

To: Business Editor
[For immediate release]



AUSNUTRIA DAIRY CORPORATION LTD
澳優乳業股份有限公司

Ausnutria Announces 2014 Annual Results
Revenue and Gross Profit Up 16.5% and 20.2% Respectively

Enhances R&D and Supply Capabilities on Quality International Dairy Products
Caters for Increasing Needs in China and Overseas Markets

Results Highlights	For the year ended 31 December		Change
	2014 (RMB million)	2013 (RMB million)	
Revenue	1,966.0	1,687.8	+16.5%
Gross profit	567.2	471.8	+20.2%
Gross profit Margin (%)	28.9	28.0	+0.9 ppt
Net cash flows from operating activities	85.9	82.6	+4.0%
Net asset value per share (RMB)	1.23	1.21	+1.7%

[Hong Kong, 30 March 2015] **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717.HK), a paediatric milk formula company in the PRC and the Netherlands, today announced its annual results for the year ended 31 December 2014 (the “year under review”).

For the year under review, the Group recorded revenue of approximately RMB1,966.0 million, representing an increase of approximately RMB278.2 million or 16.5%, from approximately RMB1,687.8 million for 2013. Gross profit was approximately RMB567.2 million, representing an increase of approximately RMB95.4 million or 20.2%. Gross profit margin rose from approximately 28.0% to 28.9%, mainly attributable to the proportionate increase in sales contributed by own-branded businesses, which has offset the impact caused by the upgrading of the production capacities in the Netherlands during the year under review. In view of the dividend restrictions as set out in the Share Purchase Agreement signed by the Company on 12 January 2015 in relation to the acquisition of the residual 49% equity interest in Ausnutria Hyproca B.V. (“Ausnutria Hyproca”) and the Company is currently under the transition period of the general offer, the board of directors of the Company does not recommend the payment of a final dividend for the year 2014.

Mr. Yan Weibin, Chairman of the Group, said, “In 2014, we were able to accomplish a number of major steps that will strengthen the Group’s foundation and bring about critical successes leading to long-term growth. In May 2014, the PRC government announced the first batch of imported brands that were granted approval to import paediatric milk formula

into the PRC. All the Group's brands were included. Furthermore, on 6 May 2014, three of the Company's subsidiaries incorporated in the Netherlands that are wholly-owned by Ausnutria Hyproca, namely, Hyproca Dairy, Lyempf and Lypack, were listed in the first batch of registered overseas dairy products producers as approved for importing their products into the PRC, among which, Lypack was approved as the first batch of overseas paediatric milk formula production plants. The granting of the import approval of all the brands and the successful registrations of the overseas factories of the Group have provided better opportunities for the Group to provide quality dairy products to China. We believe this is one of the major factors leading to the long-term success of the Group. Moreover, the Company approved the upgrading of two milk powder spray towers of Ausnutria Hyproca's Lyempf plants and upgrading of Hyproca Dairy, Lypack in 2013. The upgrades of the production facilities were substantially completed in the second half of 2014. It increased production capacity and further improved the Group's dairy product quality control standards. These achievements have provided critical success drivers for the Group's long-term growth."

Regarding sales, the Allnutria series continued to be a major product line of Ausnutria China. In 2014, Ausnutria China, in cooperation with Beijing University, succeeded in developing the fourth generation of Allnutria series products (the "New Allnutria"). The New Allnutria, produced by the Ausnutria Hyproca Group, was launched in late 2014. In 2012 and 2013, Ausnutria China launched the Puredo series products with newly developed infant formula at a competitive price, and the 1897 series comprising the Hyproca 1897 and Lacfor branded products, respectively. During the year under review, total sales of the Puredo and 1897 series products amounted to approximately RMB101.4 million and RMB130.3 million, representing an increase of approximately 18.7% and 222.5%, respectively. During the year, with the support of the Health Science Center of Beijing University, Ausnutria China worked with Nanfang Media Group to launch a charity program "Star Citizens" (明星公民). It received great support from charity ambassadors, including TV star Ms. Li Xiaolu (李小璐). The integrated marketing and communications program themed on "Protecting the first sip of milk, giving the best start possible in life" (守護第一口奶 — 給生命更好的開始), on one hand, has better disseminated brand philosophy and scientific parenting knowledge via celebrity charity program, demonstrating the Company's social responsibility. On the other hand, it has enhanced the brand and product reputation through offline roadshow activities which in turn drives sales. Through sponsoring a domestic maternal and children's entertainment show and active participation in industrial exhibitions, Ausnutria China has strengthened the confidence of employees, distributors and consumers in Ausnutria China, while improving its corporate brand image.

The Ausnutria Hyproca Group also recorded relatively higher growth in terms of sales. In August 2014, the Ausnutria Hyproca Group commenced the sale of Stage 3-Kabrita infant formula and goat milk-based yogurt in the United States. During the year under review, total sales of the Kabrita series goat milk formula products increased by approximately 97.3% to approximately RMB302.1 million, mainly attributable to the increasing recognition of the good quality of goat milk formula and the effective marketing strategies launched by the Group since the products was launched. The total sales of private label and contract manufacturing businesses increased by approximately 16.6% to approximately RMB515.6 million, mainly contributed by the increase in the production capacities of the Ausnutria Hyproca Group as a result of the CAPEX Plan, enabling the Ausnutria Hyproca Group to meet the continuous increase in demand from its worldwide customers.

During the year under review, the Group continued to place strong emphasis on research and development (the “R&D”) with respect to pediatric milk formula. As at the end of 2014, the Group has filed application for 36 patents for its research results. The New Allnutria launched by Ausnutria China in 2014 has been awarded the second prize of Changsha City Science and Technology Progress Award (長沙市科技進步二等獎). Furthermore, the Technology Centre of Ausnutria China, which was established in 2003, was granted the Provincial-level Enterprise Technology Centre (省級企業技術中心) by Hunan Economic and Information Technology Commission (湖南省經濟和信息化委員會) in September 2014. In March 2012, the Group entered into an agreement with the medical school of Beijing University to form a 10-year strategic cooperation for the joint R&D of pediatric milk formula in the PRC. In 2014, the Group further cooperates with the medical school of Beijing University by the establishment of human breast milk bank. The Group will continue to increase its investment in R&D to improve products and will periodically adjust its R&D focus in response to market trends and demands.

The Company considers the ability to secure quality milk source is one of the fundamental success factors in the industry. During the year under review, Hyproca Goat Milk B.V. (“HGM”) and Sanimel B.V. (“Sanimel”) sellers, who are independent of the Group, entered into a share purchase agreement, pursuant to which HGM issued new shares to the Sanimel sellers in exchange of 100% equity interest in Sanimel. Both Sanimel and HGM have long term contracts with famers in the Netherlands for the supply of cow and goat milk. In addition, the Ausnutria Hyproca Group also invested EUR3.55 million (approximately RMB26.1 million) for the participation in 50% of the equity interest in Farmel Holding B.V. (the “Farmel Investment”), a company also incorporated in the Netherlands in 2014. The primary objective of the Sanimel acquisition and the Farmel investment is to ensure a stable future supply of quality cow and goat milk for the production of dairy products by the Ausnutria Hyproca Group to its customers. Upon the completion of the investment, the Ausnutria Hyproca Group has access to above 20% of the total goat milk production in the Netherlands. Moreover, in anticipation of increasing demand and a growing market for dairy industry products worldwide, the Company and Ausnutria Dairy (Dutch) Coöpertief U.A., a wholly-owned subsidiary of the Company, entered into a share purchase agreement on 12 January 2015 with Dutch Dairy Investments B.V. for the acquisition of the residual 49% equity interest in Ausnutria Hyproca. This acquisition will unify the interest platform for the all shareholders of the Group and its core team, which is better for enhancement of resources allocation and centralized scheduling, providing a stronger support for the Group’s business expansion. Meanwhile, the “Green Project”, a brand new infant formula milk powder factory that Ausnutria invested in Netherland, is in smooth process, making sure the growing need of the Group's development in the globe will be addressed.

In 2014, the Group also achieved significant progress in corporate governance. During the year under review, the Company fulfilled all its resumption conditions imposed by the Stock Exchange and demonstrated that it had put in place adequate financial reporting procedures and internal control systems to meet the Rules Governing the Listing of Securities on the Stock Exchange obligations. Trading in the Shares was resumed on 4 August 2014. On 11 November 2014, Center Laboratories, Inc. (“Center Lab”) with its subsidiary (the “Center Lab Group”) through the acquisition of 107.0 million and approximately 148.0 million issued shares from two substantial shareholders of the Company, invested approximately 25.8% equity interest in the Company. On 12 December

2014, the Company appointed Mr. Lin Jung-chin, the chairman and executive director of Center Lab, as an executive Director. The Center Lab Group's investment and Mr. Lin's appointment as an executive Director who possesses extensive experience in managing companies will broaden the shareholder base and further strengthen the Company's corporate governance.

Looking ahead, **Mr. Yan** concluded, "In response to the enormous opportunities and upgrading competition in the dairy market, the Group has adopted strategies to build its upstream production and procurement capabilities and R&D capabilities, while enhancing its marketing and customer services systems, in order to capture the increasing market opportunities arising from home and abroad with quality products, production capacities and advanced service model. Looking ahead, we will further implement upstream integration strategy, increase production capacity in the Netherlands through the construction of the new production facilities, strengthen its presence in China and the key regions worldwide, and expand the market shares in cow milk-based and goat milk-based infant formula as well as other products. The Group will also continue to develop IT systems in order to cater for the changes in purchasing patterns of consumers and the development of e-commerce of the Group. Last but not least, the Group will continue to enhance its corporate governance, organizational systems and human resources development to lay a solid foundation for its future development, while strive for maximizing the values for its customers, teams and shareholders in the long-term, and contributing to the society progress."

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About Ausnutria Dairy Corporation Ltd

Ausnutria Dairy Corporation Ltd is a leading paediatric milk formula company with its production facilities principally based in China and the Netherlands and engaged in the dairy industry with activities ranging from the research and development, milk collection, processing, production, packaging in the Netherlands and marketing and sales of dairy products to the PRC, Europe, North America, Middle East and other overseas countries. For the year ended 31 December 2014, revenue of Ausnutria increased by 16.5% from 2013 to approximately RMB1,966 million. Ausnutria's factory in the PRC was among one of the first batch of factories in the PRC that succeeded in obtaining the renewed production license and the factories in the Netherlands were among the overseas paediatric milk formula manufacturers that succeeded in being approved as the first batch of registered overseas dairy products producers that were granted the registrations for exporting their products to the PRC under the New Policies.

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