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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 IN RELATION TO

- (1) UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS;**
- (2) UPDATES ON THE GROUP'S FINANCIAL PERFORMANCE;**
- (3) SHARE REPURCHASE; AND**
- (4) PROGRESS OF THE INDEPENDENT REVIEW**

This announcement is made by Ausnutria Dairy Corporation Ltd (the “**Company**”, together with its subsidiary, the “**Group**”) on a voluntary basis.

UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has noted the unusual fluctuation in the price and trading volume of the shares of the Company (the “**Shares**”) today. Having made such enquiry with respect to the Company as may be reasonable in the circumstances, the Board confirms that, it is not aware of any reasons for such fluctuation in the price and trading volume of the Shares or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

UPDATES ON FINANCIAL PERFORMANCE OF THE GROUP

The Board confirms that, the Group's financial and operating position remain positive as at the date of this announcement, and the Group's revenue growth in the past few years is expected to continue for the three months ended 30 September 2019. Such growth is mainly contributed by the Group's own-branded formula milk powder products, which is its major segment. Based on information currently available, the Board expects that sales of the Group's own-branded formula milk powder products for the three months ended 30 September 2019 will increase by more than 30% when compared with that for the three months ended 30 September 2018.

Having made such enquiry with respect to the Company as may be reasonable in the circumstances, the Board confirms that, it is not aware of any material adverse information in relation to the Group's financial or operating position that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The financial results of the Group for the nine months ended 30 September 2019, together with the comparative figures for the nine months ended 30 September 2018, will be published in the Company's forthcoming quarterly results announcement in mid-November 2019.

SHARE REPURCHASE

The Board is pleased to announce that it has resolved to conduct repurchase of Shares (the "**Share Repurchase**") in the open market from time to time at an initial aggregate consideration of HK\$100 million. Depending on market conditions, the Board may resolve to further increase the scale of the Share Repurchase as and when considered appropriate.

Pursuant to the resolutions of the shareholders of the Company (the "**Shareholders**") passed on 14 May 2019, a general mandate (the "**Share Repurchase Mandate**") was approved for the Directors to repurchase the Shares not exceeding in aggregate 159,558,204 Shares, being 10% of the total number of the issued Shares as at the date of passing of the relevant resolution granting the Share Repurchase Mandate. Details of the Shares Repurchase Mandate are set out in the circular of the Company dated 4 April 2019.

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the repurchase price of each Share shall not be more than 5% higher than the average closing market price for the Shares over the 5 trading days immediately preceding each repurchase. The Company intends to finance the Share Repurchase by its own resources while maintaining sufficient financial resources for the continued growth of the Group's operations.

The Board believes that a share repurchase in the present conditions will demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders. The Board believes that the current financial resources of the Company would enable it to implement the Share Repurchase while maintaining a solid financial position.

The Company will conduct the Share Repurchase pursuant to the Share Repurchase Mandate and in compliance with the memorandum of association of the Company, the Listing Rules, The Codes on Takeovers and Mergers and Share Buy-backs and all other applicable laws and regulations.

Shareholders and potential investors should note that any purchase of Shares made by the Company under the Share Repurchase will be subject to market conditions and will be at absolute discretion of the management of the Company. There is no assurance of the timing, quantity or price of any share repurchases or whether or not the Company will make any repurchases. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

PROGRESS OF THE INDEPENDENT REVIEW

As at the date of this announcement, Phase 2 of the Independent Review (as defined in the Company's announcement dated 16 September 2019) is being conducted as scheduled. Based on the current progress of the Independent Review, Phase 2 of the Independent Review is expected to be completed in October 2019. The IRC (as defined in the Company's announcement dated 16 September 2019) will review the findings of the Independent Review upon completion of Phase 2 and accordingly make recommendations, if any, to the Board on appropriate actions to be taken. Further announcement(s) will be made by the Company to update the Shareholders and potential investors the progress and key findings of Phase 2 of the Independent Review in due course.

This announcement is made by the order of the Board. The Directors collectively and individually accepts responsibility for the accuracy of this announcement.

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

The PRC, 26 September 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.