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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)

PROPOSED OPEN OFFER OF 113,430,230 OFFER SHARES AT HK\$2.20 PER OFFER SHARE ON THE BASIS OF ONE (1) OFFER SHARE FOR EVERY TEN (10) EXISTING SHARES HELD ON THE RECORD DATE

Financial Adviser to the Company



ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

Underwriter of the Open Offer

Center Laboratories, Inc.

PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$249.55 million (before expenses) by way of an Open Offer involving the issue of 113,430,230 Offer Shares at the Subscription Price of HK\$2.20 per Offer Share on the basis of one (1) Offer Share for every ten (10) existing Shares held by the Qualifying Shareholders on the Record Date.

The Qualifying Shareholders are entitled to apply for any Offer Shares in excess of their own assured entitlements by completing an EAF, but are not assured of being allocated any Offer Shares in excess of their own assured entitlements under the Application Form(s).

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date, which is Tuesday, 17 November 2015, and must not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, the Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 10 November 2015.

The last day of dealings in the Shares on cum-entitlement basis is Friday, 6 November 2015. The Shares will be dealt in on ex-entitlement basis from Monday, 9 November 2015.

The register of members of the Company will be closed from Wednesday, 11 November 2015 to Tuesday, 17 November 2015, both dates inclusive, for the purpose of determining entitlements of Qualifying Shareholders to the Open Offer. No transfer of the Shares will be registered during this period.

The 82,997,798 Offer Shares, being the Underwritten Shares, will be fully underwritten by the Underwriter, subject to the terms and conditions of the Underwriting Agreement.

The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (i.e. without the Application Form(s) and EAF(s)) to the Non-Qualifying Shareholders for information purposes only.

The gross proceeds of the Open Offer (before expenses) are approximately HK\$249.55 million and net proceeds of the Open Offer (after expenses) are estimated to be approximately HK\$248.35 million. The net proceeds from the Open Offer will be used as to the financing the construction of the Group's new production facilities in the Netherlands, repayment of the Group's borrowings in the Netherlands and any potential investment opportunities as may be identified from time to time.

IMPLICATIONS UNDER THE LISTING RULES

Assuming there is no further issue of new Shares or repurchase of Shares on or before the Record Date, the 113,430,230 Offer Shares proposed to be allotted and issued under the Open Offer represent (a) 10.00% of the Company's issued share capital as at the date of this announcement; and (b) approximately 9.09% of the Company's issued share capital as enlarged by the allotment and issue of the Offer Shares immediately after completion of the Open Offer.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the Company (i) within the twelve month period immediately preceding this announcement or (ii) prior to such twelve month period where dealing in respect of the Shares issued pursuant thereto commenced with such twelve month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to the Shareholders as part of such rights issues or open offers, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer itself is not subject to the Shareholders' approval.

As at the date of this announcement, since Center Lab is a Shareholder who, together with its two non-wholly owned subsidiaries, are interested in a total of 448,517,964 Shares, representing approximately 39.54% interest in the Company, and Center Lab is held as to approximately 13.00% by Mr. Lin Jung-Chin (being the executive Director of both the Company and Center Lab), Center Lab is a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. There is no payment of underwriting commission to Center Lab under the Underwriting Agreement.

Pursuant to Rule 14A.92(2) of the Listing Rules, provided that Rule 7.21(2) of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to Center Lab (as Underwriter) pursuant to the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules. As the Company has made arrangement for application of the Offer Shares by the Qualifying Shareholders in excess of their assured entitlements under the Open Offer as referred to in Rule 7.21(1) of the Listing Rules, Rule 7.21(2) of the Listing Rules has been complied with and the allotment and issue of the Underwritten Shares to Center Lab (as Underwriter) pursuant to the Underwriting Agreement will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WARNING OF THE RISK OF DEALING IN THE SHARES AND/OR TAKING UP THE OFFER SHARES

Dealings in the Offer Shares are expected to take place from 9:00 a.m. (Hong Kong time) on Friday, 11 December 2015. Shareholders and potential investors should note that if the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Open Offer will not proceed.

Any Shareholders or other persons contemplating selling or purchasing the Offer Shares who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealings in the Shares up to the date on which all the conditions precedent to the Open Offer are fulfilled (and the date on which the Underwriter' right of termination of the Underwriting Agreement ceases) and any persons dealings in the Offer Shares will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed.

PROPOSED OPEN OFFER

The Company proposes to raise approximately HK\$249.55 million (before expenses) by way of an Open Offer involving the issue of 113,430,230 Offer Shares at the Subscription Price of HK\$2.20 per Offer Share on the basis of one (1) Offer Share for every ten (10) existing Shares held by the Qualifying Shareholders on the Record Date.

On 28 October 2015 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Open Offer. Further details of the Open Offer are set out below:

Issue Statistics

Basis of the Open Offer:	One (1) Offer Share for every ten (10) existing Shares held on the Record Date
Number of Shares in issue as at the date of this announcement:	1,134,302,300 Shares
Subscription Price:	HK\$2.20 per Offer Share
Number of Offer Shares:	113,430,230 Offer Shares
Underwriter:	Center Lab
Funds to be raised before expenses:	HK\$249,546,506
Enlarged issued share capital of the Company upon completion of the Open Offer:	1,247,732,530 Shares

Assuming there is no change to the issued share capital of the Company from the date of this announcement up to the Record Date, the 113,430,230 Offer Shares represent (a) 10.00% of the Company's issued share capital as at the date of this announcement; and (b) approximately 9.09% of the Company's issued share capital as enlarged by the issue of the Offer Shares.

As at the date of this announcement, the Company had no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Subscription Price

The Subscription Price is HK\$2.20 per Offer Share, payable in full upon acceptance of the relevant assured allotment of the Offer Shares and, where applicable, application for excess Offer Shares under the Open Offer.

The Subscription Price of HK\$2.20 per Offer Share represents:

- (a) a premium of approximately 6.28% to the closing price of HK\$2.07 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 1.85% to the average closing price of approximately HK\$2.16 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a premium of approximately 5.77% to the theoretical ex-entitlement price of approximately HK\$2.08 per Share, based on the closing price of HK\$2.07 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (d) a premium of approximately 83.33% to the unaudited consolidated net assets per Share of approximately HK\$1.20 as at 30 June 2015 (based on the Company's unaudited consolidated net assets attributable to owners of the Company of approximately RMB1,120,093,000 (equivalent to approximately HK\$1,366,513,460) as at 30 June 2015 and 1,134,302,300 Shares in issue as at the Last Trading Day).

The Subscription Price was determined after due consideration by the Board with reference to, among others, the prevailing market price of the Shares prior to the Last Trading Day and the net assets value of the Company as at 30 June 2015.

Taking into account the estimated expense in connection with the Open Offer of approximately HK\$1.20 million, the net price per Offer Share is expected to be approximately HK\$2.19, upon full acceptance of the relevant assured allotment of Offer Shares.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (i.e. without the Application Form(s) and EAF(s)) to the Non-Qualifying Shareholders for information purposes only on or about Wednesday, 18 November 2015.

To qualify for the Open Offer, a Shareholder must:

- (a) be registered as a member of the Company at the close of business on the Record Date; and
- (b) not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, the Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. (Hong Kong time) on Tuesday, 10 November 2015.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable.

Shareholders with their Shares held by a nominee (or which are held in CCASS) should note that the Directors will regard the nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Investors whose Shares are registered in the name of a nominee (or which are held in CCASS) should note that the aforesaid arrangement in relation to the allocation of excess Offer Shares will not be extended to them individually. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. Shareholders whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. (Hong Kong time) on Tuesday, 10 November 2015.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 11 November 2015 to Tuesday, 17 November 2015, both dates inclusive, for the purpose of determining entitlements of Qualifying Shareholders to the Open Offer. No transfer of the Shares will be registered during this period.

Rights of the Non-Qualifying Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Overseas Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

In compliance with Rule 13.36(2) of the Listing Rules, the Board will make enquiries, to be based on legal advice, regarding the feasibility of extending the Open Offer to the Overseas Shareholders, if any. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in that place, not to offer the Offer Shares to the Overseas Shareholders, the Open Offer will not be available to the Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Non-Qualifying Shareholders.

The Company will, subject to compliance with the relevant local laws, regulations and requirements, send copies of the Prospectus for information only to such Non-Qualifying Shareholders, but the Company will not send the Application Form(s) and EAF(s) to such Non-Qualifying Shareholders.

Those Qualifying Shareholders who do not take up the Offer Shares in full to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.

Basis of assured allotment

The basis of the assured allotment shall be one (1) Offer Share for every ten (10) existing Shares held on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form(s) and lodging the same with a remittance for the Offer Shares being applied for.

Fractions of the Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of the Offer Shares will be available for excess application by the Qualifying Shareholders. Should there be no excess application by the Qualifying Shareholders, those Offer Shares created from the aggregation of fractions of the Offer Shares will be taken up by the Underwriter.

Status of the Offer Shares

The Offer Shares when allotted, issued and fully paid, will rank *pari passu* in all respects with the then existing Shares in issue. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment of the Offer Shares. Dealings in the Offer Shares will be subject to payment of stamp duty in Hong Kong, Stock Exchange trading fees, Securities and Futures Commission transaction levy and other applicable fees and charges in Hong Kong.

Application for excess Offer Shares

The Offer Shares to which the Non-Qualifying Shareholders would otherwise have been entitled, any assured allotments of the Offer Shares which have not been accepted by the Qualifying Shareholders, and the Offer Shares created by aggregation of fractional Offer Shares, will be available for excess application by the Qualifying Shareholders. The Qualifying Shareholders are entitled to apply for any Offer Shares in excess of their own assured allotments by completing an EAF, but are not assured of being allocated any Offer Shares in excess of their assured allotments under the Application Forms.

The Company will allocate the excess Offer Shares of assured allotment at their discretion on a fair and equitable basis and on a pro-rata basis to excess Offer Shares being applied for under each application. The basis of allocation of such excess Offer Shares will be disclosed in the Prospectus.

However, no preference will be given to topping-up odd lots to whole board lots. Shareholders who have been offered odd lots of the Offer Shares should note that there is no guarantee that such odd lots of the Offer Shares will be topped up to create whole board lots pursuant to applications for excess Offer Shares. Any Offer Shares not applied for by the Qualifying Shareholders and not taken by excess application will be taken up by the Underwriter.

The Application Form and the EAF will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to accept the Offer Shares as shown therein subject to payment in full by the Latest Time for Acceptance. Application may be made only by the Qualifying Shareholders by completing an EAF and lodging the same with a separate remittance for the excess Offer Shares being applied for.

Share certificates for the Offer Shares and refund cheques for the Open Offer

Subject to the fulfillment or waiver (as the case may be) of the conditions of the Open Offer, share certificates for all fully-paid Offer Shares (including the excess Offer Shares) are expected to be posted by ordinary post to the Qualifying Shareholders who have validly accepted and applied for and paid for the Offer Shares at their own risk on or before Thursday, 10 December 2015. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Offer Shares (if any) are expected to be posted on or before Thursday, 10 December 2015 by ordinary post to the applicants at their own risk.

Each successful applicant will receive one share certificate for all the fully-paid Offer Shares allotted and issued to him/her/it.

Application for listing of the Offer Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares.

No part of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

THE UNDERWRITING AGREEMENT

Date: 28 October 2015 (after trading hours)

Issuer: The Company

Underwriter: Center Lab

Number of Shares being underwritten: All Offer Shares (other than those which have been irrevocably undertaken to be subscribed by the Underwriter in its capacity as the controlling Shareholder), being no more than 82,997,798 Offer Shares (assuming no new Shares being issued and there being no buy-back of Shares by the Company on or before the Record Date) which will be fully underwritten by the Underwriter.

Commission and expenses: Under the Underwriting Agreement, Center Lab shall not be entitled to any underwriting commission in respect of its underwriting of the Open Offer. The Company will, by not later than the date of despatch of the share certificates in respect of the Offer Shares, pay and reimburse to the Underwriter all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Open Offer.

As at the date of this announcement, Center Lab is a Shareholder who holds 304,324,321 Shares, representing approximately 26.83% interest in the Company. Center Lab is held as to approximately 13.00% by Mr. Lin Jung-Chin (being the executive Director of both the Company and Center Lab). The ordinary course of business of Center Lab does not include underwriting.

Irrevocable undertakings

Pursuant to the Underwriting Agreement, the Underwriter irrevocably undertakes to the Company:

- (a) it shall not dispose, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement until the announcement of the results of the Open Offer is published;
- (b) to accept its assured entitlements under the Open Offer for an aggregate of 30,432,432 Offer Shares; and
- (c) to lodge the Application Form in respect of its assured entitlements under the Open Offer accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. (both Hong Kong time) on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. (both Hong Kong time) on that day):

- (1) (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or the prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or the prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or the prospects of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or the prospects of the Group as a whole whether or not *ejusdem generis* with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter shall also be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Conditions precedent to the Open Offer and the Underwriting Agreement

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon, among other things,

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus only to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (3) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings on the Stock Exchange;
- (4) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (5) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (6) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (7) the Underwriter having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated therein.

The conditions precedent as set out above (other than condition (5) which can only be waived by the Underwriter) are incapable of being waived. If the conditions precedent are not satisfied and/or waived (as the case may be) in whole or in part by the Company and/or the Underwriter (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches of the Underwriting Agreement.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND/OR TAKING UP THE OFFER SHARES

The Shares will be dealt in on an ex-entitlement basis from Monday, 9 November 2015.

Dealings in the Offer Shares are expected to take place from 9:00 a.m. (Hong Kong time) on Friday, 11 December 2015. If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Open Offer will not proceed.

Any Shareholders or other persons contemplating selling or purchasing the Offer Shares who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions precedent to the Open Offer are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) and any persons dealing in the Offer Shares will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed.

EXPECTED TIMETABLE

The expected timetable for the Open Offer and the associated trading arrangement set out below is indicative only and has been prepared on the assumption that all the conditions set out under the paragraph headed “Conditions precedent to the Open Offer and the Underwriting Agreement” in this announcement will be fulfilled. The expected timetable for the Open Offer and the associated trading arrangement is as follows:

Last day of dealings in Shares on a cum-entitlement basis of the Open Offer	Friday, 6 November 2015
First day of dealings in Shares on an ex-entitlement basis of the Open Offer	Monday, 9 November 2015
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:30 p.m. on Tuesday, 10 November 2015
Register of members of the Company closes (both dates inclusive)	Wednesday, 11 November 2015 to Tuesday, 17 November 2015
Record date	Tuesday, 17 November 2015
Register of members of the Company re-opens	Wednesday, 18 November 2015
Despatch of the Prospectus Documents	Wednesday, 18 November 2015
Latest Time for Acceptance and latest time for payment of Offer Shares and application for excess Offer Shares	4:00 p.m. on Wednesday, 2 December 2015
Latest time for the Open Offer to become unconditional (being the second business day following the Latest Time for Acceptance) and Latest Time for Termination.	4:00 p.m. on Thursday, 3 December 2015
Announcement of the results of the Open Offer	Wednesday, 9 December 2015
Despatch of share certificates for Offer Shares and refund cheques, if any	Thursday, 10 December 2015
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications or if the Open Offer is terminated.	Thursday, 10 December 2015
Expected first day of dealings in Offer Shares commences	9:00 a.m. on Friday, 11 December 2015

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if there is:

- (i) a tropical cyclone warning signal number 8 or above; or
- (ii) a black rainstorm warning

in force in Hong Kong at any local time between 9:00 a.m. and 4:00 p.m. (both Hong Kong time) on Wednesday, 2 December 2015, the Latest Time for Acceptance will be postponed to 4:00 p.m. (Hong Kong time) on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m. (both Hong Kong time).

If the Latest Time for Acceptance does not take place on Wednesday, 2 December 2015, the dates mentioned in the above section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

CHANGES IN SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Open Offer assuming there is no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer (for illustrative purpose only):

Shareholder	As as the date of this announcement		Immediately upon completion of the Open Offer			
			Assuming none of the Offer Shares are taken up by the Qualifying Shareholders		Assuming all of the Offer Shares are taken up by the Qualifying Shareholders	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Center Lab (the Underwriter) (Note 1)	304,324,321	26.83%	417,754,551	33.48%	334,756,753	26.83%
BioEngine Capital Inc. (Note 2)	123,355,375	10.87%	123,355,375	9.89%	135,690,912	10.87%
BioEngine Technology Development Inc. (Note 2)	20,838,268	1.84%	20,838,268	1.67%	22,922,094	1.84%
Sub-total	448,517,964	39.54%	561,948,194	45.04%	493,369,759	39.54%
Parties acting in concert with Center Lab (Others than Center Lab and its subsidiaries) (Note 1)	148,968,161	13.13%	148,968,161	11.94%	163,864,979	13.13%
Sub-total	597,486,125	52.67%	710,916,355	56.98%	657,234,738	52.67%
Dutch Dairy Investments HK Limited (Note 3)	147,459,300	13.00%	147,459,300	11.82%	162,205,230	13.00%
Ausnutria Holdings Co Ltd (Note 4)	86,805,450	7.65%	86,805,450	6.96%	95,485,995	7.65%
Other Shareholders	302,551,425	26.68%	302,551,425	24.24%	332,806,567	26.68%
Total	1,134,302,300	100.00%	1,247,732,530	100.00%	1,247,732,530	100.00%

Notes:

1. As at the date of this announcement, Center Lab, together with parties acting in concert with it, holds 597,486,125 Shares, representing 52.67% of the total issued share capital of the Company. For illustrative purpose only, immediately upon the completion of the Open Offer, Center Lab, together with parties acting in concert with it, will hold (i) 710,916,355 Shares, representing 56.98% of the total issued share capital of the Company (assuming none of the Offer Shares are taken up by the Qualifying Shareholders); or (ii) 657,234,738 Shares, representing 52.67% of the total issued share capital of the Company (assuming all of the Offer Shares are taken up by the Qualifying Shareholders). For details of the parties acting in concert with Center Lab, please refer to the Company's announcement dated 6 August 2015.
2. Both BioEngine Capital Inc. and BioEngine Technology Development Inc. are non-wholly owned subsidiaries of Center Lab.
3. Dutch Dairy Investments HK Limited is non-wholly owned by Mr. Bartle van der Meer, the executive Director and chief executive officer of the Company.
4. Ausnutria Holdings Co Ltd is wholly-owned by Mr. Yan Weibin, the executive Director and chairman of the Company.

Shareholders and public investors should note that the above changes in shareholding structure of the Company are for illustration purpose only and the actual change in the shareholding structure of the Company upon completion of the Open Offer is subject to various factors including, among other things, the results of acceptance of the Open Offer.

REASONS FOR THE OPEN OFFER AND INTENDED USE OF PROCEEDS

The Company acts as an investment holding company of the Group. The Group is principally engaged in the production, marketing and distribution of paediatric milk formula products. The Group is also engaged in the dairy industry in the Netherlands with activities ranging from research and development, milk collection, processing, production, packaging, marketing and sales of dairy products to customers in the Netherlands and other overseas countries.

The gross proceeds of the Open Offer (before expenses) are approximately HK\$249.55 million and net proceeds of the Open Offer (after expenses) are estimated to be approximately HK\$248.35 million. The net proceeds from the Open Offer will be applied as to (i) approximately HK\$130.00 million for the financing the construction of the Group's new production facilities in the Netherlands, (ii) approximately HK\$50.00 million for the repayment of the Group's borrowings in the Netherlands and (iii) approximately HK\$50.00 million for the investment in any potential investment opportunities as may be identified from time to time. The balance of the net proceeds from the Open Offer will be applied as the Group's general working capital.

The Board considers that it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. In addition, the Board believes that the Open Offer will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise.

The Board considers that the Open Offer will give the Qualifying Shareholders the opportunity to maintain their shareholding interests in the Company.

The Directors are of the view that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole. Further, the Directors (including the independent non-executive Directors) consider the terms of the Open Offer, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND-RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any equity fund raising exercise during the past twelve months immediately preceding the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the Company (i) within the twelve month period immediately preceding this announcement or (ii) prior to such twelve month period where dealing in respect of the Shares issued pursuant thereto commenced with such twelve month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to the Shareholders as part of such rights issues or open offers, pursuant to Rule 7.24(5) of the Listing Rules, the Open Offer itself is not subject to the Shareholders' approval.

As at the date of this announcement, since Center Lab is a Shareholder who, together with its two non-wholly owned subsidiaries, are interested in a total of 448,517,964 Shares, representing approximately 39.54% interest in the Company, and Center Lab is held as to approximately 13.00% by Mr. Lin Jung-Chin (being the executive Director of both the Company and Center Lab), Center Lab is a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. There is no payment of underwriting commission to Center Lab under the Underwriting Agreement.

Pursuant to Rule 14A.92(2) of the Listing Rules, provided that Rule 7.21(2) of the Listing Rules has been complied with, the allotment and issue of the Underwritten Shares to Center Lab (as Underwriter) pursuant to the Underwriting Agreement will be exempted from the reporting, announcement and independent shareholders' approval requirements of Chapter 14A of the Listing Rules. As the Company has made arrangement for application of the Offer Shares by the Qualifying Shareholders in excess of their assured entitlements under the Open Offer as referred to in Rule 7.21(1) of the Listing Rules, Rule 7.21(2) of the Listing Rules has been complied with and the allotment and issue of the Underwritten Shares to Center Lab (as Underwriter) pursuant to the Underwriting Agreement will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Lin Jung-Chin has material interest in the Underwriting Agreement and the transactions contemplated thereunder, he had abstained from voting on the resolutions of the Board to approve the Underwriting Agreement and the transactions contemplated thereunder.

DEFINITIONS

“acting in concert”	has the meaning ascribed thereto under the Hong Kong Code on Takeovers and Mergers
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders to apply for the Offer Shares for their Shareholders' assured entitlement under the Open Offer in the agreed form
“associates”	has the meaning ascribed thereto under the Listing Rules

“Board”	the board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone warning signal number 8 or above or black rainstorm warning is hoisted in Hong Kong between 9:00 a.m. to 4:00 p.m. (both Hong Kong time)) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Center Lab” or “Underwriter”	Center Laboratories, Inc., a company incorporated in Taiwan with limited liability and the shares of which are listed on Taiwan’s GreTai Securities Market and a controlling shareholder of the Company
“Company”	Ausnutria Dairy Corporation Ltd (Stock code: 1717), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders, pursuant to which the Qualifying Shareholders may apply for the Offer Shares in excess of such Shareholders’ assured entitlement under the Open Offer in the agreed form
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	28 October 2015, being the last trading day of the Shares prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. (Hong Kong time) on 2 December 2015 or such later date as the Company and the Underwriter may agree as the latest time for acceptance of the application and payment for the Offer Shares and application and payment for the excess Offer Shares

“Latest Time for Termination”	4:00 p.m. (Hong Kong time) on the second business day following (but excluding) the Latest Time for Acceptance, i.e. 3 December 2015 or such later time or date as may be agreed in writing between the Underwriter and the Company, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Offer Shares where, in the opinion of the Board (having made relevant and necessary enquiries), it would or might be unlawful or impracticable to offer the Offer Shares in such places on account of any legal or regulatory restrictions or special formalities in such places
“Offer Shares”	113,430,230 new Shares to be issued pursuant to the Open Offer
“Open Offer”	the proposed issue of Offer Shares on the basis of one (1) Offer Share for every ten (10) existing Shares held by the Qualifying Shareholders held on the Record Date at the Subscription Price, pursuant to the terms and subject to the conditions of the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholders with registered addresses as shown in the register of members of the Company on the Record Date which are outside of Hong Kong
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form(s) and the EAF(s)
“Prospectus Posting Date”	18 November 2015 or such other date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Non-Qualifying Shareholders, to the extent legally and practically permissible
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	17 November 2015 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer

“Registrar”	Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$2.20 per Offer Share
“Underwriting Agreement”	the underwriting agreement dated 28 October 2015 entered into between the Company and the Underwriter in relation to the underwriting of the Underwritten Shares and other arrangements in respect of the Open Offer
“Underwritten Shares”	the total number of Offer Shares underwritten by the Underwriter pursuant to terms of the Underwriting Agreement, being 82,997,798 Offer Shares
“%”	per cent

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

Changsha City, the PRC, 28 October 2015

For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.22 has been used for currency conversion. This is for the purpose of illustration only and does not constitute a representation that any amounts in RMB and HK\$ have been, could have been or may be converted at such rate or any other exchange rate.

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Lin Jung-Chin, Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; and three independent non-executive Directors, namely Mr. Qiu Weifa, Mr. Jason Wan and Mr. Lau Chun Fai Douglas.