

KEYTONE DAIRY TO PRODUCE WALMART-BRANDED PRODUCTS FOR CHINA

- **Keytone Dairy has signed a manufacturing and supply contract with Walmart China**
- **Keytone Dairy to supply Sam's Club-branded private label whole milk powder and skim milk powder to Walmart's Sam's Club in China**
- **Walmart is the world's largest retailer**
- **Sam's Club is Walmart's subsidiary and has developed 800 chain clubs globally and provides service to over 50 million personal members and business members, with a total of 18 superstores in China, located in Beijing, Shanghai, Shenzhen, Guangzhou, Fuzhou, Dalian, Hangzhou, Suzhou, Wuhan, Changzhou and Zhuhai**
- **Keytone Dairy underwent stringent compliance and quality audits by the customer in order to qualify for the supply arrangement**
- **Validates Keytone Dairy's strategy of increasing powder production capacity through the construction of the new facility**

Sydney, Australia and Christchurch, New Zealand - **Keytone Dairy Corporation Ltd (ASX:KTD or KTD.AU)** ("Keytone Dairy" or the "Company") is pleased to provide the following update.

Keytone Dairy has been awarded a contract by Walmart (China) Investment Co., Ltd ("Walmart China") to contract manufacture milk powder for Sam's Club West, Inc. (China) ("Sam's Club China"), a wholly owned subsidiary of Walmart Inc.

Sam's Club is an American chain of membership-only retail warehouse clubs owned and operated by Walmart Inc., with 597 membership warehouse clubs in the US and 208 membership warehouse clubs internationally (including Mexico, Brazil and China). For the fiscal year ending 31 January 2018, Sam's Club generated US\$59bn in revenue globally. Sam's Club has over 50 million members globally, and Sam's Club China operates 18 superstores in China, located in Beijing, Shanghai, Shenzhen, Guangzhou, Fuzhou, Dalian, Hangzhou, Suzhou, Wuhan, Changzhou, Zhuhai, Tianjin, Xiamen, Nanjing and Changsha. Sam's Club China offers multi-channel distribution platforms for customers, including physical stores, online and via Sam's Club WeChat page.

Under the contract, Keytone Dairy will manufacture and provide Walmart China with Sam's Club private label-branded whole milk powder and skim milk powder. The terms of the contract are in line with industry standards for a contract of this nature, and as is common in the industry, the contract does not stipulate a specific volume of production – rather it sets out the terms on which Keytone Dairy will contract manufacture Sam's Club China-branded product, as and when Walmart China places orders with Keytone Dairy. Over an extensive period of time preceding the execution of the contract, Walmart China has completed extensive compliance and quality audits on Keytone Dairy's facilities in Christchurch, New Zealand, demonstrating Walmart China's commitment to the relationship with Keytone Dairy as its contract manufacturer. Keytone Dairy has passed the rigorous audits in order to qualify for the supply arrangement and is pleased to have met Walmart China's quality and production standards.



A Sam's Club China superstore

The Company looks forward to updating the market as it continues to execute on its four-pillar growth strategy. Expanding the Company's distribution and increasing Keytone Dairy's production capacity are two of these pillars, and this milestone contract validates the Company's strategy of increasing powder production capacity through the construction of the new facility, as previously announced to the market.

Keytone Dairy's CEO James Gong, commented, "This contract further validates the Keytone Dairy credentials into China as the Company continues to work and partner with global names and execute in line with its four pillar growth strategy. Sam's Club China's and Walmart China's ultimate parent is Walmart, the world's largest retailer and one of the best-known brands globally. The fact that a brand of this calibre has entrusted Keytone Dairy with manufacturing its branded product is both a major milestone for the Company, and an indicator of the Company's ability and reputation in its target market. We will be looking to leverage this milestone into a number of other contract wins globally."

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Further Information

Jourdan Thompson
Chief Financial Officer, Keytone Dairy Corporation Limited
Email: investors@keytonedairy.com
Tel: +612 9969 9690



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 for further information.

About Sam's West Inc. (trading as Sam's Club), China.

Sam's Club is a chain of high-end membership-only clubs and a 100% subsidiary of Walmart Inc, a Fortune 500, named by the retail giant Mr. Sam Walton, founder of Wal-Mart. Since the first Sam's Club opened in Midwest City in Oklahoma State in April of 1983, Sam's Club has a history over 30 years. At the beginning of 90's, Sam's Club entered international market and has become one of the largest membership clubs internationally. At the present, Sam's Club has developed 800 chain clubs globally and provides superior service to over 50 million individual members and business members.

The first Sam's Club in China was opened in Shenzhen on August 12, 1996. So far, Sam's Club has developed a total of 18 clubs in China which are located in Beijing, Shanghai, Shenzhen, Guangzhou, Fuzhou, Dalian, Hangzhou, Suzhou, Wuhan, Changzhou, Zhuhai, Tianjin, Xiamen, Nanjing and Changsha.

A Sam's Club has an average shopping area of 20,000 square meters and offers bulk groceries and general merchandise. To satisfy customers' needs for higher quality, Sam's Club only provides either the best quality product in the category or the best-selling brand. The Club offers 4,000 high quality-to-price ratio items, including categories such as fresh, groceries, household appliances, home and apparel.

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