo for food quality and safety upon passing the test before leaving the production site for sale. Food subject to production license administration implemented in China may not be produced by enterprises that have not obtained the Food Manufacturing Permit. Accordingly, our Company and some of our subsidiaries are required to apply for the Food Manufacturing Permit for engaging in the health food products manufacturing business.

Food circulation permit

The Measures for the Administration of Food Circulation Permit (食品流通許可證管理辦法) promulgated by the State Administration of Industry and Commerce of the PRC and effective on July 30, 2009, provide that sellers of food products must obtain food circulation permits. Accordingly, our Company and some of our subsidiaries shall apply for the food circulation permit for engaging in the health food products trading business.

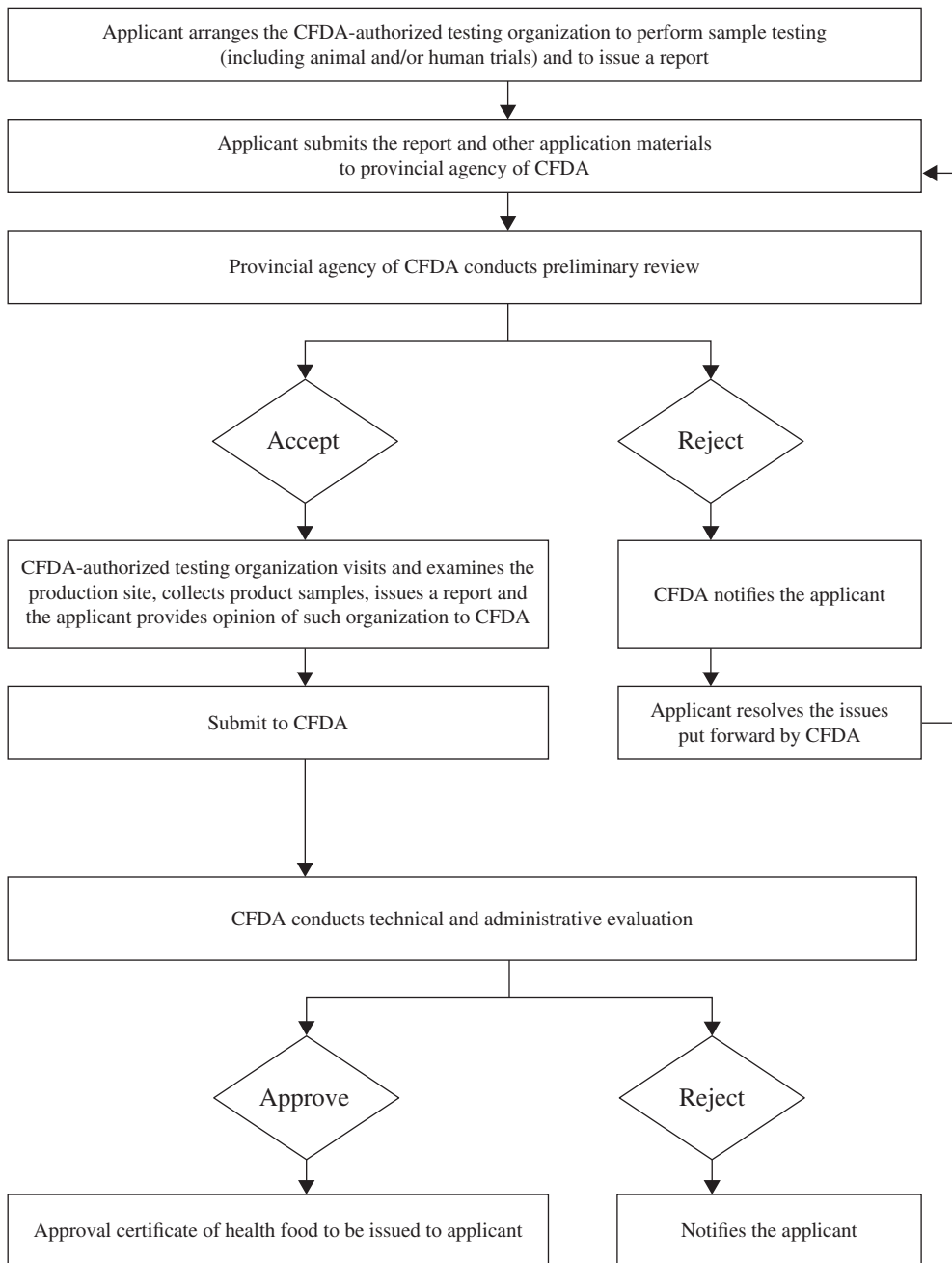
Approval and registration for health food product

Pursuant to the Administration Measures on the Registration of Health Food Products (for Trial Implementation) (保健食品註冊管理辦法(試行)) (“Administration Measures”) promulgated by CFDA on April 30, 2005 and effective on July 1, 2005, health food products are those claimed to have certain health benefit or food with the purpose of supplementing vitamins and mineral substances. In addition, according to the Administration Rules of Health Food Products (保健食品管理辦法) issued by NHFPC on March 15, 1996, the approval of a health food product is subject to the satisfaction of certain criteria, including (i) the product must be proved with specific and stable health benefits after necessary testing, and (ii) all the ingredients and the finished product shall have no adverse effect to human health.

Pursuant to the Administration Measures, if a manufacturer wishes to claim that its food product has certain health benefits, the food product must be approved by and registered with CFDA as a health food product. Upon completion of the approval and registration of the product, the product will receive an approval certificate with a health food product registration number and a “health” (“健”) mark may be affixed on the product’s packaging. If a manufacturer fails to obtain the requisite approvals and complete the registration for manufacturing or selling a food product claiming to have certain health benefits, such manufacturer is subject to various penalties including suspension of operations, confiscation of illegal earnings and imposition of a fine in an amount between one and five times of the illegal earnings.

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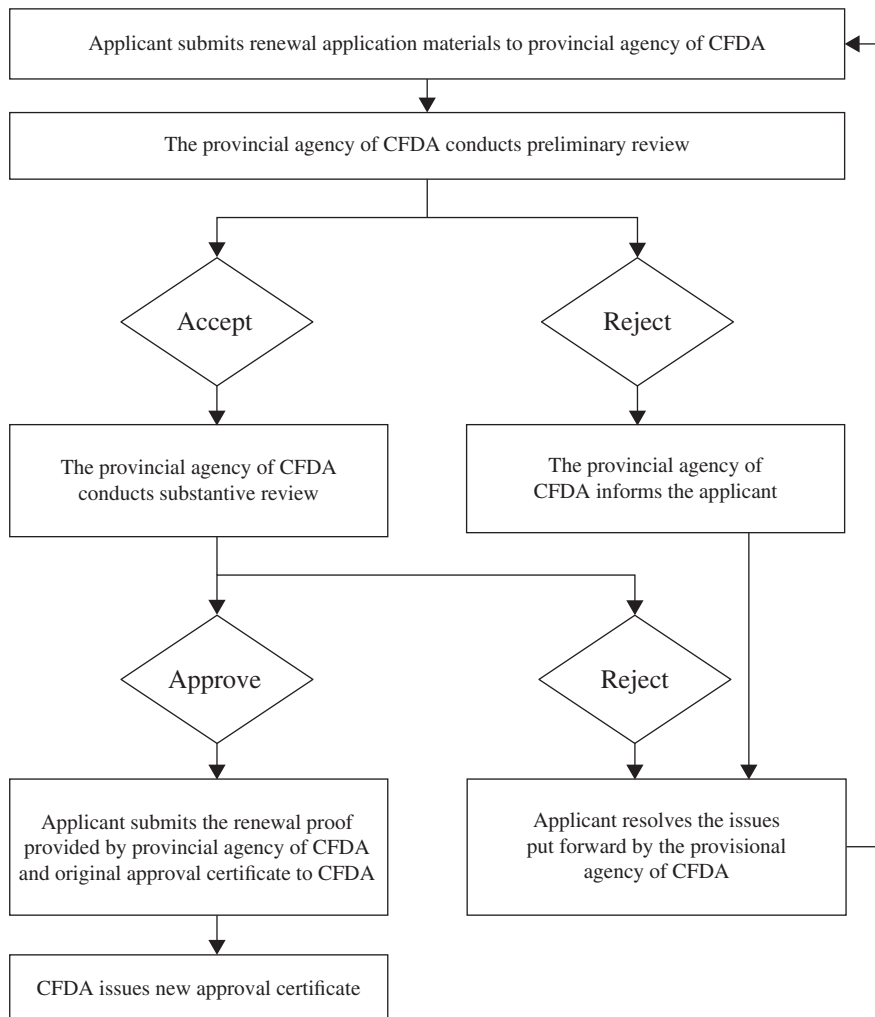
The following chart illustrates the application procedures for approval and registration of health food products based on applicable PRC laws and regulations:



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Pursuant to the Administration Measures, approvals of health food products issued on or after July 1, 2005 have a term of five years, and approvals of health food products issued before July 1, 2005 have no explicit term of validity. With respect to the extension of the term of health food product approvals when due, the applicants shall submit renewal applications within the three months before expiry. Pursuant to the Notice Regarding Certain Issues of the Renewal of Health Food Product Approvals (關於保健食品再註冊工作有關問題的通知) issued by CFDA on July 23, 2010, once the renewal application for health food product approvals is duly filed with CFDA, the existing health food product approvals remain effective before any renewal decision is made by CFDA.

The following chart illustrates the renewal procedures of an approval certificate for health food products based on applicable PRC laws and regulations:



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Health Food GMP Standards

Pursuant to Good Manufacturing Practice of Health Food Products (保健食品良好生產規範) promulgated by NHFPC on May 5, 1998 and effective as of January 1, 1999 and the Censoring Method and Valuating Criterion of Good Manufacture Practice for Health Food Products (保健食品良好生產規範審查辦法和評價準則) issued by NHFPC on April 2, 2003, manufacturers of health food products shall meet GMP standards. GMP standards cover the qualifications and standards relating to manufacture premises, facilities and staff, raw material, management, hygiene and quality control. Pursuant to the Regulations of the PRC on the Administration of Production License for Industrial Products and the Circular on Revised Procedure of Good Manufacturing Practice and Examination of Health Food and Approval Procedure of Hygiene Administrative License for Health Food Producing Enterprises (關於調整保健食品良好生產規範審查和保健食品生產企業衛生行政許可審批程序的通知) issued by the Jiangsu provincial agency of NHFPC on February 2, 2008, the satisfaction of GMP standards is one of the pre-conditions for the issuance of a Food Manufacturing Permit. As such, a company that has obtained a Food Manufacturing Permit is deemed to have satisfied the GMP standards and no separate GMP certificates are issued.

Regulations on Food Safety

According to the Food Safety Law, and the Measures for Archival Filing of the Enterprises Food Safety Standards (食品安全企業標準備案辦法), promulgated by the NHFPC on and effective on June 10, 2009, the health administrative department of the State Council of the PRC and its provincial counterparts shall be responsible for enacting and promulgating national food safety standards and local food safety standards, respectively. In the event of absence of national food safety standards or local food safety standards, enterprises must formulate their own enterprise food safety standards to regulate their food manufacturing process. Manufacturers of food products must file their food safety standards with provincial health administrative departments. Such filing is valid for a term of three years and must be renewed prior to the expiration of that term. The food safety standards filed with health administrative departments before June 1, 2009 remain valid until expiration.

Pursuant to the Regulations on the Implementation of the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例), promulgated by the State Council on and effective as of July 20, 2009, food manufacturers and sellers shall establish a food safety management system and shall be responsible for the safety of the food products they produce or sell.

Laws and Regulations Relating to Safety of Imported Food

According to the Food Safety Law, the Implementation Rules of the Food Safety Law and the Administration Measures on the Safety of Import and Export Foods (進出口食品安全管理辦法) promulgated by AQSIQ on September 13, 2011 and effective on March 1, 2012, custom clearance for imported foods is subject to a clearance certificate issued by CIQ upon inspection of such food. In addition, according to the Regulations for the Implementation of the Law of the People's Republic of China on Import and Export Commodity Inspection (中華人民共和國

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進出口商品檢驗法實施條例), imported foods are required to pass the quality inspection of CIQ before entering China. Upon passing the quality inspection of CIQ, the CIQ will issue a sanitary certificate for such imported food. The entities exporting food to China are required to file an application with AQSIQ, and the overseas food manufacturers exporting foods to China need to register with CIQ. Prepackaged food imported to the PRC must be affixed with labels and instructions in Chinese and must state the origins of the food and contact information of the importing agents. Food importers shall prepare a food importing and sales record system recording the names of the food products, specifications, quantities, production dates, production or import lot numbers, shelf life, names and contact information of exporters and purchasers and delivery dates. Such record must be made on a truthful basis and the products shall have a shelf life of at least two years.

Laws and Regulations Relating to Environmental Protection

The major environmental laws and regulations applicable to our Company include the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated by the SCNPC on December 26, 1989, the Law on the Prevention and Control of Water Pollution of the PRC (中華人民共和國水污染防治法) promulgated by the SCNPC on May 11, 1984 and amended on February 28, 2008, the Law on the Prevention and Control of Air Pollution of the PRC (中華人民共和國大氣污染防治法) promulgated by the SCNPC on September 5, 1987, and amended on August 29, 1995 and April 29, 2000, and the Law on the Prevention and Control of Solid Waste Pollution of the PRC (中華人民共和國固體廢物污染環境防治法) promulgated by the SCNPC on October 30, 1995, and amended on December 29, 2004. These laws and regulations set out detailed procedures that must be implemented throughout a project's construction and operation phases.

Pursuant to the above environmental laws and regulations, any company or enterprise which causes environmental pollution and discharges polluting materials that endanger the public shall implement environmental protection methods and procedures into their business operations. Enterprises must prepare environmental impact study report setting forth the impact the proposed construction project may have on the environment and the measures to prevent or mitigate the impact for approval by the government authority prior to commencement of construction of the relevant project. New facilities built pursuant to this approval are not permitted to operate until the relevant environmental authority has performed an inspection and is satisfied that the facilities comply with environmental standards.

Enterprises are also required to apply to the competent environmental authorities and file information on the types and quantities of liquid, solid and gaseous wastes they plan to discharge, and the manner of discharge and disposal, as well as industrial noise and other related issues. If the authorities are satisfied these types of wastes and noises are within regulated levels, they will issue renewable discharge permits for a specified period. If enterprises discharge liquid, solid and gaseous waste at levels above the permitted levels, they may be subject to penalties such as fines. Further, if they do not correct such activities within a specified period, PRC authorities may suspend their operations.

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Laws and Regulations Relating to Advertisement

The advertising of general food products and health food products are mainly regulated by the CFDA, the SAIC, the NHFPC and State Administration of Radio Film and Television of the PRC (國家廣播電影電視總局). The relevant PRC laws and regulations governing the advertising of health food products include Advertising Law of the PRC (中華人民共和國廣告法) promulgated by the SCNPC on October 27, 1994 and effective on February 1, 1995, the Administrative Regulations on Advertising (廣告管理條例) promulgated by the State Council on October 26, 1987 and effective on December 1, 1987, the Food Safety Law, Interim Regulations on Publication of Food Advertisement (食品廣告發佈暫行規定) promulgated by SAIC on December 3, 1998 and effective on December 3, 1998, Interim Regulations on the Review of Advertisements of Health Food (保健食品廣告審查暫行規定) promulgated by CFDA on May 24, 2005 and effective on July 1, 2005, the Measures for the Supervision and Administration of Food Safety in the Circulation Links (流通環節食品安全監督管理辦法) promulgated by the SAIC and effective on July 30, 2009, and the Measures for the Administration of Radio and Television Advertising (廣播電視廣告播出管理辦法) promulgated by State Administration of Radio, Film and Television of the PRC (國家廣播電影電視總局) on September 8, 2009, which became effective as of January 1, 2010.

An enterprise shall file with CFDA or its local counterparts to obtain the approval for the advertising of health food products (“Advertising Approval”). The Advertising Approval will be issued to a specific health food product and will contain an approval number (保健食品廣告批准文號) which has a one-year validation period. Without the Advertising Approval, no enterprise or institution can publish or broadcast any advertisement relating to health food products.

The contents of advertisement for health food products shall be true and accurate, and shall not be misleading. The advertisement of health food products shall not include false description, assertions or assurances of any particular function or exaggeration of function or benefit, otherwise CFDA or its local agencies may issue a warning and even revoke the Advertising Approval under extreme circumstances in accordance with the Advertising Law (廣告法), Interim Provisions for Review of Health Food Advertising (保健食品廣告審查暫行規定) and certain other applicable regulations. Once a health food product advertising approval is revoked, the advertising approval number allocated to the specific health food product is no longer effective and the affected company is prohibited from making advertisements for such health food product until a new advertising approval is granted. Any enterprise or related persons in breach of the aforesaid laws, rules or regulations are likely to be subject to legal liabilities including, among others, orders to stop advertising, confiscation of illegal income, fines or criminal punishment. However, the affected company may continue to manufacture and sell the health food product which does not have a health food product advertising approval, and may be involved in marketing activities for such product as long as no advertisement is made.

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The Administrative Measures on Credibility of Enterprises Publishing Advertisements of Pharmaceutical Products, Medical Apparatus and Health Food (藥品、醫療器械、保健食品廣告發佈企業信用管理辦法) promulgated by CFDA on October 16, 2007 and effective on January 1, 2008, provides that the enterprises which engage in publishing advertisements of pharmaceutical products, medical apparatus and health food products will be rated as “trustworthy”, “untrustworthy” and “seriously untrustworthy” upon annual review. An enterprise is rated as “trustworthy” if none of its advertisements in a given year has violated any laws or regulations governing advertisement by the supervision of CFDA. An enterprise is rated as “untrustworthy” if its advertisements in a given year have violated such laws and regulation, and such violation is not serious. An enterprise is rated as “seriously untrustworthy” if its advertisements in a given year have seriously violated such laws and regulations, such as false statement of suitability in the advertisement, assertions or assurances of any health benefit. CFDA and its local agencies shall order the enterprises which are rated as untrustworthy or serious untrustworthy to remedy the illegal acts within a prescribed period, publish their trustworthiness ratings and put emphasis on inspection of their advertisement and relevant sales.

Laws and Regulations Relating to Product Quality and Consumers Protection

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by SCNPC in February 22, 1993 and amended in July 8, 2000 and August 27, 2009, a manufacturer shall establish a comprehensive internal management system for product quality, and implement internal policies of quality, responsibility and assessment. Violation of the Product Quality Law of the PRC may result in various penalties, including imposition of fines, suspension of business operations, revocation of business licenses and criminal liabilities.

The Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法) promulgated by SCNPC on October 31, 1993, effective on January 1, 1994, prescribes that businesses must comply with laws and regulations regarding personal safety and protection of property. Consumer shall be provided with truthful information in relation to goods and services. Consumers who suffer personal injury or property damage due to product defects may demand compensation from either the manufacturer or the seller.

Laws Relating to Tort Liability

Pursuant to the Tort Liability Law of the PRC (中華人民共和國侵權責任法) promulgated by SCNPC on December 26, 2009, effective on July 1, 2010, manufacturers are liable for damages caused by defects in their products and sellers are liable for damages attributable to their fault. If the defects are caused by the fault of third parties such as the transporter or storekeeper, manufacturers and sellers are entitled to claim for compensation from these third parties after paying the compensation amount. The manufacturers and sellers are obligated to take remedial measures such as issuing warnings or recalling the products in a timely manner if defects are found in products in circulation. If the products are manufactured and sold with known defects that cause death or severe personal injury to others, the infringed person has the right to claim punitive compensation.

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Laws and Regulations Relating to Intellectual Property Rights

Pursuant to the PRC Trademark Law (中華人民共和國商標法) promulgated by SCNPC on August 23, 1982, effective on March 1, 1983 and amended on February 22, 1993 and October 27, 2001, and Regulation for the Implementation of the PRC Trademark Law (中華人民共和國商標法實施條例) promulgated by State Council on August 3, 2002 and effective on September 15, 2002, the period of validity of a registered trademark is ten years, calculated from the date of approval of the registration. If a registrant needs to continue to use the registered trademark after the period of validity, an application for renewal of registration shall be made within six months before the expiration. The SAIC has the power to investigate and handle any act of infringement of the exclusive right to use a registered trademark. Violation of the Trademark Law of the PRC may result in the imposition of fines and, confiscation and destruction of the infringing commodities.

Under the revised Patent Law of the PRC (中華人民共和國專利法) promulgated by SCNPC on December 27, 2008, there are three types of patents, including invention patents, design patents and utility model patents. Invention patents are valid for twenty years, while design patents and utility model patents are valid for ten years, in each case commencing on their respective application dates. Persons or entities who use patents without the consent of the patent owners, make counterfeits of patented products, or engage in activities that infringe upon patent rights are held liable to the patent owner for compensation and may be subject to fines and even criminal liabilities.

Laws and Regulations Relating to Labor and Production Safety

Pursuant to Labor Law of the PRC (中華人民共和國勞動法) promulgated by SCNPC on July 5, 1994 and effective on January 1, 1995 and the Labor Contract Law of the PRC (中華人民共和國勞動合同法) effective on January 1, 2008 and amended on December 28, 2012, enterprises and institutions shall ensure safety and hygiene of workplace, strictly comply with applicable rules and standards on workplace safety and hygiene in China, and educate employees on such rules and standards. Furthermore, employers and employees shall enter into written employment contracts to establish their employment relationship with the employers. Employers are required to inform the employees about their job duties, working conditions, occupational hazards, remuneration and other matters with which employees may be concerned. Employers shall pay remuneration to employees on time and in full in accordance with the commitments set forth in the employment contracts and the PRC regulations.

Pursuant to the PRC Production Safety Law (中華人民共和國安全生產法) (the "Production Safety Law") promulgated by SCNPC on June 29, 2002, effective on November 1, 2002 and amended on August 27, 2009, enterprises and institutions shall be equipped with the conditions for safe production as provided in the Production Safety Law and other relevant laws, administrative regulations, national standards and industrial standards. Any entity that is not equipped with such conditions is not allowed to engage in production and business operation activities. Enterprises and institutions shall educate their employees regarding production safety. In addition, enterprises and institutions shall provide personal protective equipment that attains national standards or industrial standards to the employees, and supervise and educate them to use such equipment.

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Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) promulgated by SCNPC on October 28, 2010, effective on July 1, 2011, and the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) promulgated by the State Council, effective on April 3, 1999 and amended on March 24, 2002, employers in the PRC shall provide their employees with welfare schemes covering pension insurance, medical insurance, unemployment insurance, maternity insurance, occupational injury insurance and housing fund.

AUSTRALIAN LAW

Across Australia, AQIS is responsible for the regulation of food imports and exports. Each AQIS enforces a set of legislation that is applicable to all jurisdictions and businesses in Australia. However, in some areas, execution of this responsibility requires interaction with other authorities including Food Standards Australia New Zealand (“FSANZ”) or delegated inspection agencies and state dairy authorities in Australia.

Exporting Food

In general, the conditions and restrictions for exporting goods are operated by AQIS under the Export Control Act 1982 (the “Act”). The Act classified goods into two categories, “prescribed” and “non-prescribed”. AQIS only assists in the export of prescribed goods, and depending on the type of goods to be exported, the requirements will vary.

Prescribed goods include dairy, live animals, fish and fish products, plants and plant products, eggs and egg products, meat and meat products, grain, animal food (frozen raw meat), food labelled as organic, fresh fruit and vegetables, dried fruit and pharmaceuticals (raw animal material). Aside from these prescribed goods, all other goods are classified as non-prescribed. The dairy products under our Cobayer series products are prescribed goods and the remaining Cobayer series products are non-prescribed.

Prescribed goods are subject to the Act and associated regulations when preparing for exporting. Non-prescribed goods are not regulated under the Act and may be exported to other countries without the involvement of the Australian Government Department of Agriculture, Fisheries and Forestry (“DAFF”). However, if an importing country requires certification for certain non-prescribed goods, such non-prescribed goods will be regulated under the applicable commodity order issued by the Office of Legislative Drafting Attorney-General’s Department in Canberra. Documents or certificates required for exporting products vary depending on the requirements imposed by the importing countries. Required documents and certificates for exporting our Cobayer series products to China are set forth below:

- ZDCN02 – for dairy products (other than infant formula) for human consumption;
- ZDCN01 – for dairy infant formula for human consumption;
- ZD001 – for non-prescribed goods;

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- ZD015 – for animal food; and
- ZD016 – for manufacturing grade products.

AQIS can assist with the export of non-prescribed goods whenever the importing country requires AQIS certification or documents. However, it is the responsibility of the exporter to obtain specific certification or documentation as required by the importing country, and provide such information to AQIS.

In addition, baby food (such as dried milk powder), dried milk products, mineral supplements for food stuff for human consumption and other milk products are also regulated under Regulations 3.1 and 3.2 of the Export Control (Milk and Milk Product) Order 2005 and the Export Control (Milk and Milk Products) Amendment Order 2007 (No. 1) issued by the Office of Legislative Drafting and Publishing, Attorney-General's Department in Canberra on October 12, 2007 ("Order 2005"). According to Order 2005,

- (a) products for export as food are fit for human consumption or are manufacturing grade milk and milk products and are identified as manufacturing grade for export for further processing;
- (b) a complete accurate trade description for products shall be provided;
- (c) the requirements under the laws and regulations of the relevant importing country shall be complied with;
- (d) the products shall be able to be accurately identified and effectively traced if required; and
- (e) any statement made regarding the condition and preparation of products for export as food shall be accurate.

Further, products exported from Australia must be suitable under the Australia New Zealand Food Standards Code as defined in Section 3 of the Food Standards Australia New Zealand Act 1991 and under Order 2005. The major requirements include requirements on labelling, substances added to food and contaminants and residues.

Export Fees and Charges

Cost Recovery Impact Statements (CRISs) outline the DAFF Biosecurity's proposal to amend fees in relation to Import Clearance Program and Seaports Program quarantine services from July 1, 2009. These CRISs demonstrate the compliance of DAFF Biosecurity's cost recovery as set out in the Australian Government Cost Recovery Guidelines (2005).

There is a range of fees for exports of goods from Australia or New Zealand to other countries. These fees include fees for services, documentation and registration of premises, and vary substantially in both amount and complexity between industries. Some export

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requirements that incur fees are not directly related to food safety and may be required of some non-food exporters – for example, export declarations, export permits or export licensing of premises. However, depending on the product and its destination market, a food exporter may also incur food safety related export costs associated with the following requirements:

- an approved arrangement – an arrangement between AQIS and the exporter that details, for each stage of production, controls that should be used to ensure that food safety and other legislative and importing country requirements are met. For food processors, this includes a Hazard Analysis and Critical Control Points (HACCP) plan;
- registration of premises for export – required for most primary production of food for export. Registration requirements govern the need for approved arrangements, keeping of records, and the construction and operation of establishments;
- inspection of prescribed goods to ensure that the goods are “safe, wholesome, accurately described and meet international market conditions and obligations” (AQIS 2009a). For example, AQIS is required to inspect all meat carcasses (under the Export Control (Meat and Meat Products) Orders 2005); and
- export certification – government to government assurance by AQIS to the importing country that the exported food is wholesome, prepared under hygienic conditions and meets all health and safety standards of Australia and the importing country under Australian Meat and Live-Stock Industry Act 1997.

NEW ZEALAND LAW

In New Zealand, the Ministry of Primary Industries (“MPI”) is responsible for the regulation of food exports and imports, as well as food manufacturing. Legislation that governs the production and sale of food includes the Food Act 1981 and assorted codes and regulations, including the Food Regulations 1984 and the Australia New Zealand Food Standards Code 2002.

Food exporting is regulated through the Food Act 1981, the Wine Act 2003, and the Animal Products Act 1999 (which applies to animal products including meat, dairy products, seafood, honey and bee products, petfood and inedibles).

The relevant rules for manufacturing, processing and exporting food apply to businesses that conduct these activities in New Zealand.

Exporting Food

Businesses that export food or food related products from New Zealand, or businesses that store, process or transport food products for export must meet the New Zealand regulatory requirements for exporting. Regulations relating to food exporting are administered by MPI.

Food products intended for export must comply with general requirements, as well as requirements specific to the products being exported.

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The general requirements for businesses to export food products from New Zealand may include:

- registering with MPI as an exporter;
- complying with all relevant legislation and regulations;
- operating under a safety or risk management plan or programme that is registered with MPI; and
- meeting all requirements of the destination country.

Businesses will also need to comply with food safety, biosecurity, customs and other requirements before their products will be eligible for export.

Registration as an Exporter

In most cases businesses that want to export food products must be registered as an exporter with MPI. Only registered exporters may access information that sets out the requirements to export to other countries, which are called the Overseas Market Access Requirements (“OMARs”).

Operation Under a Registered Plan or Programme

Businesses that manufacture, store or transport food products for export usually operate under a MPI-registered plan or programme. This could be a:

- Risk Management Programme;
- Regulated Control Scheme;
- Food Safety Programme; or
- Approved Premises Notice.

Specific Requirements Relating to the Export of Dairy Material

If a business intends to export dairy material from New Zealand, there are requirements under the Animal Products Act 1999 that the business will need to meet. “Dairy material” for the purposes of the Animal Products Act 1999, includes milk powder and infant formula. Only businesses registered with the MPI under the Animal Products Act 1999 are legally allowed to export dairy products.

Once registered, businesses need to check whether MPI has any specific export requirements for the country the product is being exported to. Any material that is exported will need to comply with any additional requirements of the destination country that must be followed (for example relating to labelling and composition of the products).

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In order to be exported to the PRC, dairy materials must originate from a manufacturer or wholesaler that operates under an export Risk Management Programme (“RMP”) verified by MPI or its agents. The products must be under the control of entities operating under a RMP until the point of export.

An export certificate must be obtained from MPI for each export consignment. Dairy products cannot be exported to the PRC without an export certificate from MPI. To receive an export certificate, the products must stay with a RMP holder continuously prior to export.

The information on an export certificate depends on the food product and the destination market. It may carry information such as:

- the country of origin of the product and its ingredients;
- the heat treatment or other processes used when manufacturing the product;
- the microbiological status of the product; or
- the product’s health status – for example, whether or not certain animal disease is present in New Zealand.

Dairy products or other animal products that are intended for export must be packed and labelled in such a way as to ensure that they are secure and that the contents can be traced to the export certificates that apply to them. This helps to protect the integrity of the products. The business’s RMP must set out the security devices and packaging methods that will be used when the products are exported.

Exporters will also need to be registered with customs or employ a customs broker to complete the necessary customs clearance documentation.

The offence for exporting animal materials or products without registration has a penalty of up to NZ\$300,000 for corporations and NZ\$50,000 for individuals. There are also significant penalties for failing to comply with a RMP under the Animal Products Act 1999 and fines for doing so are up to NZ\$100,000 for corporations and NZ\$25,000 for individuals.