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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.



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 RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
PROPOSED RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Ausnutria Dairy Corporation Ltd (“AGM”) to be held at 10:00 a.m. on Monday, 16 May 2011 at Queensway and Victoria, Level Three, JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 12 to 14 of this circular. Whether or not you are able to attend the 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 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 AGM or any adjourned meeting should you so wish.

13 April 2011

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DEFINITIONS

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

“2010 Annual Report”	the annual report of the Company for the financial year ended 31 December 2010 dispatched to the Shareholders together with this circular
“AGM”	the annual general meeting of the Company to be held at Queensway and Victoria, Level Three, JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 16 May 2011 at 10:00 a.m.
“Articles of Association”	the articles of association of the Company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Companies Law”	the Company Law, Chapter 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands
“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 of which are listed on the Stock Exchange
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	subject to the conditions set out in the proposed resolution approving the Issue Mandate at the 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”	8 April 2011, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at the 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
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of our 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. Wu Yueshi (*Chairman*)
Mr. Yan Weibin
Mr. Chen Yuanrong (*Chief Executive Officer*)
Ms. Ng Siu Hung

Registered Office:

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

Independent Non-executive Directors:

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

*Principal Place of Business
in Hong Kong:*

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

13 April 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSED RENEWAL OF GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
PROPOSED RE-ELECTION OF DIRECTORS
AND
NOTICE OF 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; and (iii) give you notice of the AGM.

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

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

LETTER FROM THE BOARD

1. RENEWAL OF ISSUE MANDATE

On 18 June 2010, 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 forthcoming AGM.

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, renew the grant of the Issue Mandate to the Directors to allot, issue and deal with Shares up to 20% of the issued share capital of the Company on the date of passing this ordinary resolution (i.e. not exceeding 197,432,000 Shares based on the issued share capital of the Company of 987,160,000 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 (referred to in section 2 below), if granted.

Details of the Issue Mandate and the extension of the Issue Mandate are respectively set out in resolutions 5 and 7 in the notice of the AGM set out on pages 12 to 14 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 unconditional 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 the articles of association of the Company 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.

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 granted under the Share Option Scheme.

2. RENEWAL OF REPURCHASE MANDATE

A general mandate to repurchase Shares was granted by the Shareholders in the last general meeting held on 18 June 2010 to the Directors to exercise the powers of the Company to repurchase 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 forthcoming AGM.

At the 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the issued share capital of the Company comprised 987,160,000 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 98,716,000 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 unconditional 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 the articles of association of the Company 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 reasonably 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 DIRECTORS

In accordance with article 84 of the Company's Articles of Association, Ms. Ng Siu Hung, Mr. Jason Wan and Mr. Qiu Weifa will retire by rotation at the conclusion of the forthcoming AGM and being eligible, offer themselves for re-election.

The biographical details of the aforesaid retiring 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 forthcoming AGM.

C. AGM

A notice convening the AGM is set out on pages 12 to 14 of this circular.

The 2010 Annual Report incorporating the audited consolidated statements of the Group for the year ended 31 December 2010 and the reports of the Directors and the auditors thereon are dispatched to the Shareholders together with this circular.

A proxy form for use at the 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 AGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed

LETTER FROM THE BOARD

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 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending in person and voting at the AGM or any adjourned meeting if you so wish.

D. PROCEDURES AND RESULTS FOR POLL VOTING

Pursuant to Rule 13.39(4) of the Listing Rules and article 66 of the Company's 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 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 on the AGM date.

E. RECOMMENDATION

The Directors believe that the resolutions of renewal of the Issue Mandate and Repurchase Mandate and the re-election of Directors to be proposed at the AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of the resolutions to be proposed at the AGM.

F. 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
Wu Yueshi
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) Shareholders' 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.

(iii) Exercise of the Repurchase Mandate

As at the Latest Practicable Date, there were 987,160,000 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 AGM, the Directors would be authorised under the Repurchase Mandate to repurchase a maximum of 98,716,000 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 the grant of Repurchase Mandate to give the Company flexibility to do so if and when appropriate. The timing and the number(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 profits 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 accounts contained in the 2010 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 general 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 highest and lowest prices at which the Shares had been traded on the Stock Exchange monthly during the year and up to the Latest Practicable Date were as follows:

	Share prices	
	Highest HK\$	Lowest HK\$
2010		
January	6.850	5.300
February	6.050	5.310
March	5.950	5.350
April	5.840	4.970
May	5.550	4.700
June	5.300	4.720
July	4.860	4.540
August	4.920	3.390
September	3.980	3.550
October	4.030	3.530
November	3.690	2.800
December	3.290	2.500
2011		
January	2.910	2.560
February	2.800	2.140
March	2.810	2.190
April (up to the Latest Practicable Date)	2.910	2.840

(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 enquiries, 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 authorized 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, if such increase results in a change of control, 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, Mr. Wu Yueshi ("Mr. Wu") was interested in 474,646,000 Shares, representing approximately 48.08% of the issued share capital of the Company. In the event that the Directors exercised the Repurchase Mandate in full, the shareholding of Mr. Wu in the Company would be increased to approximately 53.42% of the issued share capital of the Company. The increase of Mr. Wu's proportionate interest in the Company will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, Mr. Wu or a group of Shareholders acting in concert with him could obtain or consolidate control of the Company and, when exceeding the 2% creeper, become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code as a result of any such increase.

Save as disclosed herein, the Directors are not aware of any consequences which may arise under the Takeovers Code if the Repurchase Mandate is exercised. The Directors have no present intention to exercise the Repurchase Mandate to such an extent as would trigger the application of the Takeovers Code in the manner described above.

(ix) Shares Repurchased by the Company

Subsequent to the balance sheet date, being 31 December 2010, the Company repurchased its 57,840,000 listed Shares on the Stock Exchange in 2011. These Shares were cancelled upon repurchase and accordingly the issued share capital of the Company was reduced by the nominal value of these Shares. Details of the repurchases during 2011 are summarised as follows:

Month of repurchases	Number of Shares repurchased	Highest price per Share <i>HK\$</i>	Lowest price per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$</i>
January 2011	4,046,000	2.85	2.56	11,005,000
February 2011	<u>53,794,000</u>	2.55	2.38	<u>133,483,510</u>
	<u>57,840,000</u>			<u>144,488,510</u>

At the 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:

Ms. Ng Siu Hung (“Ms. Ng”), formerly known as Wu Shaohong, aged 42, became an executive Director of the Company on 19 September 2009. Ms. Ng is also one of the Company’s joint secretaries. Ms. Ng is primarily responsible for investor relations and the Group’s public announcements. She studied Applied English Language at Changsha University and graduated at The University of Westminster, the United Kingdom with a Master’s 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 two years. From 2004 to present, Ms. Ng is a director of Hunan Yukai Real Estate Development Co., Ltd* (湖南宇凱房地產有限公司). She is the officer of Public Relations of Hunan XinDaXin Co., Ltd* (湖南新大新股份有限公司).

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.

Save as disclosed above, Ms. Ng does 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 from 8 October 2009. Ms. Ng is entitled to an annual director’s fee of HK\$100,000 and emolument of 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.

Mr. Jason Wan (“Mr. Wan”), formerly known as Wan Xiansheng, aged 47, became an independent non-executive Director of the Company on 19 September 2009. Mr. Wan completed a Doctor of Philosophy (PhD) Degree at Deakin University, Australia. Prior to that, he graduated with a Bachelor of Science at Hunan Agricultural University and a Master of Science in dairy science and processing at Northeast Agricultural University. Mr. Wan was a lecturer in the department of food science and technology at the Northeast Agricultural University, and a visiting scientist at the Food Research Institute at the Department of Agriculture in Victoria, Australia. Mr. Wan was a post-doctoral researcher in the department of biochemistry at the University of Melbourne, a senior research scientist at CSIRO Food Science Australia and a research professor in food microbiology and biotechnology at the Illinois Institute of Technology, USA. Mr. Wan has extensive knowledge and expertise in the areas of processing technologies for food safety, dairy processing and the functionality of various ingredients of dairy products. He has written many articles over the years on various subjects, including microbiology and biotechnology, and continues to develop his expertise in these subjects. Mr. Wan has also received

numerous scholarships and research grants, with the most recent research grants being a PhD scholarship relating to whey proteins and biological properties, as well as a major research grant for research relating to dairy processing.

Save as disclosed above, Mr. Wan 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.

Save as disclosed above, Mr. Wan does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company and he 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. Wan for a term of two years from 8 October 2009. Mr. Wan is entitled to an annual director's fee of HK\$100,000. Mr. Wan's remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

Mr. Qiu Weifa ("Mr. Qiu"), aged 66, became an independent non-executive Director of the Company on 19 September 2009. Mr. Qiu graduated from the Central University of Finance and Economics* (中央財政金融學院) and has senior economist qualifications* (高級經濟師). Mr. Qiu was the vice general manager of the Bank of China (Singapore branch), the alternate general manager of the Bank of Guangdong province (Singapore branch) and the head of branch (行長) of the Bank of China (Hunan province branch). He has over 30 years of experience in the banking sector, holding management positions at various banking institutions.

Save as disclosed above, Mr. Qiu 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.

Save as disclosed above, Mr. Qiu does not have any relationship with other Directors, senior management, substantial or controlling shareholders of the Company and he 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. Qiu for a term of two years from 8 October 2009. Mr. Qiu is entitled to an annual director's fee of HK\$100,000. Mr. Qiu's remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

Save as disclosed herein, there is no information that should be disclosed pursuant to any of the requirements of Rule 13.51(2) of the Listing Rules and there are no other matters relating to the above directors that need to be brought to the attention of the Shareholders.

* For identification purpose 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Ausnutria Dairy Corporation Ltd (the “Company”) will be held at Queensway and Victoria, Level Three, JW Marriott Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Monday, 16 May 2011 at 10:00 a.m. for the following purposes: -

1. To receive and consider the audited consolidated financial statements and the Reports of the directors of the Company (the “Directors”) and of the Auditors for the year ended 31 December 2010;
2. To re-elect directors and to authorise the board of directors (“Board”) to fix their remuneration and emolument;
3. To declare a final dividend of HK\$3 cents per share for the year ended 31 December 2010;
4. To re-appoint Ernst & Young as auditors and to authorise the Board to fix their remuneration;
5. **“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 (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 unconditional 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 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 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).”

6. **“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 unconditional or subject to conditions by ordinary resolution passed at that meeting; or
- (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 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.

7. **“THAT:**

conditional upon the passing of Resolutions 5 and 6 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 6 shall be added to the aggregate nominal amount of the shares which may be issued pursuant to Resolution 5.”

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

Changsha City, China, 13 April 2011

Notes:

1. Any member entitled to attend and vote at the 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 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 11 May 2011 to 16 May 2011 (both dates inclusive) during which period no transfer of shares will be registered. To be qualified to attend the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s 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 9 May 2011.
4. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the 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 are set out in Appendices 2 and 1 to this circular respectively.