

To: Business Editor,
(For immediate release)



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

Ausnutria Announces 2017 Annual Results
Revenue and Profit Attributable to Shareholders Increase to
Approximately 43.3% and 44.9%, Respectively

Rapid growth in global business
Business chain deployment nearly complete
Continued strategic layout development with own-branded milk formula

Results Highlights

	For the year ended 31 December		Change
	2017 (RMB Million)	2016 (RMB Million)	
Revenue	3,926.5	2,740.3	+43.3%
- <i>Own-branded formula cow milk</i>	1,582.8	1,018.9	+55.3%
- <i>Own-branded formula goat milk</i>	1,279.8	798.9	+60.2%
Gross Profit	1,690.2	1,124.9	+50.3%
Gross Profit Margin (%)	43.0	41.1	+1.9 pts
Profit Attributable to Shareholders	308.1	212.7	+44.9%
Basic Earnings Per Share (RMB Cent)	24.61	17.04	+44.4%
Final Dividend (HK\$/share)	0.10	0.05	+100.0%

(Hong Kong, 27 March 2018) **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 PRC, the Netherlands, Australia and New Zealand, is pleased to announce its annual results for the year ended 31 December 2017 (the “year under review” or the “Year 2017”) today.

During the year under review, the dairy industry across the People's Republic of China (the "PRC") faced huge challenges due to the change in regulatory policies, particularly the implementation of registration requirements for infant formula. In response this, the Group implemented continuous corresponding strategies and maintained significant growth in operating performance. For the Year 2017, the Group's revenue increased by 43.3% YoY to RMB3,926.5 million, gross profits increased by 50.3% to RMB1,690.2 million, and the gross profit margin was 43.0%, representing an increase of 1.9 percentage points. Profit attributable to shareholders increased by 44.9% to RMB308.1 million and basic earnings per share was 24.61cents, a rise of 44.4% compared with the same period last year. Given the Group's strong business growth and sound financial position, the Board recommended a final dividend payment of HK\$0.10 per share for the Year 2017 (the year ended 31 December 2016 (the "Year 2016"): HK\$0.05).

Mr. Yan Weibin, Chairman of the Group, said - "In 2017, Ausnutria overcame a host of difficulties by adhering to its principle of 'responding to market uncertainty with firm strategies' and executed strategies with full faith. The Company has achieved satisfactory results in terms of operational performance, product diversification and business chain deployment. The Group's performance continues to grow steadily, mainly due to the sustained effects in fine tuning of strategic plans and layout of the Group's core own-branded infant formula business, improvements in the Group's organization structure and sales network, clear brand positioning and the implementation of innovative business strategies, which allowed the Group to cater effectively to different market demands in the PRC, and enhanced the business development of the Group."

In 2017, the multi-branding strategy of formula milk powder of the Group propelled sustainable growth, and the sales of our own-branded business increased by 57.5% YoY to 2,862.6 million. Among this amount, cow milk formula revenue increased by 55.3% to RMB 1,582.8 million, compared with the year ended 31 December 2016. Revenue from the Company's own-branded goat milk formula, *Kabrita*, increased by 60.2% YoY to RMB1,279.8 million. In addition, sales of *Kabrita* in the PRC and overseas amounted to RMB1,067.2 million and RMB212.6 million, representing a substantial increase of 60.8% and 57.0%, respectively, compared to the Year 2016. *Kabrita* has been ranked the number one imported goat milk infant formula in the PRC in terms of both sales and import volume since 2014. *Kabrita* products are also now available in more than 66 countries and regions. This highly successful network has set a solid foundation for the distribution and promotion of the Group's products across the globe.

The Group continues to improve its upstream business chain in response to the challenging market environment and growing market demand. Among which, two new factories in the Netherlands obtained certification from and completed its registration with the CNCA in November. The NZ Factory New Zealand, jointly developed with Westland (the second largest dairy cooperative in New Zealand), was also completed during the year and obtained a production permit from the Ministry for Primary Industries of New Zealand. In addition, the ADP factory in Australia has already started producing the Group's two main series of infant formula during the year. Taking into account that the construction of the Smart Factory in Wangcheng, Changsha City, the PRC is expected to be completed in 2018, the Group will then have ten factories around the world, realising Ausnutria's strategy of maintaining a global supply chain network with premium milk sources, and laying a solid foundation for the Group's future growth.

With respect to global marketing network, the Group has extended its sales and distribution network in Taiwan by completing the acquisition of a 60% equity interest in Youluck in Taiwan. By acquiring a 50% equity interest in Ozfarm in Australia, which owns the number one maternal women's milk powder brand in Australia, the Group has further improved its overall product diversification. At the same time, with the acquisition of a 100% equity interest in ADP, the Group's international profile has been further enhanced. Following the completion of acquiring the nutrition business in Australia in 2016, the Company has successfully launched a number of nutrition products across the PRC and received a nice feedback from the market.

Looking forward, **Mr. Yan Weibin concluded** - "2018 is the Group's fifteenth year in business, we believe that the PRC economy will continue to maintain stable growth. The upscaling of consumption patterns has created enormous opportunities for food and nutrition enterprises in the PRC. Factors such as technological improvements, the social media boom, the sharing economy, advances in data management, and the PRC's national strategies such as "The Healthy China Dream" and "The Belt and Road Initiatives", have all created excellent opportunities for Ausnutria to overtake its competitors. In 2018, the Group will continue its mission of 'Nourishing Life and Growth'. While strengthening the quality of our products coupled with our solid foothold in the PRC, the Group will continue its efforts to develop global markets. Backed by clear brand positioning and effective marketing strategies, the sales of the own-branded infant formula of Ausnutria will achieve even better results, it will also allow the Group to seize opportunities in the PRC and overseas markets, maintain rapid and sustainable growth, and produce the greatest returns for consumers and shareholders."

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About Ausnutria Dairy Corporation Ltd

Ausnutria Dairy Corporation Ltd is a leading formula milk powder company with production facilities principally based in the PRC, the Netherlands, Australia and New Zealand. The Company is engaged in the worldwide production, research, and sales of infant formula, adult milk and other dairy and nutrition products. It owns several famous infant formula and milk powder brands, including *Ausnutria* and *Kabrita*. Ausnutria's factories in the PRC were among that first batch of factories that had been granted with the National Infant Formula Enterprise Production Permit. The factory in the Netherlands is also one 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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