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**HONGKONG JINGANG TRADE HOLDING CO., LIMITED**  
香港金港商貿控股有限公司

*(Incorporated in Hong Kong with limited liability)*



**AUSNUTRIA DAIRY CORPORATION LTD**  
澳優乳業股份有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock code: 1717)

### **JOINT ANNOUNCEMENT**

- (1) THE SHARE PURCHASE AGREEMENT;**  
**(2) CONNECTED TRANSACTION IN RELATION TO SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;**  
**(3) POSSIBLE MANDATORY CONDITIONAL CASH OFFERS BY CLSA LIMITED FOR AND ON BEHALF OF HONGKONG JINGANG TRADE HOLDING CO., LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF AUSNUTRIA DAIRY CORPORATION LTD (OTHER THAN THOSE ALREADY OWNED BY AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR THE PARTIES ACTING IN CONCERT WITH IT) AND FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF AUSNUTRIA DAIRY CORPORATION LTD;**  
**AND**  
**(4) RESUMPTION OF TRADING**

Exclusive financial adviser to  
Hongkong Jingang Trade Holding Co., Ltd



Sole financial adviser to  
Ausnutria Dairy Corporation Ltd



## **THE SHARE PURCHASE AGREEMENT**

The Company was informed by the Vendors that, on 27 October 2021 (after trading hours), the Offeror and the Vendor Group entered into the Share Purchase Agreement. Pursuant to the Share Purchase Agreement, the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being an aggregate of 530,824,763 Shares, representing approximately 30.89% of the entire issued share capital of the Company as at the date of this joint announcement, for a total consideration of HK\$5,340,097,116 (representing HK\$10.06 per Sale Share).

The Share Purchase Completion is subject to the satisfaction (or waiver, where applicable) of certain conditions, including but not limited to being consummated simultaneously with the Subscription Completion, as set out under the sub-section headed “Conditions Precedent to the Share Purchase Agreement”, on or before the Long Stop Date.

## **PROPOSED SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE**

On 27 October 2021 (after trading hours), the Offeror and the Company entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Offeror has conditionally agreed to subscribe, in cash, for 90,000,000 new Shares, representing 5.24% of the total number of issued Shares as at the date of this joint announcement and 4.98% of the total number of issued Shares as enlarged by the issue and allotment of the Subscription Shares, for an aggregate of subscription price of HK\$905,400,000 (representing HK\$10.06 per Subscription Share).

The Subscription Completion is subject to the satisfaction (or waiver, where applicable) of certain conditions, including but not limited to being consummated simultaneously with the Share Purchase Completion, as set out under the sub-section headed “Conditions Precedent to the Subscription Agreement”.

The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the EGM.

## **IMPLICATION UNDER THE LISTING RULES**

As the Subscription Completion and the Share Purchase Completion will take place simultaneously, the Offeror is deemed to be a connected person and the issuance of the Subscription Shares to the Offeror is a connected transaction of the Company. Accordingly, the Subscription Agreement and the transactions contemplated thereunder will be subject to the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the EGM. As the Subscription Completion and the Share Purchase Completion shall take place simultaneously, the Vendors are deemed to have a material interest in the Subscription Agreement. Considering that Mr. Bartle van der Meer, Mr. Shi Liang, Mr. Qiao Baijun and Mr. Tsai Chang-Hai had conflicts of interest, they have abstained from voting on the Board resolution to approve the Subscription Agreement and the transactions contemplated thereunder. The Vendor Group, parties acting in concert with them and their associates are required to abstain from voting in respect of the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

## **POSSIBLE MANDATORY CONDITIONAL CASH OFFERS**

As at the date of this joint announcement, neither the Offeror nor any party acting in concert with it owns (or has control or direction over) any Shares. Upon Completion, (i) 90,000,000 Shares will be issued and allotted to the Offeror pursuant to the Subscription Agreement, representing 4.98% of the total issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares; and (ii) 286,599,262 Shares, 35,991,683 Shares, 177,233,818 Shares and 31,000,000 Shares, representing approximately 15.85%, 1.99%, 9.80% and 1.71% of the total issued share capital of the Company respectively as enlarged by the issue and allotment of the Subscription Shares, will be transferred to the Offeror from CEL, CL Seller (BioEngine), CL Seller (CenterLab) and DDI Seller respectively, upon which the Offeror will be interested in 620,824,763 Shares in aggregate, representing approximately 34.33% voting rights of the Company calculated based on the total issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Offer Optionholders to cancel all the Offer Options.

Subject to and upon Completion, CLSA Limited will, for and on behalf of the Offeror, make the Offers in compliance with the Takeovers Code on the following basis:

### **The Share Offer**

**For each Offer Share. . . . . HK\$10.06 in cash**

The Share Offer Price of HK\$10.06 equals to the per Sale Share consideration under the Share Purchase Agreement and the Subscription Price of the Subscription Shares under the Subscription Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and clear of any lien and together with all rights and interests attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. The Company has no intention to make any distribution or declare dividends before the Closing Date.

**The Offeror will not increase the Share Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.**

### **The Option Offer**

**For the cancellation of each of Offer Options . . . . . HK\$0.06 in cash**

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise prices of the Options and the Share Offer Price. Under the Option Offer, given that the exercise price of the Offer Options, being HK\$10.00, is below the Share Offer Price of HK\$10.06, the Offer Options are in-the-money and the Option Offer Price is set at the see-through price of HK\$0.06.

## **Conditions to the Offers**

The Share Offer is conditional only on valid acceptances being received in respect of such number of Offer Shares, which together with Shares owned, acquired or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company. The Option Offer will be conditional on the Share Offer becoming or being declared unconditional in all respects.

## **Irrevocable Undertakings not to Accept the Share Offer and the Option Offer**

Certain Shareholders have given the Irrevocable Undertakings not to accept the Offers in respect of relevant Shares and Options. For more details, please refer to sub-section headed “Irrevocable Undertakings not to Accept the Share Offer and the Option Offer”.

## **Confirmation of Financial Resources**

The Offeror intends to finance the consideration payable under the Share Purchase Agreement, the Subscription Agreement and the maximum consideration payable under the Offers (assuming all Offer Optionholders convert their Options into Shares and accept the Share Offer, other than (i) CEL and CL Seller (CenterLab) in respect of a total of 223,107,009 Shares which will continue to be held by them after the Share Purchase Completion; and (ii) Mr. Yan Weibin and Mr. Bartle van der Meer in respect of a total of 215,153,315 Shares and 2,000,000 Options, in respect of which each of them has given an undertaking not to accept the Offers (i.e. approximately HK\$14,142 million) with the Committed Facilities. The funds under the Committed Facilities are either available in Hong Kong or are not subject to NDRC and/or SAFE approvals before remittance of the same to Hong Kong.

CLSA Capital Markets, the exclusive financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable under the Share Purchase Agreement, the Subscription Agreement and the maximum consideration payable under the Offers.

## **EGM**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to issue and allot the Subscription Shares. The Vendor Group, their respective associates and parties acting in concert with them will abstain from voting on the resolutions at the EGM. As at the date of this joint announcement, the Vendors hold an aggregate of 849,164,802 Shares, representing approximately 49.41% of the existing issued Shares.

A circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the EGM, is required to be despatched within fifteen (15) Business Days (as defined in the Listing Rules) from the date of this joint announcement pursuant to Rule 14A.68(11) of the Listing Rules. As additional time is required to prepare and finalise the information to be included in the circular, the date of despatch of the circular is expected to be delayed to a date on or before 30 November 2021.

## **DESPATCH OF COMPOSITE DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers, together with the Form of Acceptance, to the Offer Shareholders and Offer Optionholders within twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve. As there is a pre-condition (i.e., Completion) to the making of the Offers, the Offeror will apply to the Executive for a consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven (7) days from the fulfillment of such pre-condition (i.e., Completion).

If the Offers materialize, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the Forms of Acceptance, will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code.

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 October 2021 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 October 2021.

## **WARNING**

**The Offers will only be made if the Completion takes place. The Completion is subject to satisfaction and/or waiver of the conditions precedent contained in the Share Purchase Agreement and Subscription Agreement. Accordingly, the Completion may or may not take place and the Offers may or may not be made.**

**Shareholders, Optionholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offers. The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement. Shareholders and Optionholders should read the Composite Document carefully, including the recommendations of the Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser, before forming a view on the Offers.**

**Shareholders, Optionholders and potential investors are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offers and exercise caution when dealing in the securities of the Company. If Shareholders, Optionholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## **Note to US Investors**

*The Share Offer will be made for the securities of a Cayman Islands company and is subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States securities laws. In addition, US holders of Shares should be aware that this document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style. The Share Offer will be extended into the United States pursuant to the applicable US tender offer rules or an available exemption therefrom and otherwise in accordance with the requirements of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong). Accordingly, the Share Offer will be subject to Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which differ from those applicable under US domestic tender offer procedures and law.*

*The receipt of cash pursuant to the Share Offer by a US holder of Shares may be a taxable transaction for US federal income tax laws purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Share Offer.*

*It may be difficult for US holders of Shares to enforce their rights and any claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of their respective officers and directors may be residents of a country other than the United States. In addition, most of the assets of the Offeror and the Group are located outside the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for any violations of the securities laws of the United States. Further, it may be difficult for US holders of Shares to effect service of process within the United States upon the Offeror or the Company or their respective officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the United States.*

*In accordance with the normal Hong Kong practice and pursuant to Rule 14e-5(b) of the US Exchange Act, the Offeror hereby discloses that it or its affiliates or its nominees, or their respective brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices provided that any such purchase or arrangement complies with applicable law and regulations including the Takeovers Code and is made outside the United States. The Offeror will not increase the Share Offer Price for the Offer Shares as set out in this joint announcement and will not make any purchase of Shares above the Share Offer Price. Any information about such purchases will be reported to the SFC and, to the extent made public by the SFC, will be available on the SFC website at <http://www.sfc.hk/> and <https://www.hkexnews.hk/>.*



## THE SHARE PURCHASE AGREEMENT

The Company was informed by the Vendors that, on 27 October 2021 (after trading hours), the Offeror and the Vendor Group entered into the Share Purchase Agreement. The principal terms of the Share Purchase Agreement are summarised below:

Date: 27 October 2021

- Parties:
- (i) CEL;
  - (ii) CL Seller (BioEngine);
  - (iii) CL Seller (CenterLab);
  - (iv) DDI Seller;  
*(each as a Vendor)*
  - (v) CAFM;
  - (vi) DDI Seller Parent; and  
*(together with the Vendors, collectively as the Vendor Group)*
  - (vii) the Offeror.  
*(as the purchaser)*

### Subject and Consideration of the Share Purchase Agreement

Pursuant to the Share Purchase Agreement, the Vendors have conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares, being an aggregate of 530,824,763 Shares, representing approximately 30.89% of the entire issued share capital of the Company as at the date of this joint announcement, free and clear of any lien and together with all rights and interests attaching thereto, including but not limited to all dividends or distributions which may be paid, declared or made in respect thereof after the Share Purchase Completion. Any of the Vendors and the Offeror shall not be obliged to complete the sale and purchase of any of the Sale Shares unless the sale and purchase of all of the Sale Shares is completed simultaneously.

The aggregate consideration for the Sale Shares is HK\$5,340,097,116 (representing HK\$10.06 per Sale Share) which was agreed among the Offeror and the Vendors after arm's length negotiations with reference to, among others, the recent market price of the Shares on the Stock Exchange and the prevailing market conditions. The consideration shall be paid in cash by the Offeror at Share Purchase Completion in the following manner:

- (a) as to HK\$2,883,188,576 to CEL in respect of 286,599,262 Shares, representing approximately 16.68% and 15.85% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively;
- (b) as to HK\$362,076,331 to CL Seller (BioEngine) in respect of 35,991,683 Shares, representing approximately 2.09% and 1.99% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively;

- (c) as to HK\$1,782,972,209 to CL Seller (CenterLab) in respect of 177,233,818 Shares, representing approximately 10.31% and 9.80% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively; and
- (d) as to HK\$311,860,000 to DDI Seller in respect of 31,000,000 Shares, representing approximately 1.80% and 1.71% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively.

Immediately after the Completion,

- (a) CEL will be interested in 92,400,738 Shares, representing approximately 5.38% and 5.11% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively;
- (b) CL Seller (BioEngine) will not retain any Shares;
- (c) CL Seller (CenterLab) will be interested in 130,706,271 Shares, representing approximately 7.61% and 7.23% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively; and
- (d) DDI Seller will be interested in 93,205,230 Shares, representing approximately 5.42% and 5.15% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively.

#### **Conditions Precedent to the Share Purchase Agreement**

Pursuant to the Share Purchase Agreement, the Share Purchase Completion is subject to the satisfaction (or waiver, where applicable) of the following conditions on or before the Long Stop Date:

- (a) with respect to the Offeror's obligations to consummate the Share Purchase Completion only, the warranties given by each Vendor or Vendor Group are true and accurate as of the date of the Share Purchase Agreement and as of the Completion Date by reference to the facts and circumstances then subsisting;
- (b) the joint announcement made pursuant to Rule 3.5 of the Takeovers Code in connection with, among others, the transactions contemplated under the Share Purchase Agreement and the possible conditional mandatory general offer arising therefrom to be made by the Offeror pursuant to the Takeovers Code having been cleared by the SFC, and published on the Stock Exchange's website by the Company and the Offeror;
- (c) the receipt of all consents, clearances, approvals, permissions, license, authorisation and waivers required to be obtained from, and all registrations, applications, notices and filings required to be made with or provided to, any governmental authority under or in connection with any applicable laws, in connection with the implementation of the Share Purchase Agreement, which includes:
  - (i) filings with and receipt of clearances from the State Administration for Market Regulation of the PRC or its local counterparts for merger review;
  - (ii) filings with the Ministry of Commerce of the PRC, the NDRC, the SAFE, or their local counterparts for overseas investment (if applicable); and



- (d) the Subscription Agreement is consummated in accordance with the terms and conditions thereunder and simultaneously with the Share Purchase Completion.

Condition (a) above can be waived by the Offeror in its sole and absolute discretion. Conditions (b), (c) and (d) above are not waivable by any party of the Share Purchase Agreement. Save as disclosed in (c)(i) and (ii) above, as at the date of this joint announcement, the Offeror is not aware of any other consents, clearances, approvals, permissions, license, authorisation and waivers required to be obtained from, and all registrations, applications, notices and filings required to be made with or provided to, any governmental authority under or in connection with any applicable laws, in connection with the implementation of the Share Purchase Agreement.

As at the date of this joint announcement, none of the above conditions has been fulfilled.

### **Share Purchase Completion**

Pursuant to the Share Purchase Agreement, the Share Purchase Completion will take place within five (5) Business Days after all conditions precedent to the Share Purchase Agreement are satisfied (or waived, where applicable), or such other date as each of the Vendors and Offeror may agree in writing.

### **Termination**

The Share Purchase Agreement may be terminated prior to the Share Purchase Completion,

- (a) by mutual written consent of the parties to the Share Purchase Agreement;
- (b) by either party to the Share Purchase Agreement if, due to the change of applicable laws, the consummation of the transactions contemplated under the Share Purchase Agreement would become prohibited under applicable laws;
- (c) if the conditions precedent to the Share Purchase Agreement have not been satisfied (or waived by the Offeror, where applicable) by 5:00 p.m. (Hong Kong time) on the Long Stop Date;
- (d) if any member of the Vendor Group is in breach of any of its obligations under the Share Purchase Agreement in any material respect on or before the Completion Date and such breach is capable of remedy and is not remedied by any member of the Vendor Group that is in breach within fifteen (15) days upon the Offeror has notified all members of the Vendor Group of the breach in writing, the Offeror may terminate the Share Purchase Agreement; or
- (e) if the Offeror is in breach of any of its obligations under the Share Purchase Agreement in any material respect on or before the Completion Date and such breach is capable of remedy and is not remedied by the Offeror within fifteen (15) days upon the Vendors has notified the Offeror of the breach in writing, the Vendors may terminate the Share Purchase Agreement.

### **Retaining Sufficient Assets**

To the extent that DDI remains exposed to any potential liability under the Share Purchase Agreement in accordance with the terms of the Share Purchase Agreement, and Mr. Bartle van der Meer remains as the Director, DDI shall retain sufficient assets to cover its potential liability under the Share Purchase Agreement, i.e. potential contractual liability related to indemnification incurred by the breach of warranties, undertakings and covenants under the Share Purchase Agreement.

## **PROPOSED SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE**

On 27 October 2021 (after trading hours), the Offeror and the Company entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Offeror has conditionally agreed to subscribe, in cash, for 90,000,000 new Shares for an aggregate of Subscription Price of HK\$905,400,000.

### **Subscription Agreement**

Principal terms of the Subscription Agreement are set out below:

Date : 27 October 2021

Parties : (i) the Offeror (as the subscriber); and  
(ii) the Company (as the issuer)

The Offeror has confirmed that immediately before entering into the Subscription Agreement, it and its beneficial owners are Independent Third Parties.

### **Subscription Shares**

As at the date of this joint announcement, the Company has 1,718,545,841 Shares in issue. Assuming that there is no change in the total number of issued Shares between the date of this joint announcement and the issue and allotment of the Subscription Shares, 90,000,000 Subscription Shares represent:

- (i) 5.24% of the total number of issued Shares as at the date of this joint announcement; and
- (ii) 4.98% of the total number of issued Shares as enlarged by the issue and allotment of the Subscription Shares.

The aggregate nominal value of the Subscription Shares is HK\$9,000,000.

### **Subscription Price**

The Subscription Price of HK\$10.06 per Subscription Share, which is equivalent to per Sale Share consideration under the Share Purchase Agreement, represents:

- (i) a premium of approximately 13.67% over the closing price of HK\$8.85 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 17.11% over the average closing price of approximately HK\$8.59 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 24.20% over the average closing price of approximately HK\$8.10 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Offeror with reference to the recent market price of the Shares on the Stock Exchange and the prevailing market conditions. The Directors (except for the independent non-executive Directors who reserve their views pending the receipt of advice from the Independent Financial Adviser) are of the view that the terms of the Subscription Agreement (including the Subscription Price) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### ***Conditions Precedent to the Subscription Agreement***

Pursuant to the Subscription Agreement, the Subscription Completion is subject to the satisfaction (or waiver, where applicable) of the following conditions:

- (a) (i) no indication being received prior to Subscription Completion from the Stock Exchange or the SFC to the effect that the listing of the Subscription Shares on the Main Board of Stock Exchange shall or may be withdrawn or objected to, (ii) the trading of the Shares on the Stock Exchange not having been suspended for a period longer than three (3) consecutive trading days, save for any temporary suspension as agreed by the Offeror, and (iii) neither the Stock Exchange nor the SFC having indicated that the trading of the Shares on the Stock Exchange will be suspended, cancelled or withdrawn before the Subscription Completion or that it will object to, or it will impose conditions on, the continued listing of the Shares on the Stock Exchange based on reasons arising from the transactions contemplated in the Subscription Agreement;
- (b) the listing committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to Subscription Completion;
- (c) the passing of the relevant resolutions by way of poll at the EGM by Shareholders who are entitled to vote and who are not required to abstain from voting under the Listing Rules, the Takeovers Code and other applicable laws and regulations for approving the Subscription Agreement and the transactions contemplated hereunder (including the allotment and issue of the Subscription Shares under a specific mandate);
- (d) the fundamental warranties made or given by the Company under the Subscription Agreement are true, accurate, and not misleading in all respects as of the date of the Subscription Agreement and as of the Completion Date;
- (e) the general warranties made or given by the Company under the Subscription Agreement are true, accurate, and not misleading in all material respects as of the date of the Subscription Agreement and as of the Completion Date;
- (f) there shall not been any material adverse change (or effect) in the financial, business or trading position of the Group immediately before Subscription Completion;
- (g) receipt of all consents, clearances, approvals, permissions, license, authorisation and waivers required to be obtained from, and all registrations, applications, notices and filings required to be made with or provided to, any governmental authority under or in connection with any applicable laws, in connection with the implementation of the Subscription Agreement, which includes:
  - (i) filings with and receipt of clearances from the State Administration for Market Regulation of the PRC or its local counterparts for merger review;

- (ii) filings with the Ministry of Commerce of the PRC, the NDRC, the SAFE or their respective local counterparts for overseas investment (if applicable); and
- (h) Share Purchase Completion in accordance with the terms and conditions under the Share Purchase Agreement.

Conditions (a), (b), (c), (g) and (h) above are not waivable by any party of the Subscription Agreement. Conditions (d), (e) and (f) can be waived by the Offeror in its absolute discretion at any time before Subscription Completion by notice in writing to the Company. Save as disclosed in (g)(i) and (ii) above, the Company and the Offeror are not aware of any other consents, clearances, approvals, permissions, license, authorization and waivers required to be obtained from, and all registrations, applications, notices and filings required to be made with or provided to, any governmental authority under or in connection with any applicable laws, in connection with the implementation of the Subscription Agreement.

As at the date of this joint announcement, none of the above conditions has been fulfilled.

### ***Anti-Dilution***

The Company undertakes to the Offeror that for the period between the Completion Date and the three-year anniversary of the Completion Date, without the prior consent of the Offeror, if the Share Offer fails to become or be declared unconditional, it will not dilute or reduce the percentage of Shares in the Company held by the Offeror (provided that the Company may issue new Shares as long as that the Company also issues new Shares to the Offeror such that the percentage of Shares in the Company held by the Offeror is not diluted or reduced).

**Warning: The Subscription Completion is conditional upon the conditions precedent to the Subscription Agreement having been fulfilled (or, where applicable, waived), and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

### **Subscription Completion**

The Subscription Completion is conditional upon the conditions precedent to the Subscription Agreement having been fulfilled (or, where applicable, waived). The Subscription Completion shall take place simultaneously with the Share Purchase Completion.

### **Mandate for the Issue of the Subscription Shares**

The Subscription is subject to the Shareholders' approval. The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the EGM.

Application will be made by the Company to the listing committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

### **Ranking of the Subscription Shares**

The Subscription Shares will be issued free from all Encumbrances together with all rights and interests attached thereto, including the right to receive all dividends declared and will rank *pari passu* with all other issued Shares in all respects as at the date of issue.

## **Reasons for and Benefits of the Subscription and the Intended Use of Proceeds**

The Company acts as an investment holding company of the Group. The Group is principally engaged in (i) the dairy industry with activities ranging from the research and development, milk collection, processing, production, packaging, marketing and distribution of infant formula and other dairy products to customers in the PRC, the Netherlands, Australia and other overseas countries; and (ii) the research and development, production, marketing and distribution of nutrition products to customers principally located in the PRC and Australia.

The Subscription, compounding with the transactions contemplated under the Share Purchase Agreement, introduces new shareholders with significant market presence to the Company. The Company believes the Offeror and the Company will be benefited from business co-operation in long term. Apart from that, the Subscription also benefits the Company financially by offering it an opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group, which is vital for the Group's future development.

The gross proceeds of the Subscription will be HK\$905,400,000 and the net proceeds of the Subscription, after deduction of the related expenses, will be HK\$904,900,000, representing a net price of HK\$10.05 per Subscription Share. The Company intends to use the net proceeds to be received from the Subscription for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

1. 30% of the net proceeds, being HK\$271.5 million, will be applied to partially finance the expansion of the Company's upstream production facilities. As announced by the Company in early 2020, the Company will invest a total of EUR140 million in a new infant formula base powder facility and other related facilities principally for processing goat milk and goat whey in the Netherlands;
2. 30% of the net proceeds, being HK\$271.5 million, will be reserved for future acquisition of nutrition-related business. As at the date of this joint announcement, the Company is contemplating an acquisition of equity interest in a company involving in the nutraceutical and functional food industry. In this regard, as at the date of this joint announcement, negotiation is still ongoing and no legal binding agreement has been entered into;
3. 20% of the net proceeds, being HK\$181.0 million, will be applied to enhance the Group's processing and logistics capabilities in the PRC, in particular for the construction of the Group's third factory, which will be a future logistic center of the Group to expand the logistic and warehouse capacity of the Group;
4. 10% of the net proceeds, being HK\$90.5 million, will be invested in the Group's brand building related activities in order to cope with the Group's expansion of business; and
5. the remaining 10% of the net proceeds, being HK\$90.5 million, will be applied as the Group's general working capital, of which (a) 5% of the net proceeds, being HK\$45.2 million will be applied to repay the Group's existing bank loans and bank borrowings in Hong Kong and the Netherlands in order to reduce the Group's overall finance costs and to rationalize the Group's capital structure; and (b) the remaining 5% of the net proceeds, being HK\$45.3 million, will be applied for working capital (including but not limited to the cost of inventories and general administrative expenses).

## **Equity Fund Raising Activities by the Company in the past Twelve Months**

The Company did not carry out any fund raising activities in the 12-months period immediately before the date of this joint announcement.

## **IMPLICATION UNDER THE LISTING RULES**

As the Subscription Completion and the Share Purchase Completion will take place simultaneously, the Offeror is deemed to be a connected person and the issuance of the Subscription Shares to the Offeror is a connected transaction of the Company. Accordingly, the Subscription Agreement and the transactions contemplated thereunder will be subject to the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules by way of poll at the EGM.

The Subscription Shares will be issued and allotted under the Specific Mandate to be sought at the EGM. As the Subscription Completion and the Share Purchase Completion shall take place simultaneously, the Vendors are deemed to have a material interest in the Subscription Agreement. Considering that Mr. Bartle van der Meer, Mr. Shi Liang, Mr. Qiao Baijun and Mr. Tsai Chang-Hai had conflicts of interest, they have abstained from voting on the Board resolution to approve the Subscription Agreement and the transactions contemplated thereunder. The Vendor Group, parties acting in concert with them and their associates are required to abstain from voting in respect of the relevant resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

## **POSSIBLE MANDATORY CONDITIONAL CASH OFFERS**

As at the date of this joint announcement, neither the Offeror nor any party acting in concert with it owns (or has control or direction over) any Shares. Upon Completion, (i) 90,000,000 Shares will be issued and allotted to the Offeror pursuant to the Subscription Agreement, representing 4.98% of the total issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares; and (ii) 286,599,262 Shares, 35,991,683 Shares, 177,233,818 Shares and 31,000,000 Shares, representing approximately 15.85%, 1.99%, 9.80% and 1.71% of the total issued share capital of the Company respectively as enlarged by the issue and allotment of the Subscription Shares, will be transferred to the Offeror from CEL, CL Seller (BioEngine), CL Seller (CenterLab) and DDI Seller respectively, upon which the Offeror will be interested in 620,824,763 Shares in aggregate, representing approximately 34.33% voting rights of the Company calculated based on the total issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares.

As at the date of this joint announcement, the Company has (i) a total of 1,718,545,841 Shares in issue; and (ii) 37,499,334 Options, which may be exercised for an issue of 37,499,334 additional Shares at a price of HK\$10.00 per Option by the Optionholders. Save as disclosed above, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement.

Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and the parties acting in concert with it). Pursuant to Rule 13 of the Takeovers Code, the Offeror will make an appropriate cash offer to the Offer Optionholders to cancel all the Offer Options.



Subject to and upon Completion, CLSA Limited will, for and on behalf of the Offeror, make the Offers in compliance with the Takeovers Code on the following basis:

## **The Share Offer**

**For each Offer Share. . . . . HK\$10.06 in cash**

The Share Offer Price of HK\$10.06 equals to the per Sale Share consideration under the Share Purchase Agreement and the Subscription Price of the Subscription Shares under the Subscription Agreement. The Offer Shares to be acquired under the Share Offer shall be fully paid and clear of any lien and together with all rights and interests attaching thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document. The Company has no intention to make any distribution or declare dividends before the Closing Date.

**The Offeror will not increase the Share Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price and the Offeror does not reserve the right to increase the Share Offer Price.**

The Share Offer Price of HK\$10.06 per Offer Share represents:

- (a) a premium of approximately 13.67% over the closing price of HK\$8.85 per Share as quoted on the Stock Exchange on 11 October 2021, being the Last Trading Day;
- (b) a premium of approximately 17.11% over the average closing price of approximately HK\$8.59 per Share based on the daily closing prices as quoted on the Stock Exchange for five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 24.20% over the average closing price of approximately HK\$8.10 per Share based on the daily closing prices as quoted on the Stock Exchange for ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 33.42% over the average closing price of approximately HK\$7.54 per Share based on the daily closing prices as quoted on the Stock Exchange for thirty (30) consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 174.94% over the audited consolidated net asset value attributable to the Shareholders of approximately HK\$3.659 per Share as at 31 December 2020, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB5,171.37 million (equivalent to approximately HK\$6,288.91 million) as at 31 December 2020 by 1,718,545,841 Shares in issue as at the date of this joint announcement; and
- (f) a premium of approximately 171.97% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$3.699 per Share as at 30 June 2021, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately RMB5,227.05 million (equivalent to approximately HK\$6,356.61 million) as at 30 June 2021 by 1,718,545,841 Shares in issue as at the date of this joint announcement.

## **The Option Offer**

**For the cancellation of each of Offer Options . . . . . HK\$0.06 in cash**

Pursuant to Rule 13 and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Options and the Share Offer Price. Under the Option Offer, given that the exercise prices of the Offer Options, being HK\$10.00, is below the Share Offer Price of HK\$10.06, the Offer Options are in-the-money and the Option Offer Price is set at the see-through price of HK\$0.06.

## **Conditions to the Offers**

The Share Offer is conditional only on valid acceptances being received in respect of such number of Offer Shares, which together with Shares owned, acquired or agreed to be acquired by the Offeror and parties acting in concert with it before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company. The Option Offer will be conditional on the Share Offer becoming or being declared unconditional in all respects.

Further announcement(s) in relation to the revision, extension or lapse of the Offers or the fulfillment of the conditions of the Offers shall be made in accordance with the Takeovers Code and Listing Rules in due course.

## **Highest and Lowest Closing Price of the Shares**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the commencement of the offer period (as defined under the Takeovers Code) (i.e. 27 October 2021) and up to and including the Last Trading Day were HK\$12.96 per Share (on 13 May 2021) and HK\$6.59 per Share (on 24 September 2021), respectively.

## **Irrevocable Undertakings not to Accept the Share Offer and the Option Offer**

Certain Shareholders have given the following undertakings in favour of the Offeror:

- (i) CEL has given the CEL Irrevocable Undertaking in favour of the Offeror, pursuant to which, CEL has undertaken that it shall (a) not accept the Share Offer in respect of CAF Remaining Shares and any other Shares of which it may become the registered holder or beneficial owner or in which it may become so interested after the date of the CEL Irrevocable Undertaking, and (b) not dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of relevant Shares mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect;
- (ii) CL Seller (CenterLab) has given the CL Irrevocable Undertaking in favour of the Offeror, pursuant to which, CL Seller (CenterLab) has undertaken that it shall (a) not accept the Share Offer in respect of CL Remaining Shares and any other Shares of which it may become the registered holder or beneficial owner or in which it may become so interested after the date of the CL Irrevocable Undertaking, and (b) not dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of relevant Shares mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect;

- (iii) Mr. Yan Weibin has given the Yan Irrevocable Undertaking in favour of the Offeror, pursuant to which, Mr. Yan Weibin has undertaken that he shall (a) not accept the Share Offer in respect of 120,439,085 Shares, directly and indirectly through a wholly owned company, held by him and any other Shares of which he may become the registered holder or beneficial owner or in which it may become so interested after the date of the Yan Irrevocable Undertaking, (b) not exercise or accept the Option Offer in respect of 1,000,000 outstanding Options granted to him or any Options of which he may become the registered holder or beneficial owner or in which it may become so interested after the date of the Yan Irrevocable Undertaking, and (c) not dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of Shares or Options mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect; and
- (iv) Mr. Bartle van der Meer has given the Bartle Irrevocable Undertaking in favour of the Offeror, pursuant to which, Mr. Bartle van der Meer has undertaken that he shall (a) not accept the Share Offer in respect of 1,509,000 Shares directly owned by him, DDI Remaining Shares and any other Shares of which he may become the registered holder or beneficial owner or in which it may become so interested after the date of the Bartle Irrevocable Undertaking, (b) not exercise or accept the Option Offer in respect of 1,000,000 outstanding Options granted to him or any Options of which he may become the registered holder or beneficial owner or in which it may become so interested after the date of the Bartle Irrevocable Undertaking, and (c) not dispose of, charge, pledge or otherwise encumber or grant any option or other right over or otherwise deal in any of Shares or Options mentioned above or any interest in them (whether conditionally or unconditionally) or enter into any transaction having a similar economic effect.

The Irrevocable Undertakings shall terminate immediately if the Offers are not made in accordance with the requirements under the Takeovers Code in all material respects or the Offers close, lapse or are withdrawn.

### **Value of the Offers**

As at the date of this joint announcement, there are 1,718,545,841 Shares in issue. On the basis of the Share Offer Price of HK\$10.06 per Share, the entire issued ordinary share capital of the Company would be valued at HK\$17,288,571,160.

Assuming that there is no change in the issued share capital of the Company, taking into account the Irrevocable Undertakings, and assuming that the Share Offer is accepted in full (other than in respect of Shares subject to Irrevocable Undertakings, the total consideration payable by the Offeror for the Share Offer will be approximately HK\$7,540 million.

As at the date of this joint announcement, under the Share Option Scheme, there are 37,499,334 Options granted, of which 26,666,667 Options are currently unvested, and will automatically vest if the Share Offer is made and becomes unconditional.

If none of the Options are exercised before the closing of the Offers, taking into account the Irrevocable Undertakings and assuming full acceptance of the Offers, the consideration payable under the Share Offer will be approximately HK\$7,540 million and the consideration for the cancellation of all Options under the Option Offer will amount to approximately HK\$2 million. The maximum value of the Offers will amount to approximately HK\$7,542 million.

If all Options (including the currently unvested Options and excluding Options subject to Yan Irrevocable Undertaking and Bartle Irrevocable Undertaking) are exercised prior to the closing of the Offers, taking into account the Irrevocable Undertakings, the Company will have to issue 35,499,334 new Shares, representing approximately 1.96% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription Shares. Assuming that the Share Offer is then accepted in full (including all Shares issued and allotted as a result of the exercise of the Options, other than (i) CEL and CL Seller (CenterLab) in respect of a total of 223,107,009 Shares which will continue to be held by them after the Share Purchase Completion; and (ii) Mr. Yan Weibin and Mr. Bartle van der Meer in respect of a total of 215,153,315 Shares and 2,000,000 Options, in respect of which each of them has given an undertaking not to accept the Offers), the maximum value of the Share Offer will increase to approximately HK\$7,897 million. In that case, no amount will be payable by the Offeror under the Option Offer and the Company will receive an aggregate subscription price of approximately HK\$355 million from the exercise of all of the Options (including the currently unvested Options and excluding Options subject to Yan Irrevocable Undertaking and Bartle Irrevocable Undertaking).

### **Confirmation of Financial Resources**

The Offeror intends to finance the consideration payable under the Share Purchase Agreement, the Subscription Agreement and the maximum consideration payable under the Offers (assuming all Offer Optionholders convert their Options into Shares and accept the Share Offer, other than (i) CEL and CL Seller (CenterLab) in respect of a total of 223,107,009 Shares which will continue to be held by them after the Share Purchase Completion; and (ii) Mr. Yan Weibin and Mr. Bartle van der Meer in respect of a total of 215,153,315 Shares and 2,000,000 Options, in respect of which each of them has given an undertaking not to accept the Offers) (i.e. approximately HK\$14,142 million) with the Committed Facilities. The funds under the Committed Facilities are either available in Hong Kong or are not subject to NDRC and/or SAFE approvals before remittance of the same to Hong Kong.

CLSA Capital Markets, the exclusive financial adviser to the Offeror in respect of the Offers, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration payable under the Share Purchase Agreement, and the Subscription Agreement, and the maximum consideration payable under the Offers.

### **Effect of Accepting the Offers**

Acceptance of the Share Offer by any Offer Shareholders will constitute a warranty by such person that all Offer Shares to be sold by such person under the Share Offer are fully paid and free and clear of all lien whatsoever together with all rights and interests attaching thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date of the Composite Document.

By validly accepting the Option Offer, the Offer Options tendered by the Offer Optionholders will be cancelled, together with all rights and interests attaching thereto.

Acceptance of the Offers would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

## **Payment**

Subject to the Offers having become, or have been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) following the later of the date of receipt of a duly completed acceptance of the Offers, or the date on which the Offers become or are declared unconditional in all aspects.

Relevant documents evidencing title must be received by the Offeror (or its agent) to render such acceptance of the Offers complete and valid. The latest time on which the Offeror can declare the Offers unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent). If the Offers are withdrawn or lapse, pursuant to Rule 20.2 of the Takeovers Code, the Offeror is required to, as soon as possible but in any event within ten (10) days thereof, post the Share certificates lodged with the forms of acceptance and transfer to, or make such Share certificates and Option certificates available for collection by, those Offer Shareholders and Offer Optionholders who have accepted the Offers.

No fractions of a cent will be payable and the amount of the consideration payable to an Offer Shareholder or an Offer Optionholder who accepts the Offers will be rounded up to the nearest cent.

## **Overseas Shareholders and Overseas Optionholders**

The Offeror intends to make the Offers available to all Offer Shareholders and Offer Optionholders, including the Overseas Shareholders and Overseas Optionholders. However, the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident. The making of the offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Shareholders and/or Overseas Optionholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek independent legal advice. It is the responsibility of Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

In the event that the despatch of the Composite Document to Overseas Shareholders or Overseas Optionholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Directors regard as unduly onerous or burdensome (or otherwise not in the best interests of the Company or Shareholders), the Composite Document will not be despatched to such Overseas Shareholders or such Overseas Optionholders.

For that purpose, the Company will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Composite Document to such Overseas Shareholders or Overseas Optionholders. In granting the waiver, the Executive will be concerned to see that all material information in the Composite Document is made available to such Overseas Shareholders and Overseas Optionholders, as the case may be.

**Any acceptance of the Offers by any Overseas Shareholder and/or Overseas Optionholder will be deemed to constitute a representation and warranty from such Overseas Shareholder and/or Overseas Optionholder to the Offeror that the local laws and requirements have been complied with. Overseas Shareholders and Overseas Optionholders should consult their professional advisers if in doubt.**

### **Hong Kong Stamp Duty**

Offer Shareholders' Hong Kong ad valorem stamp duty arising in connection with acceptance of the Share Offer at a rate of 0.13% of the consideration payable in respect of the relevant acceptances, or (if higher) the value of the Shares as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable to the Offer Shareholders who accept the Share Offer. The Offeror will then arrange for payment of the stamp duty on behalf of those Offer Shareholders who accepted the Share Offer. The Offeror will bear the Offeror's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.

No stamp duty is payable in connection with the acceptance of the Option Offer.

### **Taxation Advice**

Offer Shareholders and Offer Optionholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offers. It is emphasized that none of the Company, the Offeror or parties acting in concert with it or any of their respective directors, officers or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

### **DEALING AND INTERESTS IN THE SECURITIES OF THE COMPANY**

The Offeror confirms that, save as disclosed herein, as at the date of this joint announcement:

- (a) neither the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities;



- (b) save for the acquisition of 530,824,763 Sale Shares from the Vendors, the subscription of 90,000,000 Subscription Shares from the Company and the dealings in the securities of the Company by the relevant members of the CLSA Group prior to obtaining the exempt principal traders status or the exempt fund managers status (in each case recognised by the Executive as such for the purpose of the Takeovers Code) on 23 August 2021 (for details, please refer to the below and note (i) under the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY” of this joint announcement), neither the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six months prior to and including the date of this joint announcement;

<b>Entity</b>	<b>Trade Date</b>	<b>Type of Dealing</b>	<b>Number of Shares</b>	<b>Trade Price</b>
CSI Capital Management Limited	5/12/2021	Sell	62,000	HK\$12.1667742
CITIC Securities Company Limited	5/12/2021	Buy	62,000	HK\$12.15
CSI Capital Management Limited	5/13/2021	Sell	29,000	HK\$12.9628
CITIC Securities Company Limited	5/13/2021	Buy	29,000	HK\$12.94
China Asset Management Co., Ltd.	5/25/2021	Sell	59,000	RMB9.7
CSI Capital Management Limited	5/25/2021	Sell	208,000	HK\$11.6568
CITIC Securities Company Limited	5/25/2021	Buy	208,000	HK\$11.64
CSI Capital Management Limited	5/26/2021	Buy	173,000	HK\$11.76
China Asset Management Co., Ltd.	5/27/2021	Sell	358,000	RMB9.99
CSI Capital Management Limited	6/9/2021	Sell	1,000	HK\$11.18
CITIC Securities Company Limited	6/9/2021	Buy	1,000	HK\$11.16
CSI Capital Management Limited	6/10/2021	Buy	1,000	HK\$11.14
China Asset Management (Hong Kong) Limited	6/18/2021	Buy	30,000	HK\$10.6833
CSI Capital Management Limited	6/22/2021	Buy	30,000	HK\$10.6453
CITIC Securities Company Limited	6/22/2021	Sell	30,000	HK\$10.66
China Asset Management Co., Ltd.	7/13/2021	Sell	182,000	RMB8.11
CSI Capital Management Limited	7/30/2021	Sell	58,000	HK\$7.2922
CITIC Securities Company Limited	7/30/2021	Buy	58,000	HK\$7.28
CSI Capital Management Limited	8/2/2021	Buy	28,000	HK\$7.36
CSI Capital Management Limited	8/5/2021	Sell	41,000	HK\$7.5005
CSI Capital Management Limited	8/5/2021	Sell	225,000	HK\$7.5152
CITIC Securities Company Limited	8/5/2021	Buy	266,000	HK\$7.5
CSI Capital Management Limited	8/6/2021	Sell	90,000	HK\$7.1752
CITIC Securities Company Limited	8/6/2021	Buy	90,000	HK\$7.16
CSI Capital Management Limited	8/6/2021	Buy	216,000	HK\$7.48
CSI Capital Management Limited	8/9/2021	Buy	82,000	HK\$7.39
CSI Capital Management Limited	8/20/2021	Buy	38,000	HK\$7.0131579
CITIC Securities Company Limited	8/20/2021	Sell	38,000	HK\$7.03

- (c) save for the Share Purchase Agreement, the Subscription Agreement and the Irrevocable Undertakings, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offers;
- (d) save for the Share Purchase Agreement and the Subscription Agreement, there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (e) neither the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (f) save for the Irrevocable Undertakings, neither the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Offers;
- (g) there is no outstanding derivative in respect of the securities in the Company entered into by the Offeror or any person acting in concert with it;
- (h) save for the consideration for the Sale Shares under the Share Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by any member of the Offeror and parties acting in concert with it to any of the Vendors or any party acting in concert with any of them in connection with the sale and purchase of the Sale Shares under the Share Purchase Agreement;
- (i) save for the Share Purchase Agreement, the Subscription Agreement and the Irrevocable Undertakings, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendors and parties acting in concert with them on one hand, and the Offeror and parties acting in concert with it on the other hand; and
- (j) save for the Share Purchase Agreement, the Subscription Agreement and the Irrevocable Undertakings, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (a) any Shareholders; and (b)(i) the Offeror and any parties acting in concert with it, or (b)(ii) the Company, its subsidiaries or associated companies.

## INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) the dairy industry with activities ranging from the research and development, milk collection, processing, production, packaging, marketing and distribution of infant formula and other dairy products to customers in the PRC, the Netherlands, Australia and other overseas countries; and (ii) the research and development, production, marketing and distribution of nutrition products to customers principally located in the PRC and Australia.

Set out below is a summary of the audited financial information of the Group for each of the two financial years ended 31 December 2019 and 2020 and the unaudited consolidated financial information of the Group for the six months ended 30 June 2021 as extracted from the annual report of the Company for the year ended 31 December 2020 and the interim results announcement of the Company for the six months ended 30 June 2021, respectively:

	<b>For the six months ended 30 June 2021</b>	<b>For the year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Revenue	4,270,546	7,985,816	6,736,153
Profit before taxation	698,210	1,220,846	1,107,184
Profit for the period/year	571,596	1,000,034	878,896

  

	<b>As at 30 June 2021</b>	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)	(audited)
Total assets	8,960,169	9,247,957	8,343,194
Total liabilities	3,764,168	4,096,017	4,279,286
Net assets	5,196,001	5,151,940	4,063,908

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately upon the Share Purchase Completion and Subscription Completion and before the Offers (assuming no other changes to the issued share capital of the Company from the date of this joint announcement):

Shareholders	(i) As at the date of this joint announcement		(ii) Immediately upon the Share Purchase Completion and Subscription Completion and before the Offers	
	Number of Shares held	Approximate % of Shares in issue	Number of Shares held	Approximate % of Shares in issue
<b>Offeror<sup>(i)</sup></b>	<b>0</b>	<b>0</b>	<b>620,824,763</b>	<b>34.33</b>
<b>Vendors and parties acting in concert with any of them</b>	<b>849,164,802</b>	<b>49.41</b>	<b>318,340,039</b>	<b>17.60</b>
CEL <sup>(ii)</sup>	379,000,000	22.05	92,400,738	5.11
CL Seller (CenterLab) and parties acting in concert with it <sup>(iii)</sup>	344,450,572	20.04	131,225,071	7.26
– CL Seller (CenterLab)	307,940,089	17.92	130,706,271	7.23
– CL Seller (BioEngine)	35,991,683	2.09	0	0
– Mr. Lin Jung-Chin <sup>(iv)</sup>	400,000	0.02	400,000	0.02
– Ms. Lin O, Li-Chu <sup>(iv)</sup>	118,800	0.01	118,800	0.01
Mr. Bartle van der Meer and parties acting in concert with him <sup>(v)</sup>	125,714,230	7.32	94,714,230	5.24
– Mr. Bartle van der Meer	1,509,000	0.09	1,509,000	0.08
– DDI Seller	124,205,230	7.23	93,205,230	5.15
<b>Other Directors</b>	<b>124,089,751</b>	<b>7.22</b>	<b>124,089,751</b>	<b>6.86</b>
Mr. Yan Weibin and parties acting in concert with him <sup>(vi)</sup>	120,439,085	7.01	120,439,085	6.66
– Ausnutria Holding Co Ltd	118,739,085	6.91	118,739,085	6.57
– Mr. Yan Weibin	1,700,000	0.10	1,700,000	0.09
Ms. Ng Siu Hung	2,500,000	0.15	2,500,000	0.14
Mr. Lau Chun Fai Douglas	384,000	0.02	384,000	0.02
Mr. Tsai Chang-Hai	466,666	0.03	466,666	0.03
Mr. Jason Wan	300,000	0.02	300,000	0.02
<b>Public Shareholders</b>	<b>745,291,288</b>	<b>43.37</b>	<b>745,291,288</b>	<b>41.21</b>
<b>Total</b>	<b>1,718,545,841</b>	<b>100</b>	<b>1,808,545,841</b>	<b>100</b>

Notes:

- (i) CLSA Capital Markets is the exclusive financial adviser to the Offeror in respect of the Offers. Accordingly, CLSA Capital Markets and relevant members of the CLSA Group which hold Shares are presumed to be acting in concert with the Offeror in accordance with class (5) of the definition of “Acting in concert” in the Takeovers Code. Details of holdings, borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the CLSA Group (except in respect of Shares held by exempt principal traders or exempt fund managers or Shares held on behalf of non-discretionary investment clients of other parts of the CLSA Group on or after 23 August 2021) (i.e. being the date the exempt principal traders status or the exempt fund managers status (in each case recognised by the Executive as such for the purpose of the Takeovers Code) was obtained by the relevant members of the CLSA Group) will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be jointly made by the Offeror and the Company if the holdings, borrowings, lendings, or dealings of the other parts of the CLSA Group are significant and, in any event, such information will be disclosed in the Composite Document.
- (ii) CEL is owned as to approximately 53.14% by Changsha Kunxin Xin’Ao Investment LP\* (長沙鯤信信澳股權投資合夥企業(有限合夥)) (“**Kunxin Xin’Ao**”), 30.40% by Easter Fund II LP and 16.46% by Easter Fund LP. Kunxin Xin’Ao is owned as to 91.17% by Chengtong CITIC Agriculture Investment Fund as a limited partner, which in turn is owned as to 34.90% by China Structural Reform Fund Co., Ltd.\* (中國國有企業結構調整基金股份有限公司) and owned as to 37.20% by CITIC Agriculture Technology Co. Ltd (中信農業科技股份有限公司). Citagri Nutrition Investment Co., Limited, the general partner of Easter Fund LP and Easter Fund II LP, is indirect wholly-owned subsidiary of CAFM. CAFM is the general partner of Kunxin Xin’Ao and its largest shareholder is CITIC Agriculture Technology Co., Ltd., which owns 40.41% of the equity interest in CAFM. CITIC Agriculture Technology Co., Ltd. is an indirect wholly-owned subsidiary of CITIC Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 267), and CITIC Limited is indirectly owned as to 58.13% by CITIC Group Corporation.
- (iii) As at the date of this joint announcement, CL Seller (CenterLab), shares of which are listed on the Taipei Exchange in Taiwan (stock code: 4123), beneficially owns 307,940,089 Shares. CL Seller (BioEngine), which holds 35,991,683 Shares, is a non-wholly-owned subsidiary of CL Seller (CenterLab). Accordingly, CL Seller (CenterLab) is deemed to be interested in a total of 343,931,772 Shares. LeJean Biotech Co., Ltd. (儷榮科技股份有限公司), a private company incorporated in Taiwan, is the largest shareholder of CL Seller (CenterLab) and effectively owns about 8.5% of the shareholding in CL Seller (CenterLab). The ultimate shareholders of LeJean Biotech Co., Ltd. (儷榮科技股份有限公司) are five individuals, namely Lin, Jung-Chin (林榮錦), Lin O, Li-Chu (歐麗珠), Lin, Hung-Hsuan (林宏軒), Lin, Chia-Ling (林佳陵), Lin, Wei-Hsuan (林尉軒). Nien Hsing International Investment Co., Ltd. (年興國際投資股份有限公司), a company incorporated in Taiwan and a wholly owned subsidiary of Nien Hsing Textile CO., Ltd. (年興紡織股份有限公司), a listed company in Taiwan, is the second largest shareholder of CL Seller (BioEngine) and owns about 5.26% of the shareholding thereof. No other remaining shareholders of CL Seller (BioEngine) own more than 5% of the shareholding thereof.
- (iv) As at the date of this joint announcement, Mr. Lin Jung-Chin, being the chairman of CL Seller (CenterLab) and CL Seller (BioEngine), beneficially owns 400,000 Shares. Ms. Lin O, Li-Chu, being the spouse of Mr. Lin Jung-Chin, beneficially owns 118,000 Shares. Accordingly, Mr. Lin Jung-Chin is deemed to be interested in a total of 518,000 Shares.
- (v) As at the date of this joint announcement, Mr. Bartle van der Meer beneficially owns 1,509,000 Shares. DDI Seller, which holds 124,205,230 Shares, is wholly-owned by Mr. Bartle van der Meer indirectly. Accordingly, Mr. Bartle van der Meer is deemed to be interested in a total of 125,714,230 Shares under the SFO.
- (vi) As at the date of this joint announcement, Mr. Yan Weibin beneficially owns 1,700,000 Shares. Ausnutria Holding Co Ltd, which holds 118,739,085 Shares, is wholly-owned by Mr. Yan Weibin. Accordingly, Mr. Yan Weibin is deemed to be interested in 120,439,085 Shares under the SFO.

## **INFORMATION OF THE OFFEROR**

Jingang Trade is a company incorporated in Hong Kong, primarily engaged in investment and trading businesses. It is wholly and beneficially owned by Yili Industrial.

Yili Industrial is a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange of the PRC (stock code: 600887). Yili Industrial is principally engaged in the business of processing and manufacturing dairy products in the PRC. As at the date of this joint announcement, Yili Industrial does not have any controlling shareholder (as defined in the Listing Rules). As at the date of this joint announcement, the largest shareholder of Yili Industrial was Huhhot Investment Company Limited\* (呼和浩特投資有限責任公司) with a shareholding of approximately 8.85%. Huhhot Investment Company Limited is a company incorporated in the PRC, which is owned as to 81% by Inner Mongolia Financial Investment Group Co., Ltd.\* (內蒙古金融投資集團有限公司) and 19% by Shanghai Electric Qingcheng Inner Mongolia Industrial Co., Ltd.\* (上海電氣內蒙古青城實業有限公司). Inner Mongolia Financial Investment Group Co., Ltd.\* is a company incorporated in the PRC, which is owned as to 89.96% by Huhhot State-owned Assets Supervision and Administration Commission\* (呼和浩特國有資產監督管理委員會), 9.99% by Inner Mongolia State-owned Assets Management Co., Ltd.\* (內蒙古國有資產運營有限公司) and 0.05% by Huhhot Investment Company Limited\*.

## **INTENTION OF THE OFFEROR REGARDING THE GROUP**

The Offeror identifies with the strategy, culture, team and business of the Company and will continue to support the independent operation of the Company and maintain the Company's listing status in the Hong Kong capital market. It is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses. The Offeror does not intend to introduce any major changes to the existing operations and business of the Group upon the close of the Offers.

Following the closing of the Offers, the Offeror will conduct a review and outlook on the strategy, operations and financial position of the Group, taking into account the net proceeds of HK\$904,900,000 to be received by the Company through Share Subscription, for the purpose of formulating business plans and strategies for the Group's long-term business development, leverage the synergies between the Offeror and the Group and explore other business opportunities for the Group. Subject to the results of the review, should suitable investment or business opportunities arise, the Offeror may consider for purpose of enhancing the growth of the Group.

The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate as further disclosed in the paragraph headed "Proposed change to the Board composition" below) or to dispose of or re-allocate the Group's fixed assets which relate to the ordinary and usual course of business of the Group as a result of completion of the Offers. However, the Offeror reserves the right to make such changes that it deems necessary or appropriate to the Group's business and operations to optimize the value of the Group.

As at the date of this joint announcement, no material investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understanding or negotiation in relation to the injection of any assets or business into the Group.



## **PROPOSED CHANGE TO THE BOARD COMPOSITION**

As at the date of this joint announcement, the Board comprises three executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; three non-executive Directors, namely Mr. Shi Liang (Vice-Chairman), Mr. Qiao Baijun and Mr. Tsai Chang-Hai; and three independent non-executive Directors, namely Mr. Jason Wan, Mr. Lau Chun Fai Douglas and Mr. Aidan Maurice Coleman.

Pursuant to the Share Purchase Agreement, (i) each of CEL and CL Seller (CenterLab) will procure a non-executive Director nominated by it to resign from their respective positions on the Closing Date, and the Vendor Group shall, at their reasonable endeavours, procure the necessary board resolutions to be duly passed by the Company by the Completion Date approving two (2) Directors nominated by the Offeror to be appointed as non-executive Directors to replace the resigning directors with effect from the Closing Date; and (ii) to the extent existing independent non-executive Directors resign from or cease to hold their respective positions, the Vendor Group shall at their reasonable endeavours procure that new directors nominated by the Offeror to be appointed as independent non-executive Directors subject to compliance with all applicable rules and regulations including the Listing Rules.

Notwithstanding the above, as at the date of this joint announcement:–

- (a) the Offeror has not identified any candidate to be appointed as new Director(s);
- (b) the Vendors have neither decided nor notified the Offeror whom they will procure to resign from the Board; and
- (c) the detailed proposal will take into account the Listing Rules, Takeovers Code and corporate governance requirement of the Company and be implemented in line with the progress of the Completion and Offers.

Further announcement(s) will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and/or the Listing Rules as and when appropriate.

## **PUBLIC FLOAT AND LISTING STATUS OF THE COMPANY**

The Offeror has no intention to privatize the Company and intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offers.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public at all times, or if the Stock Exchange believes that:

- (a) false market exists or may exist in the trading of the Shares; or
- (b) there are insufficient Shares in public hands to maintain an orderly market,

then it will consider exercising its discretion to suspend dealings in the Shares until the prescribed level of public float is restored.

The Offeror and the new Directors to be appointed to the Board (if any) will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares, which may include but not limited to placing down of sufficient number of accepted Shares by the Offeror and/or issue of additional Shares by the Company for this purpose. No arrangements have been confirmed or put in place as at the date of this joint announcement. Further announcement(s) will be made in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

## **EGM**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to issue and allot the Subscription Shares. The Vendor Group, their respective associates and parties acting in concert with them will abstain from voting on the resolutions at the EGM. As at the date of this joint announcement, the Vendors hold an aggregate of 849,164,802 Shares, representing approximately 49.41% of existing issued Shares.

Saved as disclosed above, to the best of the knowledge, information and belief of the Directors, no Shareholder has a material interest in the transactions contemplated under the Subscription Agreement and is required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscription; and (ii) a notice convening the EGM, is required to be despatched within fifteen (15) Business Days (as defined in the Listing Rules) from the date of this joint announcement pursuant to Rule 14A.68(11) of the Listing Rules. As additional time is required to prepare and finalise the information to be included in the circular, the date of despatch of the circular is expected to be delayed to a date on or before 30 November 2021.

## **DESPATCH OF COMPOSITE DOCUMENT**

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offers, together with the Form of Acceptance, to the Offer Shareholders and Offer Optionholders within twenty-one (21) days after the date of this joint announcement, or such later date as the Executive may approve. As there is a pre-condition (i.e., Completion) to the making of the Offers, the Offeror will apply to the Executive for a consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven (7) days from the fulfillment of such pre-condition (i.e., Completion).

If the Offers materialize, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offers (including the expected timetable and terms of the Offers); (ii) a letter of recommendation from the Independent Board Committee in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offers, together with the Forms of Acceptance, will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code.

**The Offer Shareholders and Offer Optionholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee to the Offer Shareholders and Offer Optionholders in respect of the Offers, before deciding whether or not to accept the Offers.**

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 14A.44 of the Listing Rules and Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all the independent non-executive Directors namely, Mr. Jason Wan, Mr. Lau Chun Fai Douglas and Mr. Aidan Maurice Coleman who have no direct or indirect interest in the Offers and the Share Subscription, has been established to make recommendations to the Offer Shareholders and Offer Optionholders (where applicable) on (i) the Subscription Agreement and the transactions contemplated thereunder; (ii) whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Although Mr. Shi Liang, Mr. Qiao Baijun and Mr. Tsai Chang-Hai are non-executive Directors, Mr. Shi Liang, being a director of CAFM, Mr. Qiao Baijun, being the general manager of CAFM, and Mr. Tsai Chang-Hai, being a director of CL Seller (BioEngine), are considered to have conflicts of interest in advising on the Share Subscription and the terms of the Offers and therefore have not been appointed as members of the Independent Board Committee for the purpose of the Takeovers Code.

The Independent Financial Adviser will be appointed by the Company and approved by the Independent Board Committee to advise (i) the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Independent Board Committee in respect of the Offers, and in particular, as to whether the Offers are fair and reasonable and as to the acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Subscription Agreement and transactions contemplated thereunder will be included in the circular for the EGM to be despatched to the Shareholders. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee in respect of the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code, will be included in the Composite Document and despatched to the Offer Shareholders and Offer Optionholders.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding 5% or more of a class of relevant securities of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 12 October 2021 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 October 2021.

## **WARNING**

**The Offers will only be made if the Completion takes place. The Completion is subject to satisfaction and/or waiver of the conditions precedent contained in the Share Purchase Agreement and the Subscription Agreement. Accordingly, the Completion may or may not take place and the Offers may or may not be made.**

**Shareholders, Optionholders and potential investors should note that the Independent Board Committee has yet to consider and evaluate the Offers. The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement. Shareholders and Optionholders should read the Composite Document carefully, including the recommendations of the Independent Board Committee in respect of the Offers and a letter of advice from the independent financial adviser, before forming a view on the Offers.**

**Shareholders, Optionholders and potential investors are advised to monitor the announcements to be made by the Company or jointly by the Offeror and the Company in respect of the progress of the Offers and exercise caution when dealing in the securities of the Company. If Shareholders, Optionholders and potential investors are in any doubt about their position, they should consult their professional advisers.**

## DEFINITIONS

In this joint announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“associate”	has the same meaning ascribed to it in the Takeovers Code
“Bartle Irrevocable Undertaking”	the irrevocable undertaking dated 27 October 2021 given by Mr. Bartle van der Meer in favour of the Offeror that he will not, inter alia, accept the Offers with respect to 1,509,000 Shares directly owned by him, DDI Remaining Shares and 1,000,000 Options granted to him
“Board”	the board of Directors
“Business Day(s)”	any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorised by laws to be closed in mainland China and Hong Kong
“CAF”	the CEL and the CAFM
“CAFM”	CITIC Agri Fund Management Co., Ltd., a company established under the laws of the PRC
“CAF Remaining Shares”	the 92,400,738 Shares to be held by CEL immediately upon Completion, representing approximately 5.38% and 5.11% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively
“CEL Irrevocable Undertaking”	the irrevocable undertaking dated 27 October 2021 given by CEL in favour of the Offeror that it will not, inter alia, accept the Share Offer with respect to CAF Remaining Shares
“CEL”	Citagri Easter Limited, a company incorporated under the laws of the British Virgin Islands, and for more detail, please refer to Note (ii) in the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY”
“China” or “PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CL Irrevocable Undertaking”	the irrevocable undertaking dated 27 October 2021 given by CL Seller (CenterLab) in favour of the Offeror that it will not, inter alia, accept the Share Offer with respect to CL Remaining Shares

“CL Remaining Shares”	the 130,706,271 Shares to be held by CL Seller (CenterLab) upon Completion, representing approximately 7.61% and 7.23% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively
“CL Seller (BioEngine)”	BioEngine Capital Inc., a company incorporated under the laws of Taiwan, which is owned as to approximately 58.60% by CL Seller (CenterLab), and for more detail, please refer to Note (iii) in the section headed “SHAREHOLDING STRUCTURE OF THE COMPANY”
“CL Seller (CenterLab)”	Center Laboratories, Inc., a company incorporated under the laws of Taiwan, shares of which are listed on the Taipei Exchange in Taiwan (stock code: 4123) without having any controlling shareholder (as defined in the Listing Rules), and is the controlling share of CL Seller (BioEngine)
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“CLSA Capital Markets”	CLSA Capital Markets Limited, a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the exclusive financial adviser to the Offeror in respect of the Offers, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“CLSA Group”	CLSA Capital Markets, CLSA Limited and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as either CLSA Capital Markets or CLSA Limited
“CLSA Limited”	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being the agent making the Offers on behalf of the Offeror, an indirectly wholly owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Committed Facilities”	the bank facilities under (1) a facility agreement dated on 26 October 2021 between the Offeror, Yili Industrial, Australia and New Zealand Banking Group Limited, Coöperatieve Rabobank U.A., Hong Kong Branch and Standard Chartered Bank (Hong Kong) Limited, and with respect to a facility of U.S\$1,000,000,000 to the Offeror; and (2) a facility agreement dated on 26 October 2021 between the Offeror and China Merchants Bank Co., Ltd. with respect to a facility of U.S\$900,000,000 to the Offeror, for the purposes of funding its payment obligations in connection with the purchase of the Sale Shares, subscription for the Subscription Shares, and the Offers



“Company”	Ausnutria Dairy Corporation Ltd, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1717)
“Completion”	both the Share Purchase Completion and the Subscription Completion, which shall take place simultaneously
“Completion Date”	the date on which the Completion takes place
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, the details of the Offers, the recommendation from the Independent Board Committee and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offers
“DDI”	the DDI Seller and DDI Seller Parent
“DDI Remaining Shares”	the 93,205,230 Shares to be held by DDI Seller immediately upon Completion, representing approximately 5.42% and 5.15% of the issued share capital of the Company as at the date of this joint announcement and as enlarged by the issue and allotment of the Subscription Shares respectively
“DDI Seller”	Dutch Dairy Investments HK Limited, a company incorporated under the laws of Hong Kong, of which the ultimate beneficial shareholder is Mr. Bartle van der Meer
“DDI Seller Parent”	Dutch Dairy Investments B.V., a company incorporated under the laws of Netherlands and the controlling shareholder of DDI Seller, of which the ultimate beneficial shareholder is Mr. Bartle van der Meer
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened by the Company to consider and approve the Specific Mandate
“Encumbrance(s)”	all pledges, charges, liens, mortgages, security interests, preemption rights, options, equities, power of sale, hypothecations, retentions of title, rights of first refusal and any other encumbrances or third party rights or claims of any kind or any obligation to create any of the foregoing
“EUR”	the lawful currency of the member states of the European Union
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	the form(s) of acceptance and transfer of Shares in respect of the Offers

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Jason Wan, Mr. Lau Chun Fai Douglas and Mr. Aidan Maurice Coleman established for the purpose of providing recommendations in respect of (i) the Subscription Agreement and transactions contemplated thereunder, and (ii) the Offers, in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers pursuant to Rule 2.1 of the Takeovers Code
“Independent Financial Adviser”	an independent financial adviser to be appointed for the purpose of advising (i) the Independent Board Committee, and (ii) the Independent Shareholders in respect of (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) whether the Offers are fair and reasonable for acceptance
“Independent Shareholders”	Shareholders other than the Vendor Group, the Offeror, their respective associates and parties acting in concert with them
“Independent Third Parties”	person(s) or company(s) who/which is/are not connected with the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Irrevocable Undertakings”	CEL Irrevocable Undertaking, CL Irrevocable Undertaking, Yan Irrevocable Undertaking and Bartle Irrevocable Undertaking
“Last Trading Day”	11 October 2021, being the last trading day of the Shares on the Stock Exchange before the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being 30 June 2022, or such other date as the parties may agree in writing, or such other date as each of the Vendors and the Offeror may agree in writing
“NDRC”	the National Development and Reform Commission of the PRC
“Offers”	collectively, the Share Offer and the Option Offer
“Offer Option(s)”	all and any of the Options that are subject to the Option Offer
“Offer Optionholder(s)”	holder(s) of Option(s), other than the Offeror and parties acting in concert with it
“Offer Share(s)”	all and any of the Shares that are subject to the Share Offer

“Offer Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it
“Offeror” or “Jingang Trade”	Hongkong Jingang Trade Holding Co., Limited, which is wholly and beneficially owned by Yili Industrial
“Option(s)”	outstanding share options granted by the Company pursuant to the Share Option Scheme
“Option Offer”	the possible mandatory conditional cash offer to be made by CLSA Limited for and on behalf of the Offeror to cancel all the Offer Options in accordance with the Takeovers Code
“Option Offer Price”	the price at which the Option Offer is made, being HK\$0.06 per Offer Option
“Optionholder(s)”	holder(s) of the Option(s)
“Overseas Optionholder(s)”	Offer Optionholder(s) whose address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC
“Sale Shares”	any and all of 530,824,763 Shares beneficially owned by the Vendors as at the date of the Share Purchase Agreement and representing approximately 30.89% of the total issued share capital of the Company as at the date of the Share Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company

“Share Offer”	the possible mandatory conditional cash offer to be made by CLSA Limited, for and on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror in accordance with the Takeovers Code
“Share Offer Price”	the price at which the Share Offer is made, being HK\$10.06 per Offer Share
“Share Option Scheme”	the share option scheme adopted by the Company on 19 September 2009, as amended from time to time
“Share Purchase Agreement”	the share purchase agreement dated 27 October 2021 entered into between the Vendors and the Offeror in respect of the sale and purchase of the Sale Shares
“Share Purchase Completion”	completion of the purchase of the Sale Shares by the Offeror in accordance with the terms and conditions of the Share Purchase Agreement
“Share Subscription”	the subscription of the Subscription Shares by the Offeror on the terms and subject to the conditions of the Subscription Agreement
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate for the issue and allotment of the Subscription Shares to the Offeror, which is subject to the approval by the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 27 October 2021 entered into between the Offeror and the Company in respect of the Share Subscription
“Subscription Completion”	completion of the Share Subscription in accordance with the terms and conditions of the Subscription Agreement
“Subscription Shares”	any and all of 90,000,000 new Shares to be subscribed by the Offeror on the terms and subject to the conditions of the Subscription Agreement
“Takeovers Code”	the Codes on Takeovers and Mergers of Hong Kong
“U.S\$”	United States dollars, the lawful currency of the United States
“Vendor(s)”	collectively, CEL, CL Seller (BioEngine), CL Seller (CenterLab) and DDI Seller

“Vendor Group”	CAFM and DDI Seller Parent, together with the Vendors
“Yan Irrevocable Undertaking”	the irrevocable undertaking dated 27 October 2021 given by Mr. Yan Weibin in favour of the Offeror that he will not, inter alia, accept the Offers with respect to 120,439,085 Shares owned by him and 1,000,000 Options granted to him
“Yili Industrial”	Inner Mongolia Yili Industrial Group Co., Ltd (內蒙古伊利實業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange of the PRC (stock code: 600887)
%	Percent

\* For identification purpose only

By order of the Board  
**HONGKONG JINGANG  
TRADE HOLDING CO., LIMITED**  
**Wang Xiaogang**  
*Director*

By order of the Board  
**Ausnutria Dairy Corporation Ltd**  
**Yan Weibin**  
*Chairman*

The PRC, 27 October 2021

*As at the date of this joint announcement, the Board comprises three executive Directors, namely Mr. Yan Weibin (Chairman), Mr. Bartle van der Meer (Chief Executive Officer) and Ms. Ng Siu Hung; three non-executive Directors, namely Mr. Shi Liang (Vice-Chairman), Mr. Qiao Baijun and Mr. Tsai Chang-Hai; and three independent non-executive Directors, namely Mr. Jason Wan, Mr. Lau Chun Fai Douglas and Mr. Aidan Maurice Coleman.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror any of its associates or parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the respective director(s) of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

*As at the date of this joint announcement, the board of the Offeror comprises Mr. Pan Gang, Mr. Wang Xiaogang, Ms. Yuan Ping and Ms. Jiang Yuanzi; and the board of Yili Industrial comprises Mr. Pan Gang, Ms. Zhao Chengxia, Mr. Wang Xiaogang, Ms. Zhao Ying, Ms. Wang Aiqing, Mr. Zhang Junping, Mr. Lv Gang, Mr. Peng Heping, Ms. Ji Shao, Mr. Cai Yuanming, and Ms. Shi Fang.*

*The directors of the Offeror and Yili Industrial jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the respective directors of the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*