

To Business Editor  
【For Immediate Release】



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

**Business Units Integration in Two Segments to  
Accelerate Business Development  
Ausnutria Announced Two Important Resolutions on  
Hyproca Bio-Science and Kabrita BU Respectively**

[Hong Kong, 14 April 2020] **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 the acquisition of the remaining 15% equity interest Hyproca Bio-Science (Hong Kong) Company Limited (“**Hyproca Bio-Science (Hong Kong)**”) and the early settlement of the remaining equity interest in Hyproca Nutrition Co. Ltd. (namely “**Kabrita BU**” as below).

**Acquisition of the Remaining 15% Equity Interest in Hyproca Bio-Science (Hong Kong)**

Ausnutria announced that, with the allotment of 70,000,000 shares, the Company has conditionally agreed to acquire the remaining 15.0% of the equity interest of Hyproca Bio-Science (Hong Kong) through the indirect wholly-owned subsidiary Ausnutria Dairy Co., Ltd.. Hyproca Bio-Science (Hong Kong) and Hyproca Bio-Science Co. Ltd. (“**HBC**”) will become indirect wholly-owned subsidiaries of the Company.

Meanwhile, 20,000,000 shares out of the 70,000,000 allotted shares has been granted the Call Option (the “**HBC Call Option**”) which shall be exercised based on the HBC average growth rate of net profit: in 2020-2022, if the HBC’s average growth rate is 30.0% or above, HBC shall be granted 20,000,000 shares; if the average growth rate is more than 20.0% but less than 30.0%, the Company shall have the right to exercise the HBC Call Option to acquire 10,000,000 shares at nil consideration; if the HBC average growth rate is 20.0% or less, the Company shall have the right to exercise the HBC Call Option to acquire the 20,000,000 shares at nil consideration.

Ausnutria Dairy Co., Ltd. was incorporated in Hong Kong in 2007. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding. At present, Ausnutria Dairy Co., Ltd. owns 85.0% of all the issued shares of Hyproca Bio-Science (Hong Kong); HBC is an indirect non-wholly-owned subsidiary of the Company.

HBC is an important unit of the Company’s high-end cow milk formula business. According to the 2019 annual results of Ausnutria, HBC was the fastest-growing business unit (“**BU**”) in the Group and recorded sales of RMB1,692.7 million for the year, representing an increase of 85.6%, when compared with the year of 2018. Recently, the Hyproca 1897 joined hands with the world-famous pianist, Lang Lang, to establish a leading brand of the high-end cow milk formula and bring new vitality into the brand development.

Considering China’s steady-growing infant formula market and the proven performance of HBC, as well as the experienced HBC management team in the industry, the Company’s management expects HBC will maintain a steady growth and bring positive contribution to the Company.

The Company also believes the acquisition of HBC will benefit Ausnutria’s internal resources integration and high-quality operation; the engagement of HBC Call Option will further energize the team’s motivation and creativity, strengthen the synergy effect of the teams and improve the operation efficiency to realize the long-term growth of infant formula business and the mission of the Company.

## Early Settlement of the Remaining Equity Interest of Kabrita BU

Ausnutria has also decided to exercise the early settlement of the remaining equity interest of Kabrita BU. In February 2018, Hyproca Nutrition B.V., an indirect wholly-owned subsidiary of the Company conditionally agreed to acquire all the issued shares of Hyproca Nutrition Co. Ltd. (“HNC”), while a three-year subsequent consideration agreement (the “**Subsequent Consideration Agreement**”) was also engaged. According to the Subsequent Consideration Agreement, HNC would be able to acquire approximately 29,880,000 shares additionally if the net profit of Kabrita BU recorded a growth of more than 25% between 2018-2020.

Since the engagement of the Subsequent Consideration Agreement in 2018, Kabrita BU has achieved excellent performance in the past two years with net profit growth of 55.9% and 83.6% in 2018 and 2019 respectively, which has well exceeded the agreed average growth rate. Accordingly, considering the outstanding financial performance of Kabrita BU while ceasing the significant accounting impact of the financial derivatives instrument on the Company’s core performance, the Company decided to exercise the early settlement of the remaining equity interest (part of the shares will not be entitled to the final dividend of HK\$0.22 per share for the fiscal year of 2019).

Subsequent to the completion of the acquisition of Kabrita in 2018, the Kabrita BU has been maintaining satisfactory performance and providing significant contribution to the stable financial performance of the Company. The Company considered the early settlement of the Subsequent Consideration Agreement as recognition and encouragement to Kabrita’s management and its team, aiming to boost the team’s morale and encourage further development of the Company.

Looking into the future, **Mr. Yan Weibin, Chairman of the Group**, stated that the Company will strive to achieve development goals of “Golden Decade” with the vision of “becoming the most trustworthy milk formula, nutrition and health-care enterprise in the world”. The Company will continue to streamline its business structure and improve operation strategy, as well as strengthen the global supply chain on infant formula, expand overseas nutrition products business, and bring more sustainable and fruitful return for 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 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 the 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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