



**THE FOOD  
REVOLUTION  
GROUP**

ASX Announcement

7 March 2016

### **The Food Revolution Group establishes four strategic retail channels in China**

#### **Highlights**

- **FOD establishes four new strategic relationships with retailers/distributors with direct channels to market in China**
- **FOD has received orders from two of the channels with the other two expected to place orders soon**
- **FOD products to be available in more than 1,000 stores in five provinces**
- **FOD has secured three full-time, China-based staff. The China based team will support sales, marketing and further distribution and retail channel deals in China**
- **Additional distribution agreements to be executed shortly**

The Food Revolution Group Limited (ASX: FOD, “the Company”) is pleased to announce it has appointed four new strategic retailers/distributors based in China and received first orders from two of these retailers/distributors. These formal appointments are the culmination of many months of discussions and relationship building with these parties.

These retailers/distributors have direct channels to market either through ownership of the physical stores, or through established relationships with such physical stores, together with online channels. Further detail regarding these retailers/distributors is set out on page two.

The orders from two of the retailers/distributors will see FOD products distributed in more than 1,000 stores across four Chinese provinces. The products will also be sold in the retailers’/distributors’ online stores. FOD expects orders from the other two retailers/distributors in the next few months.

FOD, which listed on the Australian Securities Exchange (“ASX”) last month, is a food and beverage processing company with operations in Mill Park, Victoria and New Zealand. It manufactures superior quality juices, fibres, infused fruits, fruit waters and bioactives for sale as branded products and ingredients into the international food, beverage and nutraceutical markets.

FOD is primarily involved in food and beverage processing in the Fast Moving Consumer Goods (“FMCG”) sector in Australia and key international target markets, including China, as a provider of naturally functional products.

Chief Executive Officer, Bill Nikolovski, said that the Company was negotiating agreements with a further four distributors/retailers in different provinces in China and expected to finalise these deals shortly.

“FOD expects sales to China will be a key platform for our growth with 50 per cent of the Company’s revenues expected from this region over the next three years,” Mr Nikolovski said.

“While the opportunities in China are incredibly exciting, we will enter these markets with the right amount of diligence.”

“To help us in this regard, we will recruit three full-time staff based in China, who have already been identified and secured, to support the sales and marketing efforts for our products in the Chinese market, and to identify and develop additional strategic relationships in China.”

“This team in China will be supported by a dedicated export team in Australia.”

### **Established Chinese Retail Channels**

1. **Weiyu Mall:** Weiyu Mall has developed an omnichannel platform that allows current off line “bricks and mortar” stores to sell their products online via the Weiyu Mall. It has currently signed 15 retailers who each have between 20 and 100 stores in the Guangxi province and who wish to have product displayed via the Weiyu Mall. The Weiyu Mall offers a number of advantages over other online stores including physical “display” stores allowing consumers to taste products before purchasing online, targeted direct marketing, and other member benefits. Weiyu plans to grow to support 100 retailers with over 5,000 stores in the Guangxi province over the next 18 months. It will also open a display store in Guangzhou in the next six months. It is currently negotiating to enter nine new provinces by year end. It plans to service a population of over 700 million people within three years.
2. **Shenzhen Youngcheng Biotechnology Co Limited (Jian Hui Lin):** Shenzhen Youngcheng Biotechnology Co Limited, owned by Jian Hui Lin (“Mr Lin”), is a major shareholder in FOD. Mr Lin through Youngcheng distributes high PH water throughout China and Hong Kong. In Shenzhen he owns 60 shops that sell only his water (no other products). He has agreed to sell FOD’s entire product range through his network and in his shops. He additionally owns an insurance business and private bank with a significant ultra-high worth client base. FOD’s product range will be offered directly to these clients online. Our team will work with Mr Lin to identify which of our products we will prioritise in the next few months. Mr Lin will buy products from the Company free on board (“FOB”) Australia – FOD will pay for its products to be sent to and loaded at the Australian port and Mr Lin will be responsible for all distribution and marketing cost through his channels.
3. **Shandong LangTech Food Technology Co Limited:** FOD will develop a Joint Venture (“JV”) in Shandong that will be equally owned with FOD non-executive director Mr Wang to support the opportunity with InZone supermarkets in Shandong. The JV will distribute our products to InZone, Zhen Hua and Hua Lian supermarkets and work with them to optimise shelf space and branding. The JV is currently working through FOD’s product range to develop a timetable to launch products with these supermarkets. All sales by FOD to the JV will be at wholesale market rates.

The JV will sell FOD products to InZone, which has 128 stores throughout China, the Zhen Hua group in Yan Tai, which has 28 stores in Shandong and Hua Lian which also has 28 stores in Beijing.

4. **Shenzhen Green Resources:** This partner provides products directly to retail shops and online. It distributes to more than 300 shops directly in Shenzhen and to another 400

retailers/distributors outside of Shenzhen, and has its own online platform. Shenzhen has placed its first order.

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**About The Food Revolution Group**

The Food Revolution Group Limited (ASX: FOD) is an Australian-based food and beverage processing company that uses a combination of conventional juice processing equipment and custom-development equipment and processes to manufacture a range of high-quality juices, fibres, infused fruits, fruit waters and bioactives that are sold as branded products or ingredients to customers domestically and overseas.

FOD uses a range of processing technologies, including Current Counter Extraction (“CCE”) technology which was developed in conjunction with Australia’s CSIRO to extract juice from fruit and vegetables. Its processing facilities are located in Mill Park, Victoria and New Zealand.

FOD is aiming to generate shareholder value through exploring opportunities for growth in the functional food, beverage and nutraceutical markets in Australian and key international markets.