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Huishan

CHINA HUIZHAN DAIRY HOLDINGS COMPANY LIMITED

中國輝山乳業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 06863)

**VOLUNTARY ANNOUNCEMENT
FINANCE LEASE ARRANGEMENT**

The board of directors (“**Directors**”) of China Huishan Dairy Holdings Company Limited (the “**Company**”, together with its subsidiaries the “**Group**”) is pleased to announce that on 17 March 2017, Liaoning Huishan Dairy Group Heng Feng Dairy Farm Limited* (遼寧輝山乳業集團恒豐牧業有限公司) (“**Huishan Hengfeng**”) and Huishan Dairy (China) Co., Ltd. (輝山乳業(中國)有限公司), both being wholly-owned subsidiaries of the Company (together hereinafter referred to as “**Huishan China Group**”) as the vendors and lessees, entered into finance lease agreements (the “**Finance Lease Agreements**”) with Xuzhou Hengxin Financial Leasing Co., Ltd. (徐州恒鑫金融租賃股份有限公司) as the purchaser and lessor (“**Lessor**”).

In accordance with the Finance Lease Agreements, Huishan China Group sold certain of its property, plant and equipment (the “**Leased Assets**”) to the Lessor for an aggregate cash consideration of RMB250 million (approximately HK\$280 million) and the Lessor leased back the Leased Assets to Huishan China Group for a period of 36 months. The interest payable under the finance lease arrangements is at the initial rate of 6% per annum and shall be included in the regular instalments paid to the Lessor under the Finance Lease Agreements. The payment obligations of Huishan China Group under the Finance Lease Agreements are guaranteed by the Company in favour of the Lessor as well as secured by the Group pledging its 100% entire equity interest in Huishan Hengfeng in favour of the Lessor.

For illustrative purpose only, the exchange rate of RMB1:HK\$1.1278 has been used in this announcement. No representation is made that any amounts in RMB can be converted to HK\$ at the above rate or at all.

By order of the Board
China Huishan Dairy Holdings Company Limited
Michael Chou
Company Secretary

Hong Kong, 17 March 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Yang Kai, Ms. Ge Kun, Mr. So Wing Hoi, Mr. Xu Guangyi and Mr. Kwok Hok Yin as executive Directors; Mr. Li Kar Cheung as a non-executive Director; Mr. Song Kungang, Mr. Gu Ruixia, Mr. Tsui Kei Pang and Mr. Kan Yu Leung Peter as independent non-executive Directors.