

## VITACO ACQUISITION BY SHANGHAI PHARMA AND PRIMAVERA

As you may be aware, Vitaco announced a proposed sale of the Vitaco business on 4 August 2016. Vitaco wishes to assure its valued employees, loyal customers and suppliers that operations will continue as usual.

Vitaco is listed on the Australian Securities Exchange and the sale of the company would occur via a sale of 100% of Vitaco's shares by way of an Australian scheme of arrangement, undertaken in accordance with the *Corporations Act 2001* (Cth) (**Transaction**). The purchasers will be a subsidiary of Shanghai Pharmaceuticals Holdings Co., Ltd (**Shanghai Pharma**) and a subsidiary of Primavera Capital Fund II L.P (**Primavera**). This is a very exciting development for Vitaco's business as it will assist Vitaco's long term growth plans into the Asian market, whilst maintaining existing operations.

The ultimate outcome will not be finalised for several months as the Transaction is, among other things, subject to approval by Vitaco's shareholders. The Vitaco Board of Directors (**Board**) has considered the Transaction carefully and is recommending (on customary terms) that shareholders vote in favour of the Transaction.

### Frequently Asked Questions

#### 1. Why are Vitaco shareholders being asked to approve the Transaction?

The Board believes that the Transaction provides shareholders with attractive upfront and certain value and recommends (subject to customary carve-outs) that shareholders vote in favour of the Transaction. Notwithstanding this, the Board notes that it is up to shareholders to decide whether to vote to approve the Transaction at the shareholders' meeting, which has been indicatively scheduled for November 2016.

#### 2. Who will be the new owners of Vitaco if the Transaction is completed?

Should the Transaction be completed, the new owners of Vitaco would be Shanghai Pharma and Primavera. While it is important to note that the ultimate outcome of the process will not be known for several months, the Board views Shanghai Pharma and Primavera as attractive partners for Vitaco, with the resources and expertise to enable a step-change in the execution of Vitaco's strategy, particularly in the Chinese market.

#### 3. Who is Shanghai Pharma?

Shanghai Pharma is a national pharmaceutical group headquartered in Shanghai, People's Republic of China and is a leader in China's pharmaceuticals industry. Its principal business covers pharmaceutical research and development, manufacturing, distribution and retailing.

#### 4. Who is Primavera?

Primavera is a leading Asia-based investment firm. The firm employs a flexible strategy of growth capital and control-oriented investments and seeks to create long-term value by working closely with portfolio companies to improve operational efficiency, competitiveness, and earnings growth.

**5. What does the Transaction mean for Vitaco's customers and suppliers?**

It is business as usual at Vitaco and all operations will continue as normal. Should the Transaction be completed, Shanghai Pharma and Primavera will continue to support the existing management team in realising the next phase of Vitaco's growth. Customers can rest assured that Vitaco remains absolutely focussed on producing quality products out of New Zealand. The existing management team remains in place and will continue to work with Vitaco's customers and suppliers in the usual manner.

**6. Will manufacturing continue in New Zealand?**

Shanghai Pharma and Primavera acknowledge, and intend to support, the very important role that Vitaco plays in its local communities as an employer and as a local manufacturing success story. The 'clean and green' image and natural characteristics of Vitaco's brands are also highly valued by Chinese consumers, and this is something that Shanghai Pharma and Primavera will look to nurture and preserve.

**7. Will there be any changes to Vitaco's brands?**

All operations are intended to continue in accordance with management's existing strategic plans. Vitaco remains focused on its high quality portfolio of brands that customers and retailers know and trust.

**8. How will the new owners benefit Vitaco?**

Should the Transaction be completed, Shanghai Pharma and Primavera will support Vitaco to grow its business, both domestically and in international markets. In particular, their deep experience and strong relationships in the Chinese market will provide new opportunities for growth of Vitaco's brands in this strategically important market.

**9. What happens if the Transaction does not proceed?**

Should the requisite majority of shareholders vote against approving the Transaction, the status quo will be maintained and Vitaco will remain listed on the Australian Securities Exchange.

**10. Will Vitaco's quality control systems be maintained if the Transaction is completed?**

Yes, there will be no changes to Vitaco's quality control systems. Vitaco's high quality in-house manufacture, heritage of its brands and strong domestic business across New Zealand and Australia will all continue as normal.

**11. What does the Transaction mean for the future of Vitaco?**

While the ultimate outcome will not be finalised for several months, the Board believes that the Transaction is a unique opportunity to secure a brighter long-term future for Vitaco, and will position Vitaco to maximise its opportunities in Australia, New Zealand, China and other international markets.