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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

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 on The Stock Exchange of Hong Kong Limited 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).

At a meeting held on 15 November 2017, the Board considered the combined financial position presented to it in respect of the Company’s subsidiaries in the People’s Republic of China (“**PRC**”). The Board has come to a view that, based on such financial information (which is subject only to certain agreed upon procedures with the advisers engaged by the Group and is not an audit or a review), the combined net liabilities of such subsidiaries in the PRC as at 31 March 2017 could have been RMB10,500,000,000. In view of this, the Board has instructed the Cayman legal advisors of the Company to prepare the relevant documentation to place the Company into provisional liquidation. Such steps will take into account, as far as possible, options available to the Company to preserve the assets of the Group. Given that most of its assets are held through its subsidiaries in the PRC, any debt restructuring of those assets and liabilities would be subject to PRC law.

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

Shenyang, 16 November 2017

As at the date of this announcement, the board of directors of the Company comprises Mr. Yang Kai as an executive Director; Mr. Chu Kin Wang Peleus, Mr. Cheung Ngai Lam and Mr. Chung Wai Man as independent non-executive Directors.