

To: Business Editor
(For immediate release)



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

**In the Second Year of its ‘Golden Decade’ Strategy
Ausnutria Records New Highs in 1H 2017**

**Revenue and Profit Attributable to Shareholders Increased by
Approximately 36.1% and 51.0%, Respectively**

***The Company aims 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***

Results Highlights

	For the six months ended 30 June		Change
	2017 RMB Million (Unaudited)	2016 RMB Million (Unaudited)	
Revenue	1,702.9	1,251.0	+36.1%
Gross Profit	713.0	511.0	+39.5%
Gross Profit Margin (%)	41.9	40.8	+1.1ppts
Profit Attributable to Shareholders	153.3	101.5	+51.0%
Basic Earnings Per Share (RMB Cent)	12.28	8.14	+50.9%

(Hong Kong, 14 August 2017) **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a leading dairy industry company with production facilities principally based in the PRC, the Netherlands and Australia, is engaged in the production and distribution of all dairy products (including infant formula) and nutrition products. Today, the Group announced its interim results for the six months ended 30th June 2017 (the “Period under Review” or the “2017 Interim Period”).

For the 2017 Interim Period, despite the dairy industry, particularly in the PRC which is the Group’s principal market, continued to be challenging due to new rules and regulations implemented by respective governments from time to time, Ausnutria was able to achieved a continuous growth in both revenue and operating results during the Period under Review, mainly driven by the Group’s clear brand positioning and effective marketing strategies. Moreover, the Company’s nutrition business,

which was launched in the 4th quarter of 2016, contributed an increase in revenue by RMB41.4 million for the 2017 Interim Period. During the Period under Review, revenue of the Group increased 36.1% to RMB1,702.9 million when compared with the same period last year. Gross profit increased 39.5% to RMB710.0 million while the gross profit margin reached 41.9%, representing an increase of 1.1 percentage points over the same period last year. Profit attributable to shareholders of the Company increased by 51.0% to RMB150.0 million. Basic earnings per share came to RMB 12.28 cents.

Mr. Yan Weibin, Chairman of the Group, said - “The 2017 Interim Period is the beginning of the second year of Ausnutria’s ‘Golden Decade’ strategy, which was launched in late 2015. During the Period under Review, we consistently implemented our strategic plans by building of the global supply chain on infant formula while streamlining overseas business operations in response to industry changes and market demands to meet the Group’s long-term vision. Through these strategic initiatives, the Group has achieved satisfactory results in terms of operational performance, product diversification as well as strengthened the business chain of the Group. In addition, the Group also made great strides in building market networks while enhancing customer services all with remarkable results. In recent years, as authorities continue to raise the regulation bar in the Chinese dairy industry, industry barriers have also been raised. The China Food and Drug Administration (CFDA) officially announced the third batch of companies that obtained the Infant Nutrition Registration Certificate in the PRC. With 3 cow milk-based infant formula of *Augood Series*. Sthe Group successfully became one of the companies among the third batch who own registered milk powder brands. The Administrative Measures for the Registration of Formulas for Infant Milk Formula Powder issued by CFDA will come into effect on 1st January 2018. Based on changes in the overall industry environment, we believe that the Group will continue to benefit from reforms within the industry by virtue of our own comprehensive global industrial chain and diversified product mix.”

During the Period under Review, sales of Ausnutria’s own-branded cow milk infant formula increased by 49.1% to RMB647.4 million when compared with the same period last year, with *Allnutria*, *Hyproca*, *Puredo*, *Mygood* and *Eurlate*, enjoying remarkable sales growth. Moreover, the Group’s goat milk-based brand *Kabrita* continued to maintain its leading position in the imported goat milk-based infant formula sector in the PRC with outstanding sales performance that increased 55.0% to RMB450.0 million when compared with the same period last year. *Kabrita* accounted for approximately 26.4% of the Group’s total revenues and has become one of the main sources of the Group’s overall revenue stream. As such, the Group will continue to launch *Kabrita* in other major countries with the aim of becoming a global market leader in goat milk infant nutrition products.

In addition to the development of its own-branded business, the Group also produces infant formula for other worldwide customers on an OEM basis (the “Private Label”). For the 2017 Interim Period, as a higher proportion of the production capacities was allocated to the Group’s own-branded infant formula operations, sales of the Private Label business decreased by 1.4% to RMB238.4 million, represented 14.0% of the total revenue of the Group.

Following the acquisition of the nutrition business from Nutrition Care Pharmaceuticals Pty. Ltd. in

2016, Ausnutria has begun marketing and distributing imported milk under the Group's own brand name - *Globlait* in the PRC. The Group has also launched a number of nutrition products under the brand name '*Nutrition Care*' since the fourth quarter of 2016 through JD, Tmall and several well-known e-commerce platforms as well as Daigous in the PRC, which are considered to be the future principal markets for these products. As consumers in the PRC are gradually becoming more health-conscious, the Group believes that its nutrition business will benefit from the increasing market demand of nutrition products by leveraging on its infrastructure and wide distribution network.

In order to support the anticipated continuous growth in demand for infant formula products of the Group, the Group has approved the construction. In 2014 and 2016 of new factories in the Netherlands and New Zealand, respectively, which are slated to be completed in late 2017. After these two new plants go into operation, the Group's yearly production capacity in New Zealand will increase for approximately 15,000 tons while the blending and packaging capacity in the Netherlands will increase progressively from approximately 30,000 to 90,000 tons by 2019.

During the Period under review, Ausnutria's business development has made significant progress following its upstream industry chain enhancements and optimised business development strategy. In May, Ausnutrition Care Pty Ltd., an indirect, wholly-owned subsidiary of the Company, acquired the entire issued share capital of ADP Holdings. On the same day, Spring Choice, a direct, wholly-owned subsidiary of Ausnutria, acquired 50% of Ozfarm's equity. To date the Group's supply portfolio has extended from the Netherlands and New Zealand to Australia, and complements extremely well the Group's existing product line. At the same time, the Group has achieved a solid synergy with its existing businesses through its firmly established distribution system, customer network, and innovative marketing model. The two previously noted transactions were completed in early July this year. The Group has also been making continual progress in the establishment of its sales network. For example, in line with plans to develop the market for own-branded items, particularly goat milk-based infant formula in Taiwan, the Group has entered into a joint venture with an established company there that markets its own "*YOULUCK*" brand and has a well-established sales network.

Looking forward, Mr. **Yan** said - "Embracing the huge opportunities brought about by recent national policy changes, Ausnutria has formed a diversified distribution network for infant formula as a core product line, supported by adult milk powder, liquid milk, nutritional supplements and other nutritional products. As a result, we have gradually evolved away from being solely an infant formula enterprise to become a high value integrated nutritional food company. In the future, we will continue to consolidate the Group's solid foundations while maintaining high quality control and bolstering our R&D capacity in order to fully implement Ausnutria's 'Golden Decade' strategy and move forward towards achieving our vision - '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'. We firmly believe that our excellent brand positioning coupled with on-going expanded sales of our own-branded infant formula will allow us to achieve ever-expanding growth results. We will continue to strive hard to create greater value for our consumers and shareholders."

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About Ausnutria Dairy Corporation Ltd

Ausnutria Dairy Corporation Ltd is a leading infant milk formula company with production facilities principally based in the PRC, the Netherlands and Australia. The Company is engaged in the worldwide production, research, and sales of infant formula, adult milk powder and other dairy and nutrition products. It owns several famous infant formula and milk powder brands, among which *Ausnutria* and *Kabrita* are widely recognized as famous Chinese trademarks. 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 paediatric milk formula manufacturers to obtain import licenses for overseas products under the new policy.

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