



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

Interim Results for 2018 Continues to Record a Significant Growth Announces the Positive Profit Alert for Eight Consecutive Times

Continuous Increase in the Sales of the Own-branded Milk Formula Products Gradually Enhances Operation Efficiency

(Hong Kong, 1 August 2018) **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a company engages in the research and development, production and distribution of all dairy products (including infant formula) and nutrition products with production facilities principally based in the Netherlands, Australia, New Zealand and the PRC, is pleased to announce that it is anticipated that the Group will record a profit attributable to the Shareholders (excluding the other income described below) of approximately RMB270.0 million for the six months ended 30 June 2018 (the “2018 Interim Period”), representing an increase of approximately RMB116.7 million or approximately 76.1% when compared with RMB153.3 million for the corresponding period of last year. The sales of the Group for the 2018 Interim Period is anticipated to increase by approximately 51.6% to approximately RMB2.58 billion, among which the sales of the Group’s own-branded cow and goat milk formula products are anticipated to increase by approximately 80.5% and approximately 67.7% to approximately RMB1.17 billion and approximately RMB0.91 billion respectively, when compared with the 2017 Interim Period.

During the 2018 Interim Period, the Group recorded certain other income attributable to the gain on fair value changes of derivative financial instruments arising from the contingent consideration as a result of the Group’s acquisition of the remaining 15% equity interest in a subsidiary; and a one-off gain arising from the re-measurement of the previously held interest in a joint venture as a result of the acquisition of its remaining 50% equity interest in the joint venture, of a total of approximately RMB61.8 million. Including the aforesaid other income, the reported profit attributable to Shareholders is anticipated to increase to approximately RMB331.8 million. The Group has continuously announced the positive alert for eight times from 2016 to the 2018 Interim Period.

The continuous improvement in the Group’s financial performance was mainly attributable to the continuous increase in the sales of the Group’s own-branded cow and goat milk formula products. Such increase was mainly contributed by the growing market recognition of the Group’s own-branded formula milk products as a result of its persistent effort in building distribution channels and delivering quality consumer service; the rising worldwide awareness for the Group’s own-branded goat milk formula products *Kabrita* for its quality and high nutrition value; the increase in production capacity following the acquisition of a factory in Australia and the

commencement of production of two new factories in the Netherlands; and the progressive enhancement of the Group's management and operation efficiency.

Mr. Yan Weibin, Chairman of the Group, said "Ausnutria gradually implements its global strategy from upstream to the sales market. It has formed global expansion of a full industrial chain from formula milk powder to nutritional products, and has become an international company with a sales service network in China, North America, Europe, Russia and the Middle East. As to the core business, five factories in the Netherlands, two companies in Australia, and one factory in New Zealand have been reformed or completed and commenced production. The first factory in Changsha, the PRC, is in operation. Smart Factory in Changsha will be completed soon, and global 'Golden Milk Zone' layout is basically completed. As to the global business development, the Group has completed the acquisition of remaining 15% equity interest in HNC Group, and remaining 50% equity interest in Ozfarm Australia which has the number one maternal women's milk powder brand in Australia. Moreover, the Group will strategically introduce CITIC Agri Fund Management Co., Ltd. After CITIC Agri Fund becomes the single largest shareholder of the Group, this will broaden our shareholding structure, optimize the Group's asset and liability structure and enhance international competitiveness. In addition, the senior management increased stake in June this year fully demonstrates the core management's confidence in business performance and prospects of Ausnutria. In the future, the Group will follow the direction of nutrition and comprehensive health, seize the opportunities both in the PRC and overseas market, and enhance its sustainability, heading towards the 'Golden Decade' of Ausnutria."

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About Ausnutria Dairy Corporation Ltd.

Ausnutria Dairy Corporation Ltd is a leading infant milk formula company with production facilities principally based in the Netherlands, Australia, New Zealand, and the PRC. The Company is engaged in the worldwide production, research, and sales of infant formula, adult milk and other dairy and nutrition products. It owns several famous infant formula and milk powder brands, including *Kabrita*, *Allnutria* and *Hyproca*. Ausnutria's factories in the PRC were among that first batch of factories that had been granted with the National Infant Formula Enterprise Production Permit. The factory in the Netherlands is also one of the first infant milk formula manufacturers to obtain import licenses for overseas products under the new policy in the PRC.

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