

**Memorandum of Understanding
Strategic Initiatives in Dairy and Food
New Hope Group, Freedom Foods Group and Perich Group**

Freedom Foods Group Limited (ASX: FNP) and Perich Group today announced signing of a Memorandum of Understanding with China's New Hope Group.

The Memorandum was signed during the official ceremonies in Canberra on the occasion of the visit of China's President Xi Jinping with Australia's Prime Minister Tony Abbott and the formal signing of the Australia China Free Trade Agreement. The visit also coincided with a meeting of the Australia Sino Agriculture 100 meeting, attended by New Hope Chairman, Mr Liu.

Managing Director of Freedom Foods Group Mr Rory Macleod said: "We are pleased to announce the formal signing of a Memorandum of Understanding between New Hope Group, Perich Group and Freedom Foods Group"

Under the Memorandum of Understanding, the Parties will cooperate to develop and implement growth in long term dairy milk supply through establishment of new large scale intensive dairy farms in South East Australia for supply to Freedom Foods Group's UHT operations and other potential processing operations in Australia including fresh milk.

Mr Macleod said: "Australia has a unique advantage in the supply and manufacture of high quality premium agriculture based foods. With increasing demand from markets in China and SE Asia for high quality value added product, Australia through companies such as Freedom Foods Group and Perich Group are well placed to play an important role in the development of this supply chain."

These supply arrangements will compliment sourcing from existing dairy farm supply to ensure the ability to meet long term supply requirements.

The arrangements envisaged will provide a unique collaborative business model to develop large scale dairy farms under Australian management and ownership. New Hope will be a core investor and partner in the operations, while continuing to market and distribute value added dairy products into China through New Hope Dairy.

New Hope has established an investment fund of up to \$500 million to be utilised in the development of agricultural and food processing activities in Australia, with a substantial proportion to be invested in dairy farm and processing activities in the longer term.

The proposed arrangements will also provide for acquisition to develop further scale in dairy farm operations.

The management of future farm operations will be undertaken by the Perich Group, through a separate farm management services agreement. The Perich Group has an extensive history and experience in the operation of large scale intensive dairy operations.

The Parties will work together to implement new farm development from 2015.

It is envisaged that Freedom Foods Group will have a strategic investment in the farm investment vehicle, with the majority of equity funds to be contributed by Perich Group, New Hope and potentially other strategic investors.

Under the arrangements signed today, Freedom Foods Group and New Hope Dairy have also agreed to build on the existing strategic relationship for supply of UHT dairy milk for export and sale in the China market, through a number of other key initiatives, including reviewing other processing opportunities in dairy milk including joint collaboration in other strategic branded dairy operations in Australia and overseas markets and development of a business plan to take existing and/or new products from the Freedom Foods portfolio for sale in China. These initiatives are expected to lead to increased sales and return on funds employed in the longer term.

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Freedom Foods Group Limited

Freedom Foods Group Limited (ASX:FNP) is an ASX Public Company providing for Specialised Needs in the Food Industry. Its operating activities comprise, Freedom Foods, an integrated leading brand manufacturer of Allergen Free Cereals and Snacks; Pactum, a leading manufacturer of UHT (Aseptic) Food and Beverages for branded and Private Label customers; and Speciality Seafood brands operating in Canned Sardines and Salmon. The Company is the largest shareholder (18.0%) in the a2 Milk Company, which markets a2 branded dairy milk and infant formula in Australia, UK and China.

Freedom Foods Group's UHT dairy activities are conducted through Pactum Dairy Group (PDG), a joint venture of Pactum and Australian Consolidated Milk (ACM). PDG has recently commissioned a new \$45m UHT (Aseptic) dairy beverage facility in the northern Victorian city of Shepparton for manufacture of high value added dairy beverages for key customers in China and SE Asia.

Freedom Foods Group has a strong market presence in Australia and New Zealand, with an increasing export focus to North America (for Freedom) and China and SE Asia.

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Perich Group

Perich Group is a significant family owned group based in South West Sydney, operating one of the largest dairy farming activities in New South Wales, extensive grain growing activities in New South Wales, property development comprising Oran Park Town Centre and other significant commercial and industrial property interests in South West Sydney. It is also the largest shareholder in ASX Listed Freedom Foods Group. The Perich Group is recognised as one of the Top 10 largest family enterprises in Australia.

New Hope Group

New Hope Group is the largest private company in China, with diversified operations in agricultural, financial services and real estate. It is one of the largest suppliers of meat, egg and dairy product in China. New Hope Group has a long history of collaboration with other companies in China and other international markets to promote and development value added agricultural products and other activities.

New Hope Dairy is one of China's major dairy producers and part of the New Hope Group. It has a strong market presence in Western China, with its base in Chengdu.