Montec International Limited
Making dairy foods healthier... naturally

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MONTEC and BEIJING SANYUAN FOODS CO LTD COLLABORATION

Montec International Limited (ASX: MTI) formally launched its partnership with Beijing Sanyuan Foods at a function hosted at the Australian Embassy in Beijing last Friday. Beijing Sanyuan Foods, which is one of China's largest dairy product groups, packages milk on behalf of Montec and distributes the product throughout north east China. The company also has a significant shareholding in Montec International.

In commenting on the local market in China, Dr Xueqin Du, Montec's China Business Director said,

"Our partnership with Beijing Sanyuan Foods and our co-ordinated regional customer team provides the capability to expand distribution channels and ensure reliable product supply essential to Montec's overall strategy of building the brands and developing the distribution base for further product extensions."

Recently Montec advised that the company is on track to meet its June 2007 target of 6,000 outlets in China distributing its "dairypure" and "Meng Tai" brands of monounsaturated, cholesterol-free milk. The number of outlets now exceeds 2,700.

Reflecting dairypure's positioning as a premium product, the distribution strategy has been focussed on building a strong presence in the affluent AB demographic. Accordingly, a strong distribution capability has been established in hypermarkets and large supermarkets in both Beijing and Shanghai for all three dairypure products being plain, chocolate and strawberry milk.

The function was also attended by Mr. Peter Osborne, Country Manager China, Australian Trade Commission; Mr. Bao Zongye, Chairman Beijing Sanyuan Group Co.,Ltd.; Mr. Zhang Jia Xing, Director, Committee for Science, Technology and Economic Affairs; and Mr. Wei Kejia, Vice President Dairy Association of China.

In his speech at the Australian Embassy in Beijing last Friday, Managing Director Peter Herd said,

"We are delighted to inform you today, Montec International's "dairypure" brand monounsaturated milk is on sale in over 700 retail stores in Beijing and a further 2000 stores in other major cities in China."

"This achievement would not have been possible without the continuing commitment of Beijing Sanyuan Group and especially the support of Mr. Bao Zongye, Chairman of Beijing Sanyuan Group and Mr. Niu Li Ping, General Manager of Beijing Sanyuan Foods. Essential to the successful introduction of "dairypure" in Beijing has been the efforts of Dr. Chen and his sales team."

"Our business model is built on a partnership, which combines new technology and brands with local market knowledge and an established, well integrated supply chain, to bring a new good tasting dairy product offering to China's rapidly growing dairy market.", Mr. Herd said.

Ends

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INFORMATION FOR EDITORS:

Montec International partners with Beijing Sanyuan Foods

Launch Speech: Australian Embassy in Beijing, Friday 9th February 2007

Delivered by Montec Managing Director, Mr Peter Herd

Deputy Mayor
Australian Ambassador
Chairman Beijing Sanyuan Group
Distinguished guests
Ladies and Gentlemen

Thank you for being here with us today.

We are delighted to inform you today, Montec International's "dairypure" brand monounsaturated milk is on sale in over 700 retail stores in Beijing and a further 2000 stores in other major cities in China. This achievement would not have been possible without the continuing commitment of Beijing Sanyuan Group and especially the support of Mr. Bao, Chairman of Beijing Sanyuan Group and Mr. Niu Li Ping, General Manager of Beijing Sanyuan Foods. Essential to the successful introduction of "dairypure" in Beijing has been the efforts of Dr. Chen and his sales team. Gentlemen, thank you sincerely for your support and efforts to achieve these exciting initial milestones. I would also like to express our appreciation to all our partners and agents who are continuing to build Montec's business in China.

The commitment to mutual success is one of the essential ingredients in the Montec business model. Our business model is built on a partnership, which combines new technology and brands with local market knowledge and an established, well integrated supply chain, to bring a new good tasting dairy product offering to China's rapidly growing dairy market.

We believe the "dairypure" monounsaturated dairy concept will satisfy a real need for China's increasingly sophisticated dairy consumer. Like any partnership, ours is built on commitment, trust and understanding between individuals, not simply in agreements between companies. In Beijing Sanyuan Group and the people we work with on a daily basis, we know we have all the essential ingredients needed for success and, for our part, can assure Mr. Bao and his associates of our total commitment to our mutual success.

Dairy Foods are generally regarded as essential nutrition, which explains, in part the growing consumption of milk, yoghurt and ice cream in China. And this trend is matched by an increasing awareness of healthy ingredients and natural foods.

Montec's technology addresses both of these trends, by allowing our dairy processing partners to offer dairy products, which are low in saturated fats, contain no animal fats and are virtually cholesterol free. This is achieved by replacing the animal fats in milk with vegetable oils and a unique natural system. From the dairy processors point of view, this process does not require any special technology, equipment or know how. And, for the consumer we are able to offer great tasting dairy products with all the expected benefits of protein, calcium and other essential nutrients, but without the potential negatives of saturated animal fats and cholesterol. Simply, a natural, healthier milk. This is what makes "dairypure" milk unique amongst dairy products in China.

"dairypure" offers the consumer a new and totally modern way of enjoying the good taste and all the nutritional benefits of milk. Our target consumer is neither young nor old. In fact "dairypure" can be enjoyed by young or not-so-young alike and for the same reason. For good taste, for nutrition and for a healthier way to enjoy dairy foods. We are confident "dairypure" can earn a place in the mainstream of dairyfoods in China not simply because it is a unique and special type of milk, but because it is a good tasting, natural and healthy product.

Ladies and gentlemen, in "dairypure" we have the good tasting dairy product, which also offers the health and nutrition benefits demanded by today's discerning consumer. Through the developing partnership with Beijing Sanyuan Foods we can build on the solid base established thus far and convert more consumers to the "dairypure" healthy dairy concept.

Thank you and good health.

ABOUT MONTEC INTERNATIONAL LIMITED (MTI)

Montec International Limited owns the Australian, New Zealand and Asian rights to a unique technology that enables the production of monounsaturated, cholesterol-free dairy products including milk, ice cream and yoghurts. NSW based Dairy Farmers have been licensed to market products in Australia using the technology.

Montec's principal focus is in developing the market for cholesterol-free dairy products in China using the technology. The company is currently building its range of plain, chocolate and strawberry flavoured milk under the "dairypure" and "Meng Tai" brands with distribution through more than 2,700 outlets predominantly in Beijing and Shanghai. Planned product extensions include ice cream and yoghurts.

ABOUT BEIJING SANYUAN FOODS CO LTD

Beijing Sanyuan Foods principally manufactures milk and dairy products, under the brand Sanyuan. Headquartered in Beijing, the company has established milk source bases in Hebei Province and Inner Mongolia Autonomous Region. The company is one of the largest dairy groups in the country with processing facilities throughout north east China. The company, through its subsidiary, Beijing Allied Faxi Food Co Ltd is also one of the few companies with a nationwide frozen food distribution capability.

Beijing Sanyuan Foods has established strong connections with major global food groups. The company has major equity interests in the Beijing operations of McDonalds and Starbucks. Beijing Sanyuan Foods Co., Ltd., which is listed on the Hong Kong Stock Exchange is controlled by the diversified Sanyuan Group. Sanyuan Group has operations covering animal breeding and stud farms with a focus on dairy and beef cattle, ducks and pigs; agriculture; dairy products; logistics and property.