

To: Business Editor  
(For immediate release)



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

**Ausnutria Acquires Leading Australian Milk Powder Producer “ADP”  
and “Ozfarm” at RMB170 million**

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***Continuing strategic acquisitions and taking internationalisation one step further***

(Hong Kong, 23<sup>rd</sup> May 2017) **Ausnutria Dairy Corporation Ltd.** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a leading dairy industry company with production facilities principally based in the PRC, the Netherlands and Australia, engaging in the production and distribution of all dairy products (including infant formula) and nutrition products, is pleased to announce that on 23<sup>rd</sup> May 2017 (before trading hours), Ausnutrition Care Pty Ltd. (“Ausnutrition Care”), an indirect wholly-owned subsidiary of the Company, and ADP Group Ltd. entered into the Australian Dairy Park Pty Ltd (“ADP”) SPD, under which Ausnutria will acquire the entire issued share capital of ADP Holdings at a consideration of AUD10.0 million (equivalent to approximately RMB 51.3 million) in cash and 13,928,571 Ausnutrition Care Shares. On the same date, Spring Choice, a direct wholly-owned subsidiary of the Company, and El Dorado Health Products Technology Pty Ltd. entered into the Oz SPD at a consideration of AUD11 million (totalling approximately RMB56.5 million) to acquire 50% of Ozfarm's equity.

According to the ADP Shareholder Loan Agreement, Ausnutria agreed to grant the ADP Shareholder Loan Facility in the principal amount of up to AUD10.0 million (approximately RMB51.3 million) to ADP Holdings for an initial period of one year, which is renewable, at an annual interest rate of 5%. The loan will be used for the purpose of repaying certain existing loans of the ADP Group and for the purpose of its general working capital and business development. Upon the ADP completion, ADP Holdings will be 100% owned by the Ausnutrition Care and the Company's interest in Ausnutrition Care will be diluted to 70% from the original 100%. After the completion of the acquisition, Ausnutria will hold all the business of ADP, including the manufacturing, packaging and sale of dairy and milk powder products and related research and development activities, and the existing ADP plant and land in Melbourne, Australia. At the same time, Ausnutria will also hold 50% of Ozfarm's business, which includes the marketing and distribution of nutrition products and formula milk products in Australia, Singapore and the PRC under the brand name “Oz Farm”, and the marketing and exports of any other dairy, honey or other food and health care products.

ADP is a modern dairy manufacturing enterprise in Australia, specializing in R&D, manufacturing and packaging of infant formula, functional milk powder and milk powder for the elderly. It is one of the first two Australian infant formula dairy manufacturer registered in the PRC and approved by the Certification and Accreditation Administration of the PRC (CNCA). Currently, ADP is among one of the eight manufacturers in Australia that has been registered in the PRC and is approved by the CNCA.

Ozfarm is a leading infant and adult and special medical formula enterprise in Australia. Its own brand, Oz Farm, has a variety of products, including infant formula, pregnant milk, and milk powder for the elderly. The brand, which business started as early as 1998, has gained a high market perception. In particular, Oz Farm pregnant mother formula is the best-selling pregnant mother formula in Australia and is recognized as the first brand in Australia. All milk powder products of Ozfarm are manufactured by ADP. Moreover, a number of Ozfarm products have been accredited gold or silver awards in the recent years by the Dairy Industry Association of Australia. After the completion of the acquisition, Ausnutria will not only have its own milk powder factory in Australia to further expand its milk source, but also indirectly own 50% equity of Ozfarm, which serves to further improve the product diversity to meet the growing market demand, and thereby enhance the company's competitiveness and create space for future development.

Regarding the acquisition, **Mr. Yan Weibin, Chairman of the Group**, said, "Our vision is clear, which is for Ausnutria to become a high-end nutritional supplements and health services company. The acquisition of ADP and Ozfarm ensures the execution of corporate development strategies, and is the next step of our "Go Global" strategy after planning the construction of our new plant the Netherlands in 2015, and signing the agreement with Westland, New Zealand's second-largest dairy cooperative enterprise, to build a new milk powder factory in 2016. The acquisition will bring long-term strategic benefits to our company. It allows us to extend our supply portfolio from the Netherlands and New Zealand to Australia, and complements our existing product portfolio. With our well-developed distribution system, customer network, and innovative sales model, this will create a powerful synergy with our existing business to expand our global territory and accelerate internationalisation, so as to strengthen the company's R&D and sustainable development capabilities through the organic combination of overseas advanced R&D innovations, quality control and management, and company development."

Mr. Yan further stated that, "As part of the company's global strategic expansion and an extension of our product line, the acquisition will further cement the recognition of the company's infant formula in Australia, as well as strengthen our nutritional R&D, production, and supply capabilities. The complementary relationship between the team and our products provides critical support to the company's future development. It pushed the company towards our mid-to-long-term goal – to become a high-value integrated nutritious food company."

Ausnutria will continue to push forward strategic mergers and acquisitions; most M&A targets are enterprises that have unique products and a competitive edge in technology. Concurrently, Ausnutria will also promote in-depth cooperation between the company and external R&D institutions to accumulate technological experience and international operation experience for company development, so as to gain stronger competitive advantages around the world.

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

Ausnutria Dairy Corporation Ltd. is a leading paediatric milk formula company with production facilities principally based in the PRC, Netherlands and Australia. The Company is engaged in the worldwide production, research, and sales of infant formula, adult milk and other dairy and nutrition products. It owns several famous infant formula and milk powder brands, among which Ausnutria is widely recognized as famous Chinese trademarks. Ausnutria’s factories in the PRC were among that first batch of factories that had been granted with the National Infant Formula Enterprise Production Permit. The factory in the Netherlands is also one of the first paediatric milk formula manufacturers to obtain import licenses for overseas products under the new policy.

### **About Australian Dairy Park**

Australian Dairy Park (“ADP”) is a modern dairy manufacturing enterprise in Australia, specializing in R&D, manufacturing and packaging of infant formula, functional milk powder and milk powder for the elderly. It is one of the first two Australian infant formula dairy manufacturer registered in the PRC and approved by the Certification and Accreditation Administration of the PRC (CNCA). Currently, ADP is among one of the eight manufacturers in Australia that has been registered in the PRC and is approved by the CNCA.

### **About Ozfarm**

Ozfarm is a company incorporated in Australia with limited liability and is principally engaged in the sale and marketing of nutrition products, in particular on formula milk products from infant, children, pregnant mother to elderly under its own brand name Oz Farm ®. The brand, which business started as early as 1998, has gained a high market perception that its products to be “green, nature, safe and good quality”, in particular, its pregnant mother formula is the best-selling pregnant mother formula in Australia. Besides, a number of Ozfarm products have been accredited gold or silver awards in the recent years by the Dairy Industry Association of Australia. All the milk powder products of Ozfarm are manufactured by ADP.

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:

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