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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 2017

FINANCIAL HIGHLIGHTS			
	Nine months ended		Change
	30 September		
	2017	2016	
	RMB'M	RMB'M	%
	(Unaudited)	(Unaudited)	
Revenue	2,729.8	1,893.2	44.2
Gross profit	1,127.7	744.9	51.4
Profit attributable to equity holders of the Company	220.7	138.9	58.9
	As at	As at	
	30 September	31 December	
	2017	2016	
	RMB'M	RMB'M	
	(Unaudited)	(Audited)	
Total assets	5,204.5	3,923.6	32.6
Total liabilities	3,327.2	2,334.0	42.6
Net assets	1,877.3	1,589.6	18.1

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 nine months ended 30 September 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 nine months ended 30 September 2017*

	Nine months ended	
	30 September	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
REVENUE	2,729,814	1,893,204
Cost of sales	<u>(1,602,075)</u>	<u>(1,148,311)</u>
Gross profit	1,127,739	744,893
Other income and gains	41,013	33,186
Selling and distribution expenses	(618,592)	(432,005)
Administrative expenses	(212,582)	(128,276)
Other expenses	(15,091)	(11,353)
Finance costs	(17,648)	(13,686)
Share of profits of associates	8,674	2,278
Share of profit of a joint venture	<u>268</u>	<u>–</u>
Profit before tax	313,781	195,037
Income tax expense	<u>(75,421)</u>	<u>(44,308)</u>
PROFIT FOR THE PERIOD	<u>238,360</u>	<u>150,729</u>
Attributable to:		
Equity holders of the parent	220,700	138,884
Non-controlling interests	<u>17,660</u>	<u>11,845</u>
	<u>238,360</u>	<u>150,729</u>

The Group's unaudited consolidated results for the nine months ended 30 September 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 nine months ended 30 September 2017, the Group recorded revenue of RMB2,729.8 million, representing an increase of RMB836.6 million, or 44.2%, from RMB1,893.2 million when compared with the corresponding period in 2016.

An analysis of revenue is as follows:

	Nine months ended 30 September		Change
	2017	2016	%
	<i>RMB'M</i>	<i>RMB'M</i>	
	(Unaudited)	(Unaudited)	
Own brands:			
Goat infant formula (in the PRC)	768.1	461.2	66.5
Goat infant formula (elsewhere)	141.5	91.6	54.5
	<u>909.6</u>	<u>552.8</u>	64.5
Cow infant formula (in the PRC)	1,012.9	667.4	51.8
	<u>1,922.5</u>	<u>1,220.2</u>	57.6
Nutrition products*	66.2	–	N/A
Others	741.1	673.0	10.1
	<u>2,729.8</u>	<u>1,893.2</u>	44.2

* Business commenced in the fourth quarter of 2016.

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 2017 amounted to RMB220.7 million, representing an increase of RMB81.8 million or 58.9%, when compared with the corresponding period of RMB138.9 million in 2016.

The Directors believe that the improvement in the Group's financial performance was mainly attributable to (i) the effective marketing strategies implemented by the Group, in particular, on the Group's core business, the own-branded infant formula; (ii) the continuous expansion in the Group's sales network; (iii) the unique and leading market position of the Group's goat milk infant formula business; and (iv) the clear brand positioning which facilitated the Group to penetrate into different sectors and hence cater for different demands in the markets effectively.

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

Changsha City, the People's Republic of China, 13 November 2017

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yan Weibin (Chairman), 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.