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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)

VOLUNTARY ANNOUNCEMENT CLARIFICATION ON SHORT SELLER REPORTS

Reference is made to the announcements of Ausnutria Dairy Corporation Ltd (the “**Company**”) dated 15 and 16 August 2019 (the “**Announcements**”) in relation to allegations made in a report published by Blue Orca Capital (“**Blue Orca**”) on 15 August 2019 (the “**First Report**”). The Company noted that a further report was published by Blue Orca on 19 August 2019 (the “**Second Report**”, together with the First Report, the “**Short Seller Reports**”) allegedly to rebut the clarifications made by the Company in the Announcements.

The Company is of the view that the “rebuttal” which Blue Orca made in the Second Report are, similar to those stated in the First Report, misleading, biased, selective, inaccurate and incomplete. The Company vigorously denies all the allegations made in the Short Seller Reports. In order to provide shareholders and potential investors of the Company with an independent review concerning the matters as alleged in the Short Seller Reports, on 19 August 2019, the board (the “**Board**”) of directors of the Company (the “**Directors**”) resolved to establish an independent review committee (the “**Independent Review Committee**”), comprising all independent non-executive Directors on a voluntary basis to (i) review the matters as alleged in the Short Seller Reports; (ii) report to the Board on its findings; and (iii) make recommendations to the Board on appropriate actions to be taken. The Independent Review Committee is in the process of engaging independent professional parties, including one of the big four accounting firms, to conduct a review on the matters as alleged in the Short Seller Reports. The Company will update its shareholders and investors the progress and the results of the said review as and when appropriate.

The Company has always been committed to adhere to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and relevant legal requirements, maintain good corporate governance, and promote high level of transparency of the Company. With the aim to maintain effective communications with its stakeholders, the Company has established multiple channels to communicate with stakeholders and the Company has been responding, and will endeavor to, respond to all the enquires raised. The Company welcomes proper scrutiny from shareholders, regulators and other stakeholders over the Company’s business operations, however, any outright malicious attack without merits on the Company and/or its subsidiaries should not be condoned.

It is important for shareholders to be aware that the relevant allegations are the opinions of a short seller whose interests may not be aligned with those of shareholders in general, and that it may be intended specifically to undermine confidence in the Company and its management, and to harm its reputation. Accordingly, shareholders should treat such allegations with caution. The Company reserves its rights to take legal actions against Blue Orca and/or those responsible for the relevant allegations.

The Board considers that the Short Seller Reports contained factual errors, misleading statements and unfounded allegations which may lead to unusual price movement. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

Further announcement(s) will be made by the Company to clarify and address the allegations concerning the Company and/or its subsidiaries raised in the Short Seller Reports in due course.

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

The People's Republic of China, 19 August 2019

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; three non-executive Directors, namely Mr. Shi Liang (Vice-Chairman), Mr. Qiao Baijun and Mr. Tsai Chang-Hai; and three independent non-executive Directors, namely Mr. Jason Wan, Mr. Lau Chun Fai Douglas and Mr. Aidan Maurice Coleman.