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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 THREE MONTHS ENDED 31 MARCH 2017

FINANCIAL HIGHLIGHTS			
	Three months ended 31 March		Change %
	2017 RMB'M (Unaudited)	2016 RMB'M (Unaudited)	
Revenue	751.3	576.5	30.3
Gross profit	304.4	245.4	24.0
Profit attributable to equity holders of the Company:			
Including the New Nutrition Products Business	65.0	53.1	22.5
Excluding the New Nutrition Products Business	69.6	53.1	31.1
	As at 31 March 2017 RMB'M (Unaudited)	As at 31 December 2016 RMB'M (Audited)	Change %
Total assets	4,196.1	3,923.6	6.9
Total liabilities	2,533.6	2,334.0	8.6
Net assets	1,662.5	1,589.6	4.6

The board (the “**Board**”) of directors (the “**Directors**”) of Ausnutria Dairy Corporation Ltd (the “**Company**”) and together with its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated results of the Group for the three months ended 31 March 2017.

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 three months ended 31 March 2017

	Three months ended 31 March	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
REVENUE	751,321	576,485
Cost of sales	<u>(446,894)</u>	<u>(331,036)</u>
Gross profit	304,427	245,449
Other income and gains	11,584	12,730
Selling and distribution expenses	(168,177)	(133,775)
Administrative expenses	(60,984)	(36,425)
Other expenses	(2,411)	(7,206)
Finance costs	(5,998)	(5,342)
Share of profits of associates	4,436	–
Profit before tax	82,877	75,431
Income tax expense	<u>(13,470)</u>	<u>(17,679)</u>
PROFIT FOR THE PERIOD	<u>69,407</u>	<u>57,752</u>
Attributable to:		
Owners of the parent	64,991	53,050
Non-controlling interests	<u>4,416</u>	<u>4,702</u>
	<u>69,407</u>	<u>57,752</u>

The Group's unaudited consolidated results for the three months ended 31 March 2017 have been prepared in accordance with the accounting policies adopted by the Group as disclosed in the Company's last annual report for the year ended 31 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

For the three months ended 31 March 2017, the Group recorded revenue of RMB751.3 million, representing an increase of RMB174.8 million or 30.3%, from RMB576.5 million when compared with the corresponding period in 2016.

An analysis of revenue is as follows:

	Three months ended 31 March		Change %
	2017 <i>RMB'M</i> (Unaudited)	2016 <i>RMB'M</i> (Unaudited)	
Own brands:			
Goat infant formula (in the PRC)	220.6	127.7	72.7
Goat infant formula (elsewhere)	40.1	28.3	41.7
	<u>260.7</u>	<u>156.0</u>	67.1
Cow infant formula (in the PRC)	256.9	203.7	26.1
	<u>517.6</u>	<u>359.7</u>	43.9
Nutrition products*	17.5	–	N/A
Others	216.2	216.8	–
	<u>751.3</u>	<u>576.5</u>	30.3

* New business commenced in the fourth quarter of 2016 (the “New Nutrition Products Business”).

Profit Attributable to Equity Holders of the Company

The Group’s profit attributable to equity holders of the Company for the three months ended 31 March 2017 amounted to RMB65.0 million, representing an increase of RMB11.9 million or 22.5%, when compared with the corresponding period of RMB53.1 million in 2016.

Excluding the impact of the New Nutrition Products Business, which commenced in the fourth quarter of 2016 and still at its start-up stage with an operating loss of RMB4.6 million, the Group’s profit attributable to equity holders of the Company for the three months ended 31 March 2017 amounted to RMB69.6 million, representing an increase of RMB16.5 million or 31.1%, when compared with the corresponding period in 2016.

The Directors believe that the incurrence of the expected improvement in financial performance is primarily attributable to the continuous increase in sale of the Group's own-branded infant formula products which was mainly driven by (i) the continuous stable increase in demand for infant formula in the PRC; (ii) the increasing recognition of the high quality standards of infant formula manufactured by the Group; (iii) the clear brand positioning implemented by the Group; and (iv) the continuous extension of the sales network and the improvements of services provided to the customers.

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

Changsha City, the People's Republic of China, 11 May 2017

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.