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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ausnutria Dairy Corporation Ltd, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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澳优·海普诺凯
Ausnutria
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)

**PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED FINAL DIVIDEND
AND
NOTICE OF 2013 ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Ausnutria Dairy Corporation Ltd (“2013 AGM”) to be held at 8/F, XinDaXin Building A, 168 Huangxing Middle Road, Changsha, Hunan Province, the PRC, on Tuesday, 19 August 2014 at 11:30 a.m. is set out on pages 13 to 16 of this circular. Whether or not you are able to attend the 2013 AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the commencement of the 2013 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2013 AGM or any adjourned meeting should you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
 LETTER FROM THE BOARD	
Introduction	4
A. Granting of General Mandates to issue Shares and repurchase Shares	4
1. General Mandate to Issue Shares	5
2. General Mandate to Repurchase Shares	5
3. Explanatory Statement	6
B. Re-election of the retiring Directors	6
C. Final Dividend	6
D. 2013 AGM	7
E. Procedures and results for poll voting	7
F. Recommendation	7
G. Miscellaneous	7
APPENDIX 1 – Explanatory Statement	8
APPENDIX 2 – The Biographical Details of Directors Proposed To Be Re-Elected	11
APPENDIX 3 – Notice of Annual General Meeting	13

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“2012 AGM”	the annual general meeting of the Company to be held at 8/F, XinDaXin Building A, 168 Huangxing Middle Road, Changsha, Hunan Province, the PRC, on Tuesday, 19 August 2014 at 10:30 a.m.
“2013 AGM”	the annual general meeting of the Company to be held at 8/F, XinDaXin Building A, 168 Huangxing Middle Road, Changsha, Hunan Province, the PRC, on Tuesday, 19 August 2014 at 11:30 a.m.
“2013 Annual Report”	the annual report of the Company for the financial year ended 31 December 2013 despatched to the Shareholders together with this circular
“Articles of Association”	the articles of association of the Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Ausnutria (Dutch)”	Ausnutria Dairy (Dutch) Coöperatief U.A., an indirect wholly-owned subsidiary of the Company incorporated under the laws of the Netherlands, which is interested in 51% equity interests in Ausnutria Hyproca as at the Latest Practicable Date
“Ausnutria Hyproca”	Ausnutria Hyproca B.V., a private company with limited liability incorporated under the laws of the Netherlands and is owned as to 51% by Ausnutria (Dutch) and 49% by DDI as at the Latest Practicable Date
“Board”	the board of Directors of the Company
“Call Option”	the call option granted by DDI to Ausnutria (Dutch) pursuant to the Call Option Agreement
“Call Option Agreement”	the call option agreement dated 7 June 2013 entered into, among others, Ausnutria (Dutch) and DDI in relation to the granting of the Call Option by DDI to Ausnutria (Dutch)
“Companies Law”	the Company Law, Chapter 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands

DEFINITIONS

“Company”	Ausnutria Dairy Corporation Ltd (澳優乳業股份有限公司), a limited liability company incorporated and existing under the laws of the Cayman Islands on 8 June 2009 and the Shares are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“DDI”	Dutch Dairy Investments B.V., a private company with limited liability incorporated under the laws of the Netherlands, which is interested in 49% equity interests in Ausnutria Hyproca as at the Latest Practicable Date
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	subject to the conditions set out in the proposed resolution approving the Issue Mandate at the 2013 AGM, the general and unconditional mandate granted to the Board to exercise the power to allot, issue and deal with Shares up to a maximum of 20% of the aggregate nominal value of the issued share capital of the Company as at the date of the said resolution
“Latest Practicable Date”	14 July 2014, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“PRC”	the People’s Republic of China. For the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at the 2013 AGM, the general and unconditional mandate granted to the Board to exercise the power to repurchase Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the issued share capital of the Company as at the date of the said resolution

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of the Company
“Share Option Scheme”	the share option scheme conditionally adopted by the Company pursuant to a resolution of the Board on 19 September 2009
“Shareholder(s)”	registered shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Yan Weibin (*Chairman*)
Mr. Bartle van der Meer (*Chief Executive Officer*)
Ms. Ng Siu Hung

Independent Non-executive Directors:

Mr. Qiu Weifa
Mr. Jason Wan
Mr. Chan Yuk Tong

Registered Office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:

Room 2101, Beautiful Group Tower
77 Connaught Road Central
Central
Hong Kong

17 July 2014

To the Shareholders

Dear Sir or Madam,

**PROPOSED RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED FINAL DIVIDEND
AND
NOTICE OF 2013 ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to (i) provide you with information regarding the Issue Mandate and the Repurchase Mandate; (ii) provide you with information regarding the re-election of the retiring Directors; (iii) provide you with information regarding the proposed final dividend; and (iv) give you notice of the 2013 AGM.

A. GRANTING OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

This circular gives details regarding the renewal of general mandate to issue Shares and repurchase Shares in compliance with the Listing Rules.

LETTER FROM THE BOARD

1. GENERAL MANDATE TO ISSUE SHARES

On 28 January 2014, a general mandate was granted to the Directors to exercise the powers of the Company to issue Shares, and thereafter, such mandate has not been exercised or renewed. In accordance with conditions of the general mandate granted, such mandate will lapse at the conclusion of the 2012 AGM and has not been renewed.

At the 2013 AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, the grant of the Issue Mandate to the Directors to allot, issue and deal with Shares up to 20% of the aggregate nominal value of the issued share capital of the Company on the date of passing this ordinary resolution (i.e. not exceeding 197,368,600 Shares based on the issued share capital of the Company of 986,843,000 Shares as at the Latest Practicable Date and assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolution approving the Issue Mandate). In addition, an ordinary resolution will also be proposed for the Shareholders to consider and, if thought fit, approve the extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of Shares purchased under the Repurchase Mandate (refer to section 2 below), if granted.

Details of the Issue Mandate and the extension of the Issue Mandate are respectively set out in resolutions 6 and 8 in the notice of the 2013 AGM set out on pages 13 to 16 of this circular. The Issue Mandate will remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting; or (b) the expiration of the period within which the next annual general meeting of the Company is required by Articles of Association or the applicable laws of the Cayman Islands to be held; or (c) the passing of an ordinary resolution by the Shareholders in a general meeting revoking or varying such mandate.

Save for the Call Option Agreement, the Directors wish to state that they have no immediate plans to allot and issue any new Shares other than such Shares which may fall to be allotted and issued upon the exercise of any options to be granted under the Share Option Scheme.

2. GENERAL MANDATE TO REPURCHASE SHARES

A general mandate to repurchase Shares was granted by the Shareholders in the annual general meeting of the Company held on 13 April 2011 to the Directors to exercise the powers of the Company to repurchase Shares, and thereafter, 11,317,000 Shares were repurchased. Such mandate has lapsed and has not been renewed.

LETTER FROM THE BOARD

At the 2013 AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, renew the grant of the Repurchase Mandate to the Directors to repurchase Shares up to 10% of the issued share capital of the Company on the date of passing this ordinary resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 986,843,000 Shares. Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the date of passing the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate on the date of passing the resolution approving the Repurchase Mandate will be 98,684,300 Shares, which represent 10% of the then issued share capital of the Company.

An explanatory statement, giving certain information regarding the Repurchase Mandate, is set out in Appendix 1 to this circular. The Repurchase Mandate will remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting; or (b) the expiration of the period within which the next annual general meeting of the Company is required by Articles of Association or the applicable laws of the Cayman Islands to be held; or (c) the passing of an ordinary resolution by the Shareholders in a general meeting revoking or varying such mandate.

3. EXPLANATORY STATEMENT

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate is set out in the Appendix 1 to this circular. The information in the explanatory statement is to provide you with the information reasonable necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

B. RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 84 of the Articles of Association, Mr. Bartle van der Meer and Ms. Ng Siu Hung will retire by rotation at the conclusion of the 2013 AGM and being eligible, offer themselves for re-election.

The biographical details of the aforesaid Directors proposed to be re-elected are set out in Appendix 2 to this circular. An ordinary resolution approving their re-elections will be proposed at the 2013 AGM.

C. FINAL DIVIDEND

The Board has recommended a final dividend of HK\$0.10 per Share to be distributed from the Company's share premium account to the Shareholders whose names appear on the register of members of the Company on 27 August 2014, subject to approval by the Shareholders at the 2013 AGM.

LETTER FROM THE BOARD

D. 2013 AGM

A notice convening the 2013 AGM is set out on pages 13 to 16 of this circular.

The 2013 Annual Report incorporating, among other things, the audited consolidated financial statements of the Group for the year ended 31 December 2013 and the reports of the Directors and the auditors thereon will be despatched to the Shareholders on 17 July 2014.

A proxy form for use at the 2013 AGM is enclosed, a copy of which can also be obtained via the website of the Company at www.ausnutria.com.hk or the website of the Stock Exchange at www.hkexnews.hk.

Whether or not you are able to attend the 2013 AGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the commencement of the 2013 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending in person and voting at the 2013 AGM or any adjourned meeting if you so wish.

E. PROCEDURES AND RESULTS FOR POLL VOTING

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66 of the Articles of Association, at any general meeting, a resolution put to the vote of a meeting shall be taken by poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every Share held which is fully paid or credited as fully paid.

The results of the poll on all the resolutions as set out in the notice of the 2013 AGM in both English and Chinese will be published on the website of the Company at www.ausnutria.com.hk and the website of the Stock Exchange at www.hkexnews.hk after 4:00 p.m. on the 2013 AGM date.

F. RECOMMENDATION

The Directors believe that the resolutions of (i) the renewal of the Issue Mandate and Repurchase Mandate; (ii) the re-election of the retiring Directors; and (iii) the proposed final dividend to be proposed at the 2013 AGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of the resolutions to be proposed at the 2013 AGM.

G. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By Order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

This Explanatory Statement includes information required under Rule 10.06(1)(b) of the Listing Rules to be given to the Shareholders in connection with the proposed Repurchase Mandate.

(i) Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their fully-paid up shares on the Stock Exchange subject to certain restrictions.

(ii) Shareholder's Approval

The Listing Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by specific approval of a particular transaction or by a general mandate to the directors of the company to make such repurchases and that the shares to be repurchased must be fully paid up.

(iii) Exercise of the Repurchase Mandate

As at the Latest Practicable Date, there were 986,843,000 Shares in issue. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued and no Shares are repurchased prior to the 2013 AGM, the Directors would be authorized under the Repurchase Mandate to repurchase a maximum of 98,684,300 Shares, which represent 10% of the then issued share capital of the Company.

(iv) Reasons for the Repurchase of Shares

The Directors believe that the Repurchase Mandate is in the best interests of the Company and its Shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking in the grant of Repurchase Mandate to give the Company flexibility to do so if and when appropriate. The timing and the numbers(s), the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

(v) Source of Funds

Repurchases must be made out of funds which are legally available for such purpose in accordance with all applicable laws of the Cayman Islands and the Articles of Association. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

Under the Companies Law, repurchases by the Company may only be made out of the reserves of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

There could be adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements of the Group contained in the 2013 Annual Report) in the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level.

(vi) Share Prices

The trading in the Shares was suspended from 9:00 a.m. on 29 March 2012 and the Share price at that time was HK\$1.46 per Share.

(vii) Undertaking

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. The Directors have also undertaken not to repurchase any Shares if there is less than a minimum of 25% of the total issued share capital of the Company in public hands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquires, any of their associate(s), currently intends to sell the Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

No Connected Person has notified the Company that he has a present intention to sell the Shares to the Company, or has undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

(viii) Takeovers Code

Pursuant to Rule 32 of the Takeovers Code, if as a result of a Share repurchase, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and may in certain circumstances give rise to an obligation to make a mandatory offer for the Shares under Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, nothing has come to the attention of the Directors that there will be any consequences arise under the Takeovers Code if the Repurchase Mandate is exercised.

(ix) Shares Repurchase by the Company

The Company did not repurchase any Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

At the 2013 AGM, an ordinary resolution to re-elect the following persons as Directors will be proposed. In compliance with Rule 13.51(2) of the Listing Rules, details of the relevant persons are as follows:

Mr. Bartle van der Meer (“**Mr. van der Meer**”), aged 68, was appointed as the executive Director and Chief Executive Officer on 7 June 2013. Mr. van der Meer is one of the founders of Ausnutria Hyproca. He indirectly held 49% equity interests in Ausnutria Hyproca through the shareholding in DDI and has been involved in the strategic management since the establishment of Ausnutria Hyproca in 1994. He has also been a member of the board of directors and chief executive officer of Ausnutria Hyproca since 2012. Mr. van der Meer is primarily responsible for managing and executing the Group’s overall business directions and corporate operation decisions. He graduated with a business administration degree in the Netherlands with a major in banking in 1966. He worked for Rabobank, a multinational banking and financial services group in the Netherlands for more than 25 years. He is serving as the executive director of PMH Investments B.V., a private equity which owned 46.55% equity interests in DDI, and Vegelin Group B.V. since 1994. Mr. van der Meer has been the chairman of supervisory board of sc Heerenveen NV (a soccer club which plays in the premier division in the Netherlands) since 1998 to 2012, and a member of Foundation Accell Group (a company listed on Euronext Amsterdam (formerly known as Amsterdam Stock Exchange) since 1998.

Save as disclosed above, Mr. van der Meer did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

Mr. van der Meer does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. van der Meer was interested in 213,125,000 Shares (within the meaning of Part XV of SFO) through controlled corporation (representing 21.60% of the issued share capital of the Company). Of these shares, 11,000,000 Shares were beneficially held by DDI and 202,125,000 Shares are to be issued by the Company to DDI as the consideration shares upon the exercise of the Call Option pursuant to the Call Option Agreement dated 7 June 2013. Save as disclosed above, Mr. van der Meer had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

There is a service contract between the Company and Mr. van der Meer for a term of three years with effect from 7 June 2013 (Year 2012: N/A). Mr. van der Meer is entitled to an annual director’s fee of HK\$180,000 (Year 2012: N/A) and emoluments of HK\$340,000 (Year 2012: N/A) for the post of Chief Executive Officer of the Company. In addition, Mr. van der Meer is also entitled to a monthly salary and allowance from Ausnutria Hyproca of a total of EURO 14,000 (Year 2012: EURO 14,000 per month). Mr. van der Meer’s remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

Ms. Ng Siu Hung (“**Ms. Ng**”), aged 45, was appointed as the executive Director on 19 September 2009. Ms. Ng is primarily responsible for the Group’s investor relations. She studied Applied English Language at Changsha University and graduated at The University of Westminster, the United Kingdom with a Master of Arts degree in Human Resource Management. She was the representative of a computer network company and then, a manager of a trading company for about 2 years. Ms. Ng has been a director of Hunan Yukai Real Estate Development Co., Ltd* (湖南宇凱房地產有限公司) since 2004. She is the officer of Public Relations of Hunan XinDaXin Co., Ltd* (湖南新大新股份有限公司). Ms. Ng had been a joint company secretary of the Company from September 2009 to 3 December 2012.

Save as disclosed above, Ms. Ng did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, Ms. Ng did not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company and she had no interests in the Shares which are required to be disclosed pursuant to Part XV of the SFO.

There is a service contract between the Company and Ms. Ng for a term of three years with effect from 8 October 2012 (which was renewed subsequent to the expiry of the three-year contract dated 8 October 2009). Ms. Ng is entitled to an annual director’s fee of HK\$180,000 (Year 2012: HK\$100,000) and emolument of HK\$455,000 (Year 2012: HK\$325,000). Ms. Ng’s remuneration is determined with reference to her qualifications, experience, duties and responsibilities with the Company as well as market rate.

* *For identification purposes only*

**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)****NOTICE OF 2013 ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the annual general meeting (the “2013 AGM”) of Ausnutria Dairy Corporation Ltd (the “Company”) will be held at 8/F, XinDaXin Building A, 168 Huangxing Middle Road, Changsha, Hunan Province, the PRC, on Tuesday, 19 August 2014 at 11:30 a.m. for the following purposes:–

1. To receive and consider the audited consolidated financial statements and the Reports of the directors (the “Directors”) of the Company and of the auditors for the year ended 31 December 2013 (the “Year 2013”);
2. To re-elect the retiring Directors;
3. To authorise the board of Directors (the “Board”) to fix the Directors’ remuneration and emolument;
4. To declare a final dividend of HK\$0.10 per share for the Year 2013 out of the share premium account of the Company;
5. To re-appoint Ernst & Young as auditors and to authorise the Board to fix their remuneration;
6. **“THAT:**
 - (a) subject to paragraph (c), a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to allot, issue and dispose of shares of the Company (the “Shares”) of HK\$0.10 each in the share capital of the Company and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal value of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate in paragraph (a), otherwise than pursuant to (i) a Rights Issue (as defined below), or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iii) any scrip dividend or similar arrangement pursuant to the articles of association of the Company from time to time, or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed twenty per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution and the said mandate shall be limited accordingly; and

(d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company (the “Articles of Association”) or the applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company (the “Shareholders”) in a general meeting revoking or varying such mandate.

“Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any jurisdiction outside Hong Kong any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”;

7. **“THAT:**

- (a) a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to purchase or otherwise acquire shares in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the aggregate nominal amount of shares so purchased or otherwise acquired shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of this resolution; and
- (b) for the purpose of this Resolution;

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in a general meeting revoking or varying such mandate.”;

8. **“THAT:**

conditional upon the passing of Resolutions 6 and 7 set out in the notice convening this meeting, the aggregate nominal amount of the shares which are purchased or otherwise acquired by the Company pursuant to Resolution 7 shall be added to the aggregate nominal amount of the shares which may be issued pursuant to Resolution 6.”

Yours faithfully
By Order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

Changsha City, People’s Republic of China, 17 July 2014

Notes:

1. Any member entitled to attend and vote at the 2013 AGM is entitled to appoint one or more person(s) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of attorney, must be deposited not less than 48 hours before the time appointed for the holding of the 2013 AGM at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
3. The register of members of the Company in Hong Kong will be closed from 15 August 2014 to 19 August 2014 (both dates inclusive) during which period no transfer of shares will be registered. To be qualified to attend the 2013 AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 14 August 2014.
4. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the 2013 AGM if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Information containing further details regarding the proposed Resolutions 2 and 6 set out in the above notice as required by the Listing Rules is set out in Appendices 2 and 1 to this circular respectively.
6. The register of members of the Company in Hong Kong will be closed from 25 August 2014 to 27 August 2014 (both dates inclusive) during which period no transfer of shares will be registered. To be eligible to receive the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 22 August 2014.