

To: Business Editor  
[For immediate release]



**AUSNUTRIA DAIRY CORPORATION LTD**  
澳優乳業股份有限公司

**2015 Interim Gross Profit and Gross Profit Margin Increased by  
Approximately 7.3% and 3.0% Points Respectively**

*Shift in the Strategy Focus to Own Branded Business on Track  
Proven by A 29.6% Increase in Sector Revenue*

**Business Highlights (As of 30 June 2015)**

- Revenue of the own brands sector amounted to approximately RMB531.6 million, surging approximately 29.6% year-on-year, mainly due to the shift of focus from private label and contract manufacturing businesses with comparatively lower profit margins to the higher profit margin own branded business
- Included in the revenue of own brands sector, revenue of cow milk based products increased by approximately 10.1% to approximately RMB291.5 million and revenue of goat milk-based Kabrita series products increased by approximately 73.7% to approximately RMB235.9 million
- Gross profit was approximately RMB290.1 million, an increase of approximately 7.3%
- Gross profit margin increased by 3 percentage points to 31.8%
- Result was adversely affected by the lower than scheduled productivity and production yield of the factories in the Netherlands and the increase in selling and marketing expenses for the long term own brands development and to cope with the increase in market competition. Net profit decreased by approximately 24.3% to approximately RMB40.5 million
- The Group completed the Acquisition of the share purchase agreement with Dutch Dairy Investments B.V. to acquire the residual 49.0% equity interest in Ausnutria Hyproca B.V. ("Ausnutria Hyproca") for a consideration of approximately HKD470.3 million
- The Mandatory General Cash Offer between Center Laboratories, Inc. ("Center Lab") together with eight other institutions and the Company was completed and Center Lab has become the single largest shareholder of the Company

[Hong Kong, 25 August 2015] **Ausnutria Dairy Corporation Ltd** ("Ausnutria" or the "Company", together with its subsidiaries, the "Group"; stock code: 1717.HK), a paediatric milk formula company in the PRC and the Netherlands, today announced its unaudited interim results for the six months ended 30 June 2015 (the "period under review").

For the period under review, the Group recorded revenue of approximately RMB912.3 million, representing a decrease of approximately 2.6%, partly attributed to the change in the strategy of the Group by shifting its focus from private label and contract manufacturing businesses with comparatively lower profit margins to the higher profit margin own branded business. Revenue of the own branded business has increased to approximately RMB531.6 million, representing an increase of approximately 29.6%.

The Group's gross profit was approximately RMB290.1 million, representing an increase of approximately 7.3%. Gross profit margin was approximately 31.8%, representing an increase of approximately 3.0 percentage points. The increases in gross profit and gross profit margin was mainly a result of the continuous increase in proportion of sale of own branded products, mainly on sale of Kabrita series products in the PRC, which has a comparatively higher gross profit margin when compared with other product lines of the Group.

Profit attributable to ordinary equity holders of the parent decreased by approximately 24.3% to approximately RMB40.5 million. The decrease was a result of the increase in selling and marketing expenses to cope with the increasing market competition as well as to cater for the long-term strategy of the Group to launch and promote Kabrita series products into other overseas markets. Notably, with the increasing sales and marketing effort and promotion in place, the sales of Kabrita series products in the PRC was increased by 71.9% and Kabrita has become one of the fastest growing brands of the Group.

**Mr. Yan Weibin, Chairman of the Group**, said, "In recent years, the China government has continued to launch series of new policies. Under such policies, all the brands owned by the Group have been granted relevant import approvals whilst all of the overseas factories of the Group have also been successfully registered as approved overseas dairy products producers. We believe that the dairy industry in the PRC, which is the Group's principal market, will continue to be challenging in the year ahead. However, in order to cater to the long-term growth and demand for paediatric nutritional products, as well as to embrace the challenges ahead, we have adopted numerous strategies to ensure a stable and sustainable growth of the Group"

In May 2015, Center Lab, together with eight other institutions entered into a sale and purchase agreement with a former shareholder of the Company to acquire 197,368,600 Shares in aggregate. The acquisition triggered a mandatory offer which was closed on 6 August 2015 and Center Lab is now the single largest Shareholder of the Group. The Group believes its future development could benefit as Center Lab will leverage on its management expertise with a view to create long-term values for the Shareholders.

Meanwhile, the Group has continued its upward integration and product diversification, to further develop its cow milk-based paediatric formula as well as focus on goat milk-based paediatric formula. The acquisition of the residual 49.0% equity interest in Ausnutria Hyproca was approved by the Shareholders and the transaction is scheduled to be completed by end of this month. The Ausnutria Hyproca Group specialises in a complete chain of production from collecting fresh Dutch goat milk from farms to supplying finished goods. It is one of the leading producers of goat milk products in the world. As of 30 June 2015, the Ausnutria Hyproca Group has three factories and one factory under construction which are all located in the Netherlands. What's more, the Ausnutria Hyproca Group continued to allocate more of its resources on the marketing of its product in order to enhance its market awareness in the PRC and the world.

R&D has always been a main focus of the Group. In addition to its own effort, the Group has also continued to cooperate with the medical school of Beijing University in the nutrition for both children and moms, with an agreement with the medical school of Beijing University to form a 10-year strategic cooperation for the joint R&D of paediatric milk formula in the PRC.

The Group has realized the importance of the consumer relationship and has placed strong emphasize on the IT System both for operation and consumer relationship management. The Group has launched a number of mobile applications and emphasise on developing the consumer relationship and membership service through the way of connecting the membership shops and consumer service shops.

Looking ahead, **Mr. Yan** concluded, “We believe that the dairy industry in the PRC, which is the Group’s principal market, will continue to be challenging in the year ahead. However, the Group has formed its strength in the supply chain, consumer service capability and sales network. We are happy to see an increase of sales in the PRC market especially the improvement of our relationship with the clients, and will continue upward integration and product diversification and increase production capacity in the Netherland, to build a leading position in the world for goat milk-based paediatric formula. We will also continue to invest in R&D capability, form strategic cooperation with others industry participants and research centers as well as to enhance the IT Systems. Given the infrastructure that we have established, including solid overseas production base in the Netherlands and the extensive distribution network in the PRC and overseas, especially with the completion of our upgrading projects in the Netherlands factories, together with the own ability in serving the consumers, we believe the Group will realize further increase of business in the long-run, hence to maximize value to its shareholders.”

-End-

#### **About Ausnutria Dairy Corporation Ltd**

**Ausnutria Dairy Corporation Ltd** is a leading paediatric milk formula company with its production facilities principally based in China and the Netherlands and engaged in the dairy industry with activities ranging from the research and development, milk collection, processing, production, packaging in the Netherlands and marketing and sales of dairy products to the PRC, Europe, North America, Middle East, Russia and CIS and other overseas countries. Ausnutria’s factory in the PRC was among one of the first batch of factories in the PRC that succeeded in obtaining the renewed production license and the factories in the Netherlands were among the overseas paediatric milk formula manufacturers that succeeded in being approved as the first batch of registered overseas dairy products producers that were granted the registrations for exporting their products to the PRC under the New Policies.

Issued by Porda Havas International Finance Communications Group for and on behalf of **Ausnutria Dairy Corporation Ltd**. For further information, please contact us at [ausnutria@pordahavas.com](mailto:ausnutria@pordahavas.com), or as below:

#### **Porda Havas International Finance Communications Group**

Keely Chan	+852 3150 6760	keely.chan@pordahavas.com
Fanny Yuen	+852 3150 6715	fanny.yuen@pordahavas.com
Mandy Zhang	+852 3150 6765	mandy.zhang@pordahavas.com
Claire Li	+852 3150 6711	claire.li@pordahavas.com
Vivin Xu	+852 3150 6737	vivin.xu@pordahavas.com
Elaine Wang	+852 3150 6773	elaine.wang@pordahavas.com