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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)

PROFIT WARNING

This announcement is made by Ausnutria Dairy Corporation Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the Group’s unaudited management accounts for the year ended 31 December 2010, the consolidated profit attributable to the shareholders of the Company for the year ended 31 December 2010 is expected to decline by 30% to 40% as compared to the year ended 31 December 2009.

The reasons for the expected decline in the consolidated profit attributable to the Shareholders for the year ended 31 December 2010 are primarily as follows:

1. Increase in advertising and promotion activities after listing of the Company’s shares on the Stock Exchange of Hong Kong Limited which resulted in the significant increase in advertising and promotion expenses as compared to the corresponding period in 2009;
2. Temporary decrease in revenue as a result of the restructuring of the distribution system;
3. Increase in operating expenses for the establishment of sales offices and expansion of sales forces in key markets; and
4. Further expansion of the marketing team and research and development team to strengthen the Group’s competitiveness.

The Company is in the process of finalizing the consolidated financial results of the Group for the year ended 31 December 2010. The information contained in this announcement is only a preliminary assessment by the Company based on the unaudited management accounts of the Group for the year ended 31 December 2010 which has not been confirmed nor audited by the Company’s auditor and may be different from the audited financial information. Details of the audited consolidated financial results and performance of the Group will be disclosed in the annual results announcement for the year ended 31 December 2010 to be published in due course.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

14 February 2011
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.