

[Press Release]



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

**Acquisition of the Remaining 50% Equity Interest in Ozfarm Australia and
42.5% Equity Interest in Ozfarm HK**

***Further Expands Overseas Market
Strengthens Global Business Development***

(Hong Kong, 1 June 2018) **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a company engages in the research and development, production and distribution of all dairy products (including infant formula) and nutrition products with production facilities principally based in the PRC, the Netherlands, Australia and New Zealand, is pleased to announce that Spring Choice Limited (“Spring Choice”), a direct wholly-owned subsidiary of the Company, has conditionally agreed to acquire the remaining 50% equity interest in Ozfarm Royal Pty Ltd (“Ozfarm Australia”), by the issue and allotment of 12,980,000 Initial Consideration Shares at the Initial Consideration Share Price of HK\$10.00 by the Company (equivalent to HK\$129.80 million). Pursuant to the Sale and Purchase Deed, Spring Choice also has conditionally agreed to acquire 42.5% equity interest in Ozfarm Royal (HK) Limited (“Ozfarm HK”) at a consideration of HK\$1.00 in cash. Upon Completion, Ozfarm Australia and Ozfarm HK will become an indirect wholly-owned subsidiary and an indirect non-wholly-owned subsidiary of the Company respectively.

Founded in 1998, Ozfarm Australia has gained a high market perception. It is principally engaged in the infant formula and nutrition business, operates on formula milk products from infant, children, pregnant mother to elderly under its own brand Oz Farm®. Ozfarm Australia owns the number one maternal women's milk powder brand in Australia. It has also obtained the registration of its infant formula with the China Food and Drug Administration. The acquisition of its equity interest will (i) enable the Group to own 100% of the brands and products of Ozfarm Australia for better allocation of internal resources of the Group and reduce the internal conflicts of interests in the Group; (ii) enable the Group to further expand and develop its market in Australia, the PRC and overseas by taking advantage of the reputation of Ozfarm Australia; (iii) facilitate the perfection of the Group's current product range offered; and (iv) create better synergy with the Group as a whole, and hence improve

the operational efficiency. Ozfarm HK was established in 2017 is principally engaged in the distribution and marketing of milk powder and nutrition products business in the PRC. The Group has already owned 42.5% equity interest in Ozfarm HK. The acquisition of its additional 42.5% equity interest will facilitate the distribution and marketing of the Group's nutrition products in the PRC.

Mr. Yan Weibin, Chairman of the Group, said “The Group has established a solid foundation over the years. We have been continuously expanding our production, upstream sourcing capability and distribution network. We have also explored investment opportunities to help the Group to diversify its milk sources and product portfolio. The acquisition will enable the Group to strengthen its development and improve the product diversity. It is expected to have a positive impact on the Group's financial position, business operations and reputation. In the future, we will continue to seek the development opportunities. Our clear brand positioning coupled with the strategic layout taking our own-branded milk powder as core, as well as our sales network improvement will allow us to achieve ever-expanding growth, provide high quality products to our consumers and create greater value for our shareholders.”

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About Ausnutria Dairy Corporation Ltd.

Ausnutria Dairy Corporation Ltd is a leading infant milk formula company with production facilities principally based in the PRC, the Netherlands, Australia and New Zealand. 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, including *Ausnutria* and *Kabrita*. 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 infant milk formula manufacturers to obtain import licenses for overseas products under the new policy in the PRC.

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, or as below:

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