

## 3. ABOUT AUSNUTRIA

### 3.1 Corporate Profile

At Ausnutria, our mission is “Nourishing Life, Caring Growth” and our vision is “To become a leading infant formula supplier in the world as well as the most trustworthy nutrition product supplier and nutritional and health adviser in the PRC”. By upholding our mission and vision, we believe our business will grow continuously with bright performance.

#### AUSNUTRIA PRINCIPLES



Ausnutria is a leading dairy industry company listed on the Stock Exchange in October 2009 (Stock code: 1717). The Group is principally engaged in the dairy industry with activities ranging from research and development, milk collection, processing, production, packaging, marketing and distribution of infant formula and other dairy products to customers in the PRC, the Netherlands and other overseas countries. Apart from sourcing milk from its own factories in the Netherlands, the Group has diversified its infant formula supply to manufacturers located in New Zealand, Australia and France in recent years. The Group has also commenced new businesses since the fourth quarter of 2016. This includes the manufacture and distribution of nutrition products through the acquisition of the nutrition business in Australia, which engages in the business in the development, manufacturing, packaging and distribution of complementary medicine, nutritional and health care products, and the marketing and distribution of import functional milk in the PRC.

Founded in 2003, the Group commenced business by importing high-quality premium infant formula from Australia for sale and distribution in the PRC. In 2011, Ausnutria invested in its upstream business by acquiring the controlling interests in Ausnutria Hyproca B.V. (“Ausnutria Hyproca”) which has international presence and expertise in the international infant nutritional products business and milk source and production facilities. Based in the Netherlands, its quality milk supply in particular on goat milk is highly recognized as among the best in the world.

Since then, Ausnutria has become one of the very few Chinese corporations to own and operate a comprehensive production chain in the industry from milk collection, production and packaging to marketing and sales. This enables Ausnutria to have total control over the entire production and distribution process of its dairy products.

The Group sells its products under its own brands, including *A-choice*, *Allnutria* (including *Allnutria Organic*), *Puredo*, *Hyproca 1897*, *Neolac*, *Mygood* and *Eurlate* for cow milk-based infant formula, and *Kabrita* for goat milk-based infant formula. Except for *Kabrita* which is distributed globally, most of our own-branded cow-milk based infant formulae are principally designated for consumers located in the PRC. In addition, the Group also sells its products under contract manufacturing and private label arrangements for its worldwide customers through Ausnutria Hyproca.

Furthermore, the Group commenced the business in the manufacture and distribution of nutrition products through the acquisition of a nutrition care business in Australia and the marketing and distribution of import functional milk under the Group's own brand name "*Globlait*" in the PRC since the fourth quarter of 2016. The Group has also commenced the launch of its nutrition products under the brand name "*Nutrition Care*" in the PRC since the end of 2016.



◆ Acquisition of a nutrition care business in Australia

### 3.2 2016 Business Highlights and Achievements

In 2016, promising results were achieved in terms of operation performance and product diversification. As a result of enhancing the business structure and strategies, our business chain is strengthened to cater for the industry change and to accommodate to our long-term vision. The Group has also expanded its infant formula and nutritional business in the global market during the year, and has achieved satisfactory results in developing its market network and enhancing consumer services.

#### ■ *Strong Financial Performance*

Recorded a 30.5% increase in revenue, amounting to RMB2,740.3 million, as compared to 2015.

#### ■ *Tax Contribution*

We paid a total of approximately RMB244 million tax in the PRC and in the Netherlands in 2016.

- *Sustainable Growth in our Infant Formula*

Achieved a total of RMB1,682.4 million of revenue for own-branded goat and cow milk-based infant formula, a significant increase of 49.3%.

- *Leading in Imported Goat Milk-based Infant Formula Market*

*Kabrita* maintains its leading position in the PRC, accounted for approximately 53.5% of the market share of the total imported goat milk-based infant formula.

- *Remarkable Growth in Overseas Market*

Sales of *Kabrita* overseas has increased by over 70% with sales network extended to cover more regions in the world.

- *Expanding our Presence in the Children's Market*

Launched a functional liquid milk under our new brand, *Globlait*, in December 2016, targeting children in the PRC.



◇ Globlait, functional liquid milk

- *Milestone of our Nutritional Business*

Acquired 75% of *Nutrition Care*, a professional high-end nutritional product brand in Australia, to expand our global presence in the growing nutritional product market.



◇ Acquisition of 75% of Nutrition Care in Australia

### ■ *Enhancing our Capacities in Production and Sales*

The Group formed a joint venture with Westland Co-operative Dairy Company Limited, the second largest dairy co-operative in New Zealand, for the establishment of a new plant in New Zealand, which will be used for the production and sale of infant formula and other dairy based powder products.



✧ Formed a joint venture in New Zealand

### ■ *Recognitions of Products from the Sector and Society*

- *Allnutria*, with a strong presence in the 2nd-, 3rd- and 4th-tier markets in the PRC, was awarded as the "Consumers' Most Favoured Brand" presented by mama.cn, the leading web portal for baby and maternity information in the PRC
- *Kabrita* and *Hyproca 1897* were listed among the top 10 most influential brands for infant formula in the PRC at the CBME AWARDS, which is considered as the Oscars in the children, baby and maternity industry in the PRC

### ■ *Recognitions from our community services and contribution*

- *Kabrita* was awarded the "Charity Practice Award 2016(二零一六年度公益踐行獎)"
- "*Kabrita* U Love Plan" was awarded the "Charity Project Award 2016(二零一六年度公益項目獎)" by the 6th China Charity Festival (中國公益節)
- The "Mother Love 800g (母愛800g)" was accredited as the outstanding unit (優秀理事單位) by Hunan Charity Federation (湖南省慈善總會)