



1 June 2018

Dear Rupa

We note the contents of your letter dated 30 May 2018

We respond in the same numbering to your letter

1. Please see the attached declaration from CDC chairman Mr Enjia Liu, which has been officially translated from Chinese to English. Part of the delay in releasing this statement was the time it took to properly translate the statement of Mr Liu and his confirmation that it was accurate, due to the technical nature of the document.
2. The board was not aware of the material change prior to 18 May 2018. When it was brought to our attention, the Chairman provided a response to the revelation and the allegations made against him.
3. Since the Board has terminated Mr Youliang Wang former CEO and Executive Director, who was involved in the day to day operations of CDC, for non-participation in board meetings, We have found it extremely difficult to obtain information from professional service providers. We were notified by Auditors Wei Wei and Co on 18 May 2018 regarding Zhongxian information's transfer of 100% interest in Cattle Co ("material change") and immediately sought a response from Chairman Liu. He provided the statement outlined in point 1. The current board also asked Wei Wei and Co where they obtained the information regarding the material change by way of email on the 21 May 2018 and they replied as follows "*The information is publicly available. You can obtain such information from one of the public panel: <http://www.gsxt.gov.cn/index.html>, and we were not aware of the transfer of the ownership back then. Thank you*". The board is in the process of changing auditors and engaging new auditors Moore Stephens to comprehensively investigate the issue, however we have been thwarted by unknown forces in seeking access to funds needed to formally instruct them.
4. The board was not aware of the material change until formally advised by Wei Wei and Co on the 18 May 2018. The Chairman Mr Liu does not recall signing the annual report prepared in December 2017; his signature may have been forged. Mr Liu was also not aware that there was any material change to disclose, as he only became aware of the matter after the annual report was published in December 2017. At all times Mr Youliang Wang was in control of the day to day operations of CDC, as CEO and executive director. We therefore presume that he provided the necessary information to Wei Wei and Co for their audit, and having authorised the material change it was his obligation to disclose this matter to the board when it was effected, which he failed to do.
5. This is addressed in letter outlined in point 1 and we reiterate point 4 of this letter
6. This is addressed in letter outlined in point 1 and we reiterate point 4 of this letter
7. This is addressed in letter outlined in point 1 and we reiterate point 4 of this letter
8. This is addressed in letter outlined in point 1 and we reiterate point 4 of this letter

9. The current board have not formed a view as to whether CDC complies with 3.1 as we are still trying to investigate the current material and financial situation of CDC. We have not been able to obtain sufficient information from the former Accountant (Smart Wealth Advisors), which has declined to meet with the board and formally resigned on 26 May 2018. We again reiterate point 3 and 4 of this letter.
10. The board is in agreement with the contents of this letter.



Hon. Andrew Stoner  
Deputy Chairman

## 郑重声明

### Solemn Declaration

获悉有人在ASX指控我的非法行为，对此我做出郑重声明：

I have come to the awareness that someone reported to ASX, accusing me of illegal practices, and I am making the following solemn declaration regarding this matter,

1. 他们的指控是毫无根据的，我在黑龙江中现信息有限公司没有任何职务，我如何可以控制该公司，该公司所进行的一切，都是法人兼总经理王有良所为，这在中国的工商登记上都有明确记录。

1. Their accusations are entirely groundless. I hold no position in Heilongjiang Zhongxian Information Co. Ltd. In what aspect could I have controlled this company? All the operations by the company have been implemented by Youliang WANG, the Legal Person and General Manager, which is clearly and accurately recorded on the China Industry and Commerce Registration.

2. 指控所言的伪装协议，这可以到中国公安机关进行举报，由中国公安机关进行鉴定，在没有鉴定证明材料情况下，就进行诬陷，本人保留追究其法律责任的权利。

2. The 'disguised agreement' referred to by the accusation can be reported to the Chinese Public Security Authority and be assessed by the Chinese Public Security Authority. I reserve the right to pursue the legal liability of any party who made the false accusation without the presence of assessments or evidence.

3. 所有指控都没有拿出有效证据，而且在没有弄清职责与所对应的行为的前提下进行污蔑，要承担法律责任。

3. None of the accusations have been supported by valid evidence. There is legal liability for the defamation made, in absence of a clear understanding regarding the position and responsibilities and the according practices.

以下为本人对于匿名信件中所提出的两大质疑的澄清：

The following is my clarification on the two presumptions raised in the anonymous letter,

#### 一. 关于匿名信笺提出的关于尚志育龙牛业有限公司股权变更的质疑

First, regarding the presumption on the alteration of share ownership regarding Shangzhi Yulong Cattle Co. Ltd.

刘萍芝确实是我胞妹，但在尚志育龙牛业有限公司出现了管理层混乱的特殊时期，是王有良让她临危受命，任命其为总经理的，任命时，我既没有推荐也不知情，但她接任后，使该公司焕然一新，并进行了大规模的改造，成为了一个地区的样板企业。而王有良及张晓然在CMCI上市初期与尚志育龙公司的原所有者签署了一份虚假协议。协议约定，并购尚志育龙公司时需支付2800万元人民币，加上尚志育龙公司上市增资扩股的900万股。多年后，尚志育龙公司的前所有者，就他们的这个虚假协议提出诉讼，而在一审判决中，我们黑龙江中现公司作为被告败诉，因此要支付给原告，2800万人民币加上诉讼费18.6万元，共计2818.6万元人民币。这时期作为被告的黑龙江中现信息有限公司提起上诉，但当时案情不明朗，尚志育龙牛业有限公司

具有时刻被强制执行的风险，王有良就与刘萍芝签署协议，将尚志育龙的资产先转到刘萍芝的名下。此举的原因，主要是王有良想在当时的情况下规避风险，他本人为此次事件的主导者。对于此事，我当时根本就不知情，当我与2017年12月通过王有良得知此事后，就立刻劝导王有良和刘萍芝，希望他们即刻将尚志育龙的资产转回黑龙江中现信息有限公司名下，但是由于当时尚志育龙牛业有限公司有大笔银行贷款，故在贷款还清之前无法办理转让手续。具体事宜需要王有良自己来解释。后经我多方努力，在黑龙江中现信息有限公司的上诉案获得胜诉，牧场得以保全。

Pingzhi LIU is, as a matter of fact, my younger biological sister. However, during the unusual period when Shangzhi Yulong Cattle Co. Ltd. experienced management chaos, Youliang WANG was the person who asked her to step in in the crisis, appointing her as General Manager. When she was appointed, neither had I made the recommendation, nor had I been aware of it. Since the takeover, nevertheless, she transformed the company completely. With large-scale overhauling implemented, the company has become an exemplary model business locally. However, Youliang WANG and Xiaoran ZHANG signed a false agreement with the previous owner of Shangzhi Yulong Company at the early stage of the CMCI listing. According to the agreement, the acquisition of Shangzhi Yulong Company would cost RMB 28 million yuan, plus the 9 million stock units offered for capital increase and share expansion upon the listing of Shangzhi Yulong Company. Years later, the previous owner of Shangzhi Yulong Company filed a legal proceeding regarding this false agreement. The court decision of the first instance on this matter was that we, Heilongjiang Zhongxian Company, as the respondent, lost the case and therefore had to pay the complainant RMB 28 million yuan and the legal expenses, totalled at RMB 28.186 million yuan. Heilongjiang Zhongxian Information Co. Ltd., as the respondent, lodged an appeal at that time. However, given the fact that the development of the case being uncertain at that time, the decision could be enforced on Shangzhi Yulong Cattle Co. Ltd. at any time, and Youliang WANG and Pingzhi LIU signed an agreement to transfer the assets of Shangzhi Yulong to under the name of Pingzhi LIU. The reason of the act was to avoid risks under the given circumstances, and he was the dominant player of this event, which I had no knowledge of then. When I learnt about this from Youliang WANG in December, 2017, I immediately provided advice to Youliang WANG and Pingzhi LIU, hoping that they would transfer the Shangzhi Yulong assets back under the name of Heilongjiang Zhongxian Information Co. Ltd.. However, Shangzhi Yulong Cattle Co. Ltd. was at that time liable of large amount of bank loan and was not able to go through the transfer process before the loan was repaid. The exact details are to be provided by Youliang WANG. Later, through my efforts in all possible ways, Heilongjiang Zhongxian Information Co. Ltd. was successful in its appeal and the pasture ranch was therefore saved.

## 二. 关于第二件跨国收购矿产，为我本人谋取巨额利润的质疑

Second, regarding the second assumption that I personally gained enormous profits in the cross-border acquisition of mining assets

此项指控更是无稽之谈。首先，蒙古正元公司的实际采矿权并未转让到我个人名下，而是转到了王有良所控制的指定公司名下，并且是有据可查的。其次，转让合同的实际支付途径从未经过黑龙江中现有限公司账户，与黑龙江中现信息有限公司不存在任何财务以及法律归属上的关联。此案件现在已在上诉受理的过程中，因此匿名信中所陈述的刘恩嘉私自跨国收购矿产，为自己谋取巨额利润并不成立，且构成诽谤。

This accusation is even more of a groundless statement. First, the actual mining rights of Menggu Zhengyuan Company is not under my personal name, but rather has been

transferred under the assigned company controlled by Youliang WANG, which is on record. Secondly, the actual payment for the contract transfer has not been made through the Heilongjiang Zhongxian Information Co. Ltd. account, and has no association with Heilongjiang Zhongxian Information Co. Ltd. in terms of finance and legal affiliation. The case has now been accepted in an appealing process, and therefore the assumption in the anonymous letter that Enjia LIU acquired cross-border mining assets to gain enormous personal profits is invalid and is defamatory.

以上为本人关于匿名信中所提出种种质疑的声明，信件中的种种陈述均属虚构，已对本人的声誉造成严重危害。本人已对此匿名信的实际撰写人进行调查，并将追究其法律责任。

The above is my personal declaration in response to the various assumptions raised in the anonymous letter. The various statements in the letter are all fabricated and has severely jeopardised my personal reputation. I have instigated an investigation on the actual writer of this anonymous letter and will pursue the person's legal liability.

声明人：刘恩嘉

Declarant:

LIU Enjia

2018年5月17日

17-05-2018

30 May 2018

Mr Kevin Yau  
Company Secretary  
China Dairy Corporation Limited

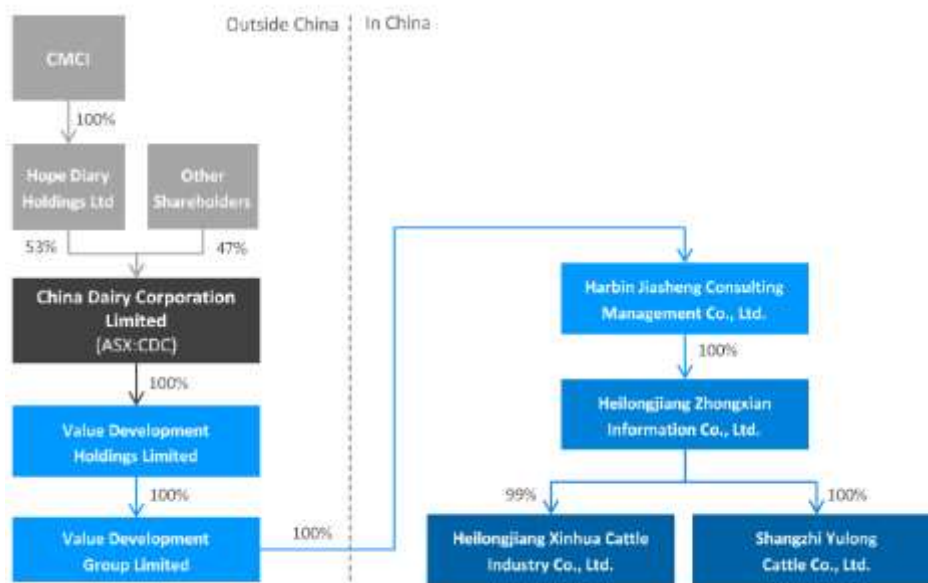
By email: [kevin.yau@goodwynlegal.com](mailto:kevin.yau@goodwynlegal.com)

Dear Mr Yau,

**China Dairy Corporation Limited (“CDC”): ASX Query**

ASX Limited (“ASX”) refers to the following:

- A. The corporate structure set out on page 28 of CDC’s 2017 Annual Report released on ASX’s Market Announcements Platform (“MAP”) on 5 October 2017, which is as follows.



- B. An “open letter” addressed to the Australian directors and local agent of CDC dated 15 May 2018, forwarded to ASX on 17 May 2018, alleging, amongst other things:
- that Heilongjiang Zhongxian Information Co., Ltd (“Zhongxian Information”) has transferred its 100% interest in Shangzhi Yulong Cattle Co., Ltd (“Cattle Co”); and
  - Zhongxian Information is required to pay a sum of money in relation to the transfer of mining rights from Shandong Zhengyuan Geological Resources Exploration Co., Ltd (“Shandong Zhengyuan”) in February 2015.
- C. CDC’s announcement entitled “Market Update” released on MAP on 18 May 2018, disclosing a material change to the previously announced financials for the half year ended 31 December 2017, particularly in relation to the shareholding in Cattle Co.
- D. Listing rule 10.1 which states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, any of the following persons without the approval of holders of the entity’s ordinary securities.

10.1.1 A \*related party of the entity.

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- 10.1.2 A <sup>+</sup>child entity of the entity.
- 10.1.3 A <sup>+</sup>substantial holder in the entity, if the person and the person's <sup>+</sup>associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting <sup>+</sup>securities in the entity.
- 10.1.4 An <sup>+</sup>associate of a <sup>+</sup>person referred to in rules 10.1.1 to 10.1.3.
- 10.1.5 A <sup>+</sup>person whose relationship to the entity or a <sup>+</sup>person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by <sup>+</sup>security holders.

If an entity breaks this rule, ASX may require it to take the corrective action set out in rule 10.9.

- E. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

Having regard to the above, ASX asks CDC to respond separately to each of the following questions and requests for information:

1. Has Zhongxian Information transferred or otherwise disposed of any of its interests in Cattle Co? If it has, please provide full details of the circumstances surrounding any transfer or disposal including, but not limited to, the reasons for the transfer, when the transfer occurred, to whom the interests were transferred and how much was paid by the acquirer.

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2. If there was a change to, or disposal of, Zhongxian Information's interests in Cattle Co, why has this not been announced to the market prior to 18 May 2018?
  3. If the interests in Cattle Co were transferred or otherwise disposed of, please provide a description of the assets of Cattle Co at the time of the transfer, including their value.
  4. If the answer to question 1 is "yes", please provide an analysis of the application of Listing Rule 10.1 to the disposal of Zhongxian Information's interests in Cattle Co.
  5. Since 30 October 2015 (the date of CDC's initial public offering prospectus), has CDC or any of its subsidiaries acquired any mining rights, paid any amounts towards the acquisition of mining rights, or owe any money towards the acquisition of mining rights? If the answer is "yes", please provide full details of the circumstances including, but not limited to, the names of the parties involved, details around any amounts paid or owing, the nature any rights acquired, and any key dates.
  6. If the answer to question 5 is "yes", has this previously been announced to the market? If not, why not?
  7. Since 30 October 2015, has CDC or any of its subsidiaries been involved in any material law suit or been the subject of any material legal judgement that has not been announced to the market? If the answer is "yes", please provide the full particulars.
  8. If the answer to question 7 is "yes", why weren't announcements made to the market?
  9. Please confirm that CDC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
  10. Please confirm that CDC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policies or otherwise by its board or an officer with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by no later than 9.30am AEST on Wednesday, 6 June 2018 or such other time that has been agreed with ASX.**

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CDC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at rupa.kapadia@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to CDC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CDC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.



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If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

*[Sent electronically without signature]*

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**Rupa Kapadia**

**Adviser, Listings Compliance (Sydney)**

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