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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)

CLARIFICATION ANNOUNCEMENT

The board of directors (the “**Board**”) of Ausnutria Dairy Corporation Limited (the “**Company**”) has noted that certain recent press articles (the “**Articles**”) reported that certain batches of imported milk powder of the Company has been rejected by the General Administration of Quality Supervision, Inspection and Quarantine (the “**GAQSIQ**”) of the People’s Republic of China. The Board wishes to make clarification regarding certain contents of the Articles in this announcement.

During the period from March 2010 to July 2010, a total of seven batches of the Company’s products from the suppliers were rejected by the GAQSIQ. This was mainly due to the products did not meet the specific product standards requirement as agreed with the suppliers, unrelated to food safety. All the products concerned had been returned to the suppliers and had not been circulated in the market. Our Company has always insist on “Higher Standard on Nutrition and Safety”. The product quality standard of the Company’s products is more stringent than China’s national standard and international standard.

After assessing the impact of the incidence, the Company considered that it did not affect the quality of the Company’s products that are being sold in the market and it did not have any major impact on the sales of the Company’s products. In addition, the incidence did not have any impact on the financial status of the Company. Therefore, the Company considered that the incidence is not a material event and is not price sensitive information. As such, no announcement was published last year.

Our Company would like to reinstate that all the imported products of the Company that are being sold in the China markets not only complied with the China’s national standard, European Union standard and international standard but also complied with the more stringent products standard requirement set by the Company. All the Company’s products have been checked by the suppliers, the Export Department, the GAQSIQ, and the Company’s Quality Control department to ensure the quality and safety of the Company’s products in the market.

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

16 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.