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AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS			
	Three months ended 31 March		Change %
	2018 RMB'M (Unaudited)	2017 RMB'M (Unaudited)	
Revenue	1,177.8	751.3	56.8
Gross profit	545.1	304.4	79.1
Profit attributable to equity holders of the Company	103.9	65.0	59.8
	As at 31 March 2018 RMB'M (Unaudited)	As at 31 December 2017 RMB'M (Audited)	Change %
Total assets	5,987.8	5,621.1	6.5
Total liabilities	3,994.5	3,674.1	8.7
Net assets	1,993.3	1,947.0	2.4

The board (the “**Board**”) of directors (the “**Directors**”) of Ausnutria Dairy Corporation Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated results of the Group for the three months ended 31 March 2018.

This announcement is issued by the Company pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the three months ended 31 March 2018*

	Three months ended 31 March	
	2018	2017
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
REVENUE	1,177,766	751,321
Cost of sales	(632,698)	(446,894)
Gross profit	545,068	304,427
Other income and gains	9,568	11,584
Selling and distribution expenses	(327,355)	(168,177)
Administrative expenses	(89,532)	(60,984)
Other expenses	(3,790)	(2,411)
Finance costs	(10,311)	(5,998)
Share of profits and losses of:		
Associates	3,245	4,436
A joint venture	2,299	–
Profit before tax	129,192	82,877
Income tax expense	(19,129)	(13,470)
PROFIT FOR THE PERIOD	110,063	69,407
Attributable to:		
Owners of the parent	103,929	64,991
Non-controlling interests	6,134	4,416
	110,063	69,407

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the three months ended 31 March 2018, the Group recorded revenue of RMB1,177.8 million, representing an increase of RMB426.5 million or 56.8%, from RMB751.3 million when compared with the corresponding period in 2017.

An analysis of revenue is as follows:

	Three months ended 31 March		Change %
	2018 <i>RMB'M</i> (Unaudited)	2017 <i>RMB'M</i> (Unaudited)	
Own-branded formula milk powder products:			
Goat milk (in the People's Republic of China)	410.1	220.6	85.9
Goat milk (elsewhere)	54.1	40.1	34.9
	<u>464.2</u>	<u>260.7</u>	78.1
Cow milk (in the People's Republic of China)	467.9	256.9	82.1
	<u>932.1</u>	<u>517.6</u>	80.1
Nutrition products	22.7	17.5	29.7
Others	223.0	216.2	3.1
	<u>1,177.8</u>	<u>751.3</u>	56.8

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company for the three months ended 31 March 2018 amounted to RMB103.9 million, representing an increase of RMB38.9 million or 59.8%, when compared with the corresponding period of RMB65.0 million in 2017. During the review period, the Group incurred some one-off expenses in relation to product distribution (mainly air freight costs) and quality control totalling approximately RMB56.8 million. As a result, the profit attributable to the equity holders of the Company for the three months ended 31 March 2018 has been reduced by approximately RMB42.6 million to RMB103.9 million after taking into account the corresponding tax impacts.

The Board believes that the improvement in the Group's financial performance was mainly attributable to (i) the continuous fine tuning of the strategic plans of the Group's core business, the own-branded formula milk powder products; (ii) the product differentiation, particularly the success in goat milk formula and organic infant formula; (iii) the improvements in the Group's sales network; (iv) the increased public recognition of the high-quality standards of infant formula produced by the Group; and (v) the clear brand positioning which allowed the Group to penetrate different sectors and cater effectively to different market demands.

By order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

The People's Republic of China, 11 May 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; two non-executive Directors, namely Mr. Tsai Chang-Hai and Mr. Zeng Xiaojun; and three independent non-executive Directors, namely Ms. Ho Mei-Yueh, Mr. Jason Wan and Mr. Lau Chun Fai Douglas.