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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)

POSITIVE PROFIT ALERT

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 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 Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the currently available information, it is anticipated that the Group will record profit attributable to the Shareholders in the range of RMB135.0 million to RMB139.0 million for the nine months ended 30 September 2016 (the “**3Q2016**”), representing an increase of RMB125.3 million to RMB129.3 million, when compared with the corresponding figures of RMB9.7 million for the nine months ended 30 September 2015.

The significant increase was primary due to a one-off inventory write-off (the “**Inventory Write-off**”) in the Netherlands of approximately RMB97.8 million for the nine months ended 30 September 2015. When compared to the adjusted profit attributable to the Shareholders for the corresponding period of RMB47.1 million, which excludes the impact of Inventory Write-off, the profit attributable to Shareholders in the 3Q2016 represented an increase of RMB87.9 million to RMB91.9 million, or 186.6% to 195.1%. The Directors believe that the incurrence of the expected improvement in financial performance is primarily attributable to (i) the continuous increase in the sales of the Group which was driven by the adjusted business strategy. Sales of the Group for the 3Q2016 is anticipated to increase by 28.8% to approximately RMB1,893.2 million (among which, the sales of the Group’s own-branded cow and goat milk-based infant formula products in the PRC are anticipated to increase by 65.4% and 29.6% to approximately RMB667.4 million and RMB461.2 million, respectively) when compared with the corresponding period of last year; and (ii) the turnaround in the financial performance of the operations in the Netherlands after the processing and facilities upgrading plan of the Group’s factories in the Netherlands was completed at the end of 2015.

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 3Q2016 and other information currently available to the Board, which have not been audited nor reviewed by the Company’s auditors. The financial results of the Group for the 3Q2016, together with the comparative figures for the corresponding period in 2015, will be published in the Company’s forthcoming quarterly results announcement for the respective period.

Shareholders and potential investors of the Company 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, 4 November 2016

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; 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.