

To: Business Editor

[For immediate release]



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

Integrated Inner Resources to Fuel Nutrition Products Business Development Ausnutria Acquired the Remaining Equity Interest in Nutriunion

(Hong Kong, 8 July 2019) **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 Netherlands, the PRC, Australia and New Zealand, is pleased to announce after trading hours today that, the Company will conditionally acquire the remaining 40% equity interest of Nutriunion (Hong Kong) Company Limited (“**Nutriunion HK**”) and the remaining 40% equity interest of Nutriunion (Guangzhou) Interconnection Technology Co. Ltd (“**Nutriunion GZ**”) respectively.

As a marketing and sales platform for nutrition products, Nutriunion HK and Nutriunion GZ (“**Nutriunion Group**”) are both beneficially owned as to 60% by Ausnutria at present. According to the sale and purchase agreement, the Company will conditionally acquire the remaining 40% equity interest of Nutriunion HK through its wholly-owned subsidiary. An upfront consideration of RMB56.38 million will be fully settled by the issuance and allotment of 4,118,255 upfront consideration shares at the share price of HK\$15.47 each by the Company. And the subsequent consideration capped at RMB180 million, which will be determined based on the financial performance of the Nutriunion Group for the three years ending 31 December 2021 (No less than RMB60 million for the 3-year accumulated net profit before tax and no lower than 30% for the annual growth rate in sales turnover for each year), will be settled by cash or by the issuance and allotment of the subsequent consideration shares with a maximum number of 13,148,028 shares. Meanwhile, the Company will conditionally acquire the remaining 40% equity interest of Nutriunion GZ at a consideration of RMB6.82 million to be settled by cash. Upon the completion of the above-mentioned transactions, Nutriunion HK and Nutriunion GZ will both become indirect wholly-owned subsidiaries of the Company.

Ausnutria is principally engaged in the dairy business, in particular on the manufacture and distribution of infant formula, where it has established a strong foundation over the years. In view of the increasing health awareness of the general public, the Group has made its “Golden Decade” strategy and has been expanding its marketing and distribution network in the dairy industry as well as in the nutrition business sector in recent years. Given that (i) the acquisition will help to avoid conflict of interests, accelerate thorough internal source integration and stimulate market development amid the rapid growth of the nutrition product market in and outside the PRC; (ii) the business model of Nutriunion Group has been preliminarily established with decent growth; (iii) the Company believes that the Nutriunion Group will continue to grow steadily leveraging on the management team’s extensive experience in nutrition business sector and their proven outstanding innovation ability in operation, and the above-mentioned acquisitions will strengthen the Group’s position for the long term growth and development in the nutrition business; and (vi) according to the Group’s blueprint, the Nutriunion Group will facilitate the innovative functions for a part of the Group’s services platform on the basis of its present business platform, and support other business unites of the Group, the acquisition will bring a higher convenience to the Group’s business operation and functional division, thus stimulating inner potentials and boosting its operation efficiency.

Mr. Yan Weibin, Chairman of the Group, said: “The rapid expansion of the nutrition products market in the past few years has presented us with the huge potential of nutrition products business. The Group has been building up nutrition products business at home and abroad adhering to its clear strategy, aiming to gather and provide quality nutritional options to all on a global level. As a part of our nutrition products network for long, the financial results of the Nutritunion Group had been consolidated into the consolidated financial statements of Ausnutria since the year ended 31 December 2016, providing the Group with continuous positive contributions. The acquisition of the minority equity interest in the Nutritunion Group will further optimize the allocation of the Group’s internal resources. Meanwhile, a clear and good incentive scheme has been provided to the management team of Nutriunion Group, where the subsequent consideration is linked to its performance of the following three years, serving as a clear system of incentives and disincentives to fuel Ausnutria’s business growth. Meanwhile, the acquisition will help to optimize the internal collaboration of the Group by efficiently stimulating the joint benefit of Nutriunion Group and Ausnutria, thus accelerating the development of Ausnutria with unified opinions and efforts.”

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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 Netherlands, the PRC, Australia and New Zealand. The Company is engaged in the worldwide production, R&D, and sales of infant formula, adult milk formula and other dairy and nutrition products. It owns several famous infant formula brands, including “Kabrita”, “Allnutria” and “Hyproca”. 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 factories in the Netherlands and Australia of Ausnutria were also among of the first infant milk formula manufacturers to obtain import licenses for overseas products under the new policy in the PRC.

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