
DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

“A\$”	Australian dollars, the lawful currency of Australia
“ADY”	American Dairy, Inc., a company incorporated in Utah, U.S. whose shares are listed on the New York Stock Exchange under the trading symbol “ADY”. ADY is principally engaged in producing and distributing milk powder, soya bean milk powder and related dairy products in the PRC.
“All Harmony”	All Harmony International Limited, a company incorporated in BVI on 9 April 2009 with limited liability. All Harmony is an investment holding company which is owned by Mr Chen and 20 other former and present employees of our Group
“American Functional Foodstuff”	American Functional Foodstuff Research Institute LLC, a company incorporated in Texas, U.S. on 1 July 2003 and a former shareholder of Ausnutria Hunan. It is an investment holding company and is owned by Mr Wu and Mr Yan in the proportion of 70% and 30% respectively
“AQIS”	Australian Quarantine and Inspection Service, which is part of the Australian Government Department of Agriculture, Fisheries and Forestry, and provides import and export inspection and certification
“AQSIQ”	General Administration of Quality Supervision, Inspection and Quarantine of the PRC (國家質量監督檢驗檢疫總局), which is the administrative agency in the PRC in charge of, among other things, inspection of entry/exit of goods, import and export food safety, and certification
“Articles of Association” or “Articles”	the articles of association of our Company approved by the written resolutions of our Shareholders on 19 September 2009, as amended or supplemented from time to time
“Aubrand”	Hunan Aubrand Food Co., Ltd.* (湖南澳博蘭食品有限公司), a company established in the PRC on 11 June 2008. Aubrand is principally engaged in the sale of vegetable oil (such as olive oil and walnut oil), dairy products, rice cereal and protein powder and its majority shareholder is Mornring. As at the Latest Practicable Date, Aubrand is not engaged in any paediatric milk formula related business

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“Ausnutria Australia”	Australia Ausnutria Dairy Pty Ltd., a company incorporated in New South Wales, Australia on 7 October 2003 with limited liability. Ausnutria Australia is an indirect wholly-owned subsidiary of our Company
“Ausnutria BVI”	Ausnutria Holding Co Ltd 奧優控股有限公司, a company incorporated in BVI on 20 December 2006 with limited liability. Ausnutria BVI is an investment holding company which is owned by Mr Wu, Mr Yan and Mrs Y Wu in the proportion of 60%, 30% and 10% respectively
“Ausnutria Hong Kong”	Ausnutria Dairy Company Limited 澳優乳品有限公司, a company incorporated in Hong Kong on 25 January 2007 with limited liability. Ausnutria Hong Kong is an indirect wholly-owned subsidiary of our Company
“Ausnutria (HK)”	Ausnutria Dairy (HK) Company Limited 澳優乳品(香港)有限公司, a company incorporated in Hong Kong on 3 November 2008 with limited liability. Ausnutria (HK) is an indirect wholly-owned subsidiary of our Company which we acquired as a shelf company on 5 July 2009
“Ausnutria Hunan”	Ausnutria Dairy (Hunan) Company Ltd* (澳優乳品 (湖南) 有限公司), a foreign-invested enterprise established in the PRC on 15 September 2003 with limited liability. Ausnutria Hunan is an indirect wholly-owned subsidiary of our Company
“Board” or “Board of Directors”	the board of directors of our Company
“Brave Leader”	Brave Leader Limited, a company incorporated in BVI on 22 April 2009 with limited liability. Brave Leader is an investment holding company which is owned by Mr Wu, Ms X Wu and Mr Yan in the proportion of 59.57%, 30.67% and 9.76% respectively
“Business Day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCTV”	China Central Television (中國中央電視台)

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“CIQ”	Entry-Exit Inspection and Quarantine Bureau (出入境檢驗檢疫局) under AQSIQ
“Companies Ordinance”	Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Controlling Shareholder”	the controlling shareholder of our Company, namely Mr Wu
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for, among other things, the supervision and regulation of the Chinese national securities markets
“Director(s)”	director(s) of our Company
“EIT”	enterprise income tax
“enterobacter sakazakii”	enterobacter sakazakii, a gramme-negative rod-shaped pathogenic bacterium of the genus enterobacter
“GMP”	Good Manufacturing Practice, the control and management of manufacturing and quality control testing of foods, pharmaceutical products, and medical devices
“HACCP”	Hazard Analysis and Critical Control Points, a systematic preventive approach to food safety that addresses physical, chemical, and biological hazards as a means of prevention rather than finished product inspection
“high-priced paediatric milk formula”	paediatric milk formula with retail price generally between RMB160 and RMB245 per kg. As there is no official industry classification, such classification is determined based on our Directors’ knowledge and experience as well as our market research data
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“infant formula”	milk-powder based formula products for consumption by infants up to the age of 12 months
“ISO”	International Organisation of Standardisation
“kg”	kilogramme

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“Latest Practicable Date”	17 September 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication
“LIBOR”	the London interbank offered rate
“low-priced paediatric milk formula”	paediatric milk formula with retail price generally lower than RMB100 per kg. As there is no official industry classification, such classification is determined based on our Directors’ knowledge and experience as well as our market research data
“Macau”	the Macau Special Administrative Region of the PRC
“melamine”	an industrial chemical used for the production of melamine resins which can be added to milk-based products to cause a false increase in the measurement of protein content
“Memorandum of Association” or “Memorandum”	the amended and restated memorandum of association of our Company adopted by the written resolutions of our Shareholders on 19 September 2009, as amended or supplemented from time to time
“mid-priced paediatric milk formula”	paediatric milk formula with retail price generally between RMB100 and RMB160 per kg. As there is no official industry classification, such classification is determined based on our Directors’ knowledge and experience as well as our market research data
“milk powder”	powdered milk manufactured from cow’s milk, which we source from our suppliers to produce our A-choice Series and Best-choice Series paediatric milk formula as well as our Allnutria Series
“Ministry of Commerce” or “MOFCOM”	The Ministry of Commerce of the PRC (中華人民共和國商務部)

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“Mornring”	Hunan Mornring Foodstuff Co., Ltd.* (湖南沐林現代食品有限公司), a sino-foreign equity joint venture company established in the PRC on 18 April 2000 with limited liability. Mornring is principally engaged in the production and sale of food products (including health food products). Mornring is a former shareholder of Ausnutria Hunan and as at the Latest Practicable Date, Mornring is not engaged in any paediatric milk formula related business. Upon completion of the Reorganisation, Mornring ceased to be a shareholder of Ausnutria Hunan. Mornring is owned by Xin Da Xin, Vilmorin Hong Kong Limited and Xinjiang Yilite Industry Co., Ltd.* (新疆伊力特實業股份有限公司) in the proportion of 51%, 41.71% and 7.29% respectively
“MoveUp”	Heilongjiang MoveUp Foodstuff Co., Ltd.* (黑龍江省姆阿普食品有限公司), a limited liability company established in the PRC on 18 October 2007. MoveUp became a wholly-owned subsidiary of Xin Da Xin on 28 April 2009 and prior to this, ADY was a shareholder of MoveUp. MoveUp was previously engaged in the procurement of milk powder for us but is not engaged in any substantial operations or any business similar to the Group’s business as at the Latest Practicable Date
“Mr Chen”	Mr Chen Yuanrong (陳遠榮), a Director and the chief executive officer of our Group
“Mr Wu”	Mr Wu Yueshi (伍躍時), a Director and the chairman of our Group. He is the co-founder of our Group and the Controlling Shareholder
“Mr Yan”	Mr Yan Weibin (顏衛彬), a Director and the co-founder of our Group
“Mrs Y Wu”	Ms Xiong Fanyi (熊梵伊), the spouse of Mr Wu
“Ms Ng”	Ms Ng Siu Hung (吳少虹), a Director and the joint company secretary of our Group
“Ms X Wu”	Ms Wu Xingxing (伍星星), the elder sister of Mr Wu
“Murray Goulburn”	Murray Goulburn Co-operative Co. Limited, a cooperative company formed in 1950 and a major player in the Australian dairy industry
“NPC”	The National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

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“organic”	in relation to food products, refers to products which have not been grown or produced with the use of conventional non-organic pesticides, synthetic fertilisers, bio-engineering, or radiation
“paediatric milk formula”	infant formula and other milk-powder based formula products for consumption by children over the age of 12 months
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC” or “China”	the People’s Republic of China. References in this document to the PRC or China exclude Hong Kong, Macau and Taiwan
“PRC government”	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
“premium-priced paediatric milk formula”	paediatric milk formula with retail price generally higher than RMB245 per kg. As there is no official industry classification, such classification is determined based on our Directors’ knowledge and experience as well as our market research data
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reorganisation”	the reorganisation of the group of companies now comprising our Group, completed on 15 September 2009 as described in the sections headed “History and Corporate Structure — Corporate Reorganisation” and “Appendix VI — Statutory and General Information” in this document
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as the same may be amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of our Company
“Shareholder(s) ”	holder(s) of Shares

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“Share Option Scheme”	the share option scheme conditionally adopted by our Company pursuant to a resolution of the Board on 19 September 2009, further details of which are described in the section headed “Appendix VI — Statutory and General Information” in this document
“Silver Castle”	Silver Castle International Limited, a company incorporated in BVI on 22 April 2009 with limited liability. Silver Castle is an investment holding company which is owned by Mr Wu, Ms X Wu and Mr Yan in the proportion of 59.57%, 30.67% and 9.76% respectively
“Spring Choice”	Spring Choice Limited, a company incorporated in BVI on 22 April 2009 with limited liability. Spring Choice is wholly-owned by our Company
“State”	the government authorities authorised to perform specified duties in the name of the PRC according to the PRC laws, including without limitation the NPC and the State Council
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Tatura”	Tatura Milk Industries Limited, a company established in 1907 and located at Tatura in Victoria, Australia. Tatura is a major player in the Australian dairy industry. In April 2007, Bega Cheese Co-operative Ltd acquired a 70% controlling interest in Tatura
“tons”	tonnes
“Track Record Period”	the three financial years ended 31 December 2008 and the six months ended 30 June 2009
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States

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“Xin Da Xin”	Hunan Xin Da Xin Joint Co., Ltd.* (湖南新大新股份有限公司), a company established in the PRC on 19 January 2007. Xin Da Xin is an investment holding company with interests in various business activities including food processing, agriculture and real estate investment in the PRC and is a former shareholder of Ausnutria Hunan. As at the Latest Practicable Date, Xin Da Xin is not engaged in any paediatric milk formula related business. Upon completion of the Reorganisation, Xin Da Xin ceased to be a shareholder of Ausnutria Hunan. Xin Da Xin is owned by Mr Wu, Ms X Wu and Mr Yan in the proportion of 59.57%, 30.67% and 9.76% respectively
“Xin Da Xin Real Estate”	Changsha Xin Da Xin Real Estate Management Co., Ltd.* (長沙新大新物業管理有限公司), a company established in the PRC on 29 September 2000. Xin Da Xin Real Estate is principally engaged in real estate management and is wholly-owned by Xin Da Xin
“%”	per cent

In this document:

“Company”, “our Company”, “our”, “we” and “us” refer to Ausnutria Dairy Corporation Ltd 澳優乳業股份有限公司, an exempted company incorporated in the Cayman Islands with limited liability on 8 June 2009 and, except where the context otherwise requires, all of its subsidiaries or where its predecessors or the predecessors of its present subsidiaries were engaged in and which were subsequently assumed by it;

“Group” means our Company and its subsidiaries from time to time; and

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* denotes English translation of the name of a Chinese company or entity, and is provided for identification purposes only.