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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 financial performance for the three months ended 31 March 2020 (the “**1Q2020**”). The Group’s preliminary key financial figures for the 1Q2020 and the comparative figures for the three months ended 31 March 2019 (the “**1Q2019**”) are as follows:–

Revenue	Approximately RMB1,910.0 million to RMB1,935.0 million, representing an anticipated increase of 25.7% to 27.4% when compared with that of the 1Q2019 (RMB1,519.2 million) Among which:  <i>Own-branded goat milk powder</i> – approximately RMB930.0 million to RMB939.0 million, representing an increase of 36.1% to 37.4% when compared with the 1Q2019 (RMB683.4 million) <i>Own-branded cow milk powder</i> – approximately RMB760.0 million to RMB772.0 million, representing an increase of 34.1% to 36.3% when compared with the 1Q2019 (RMB566.6 million) <i>Private label and others</i> – approximately RMB220.0 million to RMB224.0 million, representing a decrease of 16.8% to 18.3% when compared with the 1Q2019 (RMB269.2 million)
Profit attributable to equity holders of the Company	Approximately RMB261.0 million to RMB271.0 million, representing an anticipated increase of 72.2% to 78.8% when compared with that of the 1Q2019 (RMB151.6 million)
Adjusted profit attributable to equity holders of the Company*	Approximately RMB290.0 million to RMB300.0 million, representing an anticipated increase of 49.1% to 54.2% when compared with that of the 1Q2019 (RMB194.5 million)

\* Adjusted for the loss on the fair value change of a derivative financial instrument in the 1Q2020 of RMB29.0 million (1Q2019: RMB42.9 million).

As depicted above, the Group's revenue for the 1Q2020 is anticipated to increase by not less than 25.7% when compared with the corresponding figure for the 1Q2019. The Board considers that such increase is mainly driven by the increase in sales of the Group's own-branded goat and cow milk formula products by at least 36.1% and 34.1% respectively, when compared with that of the 1Q2019, as a result of the continuous strengthening of sales network, brand building and quality of products and services provided to our customers particularly during the period of the outbreak of the coronavirus disease (COVID-19) (the "**Pandemic**"). Since the outbreak of the Pandemic, the Board has been monitoring the development of the Pandemic and assessing its impact to the Group's businesses. The Company has since the Pandemic taken immediate steps and measures to protect its businesses and operations, particularly in the health conditions of all its employees, the supply of its raw materials and the logistic arrangement for the delivery of goods. As at the date of this announcement, the Board is not aware of any material adverse impact to the Group's financial or trading position caused by the Pandemic.

The Group expects to record an accounting loss of RMB29.0 million (equivalent to approximately HK\$32.3 million) in respect of the fair value change of a derivative financial instrument for the 1Q2020, which represents a contingent consideration liability to be settled by the Group (the "**Contingent Consideration**") in its acquisition of the remaining 15% equity interest in Hyproca Nutrition (Hongkong) Company Limited and its subsidiaries (the "**Acquisition**") in 2018. For further details regarding the Acquisition and the valuation of Contingent Consideration, please refer to the Company's annual report for the year ended 31 December 2019. The Directors wish to emphasise that the aforementioned accounting loss has no adverse implications to the Group's cash flow and operating position.

Excluding the effect of such accounting loss, it is anticipated that the Group will record an adjusted profit attributable to the equity holders of the Company in a range of RMB290.0 million to RMB300.0 million, representing an increase of not less than 49.1% when compared with the corresponding figure for the 1Q2019. Such increase was spurred by (i) better brand awareness and acceptance of the Group's goat and cow brands in the market; (ii) the implementation of the Group's strategic plans, in particular, continuous improvement of the upstream operational efficiency, streamlining of the supply chain and enhancement in the product mix; and (iii) the improvement in business structure as a result of the rising proportion of the sales of the Group's own-branded goat and cow milk formula products.

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 1Q2020 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 1Q2020, together with the comparative figures for the 1Q2019, will be published in the Company's forthcoming quarterly results announcement on 12 May 2020.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.**

By order of the Board  
**Ausnutria Dairy Corporation Ltd**  
**Yan Weibin**  
*Chairman*

The People's Republic of China, 27 April 2020

*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. Lau Chun Fai Douglas, Mr. Jason Wan and Mr. Aidan Maurice Coleman.*