

ABOUT AUSNUTRIA

CORPORATE PROFILE

Ausnutria is a leading company in the dairy industry listed on the Stock Exchange (stock code: 1717) in October 2009. Upholding the Group's mission of "Nourishing Life & Growth", Ausnutria is committed to creating shared value with its stakeholders. Currently, the Group provides high quality formula milk powder and nutritional products to its customers in the PRC, the principal market of Ausnutria, and sixty-five other countries and regions.

Ausnutria started its business in 2003 by selling high quality premium cow milk formula products in the PRC, with its milk source based principally in Australia, under the brand names of *Allnutria*, *A-choice* and *Best-Choice*. Between 2011 and 2015, the Group acquired 100% of Ausnutria Netherlands, an internationally known expert in the field of infant nutritional products, together with three factories based in the Netherlands. This acquisition also opened up the goat milk formula products market in the Group's business under the brand name *Kabrita*. Since then, Ausnutria has become one of the very few Chinese corporations that owns and operates an entire integrated production chain, enabling the Group to have full control over the entire production process and the quality of its products.

To accomplish the Group's long-term vision of becoming the most trustworthy milk formula, nutrition and health-care enterprise in the world and sustain the continuous growth, a number of new factories were constructed in the Netherlands, New Zealand and the PRC in recent years. The Group has also acquired a modern dairy manufacturing enterprise in Australia, ADP, and two marketing and distribution companies, Ozfarm Royal Pty Ltd ("Ozfarm") in Australia and Youluck International Inc. ("Youluck") in Taiwan. As of 31 December 2017, the Group owns eight factories around the world with another two to be completed by the end of 2018. These strategies have facilitated the Group to realise its multi-branding strategies.

Alongside the development of the Group's own-branded business, Ausnutria also produces formula milk powder products for its worldwide customers on an OEM basis.



THE GROUP SELLS ITS PRODUCTS UNDER ITS OWN BRANDS



澳优爱优

Augood® 珀淳™



海普诺凯 荷致



海普诺凯 萃护



欧蓝 Eurlale



PuredoNu 美纳优

美纳珍®

Puredovita 启活®

美优高

美优高经典

爱恩护



In 2016, Ausnutria extended its business in the PRC to the nutrition sector through the promotion and distribution of imported functional milk under the brand name *Globlait*. In the same year, the Group acquired a high-end Australian nutritional business with a factory based in Australia, NCP, and began to develop, manufacture and distribute nutritional products under the brand names *Nutrition Care* and *Brighthope*.

Upholding the core values listed in "Ausnutria's Principles", the Group strives "to become the world's leading infant formula and nutrition products supplier and the most trustworthy nutritional and health adviser" by continuously developing, manufacturing and distributing high quality formula milk powder and nutritional products to its valued customers.

2017 BUSINESS HIGHLIGHTS

Ausnutria recorded revenue of RMB3,926.5 million for 2017, an increase of RMB1,186.2 million, or 43.3% when compared with 2016. Ausnutria’s remarkable achievements in 2017 are illustrated below.



PARTICIPATION IN INDUSTRY ASSOCIATIONS

Ausnutria supports the development of the dairy and nutrition industry through actively joining in industry associations, particularly in locations where the Group operates. Ausnutria also shares its experience with industry players so as to encourage knowledge exchange and promote improvements for the industry. Ausnutria played an active role in the below associations and initiatives in 2017.

Dutch Dairy Association



nederlandse zuivel organisatie

Dutch Dairy Association (“NZO”) is an association of the Dutch dairy industry, representing the interests of thirteen major dairy companies. Ausnutria is a member of NZO and participates in working groups to work together on continuous improvements on Dutch milk processing through knowledge sharing.

Sustainable Dairy Chain



Ausnutria is part of the Sustainable Dairy Chain, a joint initiative of NZO and the Dutch Federation of Agriculture and Horticulture. The initiative has formulated ambitious goals on achieving sustainable production of dairy products by 2020. The Group pledged to support the initiative, focusing on the introduction and implementation of environmental best practices.

Dutch Goat Dairy Association



Dutch Goat Dairy Association (“NGZO”) is an association of the Dutch dairy industry, focusing on the goat milk sector. Together with its goat milk suppliers, Ausnutria participates in working groups of NGZO to work on marketing and image branding, energy and climate, and animal health and welfare of the industry.

Ausnutria has also been involved in the development of the Durability Program under NGZO’s initiative “Sustainable Goat Dairy Chain”. Further details can be found in [Creating Shared Value with Business Partners](#).

China Dairy Industry Association



Ausnutria was selected as one of the vice-president units of the sixth committee of the China Dairy Industry Association. Mr. Yan Weibin, the chairman, presented in the 23rd Annual Meeting in August 2017 on behalf of Ausnutria and shared his insights on the outlook of the Chinese dairy industry and the opportunities under the “Belt and Road” initiative.

China Nutrition and Health Food Association



Mr. Liu Yuehui, chief supervisor, party secretary and chairman of the labour union of the Group in the PRC region, represents Ausnutria as the vice president of China Nutrition and Health Food Association (“CNHFA”). With the support from the government, CNHFA engages major players in the industry to promote growth of the sector by embracing both opportunities and challenges.

Complementary Medicines Australia



NCP is a member of Complementary Medicines Australia (“CMA”), an industry body in Australia that represents over 70% of the complementary medicine industry. NCP actively contributes through providing advice on industry practices and feedback on regulatory changes.

CORPORATE GOVERNANCE

Ausnutria believes a robust corporate governance ("CG") structure is the cornerstone of long-term business success. The Group has adopted the code provisions set out in the CG Code contained in Appendix 14 of the Listing Rules as Ausnutria's code of CG practices. The Group's CG policies and procedures are reviewed regularly to ensure its transparency, independence and integrity.

Ausnutria embraces diversity in its workplace and recognises the benefits of building a diverse and inclusive board. The Group strives to maintain board diversity through different perspectives, including but not limited to gender, age, ethnicity, educational background, professional expertise, industry experience, management function and length of service. As at the date of this report, Ausnutria's board (the "Board") of directors (the "Directors") comprises eight members, including three executive Directors, two non-executive Directors and three independent non-executive Directors.

The Board is responsible for leading Ausnutria to success and safeguarding the Group's shareholders' interests through determining the Group's strategic development, and at the same time performing CG duties, including development and review of CG policies and practices and making recommendations to Ausnutria. Such measures include reviewing and monitoring training and continuous professional development of the Directors and senior management, reviewing and monitoring Ausnutria's policies and practices in compliance with legal and regulatory requirements, developing, reviewing and monitoring the code of conduct of the Group (the "Code of Conduct"), and reviewing Ausnutria's compliance with Appendix 14 to the Listing Rules.

Anti-Corruption

Ausnutria upholds a high standard of integrity through the adoption of anti-corruption measures to prevent and fight against corruption in the business environment. Acceptable and unacceptable behaviour, handling procedures related to conflicts of interest, bribery and corruption, and integrity breaches are clearly stated in the Code of Conduct which has been distributed to all employees. Violations of the rules may lead to verbal warning, formal warning or other disciplinary or legal actions depending on the severity of the issue. To maintain an uncorrupted working environment and ensure sustainable business growth, the Board is obligated to oversee the effectiveness of such anti-corruption measures and to ensure its employees comply with the related rules. Additionally, the Group's internal audit department closely monitors and verifies financial and operational data to identify any violations related to conflicts of interest, bribery and corruption. No concluded cases in relation to corruption were confirmed in 2017.

For more information about Ausnutria's CG policies and procedures, please refer to the Corporate Governance Report section in [Ausnutria's 2017 Annual Report](#).