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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)**

### **UPDATE ANNOUNCEMENT**

- The Company has received from banks a letter alleging non-compliance with certain covenants in the Facility Agreement and who have therefore declared events of default under such Facility agreement.
- Court order obtained in Shanghai to freeze equity interests in six of the Company's wholly-owned subsidiaries in the PRC.

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Huishan Dairy Holdings Company Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

### **ALLEGED NON-COMPLIANCE WITH COVENANTS OF FACILITY AGREEMENT**

On 7 April 2017, the Company received a letter from The Hongkong and Shanghai Banking Corporation Limited as the agent for the finance parties of a US\$200,000,000 (approximately HK\$1,560,000,000) dual tranche facility under a facility agreement (the “**Facility Agreement**”), details of which are set out in the Company's announcement dated 26 October 2015. The letter alleged that there is non-compliance with certain of the covenants in the Facility Agreement and has therefore called events of default under the Facility Agreement. As at the date of this announcement, the principal amount outstanding for the US\$ tranche is US\$180,000,000 (approximately HK\$1,404,000,000) and for the HK\$ tranche is HK\$156,000,000.

The Company is taking legal advice in connection with the above.

## **COURT ORDER TO FREEZE EQUITY INTERESTS IN CERTAIN SUBSIDIARIES**

During the course of last week and up to 5:00 p.m. on the date of this announcement, the Group notes court documents whereby 歌斐資產管理有限公司 (Gopher Asset Management Co., Ltd, hereinafter referred to as “**Gopher**”) had made an application to the Shanghai courts to freeze assets of the Company, Huishan Dairy (China) Co., Ltd.\* (輝山乳業(中國)有限公司), Liaoning Huishan Dairy Group (Shenyang) Co., Ltd.\* (遼寧輝山乳業集團(瀋陽)有限公司), Mr. Yang Kai and his wife in the amount of the liability allegedly owed to it (being RMB546,067,382.89). These proceedings in Shanghai have been commenced by the same creditor referred to in the Company’s announcement dated 31 March 2017 in respect of the same underlying claim. In principle, the Shanghai courts have ruled that cash assets or that of equivalent value of the entities mentioned above that are the subjects of such application in an aggregate amount of RMB546,067,382.89 be frozen. Under the laws of the People’s Republic of China, such order needs to be followed up with specific attachment orders in order to have effect and the Group has noted specific attachment orders restricting it from disposing of the equity interests as set out below:

<b>Name of company whose registered capital is affected</b>	<b>Amount of registered capital subject to freezing order (RMB/US\$) (HK\$ equivalent)</b>
Liaoning Huishan Dairy Group Co., Ltd.* (遼寧輝山乳業集團有限公司)	US\$240,000,000 (approximately HK\$1,872,000,000)
Huishan Dairy (Shenyang) Sales Co., Ltd.* (輝山乳業(瀋陽)銷售有限公司)	RMB1,620,000,000 (approximately HK\$1,822,824,000)
Huishan Industrial Development (Liaoning) Co., Ltd.* (輝山實業發展(遼寧)有限公司)	RMB100,000,000 (approximately HK\$112,520,000)
Huishan New Energy Technology (Liaoning) Co., Ltd.* (輝山新能源科技(遼寧)有限公司)	RMB100,000,000 (approximately HK\$112,520,000)
Huishan (Shanghai) International Trade Co., Ltd.* (輝山(上海)國際貿易有限公司)	RMB300,000,000 (approximately HK\$337,560,000)
Huishan (Shanghai) Finance Lease Co., Ltd.* (輝山(上海)融資租賃有限公司)	RMB170,000,000 (approximately HK\$191,284,000)

The Company is not aware of any other of the Group’s assets having been frozen as a result of the Shanghai court order.

The Company is taking legal advice in connection with the above.

## **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been halted with effect from 1:00 p.m. on 24 March 2017. Until such time as the Board has been able to ascertain an updated position of the Company's financial position, the suspension will remain in place.

*For illustration purposes only, US\$ has been converted into HK\$ at US\$1 to HK\$7.8 and RMB has been converted to HK\$ at RMB1 to HK\$1.1252.*

By Order of the Board  
**China Huishan Dairy Holdings Company Limited**  
**Yang Kai**  
*Chairman*

Shenyang, 10 April 2017

*As at the date of this announcement, the Board comprises Mr. Yang Kai, Ms. Ge Kun, Mr. So Wing Hoi and Mr. Kwok Hok Yin as executive Directors.*

\* *for identification purposes only*