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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)

UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

FINANCIAL HIGHLIGHTS			
	Nine months ended 30 September		
	2015	2014	Change
	RMB'M	RMB'M	%
Revenue	1,469.8	1,374.8	6.9
<i>Including one-off Inventory Write-off</i>			
Gross profit	364.2	395.5	(7.9)
Profit attributable to equity holders of the Company	9.7	74.3	(86.9)
<i>Excluding one-off Inventory Write-off</i>			
Adjusted gross profit	462.0	395.5	16.8
Adjusted profit attributable to equity holders of the Company	47.1	74.3	(36.7)
	As at	As at	
	30 September	31 December	
	2015	2014	Change
	RMB'M	RMB'M	%
Total assets	2,832.1	2,433.3	16.4
Total liabilities	1,733.5	1,218.3	42.3
Net assets	1,098.6	1,215.0	(9.6)

The board (the “**Board**”) of directors (the “**Directors**”) of Ausnutria Dairy Corporation Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) hereby announce the unaudited consolidated results of the Group for the nine months ended 30 September 2015.

This announcement is issued by the Company pursuant to the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571, 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 Company’s substantial shareholder, Center Laboratories, Inc. (“**Center Lab**”), is a company listed on Taiwan’s GreTai Securities Market. As at the date of this announcement, Center Lab directly and indirectly beneficially owns an aggregate of approximately 39.54% of the issued share capital of the Company. Center Lab has, on 16 November 2015 (after trading hours), released its unaudited results for the nine months ended 30 September 2015 (the “**Center Lab Q3 Report**”).

The Center Lab Q3 Report contains certain financial information in relation to the Group for the period from 6 August 2015 (the date when Center Lab considered the Company became its non-wholly owned subsidiary) to 30 September 2015.

As the financial information in the Center Lab Q3 Report only consolidated certain period of the result of the Group for the third quarter ended 30 September 2015, it is not directly comparable to the financial results the Company discloses in this announcement. Besides, certain fair value adjustments have been made on the identifiable assets and liabilities (mainly on property, plant and equipment and the intangible assets) of the Group by Center Lab which the Company considers will affect the future amounts of the depreciation and amortisation to be charged by Center Lab as compared with the Group. Consequently, we offer no indication or assurance that the financial results of the Group for the nine months ended 30 September 2015 will be the same as that presented in the Center Lab Q3 Report.

To ensure that all shareholders and potential investors of the Company have equal and timely access to the information pertaining to the Company, set forth below are the financial results of the Company for the nine months ended 30 September 2015.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the nine months ended 30 September 2015*

	Nine months ended	
	30 September	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
REVENUE	1,469,799	1,374,774
Cost of sales	<u>(1,105,645)</u>	<u>(979,284)</u>
Gross profit	364,154	395,490
Other income and gains	29,155	18,934
Selling and distribution expenses	(333,519)	(223,563)
Administrative expenses	(80,289)	(83,489)
Other expenses	(9,632)	(7,561)
Finance costs	(9,201)	(10,549)
Share of profits of associates	<u>3,258</u>	<u>–</u>
Profit/(loss) before tax	(36,074)	89,262
Income tax expense	<u>13,049</u>	<u>(15,324)</u>
PROFIT/(LOSS) FOR THE PERIOD	<u>(23,025)</u>	<u>73,938</u>
Attributable to:		
Owners of the parent	9,656	74,299
Non-controlling interests	<u>(32,681)</u>	<u>(361)</u>
	<u>(23,025)</u>	<u>73,938</u>

The Group's unaudited consolidated results for the nine months ended 30 September 2015 have been prepared in accordance with the accounting policies adopted by the Group as disclosed in the Group's last annual report for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the nine months ended 30 September 2015, the Group recorded revenue of approximately RMB1,469.8 million, representing an increase of approximately RMB95.0 million, or approximately 6.9%, from approximately RMB1,374.8 million when compared with the corresponding period in 2014.

An analysis of revenue is as follows:

	Nine months ended 30 September		
	2015 <i>RMB'M</i> (Unaudited)	2014 <i>RMB'M</i> (Unaudited)	Change %
Own brands in the PRC:			
Cow infant formula	403.4	361.2	11.7
Goat infant formula	356.0	199.6	78.4
	<u>759.4</u>	<u>560.8</u>	35.4
Others	710.4	814.0	(12.7)
	<u>1,469.8</u>	<u>1,374.8</u>	6.9

Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company for the nine months ended 30 September 2015 amounted to approximately RMB9.7 million, representing a decrease of approximately RMB64.6 million or 86.9%, when compared with the corresponding period in 2014.

On 28 October 2015, the Company issued a profit warning to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2015, it is anticipated that the Group will record a substantial decrease in profit attributable to the equity holders, or even a small loss for the year ending 31 December 2015 as compared to a profit attributable to the equity holders of RMB90.2 million for the corresponding period in 2014.

The Directors believe that the incurrence of the expected decline in financial performance is primarily attributable to the one-off write-down of inventory in the Netherlands of approximately RMB97.8 million for the year ending 31 December 2015 ("**Inventory Write-off**").

Excluding the impact of the Inventory Write-off, the profit attributable to the equity holders of the Company for the nine months ended 30 September 2015 amounted to approximately RMB47.1 million, representing a decrease of approximately 36.7%, when compared with the corresponding period in 2014.

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

Changsha City, the PRC, 16 November 2015

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Lin Jung-Chin, Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; and three independent non-executive Directors, namely Mr. Qiu Weifa, Mr. Jason Wan and Mr. Lau Chun Fai Douglas.