



### **Strategic Supply Agreement Pactum Dairy Group and Bright Dairy**

**Sanya, Hainan 9 April 2014:** Freedom Foods Group Limited (ASX: FNP) and Pactum Dairy Group (PDG) has today announced a strategic supply agreement between Shepparton based Pactum Dairy Group and China's Bright Dairy.

The signing ceremony was the first official function overseen by China's Premier Li Keqiang and Australia's Prime Minister Tony Abbott after the leaders met on the southern Chinese coastal city of Sanya on the island of Hainan.

Managing Director of Freedom Foods Mr Rory Macleod said: "We are pleased to announce the formal signing of a Strategic Supply Agreement for premium high quality dairy milk between Pactum Dairy Group and Bright Dairy."

Pactum Dairy Group (PDG), part of the Freedom Foods Group (ASX:FNP) 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.

The facility has initial capacity for 100m litres of dairy milk production, with capability to be increased up to 300m litres in the longer term.

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 Pactum, is well placed to play an important role in this supply chain."

Building off Australia's competitive advantage in sourcing high quality dairy milk at a competitive world price, PDG will provide long term supply of value added dairy milk products, based on state of the art low cost manufacturing assets in UHT (long life) packaging formats. The focus is in supplying key markets such as China and SE Asia.

Bright Dairy is one of China's largest dairy producers. It products include fresh milk, cheese, powder and yogurt. It sells these products under 6 famous value-added brands, including Excellence Plus and Momchilovtsi (the iconic fermented UHT yogurt drink in China). These brands through a focus on high quality and good service are distributed all over China through 400 distributors and in excess of 400,000 sales outlets. Total sales in FY 2013 were US\$2.6 billion.

"Based on the above, that we are pleased to be aligned with what is recognised as a market leading, high quality company with the resources and capability to market and distribute premium dairy products. PDG will look to further building on its relationship with Bright Dairy in the longer term as it expands its product and market presence.

"We also would like to acknowledge through this process, the support of Australian Government including the Australian Federal Government and the Victoria State Government in their efforts to assist Companies in building a competitive future in supply of high quality food products.

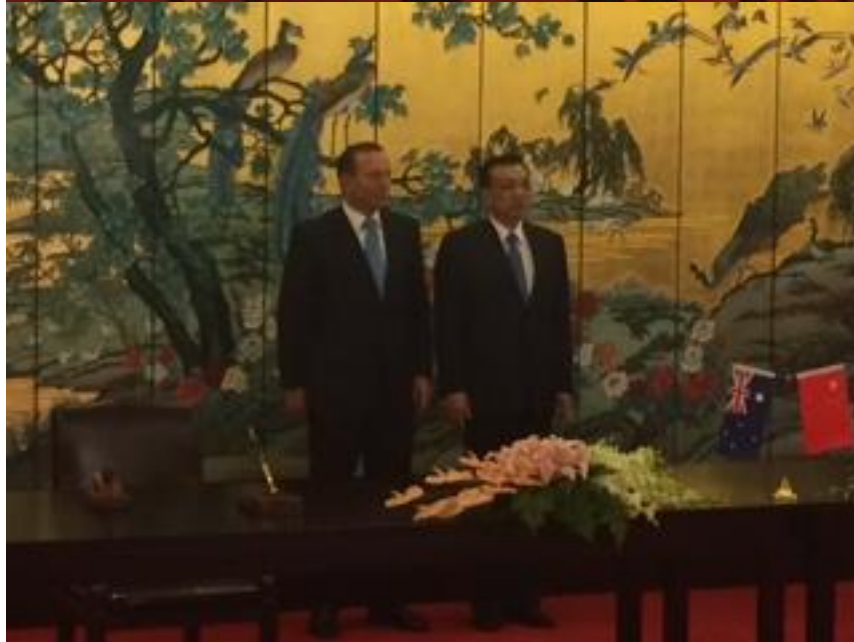
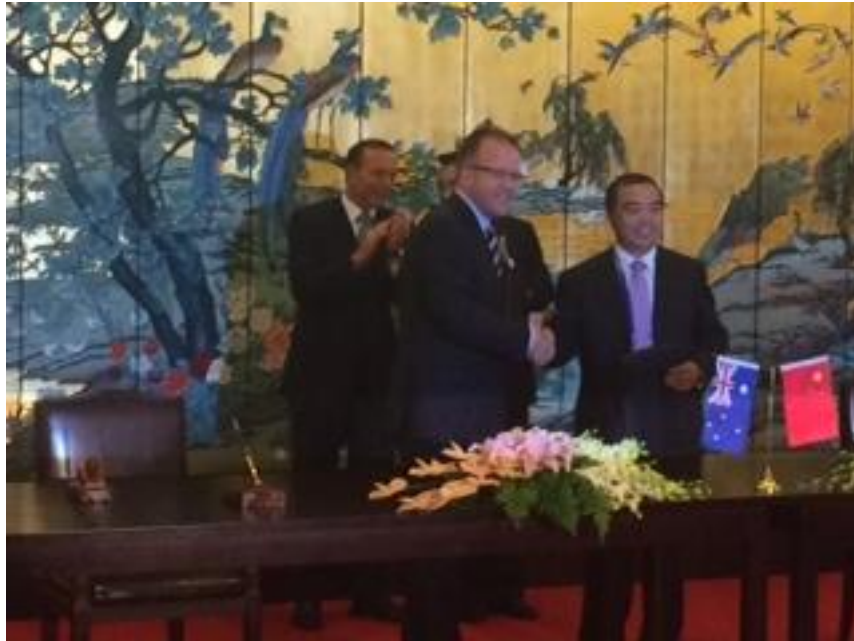
In the future, enhanced trade arrangements between Australia and China will further increase trade between our two countries and build a stronger strategic alignment for the benefit of both countries," Mr Macleod said.

**Rory J F Macleod  
Managing Director  
Freedom Foods Group Limited**

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Signing Ceremony, Sanya Hainan, China  
9<sup>th</sup> April 2014

Prime Minister of Australia Tony Abbott, Chinese Premier Li Keqiang  
Rory Macleod, Managing Director, Freedom Foods Group Limited  
Guo Ben Hang, President CEO Bright Dairy & Food Co



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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.

It has a current market capitalisation of A\$450 Million.

Its operating activities comprise

- Freedom Foods, an integrated leading brand manufacturer of Allergen Free Cereals and Snacks;
- Pactum Australia, a leading contract 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 (17.98%) in A2 Corporation, which markets A2 branded dairy milk and infant formula in Australia, UK and China. A2C has a current market capitalisation of NZ\$600 million.

FNP 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 (for Pactum through supply of high quality UHT dairy milk products of branded and private label customers).

Key customers in China for export of dairy include Bright Dairies and Shenzhen JLL, a group associated with creation of the Wang Lao Ji Herbal tea Brand. Shenzhen JLL has licenced a Freedom Foods brand "Australia Own" for dairy product sales into China under a 25 year licence agreement.

The two groups along with other key business partners such as Bumble Bee Foods (North America) and Blue Diamond Almond Growers (USA) form a network of key collaborative partners focussed on developing key category and product channels with the Freedom Foods Group.

### **For more information:**

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