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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 2016

FINANCIAL HIGHLIGHTS	Nine months ended 30 September		Change %
	2016 RMB'M (Unaudited)	2015 RMB'M (Unaudited)	
Revenue	1,893.2	1,469.8	28.8
<i>Including one-off Inventory Write-off in 2015</i>			
Gross profit	744.9	364.2	104.5
Profit attributable to equity holders of the Company	138.9	9.7	1,332.0
<i>Excluding one-off Inventory Write-off in 2015</i>			
Adjusted gross profit	744.9	462.0	61.2
Adjusted profit attributable to equity holders of the Company	138.9	47.1	194.9
	As at 30 September 2016 RMB'M (Unaudited)	As at 31 December 2015 RMB'M (Audited)	
Total assets	3,727.3	3,030.5	23.0
Total liabilities	2,221.6	1,703.0	30.5
Net assets	1,505.7	1,327.5	13.4

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 2016 (the “**3Q2016**”).

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the nine months ended 30 September 2016*

	<b>Nine months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>REVENUE</b>	<b>1,893,204</b>	1,469,799
Cost of sales	<u>(1,148,311)</u>	<u>(1,105,645)</u>
Gross profit	<b>744,893</b>	364,154
Other income and gains	<b>33,186</b>	29,155
Selling and distribution expenses	<b>(432,005)</b>	(333,519)
Administrative expenses	<b>(128,276)</b>	(80,289)
Other expenses	<b>(11,353)</b>	(9,632)
Finance costs	<b>(13,686)</b>	(9,201)
Share of profits of associates	<u><b>2,278</b></u>	<u>3,258</u>
<b>Profit/(loss) before tax</b>	<b>195,037</b>	(36,074)
Income tax expense	<u>(44,308)</u>	<u>13,049</u>
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<u><b>150,729</b></u>	<u>(23,025)</u>
<b>Attributable to:</b>		
Owners of the parent	<b>138,884</b>	9,656
Non-controlling interests	<u><b>11,845</b></u>	<u>(32,681)</u>
	<u><b>150,729</b></u>	<u>(23,025)</u>

The Group's unaudited consolidated results for the 3Q2016 have been prepared in accordance with the accounting policies adopted by the Group as disclosed in the Group's latest annual report for the year ended 31 December 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

For the 3Q2016, the Group recorded revenue of approximately RMB1,893.2 million, representing an increase of approximately RMB423.4 million, or approximately 28.8%, from approximately RMB1,469.8 million when compared with the corresponding period in 2015.

An analysis of revenue is as follows:

	Nine months ended 30 September		Change %
	2016 <i>RMB'M</i> (Unaudited)	2015 <i>RMB'M</i> (Unaudited)	
Own brands in the PRC:			
Cow infant formula	667.4	403.4	65.4
Goat infant formula	461.2	356.0	29.6
	<u>1,128.6</u>	<u>759.4</u>	48.6
Others	764.6	710.4	7.6
	<u>764.6</u>	<u>710.4</u>	
Total	<u><u>1,893.2</u></u>	<u><u>1,469.8</u></u>	28.8

### Profit Attributable to Equity Holders of the Company

The Group's profit attributable to equity holders of the Company for the 3Q2016 amounted to approximately RMB138.9 million, representing an increase of approximately RMB129.2 million or 1,332.0%, when compared with the corresponding period in 2015. In September 2015, the Group recorded a one-off write-down of inventory in the Netherlands of approximately RMB97.8 million for the nine months ended 30 September 2015 (the "Inventory Write-off"). Excluding the impact of the Inventory Write-off, the profit attributable to the Shareholders for the 3Q2016 represented an increase of RMB91.8 million or 194.9%, when compared with the corresponding period in 2015.

On 4 November 2016, the Company issued a positive profit alert announcement to inform the shareholders (the "Shareholders") and potential investors of the Company that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the 3Q2016, it was anticipated that the Group will record a substantial increase in profit attributable to the Shareholders in the range of RMB135.0 million to RMB139.0 million, representing an increase of RMB125.3 million to RMB129.3 million, when compared with the corresponding figures of RMB9.7 million for the corresponding period in 2015.

The Directors believe that the incurrence of the expected improvement in financial performance is primarily attributable to (i) the continuous increase in sale of the Group which was driven by the adjusted business strategy; and (ii) the turnaround in the financial performance of the operations in the Netherlands after the processing and facilities upgrading plan of the Group's factories in the Netherlands we completed at the end of 2015.

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

Changsha City, the PRC, 11 November 2016

*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; 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.*