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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 shareholders and potential investors of the Company that, based on currently available information, it is anticipated that the Group will record profit attributable to equity owners of the Company (excluding the other income described below) in the range of approximately RMB570.0 million to approximately RMB590.0 million for the year ended 31 December 2018 (the “**Year 2018**”), representing an increase of approximately 85.0% to 91.5% when compared with the corresponding figure of RMB308.1 million for the year ended 31 December 2017 (the “**Year 2017**”).

The sales of the Group for the Year 2018 is anticipated to increase by approximately 37.5% to approximately RMB5.4 billion when compared with the Year 2017. Among which, the sales of the Group’s own-branded cow and goat milk formula products (in particular those super premium brands, namely *Allnutria* and *Hyproca Hollary* (cow), *Neolac* and *Extrapure* (organic cow) and *Kabrita* (goat)) are anticipated to increase by approximately 50.0% and approximately 59.0% to approximately RMB2.4 billion and approximately RMB2.0 billion, respectively.

During the Year 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 RMB53.6 million. Including the aforesaid other income, it is anticipated that the Group will record profit attributable to the equity owners of the Company in the range of approximately RMB623.6 million to approximately RMB643.6 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 infant 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 quality, persistent effort in building distribution channels and delivering quality consumer service; (ii) the growing recognition for the high quality and nutritional value of *Kabrita* from the consumers worldwide; (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; (iv) the improvement in the overall operation efficiency, such as the improved production yield and operation efficiencies of the factories in both the Netherlands and the People's Republic of China; and (v) the progressive enhancement of the Group's planning in the global logistics management.

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 Year 2018 and other information currently available to the Board, which have not been audited nor reviewed by the Company's auditors. The audited financial results of the Group for the Year 2018, together with the comparative figures for the Year 2017, will be published in the Company's forthcoming annual results announcement on 18 March 2019.

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, 20 February 2019

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; three non-executive Directors, namely Mr. Shi Liang (Vice-Chairman), Mr. Qiao Baijun and Mr. Tsai Chang-Hai; and three independent non-executive Directors, namely Mr. Jason Wan, Mr. Lau Chun Fai Douglas and Mr. Aidan Maurice Coleman.