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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)

**(1) UPDATE ANNOUNCEMENT IN RELATION TO THE SUBSCRIPTION;
(2) INCREASE IN AUTHORISED SHARE CAPITAL;
(3) AMENDMENTS TO MEMORANDUM OF ASSOCIATION;
AND
(4) DELAY IN DESPATCH OF CIRCULAR**

Reference is made to the announcement of Ausnutria Dairy Corporation Ltd (the “**Company**”) dated 6 April 2018 (the “**Announcement**”) in relation to, among others, the Subscription. Unless the contents otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

THE SUBSCRIPTION

On 22 June 2018, the Company received a letter from the Stock Exchange notifying the Company that its decision to deem the Subscriber a connected person of the Company pursuant to Rule 14A.19 and 14A.20 of the Listing Rules. As such, the Subscription constitutes a connected transaction and is subject to the reporting, announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

An independent board committee (the “**Independent Board Committee**”) will be formed to advise the independent Shareholders who are not interested or involved in the Subscription Agreement and the transactions contemplated thereunder (the “**Independent Shareholders**”) on the terms of the Subscription and an independent financial adviser (the “**IFA**”) will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the Company has an authorised share capital of HK\$150,000,000 divided into 1,500,000,000 Shares of HK\$0.1 each, of which 1,332,250,653 Shares are in issue, representing 88.8% of the authorised share capital of the Company, and there are outstanding share options carrying rights to subscribe for aggregate of 24,571,000 Shares.

In order to accommodate future expansion and growth of the Group and provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary, the Board proposed to increase the authorised share capital of the Company from HK\$150,000,000 divided into 1,500,000,000 Shares to HK\$300,000,000 divided into 3,000,000,000 Shares by creating an additional 1,500,000,000 Shares (the “**Increase in Authorised Share Capital**”). The new Shares shall rank pari passu with each other and with the existing Shares in all respects upon issue. Save for the Shares that are proposed to be issued under the Specific Mandate in respect of the Subscription, the Directors have no present intention of issuing any other new Shares.

The Increase in Authorised Share Capital is subject to the approval by the Shareholders at the EGM.

AMENDMENT TO MEMORANDUM OF ASSOCIATION

In view of the Increase in Authorised Share Capital, the Board proposed to amend the memorandum of association of the Company (the “**Memorandum of Association**”) to reflect the Increase in Authorised Share Capital.

The proposed amendment(s) of Memorandum of Association are subject to the approval by the Shareholders at the EGM.

DELAY IN DESPATCH OF CIRCULAR

As stated in the Announcement, a circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the EGM (the “**Circular**”), was expected to be despatched to the Shareholders on or before 29 June 2018.

Up to the date of this announcement, the Subscriber has substantially completed its due diligence review of the Group’s business, affairs, operations and financial positions, and is not aware of material adverse conditions that will affect the Subscription, the Subscriber will next start its internal and external approval processes according to established procedures. Meanwhile, as additional time is required for the Company to (1) form the Independent Board Committee; (2) appoint the IFA; and (3) finalise the information to be included in the Circular, which contains, among other things, (i) further details of the Subscription; (ii) the proposed Increase in Authorised Share Capital; (iii) proposed amendment(s) to the Memorandum of Association; and (iv) a notice convening the EGM, it is expected that the despatch of the Circular will be postponed to a date on or before 31 August 2018.

By order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

The PRC, 3 July 2018

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; two non-executive Directors, namely Mr. Tsai Chang-Hai and Mr. Zeng Xiaojun; and three independent non-executive Directors, namely Ms. Ho Mei-Yueh, Mr. Jason Wan and Mr. Lau Chun Fai Douglas.