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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 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.

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on currently available information, it is anticipated that the Group will record a profit attributable to the Shareholders (excluding the other income described below) of approximately RMB270.0 million for the six months ended 30 June 2018 (the “**2018 Interim Period**”), representing an increase of approximately RMB116.7 million or approximately 76.1% when compared with the corresponding figure of RMB153.3 million for the six months ended 30 June 2017 (“**2017 Interim Period**”). The sales of the Group for the 2018 Interim Period is anticipated to increase by approximately 51.6% to approximately RMB2.58 billion (among which, the sales of the Group’s own-branded cow and goat milk formula products are anticipated to increase by approximately 80.5% and approximately 67.7% to approximately RMB1.17 billion and approximately RMB0.91 billion, respectively) when compared with the 2017 Interim Period. During the 2018 Interim Period, the Group recorded certain other income attributable to (i) the gain on fair value changes of derivative financial instruments arising from the contingent consideration as a result of the Group’s acquisition of the remaining 15% equity interest in a subsidiary; and (ii) a one-off gain arising from the re-measurement of the previously held interest in a joint venture as a result of the acquisition of its remaining 50% equity interest in the joint venture, of a total of approximately RMB61.8 million. Including the aforesaid other income, the reported profit attributable to the Shareholders is anticipated to increase to approximately RMB331.8 million.

The Board believes that the continuous improvement in the Group's financial performance was mainly attributable to the continuous increase in the sales of the Group's own-branded cow and goat milk formula products. Such increase was mainly contributed by (i) the growing market recognition of the Group's own-branded formula milk products as a result of its persistent effort in building distribution channels and delivering quality consumer service; (ii) the rising worldwide awareness for the Group's own-branded goat milk formula products *Kabrita* for its quality and high nutrition value; (iii) the increase in production capacity following the acquisition of a factory in Australia and the commencement of production of two new factories in the Netherlands; and (iv) the progressive enhancement of the Group's management and operation efficiency.

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 2018 Interim Period 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 2018 Interim Period, together with the comparative figures for the 2017 Interim Period, will be published in the Company's forthcoming interim results announcement for the respective period on 14 August 2018.

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

The People's Republic of China, 1 August 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.