

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2015, it is anticipated that the Group will record a substantial decrease in profit attributable to the Shareholders, or even a small loss for the year ending 31 December 2015 as compared to a profit attributable to the Shareholders of RMB90.2 million for the corresponding period in 2014. The Directors believe that the incurrence of the Expected Decline in Financial Performance is primarily attributable to the one-off write-down of inventory in the Netherlands of approximately RMB97.8 million (equivalent to approximately EUR14.2 million) for the year ending 31 December 2015.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Ausnutria Dairy Corporation Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) pursuant to the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Based on the currently available information, the Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, it is anticipated that the Group will record a substantial decrease in profit attributable to the Shareholders, or even a small loss (the “**Expected Decline in Financial Performance**”) for the year ending 31 December 2015 as compared to a profit attributable to the Shareholders of RMB90.2 million for the corresponding period in 2014.

The Directors believe that the incurrence of the Expected Decline in Financial Performance is primarily attributable to the one-off write-down of inventory in the Netherlands of approximately RMB97.8 million (equivalent to approximately EUR14.2 million) for the year ending 31 December 2015. In September 2015, it was drawn to the attention of the Group that some of its dairy products, which were produced shortly after the completion of the upgrading plan of the Group’s factories in the Netherlands, failed to meet the Group’s internal standards due to temporary commissioning problems in the production process (“**Temporary Instability in Production**”). Taking into account the wastage incurred during the upgrading and commissioning process, the total inventories that required to be written-off amounted to RMB97.8 million (equivalent to approximately EUR14.2 million) for the year ending 31 December 2015.

The longer than expected time of the factory upgrading plan as well as the Temporary Instability in Production have also contributed to a serious shortage in the supply to the growing demand of the Group's own brand products and the other customers, which in return has also caused an adverse impact on the profitability of the Group.

In order to ensure the quality of the Group's products, the Board decided to write-off the relevant dairy products of RMB97.8 million (equivalent to approximately EUR14.2 million).

Despite the Temporary Instability in Production, the Board remains confident in the Group's long-term prospect as (i) the issue relating to the Temporary Instability in Production that was caused by the factory upgrading plan has already been resolved; and (ii) the demand for the Group's own brand products remained robust for the nine months ended 30 September 2015. At present, excluding the impact of the one-off write-down of inventory in the Netherlands, the financial performance of the Group did not deteriorate significantly when compared with the corresponding period in 2014.

The Board wishes to remind the Shareholders and potential investors that the information contained in this announcement is based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2015 which have not been reviewed by the Company's auditors. The actual audited annual results of the Group for the year ending 31 December 2015 is expected to be released in or before March 2016 and may differ from the information disclosed in this announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Changsha City, the People's Republic of China, 28 October 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Lin Jung-Chin, Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; and three independent non-executive Directors, namely Mr. Qiu Weifa, Mr. Jason Wan and Mr. Lau Chun Fai Douglas.