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NATURAL DAIRY (NZ) HOLDINGS LIMITED
(In Provisional Liquidation)

天然乳品(新西蘭)控股有限公司 (臨時清盤中)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0462)

**DECISION OF THE STOCK EXCHANGE ON
CANCELLATION OF LISTING
AND
QUARTERLY UPDATE ON STATUS OF RESUMPTION**

Financial Adviser to the Company



馮銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

This announcement is made by Natural Dairy (NZ) Holdings Limited (In Provisional Liquidation) (the “**Company**”) pursuant to Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Reference is made to the announcements of the Company dated 1 August 2018, 2 November 2018, 24 December 2018, 1 February 2019, 30 April 2019, 31 July 2019 and 31 October 2019 (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless otherwise specified.

PRE-NEW LISTING APPLICATION

During the course of preparing the New Listing Application, the Target Company noted that its controlling shareholder (the “**Controlling Shareholder**”) assisted in the investigation of a bribery case concerning a government official in 2010 which may cause concern as to whether the Controlling Shareholder is suitable to serve as a director of the Company pursuant to Rule 3.08 and 3.09 of the Listing Rules and whether the Company is able to satisfy the requirements under Rule 8.04 of the Listing Rules. Pursuant to the Stock Exchange’s guidance letter GL68-13, the Target Company submitted a Pre-New Listing Application Enquiry to seek the Stock Exchange’s guidance on 4 June 2019.

On 4 July 2019, the Stock Exchange replied to the Target Company that there is a concern over the Controlling Shareholder’s honesty and integrity, and he is not considered to be suitable to serve as a director of a listed company and that the Target Company would not be considered suitable for listing.

On 6 August 2019, the Target Company submitted a reply providing further information and arguments, which was also rejected by the Stock Exchange.

In response, the Target Company engaged a Senior Counsel to provide further arguments to the Stock Exchange. The Senior Counsel submitted that the Stock Exchange’s proposed decision to refuse the proposed New Listing Application and to cancel the listing of the Company constituted a misapplication of the legal principals concerning director’s fitness and in assessing the Controlling Shareholder’s suitability to act as a director of a listed company.

In addition, the Company made the following requests to the Stock Exchange (the “**Company’s Requests**”) in its reply:

- (i) provide written reasons for the Listing Department’s recommendation to the Listing Committee 14 days in advance of the meeting of the Listing Committee; and
- (ii) an oral hearing before the Listing Committee in respect of the cancellation of the Company’s listing, with legal representation by Senior Counsel.

LISTING DEPARTMENT RECOMMENDATION

On 20 January 2020, the Listing Department informed the Company that it would recommend the Listing Committee to cancel the listing of the Company on 23 January 2020 under Practice Note 17 of the Listing Rules (“**Listing Department’s Recommendation**”).

The Company finds it shocking that the Listing Department has ignored the Company's Requests and the position taken by them is a blatant abuse of process.

The hearing by the Listing Committee of the Listing Department's presentation of its report without permitting the Company to make "effective" representations is in breach of one of the most fundamental rules of natural justice. It denied the Company an opportunity to make "worthwhile representations", or "effective representations", which is an important requirement of fairness in most if not all situations when important decisions are made by a public body against another party.

On 22 January 2020, in view of the dismissive behaviour of the Listing Department, the Company's financial advisor wrote another letter to the Stock Exchange and demanded again to read the reasons of the Listing Department's Recommendation, to be present in the Listing Committee and make written or oral submission to the Listing Committee. The Company also demanded the Listing Department not to present our case to the Listing Committee unless these requests are met (the "**Company's Demands**").

LISTING COMMITTEE'S DECISION

Despite the Company's opposition, the Company was informed that on 30 January 2020, the Listing Committee had decided to reject the Company's Demands and cancel the Company's listing ("**Listing Committee's Decision**").

In arriving at the decision to reject the Company's Demands, the Listing Committee considered that:

- (i) under the Listing Rules, the Listing Committee has reserved to itself the power to decide whether to cancel the listing of a listed issuer, and may regulate its meeting(s) in such manner as it thinks fit;
- (ii) the matter will be considered and decided at this stage by the Listing Committee administratively; the process is not adversarial and the Listing Committee will not convene an oral hearing. The Listing Committee is not required under the Listing Rules to allow a listed issuer to attend the meeting at which the issuer's cancellation of listing is being considered and decided. Nor does the issuer have the right to attend the meeting;

- (iii) the Company will be informed of the Listing Committee's decision by a decision letter. The Company may then request written reasons from the Listing Committee for the decision (if not set out in the decision letter) under Rule 2B.13(1). Under Rule 2B.17(1)(b), if an issuer subject to PN17 is not satisfied with the Listing Committee's decision, it is entitled to two levels of review (i.e. a first review by the Listing (Review) Committee and a further and final review by the Listing Appeals Committee). The Company is entitled to attend the hearing and make written and oral submissions to the Listing (Review) Committee and the Listing Appeals Committee; and
- (iv) Listing Department's recommendation to the Listing Committee is not a decision to cancel the Company's listing. At the current stage, the Listing Rules do not provide the Company with a right to receive the written reasons for the Listing Department Recommendation or to require an oral hearing before the Listing Committee.

In arriving the decision to cancel the Company's listing, the Listing Committee considered that the third (final) delisting stage under Practice Note 17 to the Listing Rules already expired on 12 June 2018. Pursuant to the letter from the Stock Exchange on 21 December 2018, if the Company fails to submit the new listing application concerning the resumption proposal (but not any other proposal) by 28 June 2019 or the resumption proposal fails to proceed for any reasons, the Stock Exchange will cancel the Company's listing. Since the Company would not be considered to be suitable for listing under Rule 8.04 of the Listing Rules if it proceeds with the new listing application, the Listing Committee considers that the resumption proposal is no longer a viable resumption proposal for the Company. In these circumstances, the Listing Committee had decided to cancel the Company's listing.

Unless the Company applies for review of the Listing Committee's decision to cancel the Company's listing, the last day of listing of the Company's shares will be 13 February 2020 and the listing of its shares will be cancelled with effect from 9:00 a.m. on 14 February 2020.

THE COMPANY'S VIEW ON THE LISTING COMMITTEE'S ABUSE

The Company is of the view that the conduct of the Listing Department and the Listing Committee showed a complete and total disregard for a fair process and was grossly unfair to the Company.

It was unfair and inequitable because the matter considered at the Listing Committee hearing is the single most important one affecting the welfare of all shareholders (and creditors) of the Company – cancellation of listing. The Company is of the view that, whenever members of the Listing Committee meet to make a decision on a matter that has severe consequence to an issuer, the issuer shall have the right to be present and to make representation, whether the Listing Committee meeting was to make such decision based on the recommendation of the Listing Department or not.

The Company was denied of such basic right to (i) make written submission to the Listing Committee; (ii) receive a copy of the recommendation / submission that the Listing Department made to the Listing Committee; (iii) be present at the Listing Committee hearing; and (iv) make oral submissions to the Listing Committee members.

The Company is seeking legal advice from Senior Counsel on possible remedies against the Listing Committee.

REVIEW OF LISTING COMMITTEE DECISION

Without prejudice to the Company's right to file a complaint against and/or to review the procedural unfairness in handling its case, the Company has made a formal request to the Stock Exchange for a review of the Listing Committee's decision by the Listing (Review) Committee.

Save for the above, there is no further update on the Company's business operations, progress of implementing the Resumption Proposal or progress of satisfying the resumption conditions.

The Company shall publish further announcement(s) regarding the transactions and arrangements under the Resumption Proposal in compliance with the Listing Rules, or any update on the development of the Company as and when appropriate.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares on the Main Board of the Stock Exchange has been suspended with effect from 9:33 a.m. on 7 September 2010 and will remain suspended until further notice and full satisfaction of the resumption conditions and such other further conditions that may be imposed by the Stock Exchange.

The transactions contemplated under the Restructuring Agreement and the Resumption Proposal, including the Acquisition, are subject to a number of conditions precedent which may or may not be satisfied. Accordingly, the transactions contemplated under the Restructuring Agreement and the Resumption Proposal may or may not proceed.

The publication of this announcement does not indicate that the Resumption Proposal will be completed, nor does it indicate any decision or conclusion from the Stock Exchange or warrant any approval from the Stock Exchange on the resumption of trading in the Shares. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares or securities of the Company.

For and on behalf of
Natural Dairy (NZ) Holdings Limited
(In Provisional Liquidation)
Yat Kit Jong
Simon Conway
Joint Provisional Liquidators
Acting as agents without personal
liability

Hong Kong, 7 February 2020

As at the date of this announcement, the Board comprises four executive directors, being Mr. Liu Nanguang (Chairman), Mr. Chan Wai, Mr. Lin Bin and Dr. Chew Chee Wah, and three independent non-executive directors, being Mr. Zhang Jianhong, Ms. Fu ZhiFan and Mr. Tam Tsz Ming