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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)

UPDATE ANNOUNCEMENT IN RELATION TO THE SUBSCRIPTION AND DELAY IN DESPATCH OF CIRCULAR

Reference is made to the announcements of Ausnutria Dairy Corporation Ltd (the “**Company**”) dated 6 April 2018 and 3 July 2018 (the “**Announcements**”) in relation to, among others, the Subscription. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE SUBSCRIPTION

Extension of Long Stop Date

As disclosed in the Announcements, completion of the Subscription is conditional upon the fulfillment and/or waiver (if applicable) of the conditions precedent set out in the Subscription Agreement (the “**Conditions Precedent**”) on or before 4 October 2018, being the Long Stop Date, or such other date as may be agreed by the Company and the Subscriber in writing.

As at the date of this announcement, the Company has been notified by the Subscriber that (1) the Subscriber is satisfied with the results of the due diligence review of the business, affairs, operations and financial position of the Group; and (2) the Subscriber’s relevant investment approval bodies have approved the Subscription and the execution and performance of the Subscription Agreement. Accordingly, conditions (i) and (iv) to the Subscription (details of which are set out in the section headed “Conditions precedent” of the Company’s announcement dated 6 April 2018) have been fulfilled.

As additional time is required for the fulfillment of the remaining Conditions Precedent, including but not limited to the granting of approvals by the Australian Foreign Investment Review Board and the State Administration of Foreign Exchange in the PRC, the Company and the Subscriber entered into a deed of amendment in relation to the Subscription Agreement on 31 August 2018, pursuant to which the parties have agreed to, *inter alia*, extend the Long Stop Date to 31 October 2018 or such other date as the Company and the Subscriber may agree in writing. Save as disclosed above, all the terms and conditions of the Subscription Agreement remain unchanged and continue in full force and effect.

Nomination of the Subscriber Nominee

Subsequent to the entering into of the Subscription Agreement, the Subscriber introduced a number of reputable investors, including but not limited to several state-owned and sound enterprises in the PRC, which will further strengthen the Company's shareholders profile. On 20 August 2018, the Subscriber notified the Company that it will nominate a designated nominee (the "**Subscriber Nominee**") for taking up the Subscription Shares in accordance with the terms of the Subscription Agreement.

The Subscriber Nominee, which is principally engaged in investment holding, is a special purpose vehicle jointly established by 長沙鯤信信澳股權投資合夥企業(有限合伙) (Changsha Kunxin Xin' Ao Investment L.P.*) ("**Fund A**"), Easter Fund LP ("**Fund B**") and Easter Fund II LP ("**Fund C**") (collectively, the "**Funds**"). Each of the Funds is a limited partnership with the Subscriber (or through its wholly-owned subsidiary) being the sole general partner and the fund manager. As such, the Subscriber is vested exclusively with the overall control (as a general partner) and is also responsible for managing the day-to-day affairs (as the fund manager) of each of the Funds.

As at the date of this announcement, the Subscriber Nominee is owned as to approximately 53%, 17% and 30% by Fund A, Fund B and Fund C respectively. Upon the completion of the Subscription and the Transfer, the Subscriber Nominee will be interested in 379,000,000 Shares, representing approximately 24% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares. Accordingly, Fund A, Fund B and Fund C will be beneficially interested in 198,671,800 Shares, 65,036,400 Shares and 115,291,800 Shares, representing approximately 13%, 4% and 7% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares respectively.

DELAY IN DESPATCH OF CIRCULAR

As stated in the Announcements, the Circular containing, among other things, (i) further details of the Subscription; (ii) proposed Increase in Authorised Share Capital; (iii) proposed amendment(s) to the Memorandum of Association; and (iv) a notice convening the EGM was expected to be despatched to the Shareholders on or before 31 August 2018.

In view of the current status, it is expected that additional time is needed for the Company to finalise certain information in the Circular, and that the despatch of the Circular will be further postponed to a date on or before 21 September 2018.

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

The PRC, 31 August 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.

* For identification purpose only