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**CHINA HUIZHAN DAIRY HOLDINGS COMPANY LIMITED
(PROVISIONAL LIQUIDATORS APPOINTED)**

**中國輝山乳業控股有限公司
(已委任臨時清盤人)**

*(Incorporated in Cayman Islands with limited liability)
(Stock code: 06863)*

UPDATE ON SUSPENSION OF TRADING

Reference is made to the announcements of China Huishan Dairy Holdings Company Limited (Provisional Liquidators Appointed) (the "**Company**", together with its subsidiaries, the "**Group**") (i) dated 28 November 2017 and 27 December 2017 regarding the appointment of bankruptcy administrators to two PRC-incorporated subsidiaries of the Company; (ii) dated 27 March 2018 regarding the placing of the Company into the first delisting stage and the conditions for resumption of trading in its shares imposed on the Company by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); and (iii) dated 31 May 2018 regarding updates on suspension of trading (collectively the "**Announcements**"). Unless the context otherwise requires, the capitalised terms used herein shall have the same meanings as defined in the Announcements.

UPDATE ON BUSINESS OPERATIONS OF THE GROUP

The Group's principal business activities were planting and growing alfalfa grass and other feed crops, processing feeds, breeding dairy cows and producing and selling raw milk, manufacturing and selling dairy products. The business operations of the Group were mainly carried out in PRC.

As mentioned in the announcements of the Company dated 28 November 2017 and 27 December 2017, Administrators were appointed over two PRC Subsidiaries of the Company. Following a request of the Administrators, the Local Court in the PRC ordered that the administrations of 83 PRC subsidiaries be administered on a consolidated basis. According to the report dated 6 July 2018 from the Administrators, the operations of the 83 PRC subsidiaries are managed by the PRC management, under the overall supervision of the Administrators. The PRC management advised that, as of July 2018, the operation of those PRC subsidiaries and the sales network in Northeast China have been stabilized.

UPDATE ON RESUMPTION CONDITIONS

Reference is made to the Company's announcements dated 27 March 2018 and 31 May 2018, where among other things, it was stated that the Joint Provisional Liquidators had been in exploratory discussion with various parties regarding the possibility of a restructuring of the Company and/or its subsidiaries and regarding options available to the Company in formulating a viable resumption proposal. The aforesaid process is continuing and further announcements will be made by the Company as and when appropriate.

CONTINUED SUSPENSION OF TRADING

Reference is made to the Company's announcement dated 8 May 2017, which stated, among other things, that on 8 May 2017 the Company had received notice ("**Notice**") from the Securities and Futures Commission ("**SFC**") that the SFC had exercised its power under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules ("**SFC Rules**") to direct the Stock Exchange to suspend trading in the shares of the Company with effect from 9:00 a.m. on 8 May 2017.

In the Notice dated 8 May 2017, the SFC made it clear that it had concerns at the time regarding the then state of the Company and how the Company was managing that. The SFC explained in the Notice that its concerns arose because at the time of the Notice:

- It appeared to the SFC that the Company was on the verge of default;
- The Company had failed to inform the market of its then latest liquidity position (which information is important to shareholders and prospective investors in assessing the prospects for the Company and for them to make informed investment decisions); and
- The ability of the Company to keep the market properly informed as required by Part XIVA of the Securities and Futures Ordinance (Cap 571) and as also required by the Listing Rules, depended on the proper functioning of the Board of the Company and on the maintenance of adequate systems and controls within the Company, and both of these appeared to the SFC at the time to be seriously impaired.

For the above reasons, the SFC considered it necessary on 8 May 2017 to issue a direction under Rule 8(1) of the SFC Rules to suspend trading in the shares of the Company on the basis that it was in the interest of the investing public or in the public interest and that it was appropriate for the protection of investors generally. At the request of the Company, trading in the Shares of the Company on the Stock Exchange had been suspended with effect from 1:00 p.m. on 24 March 2017.

Trading in the shares of the Company will remain suspended until further notice and until full satisfaction of the resumption conditions mentioned in the announcement of the Company dated 27 March 2018 and any other further conditions or modifications to the existing conditions that may be imposed by the Stock Exchange.

For and on behalf of
China Huishan Dairy Holdings Company Limited
(Provisional Liquidators Appointed)
Lai Kar Yan (Derek)
Yeung Lui Ming (Edmund)
Stuart Sybersma
Joint Provisional Liquidators

Hong Kong, 6 August 2018

As at the date of this announcement, the board of directors of the Company comprises Mr. Yang Kai as an executive director and Mr. Chung Wai Man as an independent non-executive director.