

To: Business Editor
[For immediate release]



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

Ausnutria Announces Interim Results 2010

Gross Profit Surges 13.0% to approximately RMB153,980,000

Overall Gross Profit Margin Increases 9.8% Point to 52.3%

Further expanded sales network, strengthened sales force with secured upstream supply

[30 August 2010, Hong Kong] **Ausnutria Dairy Corporation Ltd** (“Ausnutria” or the “Company”, together with its subsidiaries, the “Group”; stock code: 1717), a leading paediatric milk formula company in the PRC market principally engaged in the production, distribution and sale of high-priced and premium-priced paediatric milk formula products, today announced the unaudited interim results of the Group for the six months ended 30 June 2010 (“The period under review”).

For the six months period ended 30 June 2010, the Group’s gross profit amounted to approximately RMB153,980,000, representing an increase of approximately 13.0% as compared with the same period of the previous year. The gross profit margin of the overall products has increased by 9.8% point to 52.3% from 42.5% recorded in the same period of previous year. The Group’s sales reached approximately RMB294,550,000, representing a decrease of approximately 8.2% as compared with the same period of the previous year. The Board of Directors do not recommend payment of an interim dividend for the six months ended 30 June 2010.

The Group currently has four different product series of paediatric milk formula and other paediatric nutritional supplements. The four major product series include A-choice Series, Best-choice Series, Allnutria Series and Allnutria Organic Series, which are designed to target consumers of high-priced and premium-priced products. During the period under review, the sales of these four product series accounted for approximately 11.1%, 29.9%, 44.8% and 13.3% of the Group’s total revenue respectively.

Other products comprise products of supplemental meals for infants and milk powder of specialty formulas. The Group produces rice cereals with different added ingredients as supplemental meals for infants and milk powder of different specialty formulas, which are designed to target consumers with special needs including premature and low birth-weight infants and expectant or nursing mothers. As these products were launched for relatively short period, sales revenue generated from this product series was comparatively lower than those of other series, contributed approximately 0.9% of the Group’s total revenue. During the period under review, the Group continues to carry out the five-year supply agreement with Tatura Milk Industries Limited to secure the long term supply of milk powder for producing Ausnutria’s products. The Group has also entered into an agreement with France Nutribio SAS to launch a new series of formula products produced by Nutribio to meet the ever-rising market demand.



Mr. Wu Yueshi, Chairman and Executive Director of the Company, said, “The major priorities of the Group in the first half of 2010 are to expand the sales network, strengthen our sales force and to secure our upstream supply. The Group has contracted more distributors and expanded our sales team by employing more sales personnel. In addition, we continued to wholesale and sell our paediatric milk formula products to distributors through an extensive distribution network covering 27 provinces, 4 autonomous regions, 4 municipalities in the PRC and the Hong Kong Special Administrative Region. Our products will be further distributed and sold to retail outlets such as department stores, supermarkets as well as babies and parenting specialty stores throughout the PRC.”

Chairman Wu concluded, “Our trademark “Ausnutria” has recently been accredited as “China Wellknown Trademark” in early 2010 by the Trademark Office of the State Administration for Industry & Commerce of the PRC in relation to trademark awareness. Besides, by developing effective marketing activities and Television commercials, our brand recognition and reputation has been further uplifted. We will continue to enhance our competitiveness and expand our product offerings in the high-priced and premium-priced paediatric milk formula products market segments, reinforce and expand our distribution network in the PRC and other regions, as well as enhance our focus and efforts on research and development. We will also evaluate the opportunities for upward integration to secure our milk powder supplies. We believe that these strategies will further strengthen our market position and enlarge our market share in the paediatric milk formula industry in the PRC, and bring the best returns to our investors.”

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