



To: Business Editor  
[For immediate release]



**AUSNUTRIA DAIRY CORPORATION LTD**  
澳優乳業股份有限公司

**2016 Interim Revenue and Net Profit Increased Significantly by  
Approximately 37.1% and 150.6% Respectively**

*To Become the Leader in the International Infant Milk Formula Industry and  
Serve Consumers with a Full Range of Nutrition Products*

[Hong Kong, 12 August 2016] **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a paediatric milk formula company in the PRC and the Netherlands, today announced its unaudited interim results for the six months ended 30 June 2016 (the “period under review”).

Despite the competition of the infant milk formula market in the PRC continues to be intense during the period under review, revenue of the Group continues to increase. The increase was mainly attributable to the continuous increase in sale of own-branded business and the increase in sale of the private label business following the completion of the Group’s production facilities upgrading plan in the Netherlands in 2015. For the period under review, the Group recorded revenue of approximately RMB1,251.0 million, representing an increase of approximately RMB338.7 million or 37.1% as compared with the same period last year. The Group’s gross profit was approximately RMB511.0 million, representing an increase of approximately RMB220.9 million or 76.1%. The gross profit margin also increased from 31.8% for the first half of 2015 to 40.8%. The increases of gross profit and gross profit margin were mainly attributable to the proportionate increase in the sales of the higher profit margin own-branded business as compared with the other business sectors. Besides, the Group’s profit attributable to equity holders of the Company for the period under review amounted to approximately RMB101.5 million, representing an increase of approximately 150.6% year-on-year.

During the period under view, the Group’s infant milk formula business has achieved further improvement. Driven by the continuous increase in demand of infant milk formula in the PRC, the increasing recognition of the high quality standards of infant milk formula manufactured by the Group and the adjusted business strategies of the Group, sale of cow milk-based own-branded infant milk formula increased by approximately 48.9% to approximately RMB434.1 million. Sale of the goat milk-based *Kabrita* series products amounted to approximately RMB358.1 million, representing an increase of approximately 49.1%, when compared with the same period last year, and accounted for approximately 28.6% of the total revenue of the Group. *Kabrita* has become one of the key profit’s

contributors to the Group. According to the data from the PRC customs, *Kabrita* has been ranked as the number one imported goat milk-based infant milk formula in the PRC by volume in 2015.

Other than the development of own-branded business, the Group also produces infant milk formula for other worldwide customers on an OEM basis (the “**Private Label Business**”) in order to fully utilize the capacity and to maximise its production efficiency. In view that the facilities upgrading plans were completed in 2015, the Group has allocated more of its production capacity to serve the Private Label customers. During the periods under review, sale of the Private Label Business has increased by 147.4% to approximately RMB241.7 million, which represented approximately 19.3% of the total revenue of the Group.

**Mr. Yan Weibin, Chairman of the Group**, said, “During the first half of 2016, the PRC dairy industry continued to be challenging. On one hand, it is anticipated that the market will continue to maintain a steady growth due to the relaxation of the one-child policy and the rising living standards in the PRC. On the other hand, the continuous launching of new policies by the PRC government is bringing uncertainties to the development of the industry. Supported by the infrastructure that the Company has established in the past, including but not limited to, the solid wholly-owned production base in the Netherlands and the extensive distribution network in the PRC and oversea, we have overcome these challenges actively and adjusted marketing strategies accordingly, which result in a remarkable performance of the Group in the first half of 2016.”

The Group has made significant progress in the construction of the new factory in the Netherlands. As at 30 June 2016, the Group has already invested approximately RMB308.7 million in the new factory and the construction of the building has already been substantially completed, while the trial production is targeted to commence in early 2017. The Group’s productivity and quality standards and hence the turnover and profitability of the Group will be greatly enhanced upon the commencement of the operations of the new factory.

Meanwhile, in order to secure quality milk supply, the Group has continued its upward integration and product diversification during the period under review. The Group now not only owns the entire interests of the three factories and the new factory, which are all located in the Netherlands, but also the entire business chain from milk collection to production for the distribution of dairy products to the worldwide customers. Furthermore, in order to meet the needs of the consumers, the Group has approved the commencement of business in functional liquid milk and established Globlait Nutrition (Changsha) Co., Ltd. (“**Globlait Nutrition**”) for the marketing and distribution of the liquid milk in the PRC. According to the latest business development, sale of Globlait Nutrition is expected to commence in the third quarter of 2016.

In order to realize the long-term business strategies of the Group to serve the consumers with a full range of nutrition products and to continuously improved the market position of

the Group in the infant milk formula sector, the group entered an agreement of acquisition of a plot of land of approximately 31,640 square meters, which is adjacent to the Group's existing production facility in Changsha city, at a consideration of RMB28.5 million. The purpose of this acquisition is to facilitate the future expansion of the Group's storage and production facilities in Changsha city. Furthermore, the Group has been exploring investment opportunities that help diversify the Group's milk supply and also the Group's product mix in particular. The Company is in negotiation with independent parties for the possible co-operations in the manufacture and distribution of nutrition products in Oceania.

Looking ahead, **Mr. Yan** concluded, "As a result of the increasing demand for higher food quality and safety standards, new regulations and policies have been proposed in China in order to maintain the industry's healthy growth and to improve the quality standards, including the Administrative Measures for the Registration of Formulas for Infant Milk Formula Powder (《嬰幼兒配方乳粉產品配方註冊管理辦法》), which will come into effect in the second half year of 2016. Given the solid foundation that we have established over the years and the stringent and high quality controls and research and development capabilities of the Group, we will benefit from the implementation of this regulation. Looking ahead, we will continue to make use of our internal resources and global network to explore potential investment opportunities in upstream dairy and nutrition related assets and operations to broaden the Group's milk powder supply sources and related dairy and nutrition related products to meet the global demand, particularly in the PRC, with growing demands for quality health related products. Meanwhile, we will continue to focus on the development of our core infant milk formula business. We believe that we will keep the uptrend momentum and realize further increase of business in the long-run, hence to maximize value to shareholders."

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### **About Ausnutria Dairy Corporation Ltd**

**Ausnutria Dairy Corporation Ltd** is a leading paediatric milk formula company with its production facilities principally based in China and the Netherlands and engaged in the dairy industry with activities ranging from the research and development, milk collection, processing, production, packaging in the Netherlands and marketing and sales of dairy products to the PRC, Europe, North America, Middle East, Russia and CIS and other overseas countries. Ausnutria's factory in the PRC was among one of the first batch of factories in the PRC that succeeded in obtaining the renewed production license and the factories in the Netherlands were among the overseas paediatric milk formula manufacturers that succeeded in being approved as the first batch of registered overseas dairy products producers that were granted the registrations for exporting their products to the PRC under the New Policies.

Issued by Porda Havas International Finance Communications Group for and on behalf of **Ausnutria Dairy Corporation Ltd**. For further information, please contact us at [ausnutria@pordahavas.com](mailto:ausnutria@pordahavas.com), or as below:

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