

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION ACQUISITION OF PROPERTY

On 9 December, 2010, the Purchaser, an indirect wholly-owned subsidiary of the Company entered into the Agreement with the Vendor, whereby the Purchaser agreed to purchase the Property from the Vendor for the use as its office premises in Changsha at an aggregate consideration of RMB24,674,711 (equivalent to approximately HKD28,691,524).

As the Vendor is a connected person of the Company by virtue of the relationship set out below in this announcement, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios calculated with reference to the Acquisition are less than 5%, such connected transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

THE AGREEMENT

Date: 9 December, 2010

Parties

Vendor: Changsha Xin Xin Da Xin Real Estate Co., Ltd.
(長沙新新大新置業有限公司)

Purchaser: Ausnutria Dairy (China) Co, Ltd
(澳優乳業(中國)有限公司)

Property to be acquired

The Property comprises nine premises namely Flats 701, 801, 802, 803, 804, 805, 806, 807 and 808 of Xindaxin Mansion, No. 168 Huangxing Middle Road, Furong District, Changsha City, Hunan Province, PRC, with an aggregate construction area of approximately 2,718.59 square meters.

Consideration and Payment Terms

The aggregate consideration for the Property is RMB24,674,711 (equivalent to approximately HKD28,691,524), which will be payable in cash by the Purchaser in full within 3 days upon signing of the Agreement.

Pursuant to the Agreement, (i) if the Purchaser is unable to pay the aggregate consideration in full within 3 days upon signing of the Agreement, the Vendor has the right to charge the Purchaser a penalty at 0.03% of the aggregate consideration on a daily basis; and (ii) if any outstanding amount is not paid at the demand of the Vendor for more than 30 days, the Vendor has the right to terminate the Agreement.

The aggregate consideration for the Property was arrived at after arm's length negotiation between the Purchaser and the Vendor and by reference to the current market value of similar properties in the market in Changsha.

The aggregate consideration for the Property will be satisfied by internal resources of the Purchaser.

Delivery of the Property

On or before 6 January 2011 (the "**Delivery Date**"), the Vendor shall deliver the Property to the Purchaser. The Purchaser agreed that if the Vendor is unable to deliver the Property on the Delivery Date, the Purchaser will have full discretion to either terminate the Agreement or demand the Vendor to pay a compensation fee of 0.01% of the aggregate consideration on a daily basis, which compensation fee shall accrue from the date immediately following the Delivery Date up to the actual date of delivery of the Property by the Vendor to the Purchaser.

INFORMATION ABOUT THE PROPERTY

The Property comprises nine premises which is located at Flats 701, 801, 802, 803, 804, 805, 806, 807 and 808 of Xindaxin Mansion, No. 168 Huangxing Middle Road, Furong District, Changsha City, Hunan Province, PRC. The aggregate construction area of the Property is approximately 2,718.59 square meters. The Vendor is the Property developer of the building in which the property is located.

REASONS FOR ENTERING INTO THE AGREEMENTS

The Purchaser is currently leasing flats 801 to 808 of the Property from the Vendor. The Directors consider that the Acquisition represents a good opportunity for the Purchaser to purchase premises in Changsha with suitable location and good quality as its permanent office. By establishing the aforesaid permanent office, the Purchaser is able to save rental cost and avoid the adverse effect to its operation in moving offices and conducting renovation work frequently. The Company believes that it is in the long term benefit to the Purchaser's development to acquire its own permanent office. The Acquisition is also in the commercial interest of the Group.

The Directors, including the independent non-executive Directors, consider that the terms and conditions of the Agreement are on normal commercial terms, and the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Vendor is indirectly owned by Mr. Wu Yueshi, the controlling shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Since each of the applicable percentage ratios calculated with reference to the Acquisition are less than 5%, such connected transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under the Listing Rules.

GENERAL

The Group is principally engaged in the production, marketing and distribution of high-end and premium paediatric nutrition products in the PRC.

The Purchaser is an indirect wholly-owned subsidiary of the Company engaged in the production, marketing and distribution of high-end and premium paediatric nutrition products in the PRC.

As far as the Company is aware, the Vendor is principally engaged in property development and investment in Changsha and is the property developer of the building in which the Property is located.

DEFINITIONS

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreements
“Agreement”	the sale and purchase agreement dated 9 December, 2010 entered into between the Purchaser and the Vendor in respect of the Acquisition
“Board”	board of Directors of the Company

“Company”	Ausnutria Dairy Corporation Ltd (澳優乳業股份有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange (stock code: 1717)
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company (including independent non-executive director(s))
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to it in the Listing Rules
“PRC” or “China”	The People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	nine premises namely Flats 701, 801, 802, 803, 804, 805, 806, 807 and 808 of Xindaxin Mansion, No. 168 Huangxing Middle Road, Furong District, Changsha City, Hunan Province, PRC with an aggregate construction area of approximately 2,718.59 square meters
“Purchaser”	Ausnutria Dairy (China) Co, Ltd (澳優乳業(中國)有限公司), a limited company established in the PRC and is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Changsha Xin Xin Da Xin Real Estate Co., Ltd. (長沙新新大新置業有限公司), a limited company established in the PRC and is an associate of the Company

Unless otherwise specified, the conversion of the RMB into HKD is based on the exchanged rate of HKD1.00 = RMB0.86. No representation is made that the amounts in question have been, could have been or could be converted at the above rates.

By the Order of the Board
Ausnutria Dairy Corporation Ltd
Wu Yueshi
Chairman

9 December 2010
Changsha City, China

As at the date of this announcement, the Board comprises of four executive Directors, namely Mr. Wu Yueshi, Mr. Yan Weibin, Mr. Chen Yuanrong and Ms. Ng Siu Hung and three independent non-executive Directors, namely Mr. Qiu Weifa, Mr. Jason Wan and Mr. Chan Yuk Tong.