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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**”, 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 and potential investors of the Company that, based on currently available information, it is anticipated that the profit attributable to equity owners of the Company for the nine months ended 30 September 2018 (the “**3Q 2018**”) will increase by approximately 106.5% to approximately RMB455.7 million when compared with the corresponding figure of RMB220.7 million for the nine months ended 30 September 2017 (the “**3Q 2017**”). Excluding the other income as described below, the adjusted profit attributable to equity owners of the Company is anticipated to increase to approximately RMB395.3 million, representing an increase of approximately 79.1% when compared with the 3Q 2017.

The increase in the profit attributable to equity owners of the Company is mainly contributed by the approximately 58.2% increase in the sales of own-branded formula milk powder products, being the Group’s core business segment. An analysis of the anticipated revenue of the Group for the 3Q 2018 and for the three months ended 30 September 2018 is as follows:

	For the nine months ended 30 September 2018			For the three months ended 30 September 2018		
	2018	2017	Change	2018	2017	Change
	RMB' M	RMB' M	%	RMB million	RMB million	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
<b>Revenue</b>						
Own-branded formula milk powder products	3,041.9	1,922.5	58.2	965.4	733.8	31.6
Nutrition products	96.7	66.2	46.1	44.2	24.8	78.2
Private labels and others	643.7	741.1	(13.1)	190.3	268.3	(29.1)
	<u>3,782.3</u>	<u>2,729.8</u>		<u>1,199.9</u>	<u>1,026.9</u>	
Total	<u>3,782.3</u>	<u>2,729.8</u>	38.6	<u>1,199.9</u>	<u>1,026.9</u>	16.8

As shown in the above table, it is anticipated that the Group will record a total revenue of RMB3,782.3 million for the 3Q 2018, representing an increase of approximately RMB1,052.5 million (equivalent to approximately 38.6%) when compared with the corresponding figure of RMB2,729.8 million for the 3Q 2017. Among such increase in revenue, approximately RMB1,119.4 million is contributed by the increase in revenue generated from the Group's own-branded formula milk powder products, and partially offset by the decrease in revenue of RMB97.4 million derived by private labels and others as a result of the Group's strategy of allocating higher proportion of the production capacity and resources to serve the Group's own-branded dairy business.

Higher proportion of the production capacity and resources were allocated to serve the Group's own-branded dairy business to meet the continuous growth in demand of the Group's own-branded formula milk powder products. For the upcoming fourth quarter of 2018, which is a traditional peak season for the dairy industry, it is expected that the Group will further allocate more capacity for the production of own-branded formula milk products to cater the stronger market needs.

During the 3Q 2018, 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 in May 2018; 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 in June 2018, of a total of approximately RMB60.4 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 quality 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 commencement of production of two new factories in the Netherlands and the acquisition of a factory in Australia; and (iv) the progressive enhancement of the Group's management and operation efficiency.

The Board wishes to remind shareholders and potential investors of the Company 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 3Q 2018 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 3Q 2018, together with the comparative figures for the 3Q 2017, will be published in the Company's forthcoming 3Q 2018 results announcement for the respective period on 13 November 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, 2 November 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.*