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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.

FINANCIAL PERFORMANCE

The Board wishes to inform shareholders of the Company and potential investors that, based on currently available information, the Group will record a significant increase in net profit attributable to equity holders of the Company for the three months ended 31 March 2019 (the “**1Q 2019**”). The Group’s preliminary key financial figures for the 1Q 2019 and the comparative figures for the three months ended 31 March 2018 (the “**1Q 2018**”) are as follows:–

Revenue	–	RMB1,515.0 million to RMB1,535.0 million, representing an increase of 28.6% to 30.3% when compared with that for the 1Q 2018 (RMB1,177.8 million);
Profit attributable to equity holders of the Company	–	RMB146.0 million to RMB154.0 million, representing an increase of 40.5% to 48.2% when compared with that for the 1Q 2018 (RMB103.9 million); and
Adjusted profit attributable to equity holders of the Company*	–	RMB188.9 million to RMB196.9 million, representing an increase of 81.8% to 89.5% when compared with that for the 1Q 2018 (RMB103.9 million).

* *Adjusted for the loss on the fair value change of derivative financial instruments in 1Q 2019*

As depicted above, the Group’s revenue for the 1Q 2019 is anticipated to increase by not less than 28.6% when compared with the corresponding figure for the 1Q 2018. Such increase in revenue is mainly driven by the surge in sales of the Group’s own-branded cow and goat milk formula products of approximately 34.1% when compared with that of the 1Q 2018.

Spurred by (i) the continuous increase in the sales of the Group's own-branded cow and goat infant milk formula products, which have higher profit margin; and (ii) the progressive improvement in operational efficiency brought by the strategic steps taken during 2018 as disclosed in the Company's Annual Report 2018, the profit attributable to equity holders of the Company is anticipated to increase by not less than 40.5% to RMB146.0 million, when compared with the corresponding figure for the 1Q 2018.

During 1Q 2019, the Group recorded a loss on fair value change 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 of approximately RMB42.9 million. Further details of the aforementioned acquisition are set out in the announcement and circular of the Company dated 14 February 2018 and 12 April 2018 respectively. Excluding the effect of such loss, it is anticipated that the Group will record profit attributable to the equity holders of the Company of no less than RMB188.9 million, representing an increase of 81.8% when compared with the corresponding figure for the 1Q 2018.

BUSINESS UPDATES

Under the new Formulas Registration Requirement in the People's Republic of China (the "PRC") which came into effect on 1 January 2018, all infant milk formula series in the PRC must be registered with the State Administration for Market Regulation of the PRC (formerly known as the China Food and Drug Administration) (the "SAMR").

As of the date of this announcement, the Group has a total of fifteen series of the Group's infant formula registered with the SAMR, among which, the registrations of three series were completed in late March 2019 (the "**Newly Registered Formulas**"). The Board believes that the completion of registrations of the Newly Registered Formulas will further enrich the product portfolio and strengthen the market position of the Group.

The Board wishes to remind shareholders of the Company 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 1Q 2019 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 1Q 2019, together with the comparative figures for the 1Q 2018, will be published in the Company's forthcoming quarterly results announcement on 14 May 2019.

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

The PRC, 6 May 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.