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If you have sold or transferred all your shares in **CHINA MODERN DAIRY HOLDINGS LTD.**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders**

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

A letter from the Independent Board Committee containing its recommendations in respect of the Sale and Purchase Agreement to the Independent Shareholders is set out on pages 17 to 18 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this circular.

A notice convening the EGM of the Company to be held at Meeting Room, Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, August 1, 2016 at 11:00 a.m. is set out on pages 39 to 41 of this circular. If you are not able to attend the meeting, please complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

15 July 2016

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DEFINITIONS

In this circular, the following expressions have the following meanings, unless the context requires otherwise:

“Acquisition”	the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement;
“associate(s)” and “connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday or Sunday) on which commercial banks are open for business in the PRC or Hong Kong;
“Company”	China Modern Dairy Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1117);
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Sale and Purchase Agreement;
“Completion Date”	the fifth Business Day from and excluding the day on which the Conditions has been fulfilled, or such other date as the parties may agree in writing;
“Conditions”	the conditions precedent to completion of the transactions contemplated under the Sale and Purchase Agreement, the major terms of which are set out in section headed “The Sale and Purchase Agreement — Conditions Precedent” in this circular;
“connected person”	has the meaning given that term under the Listing Rules;
“Consideration Shares”	a total of 338,602,205 new Shares to be issued at the issue price of HK\$1.46 per Share to be allotted and issued to the Sellers in consideration for the sale and purchase of the Sale Shares;
“Directors”	the directors of the Company;
“Distributor(s)”	the Primary Distributor(s) and the Secondary Distributor(s);

DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve, the Sale and Purchase Agreement and transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate);
“Escrow Account”	such securities escrow account to be set up and maintained for the purpose of holding the Escrow Shares;
“Escrow Agent”	such escrow agent to be jointly appointed by the Company and the Sellers at Completion;
“Escrow Shares”	the Consideration Shares to be deposited into the Escrow Account;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HK Holdco”	an investment holding company to be incorporated under the laws of Hong Kong and to be wholly-owned by Target Co. After the completion of the Reorganization, it shall indirectly own 45% equity interest in MFDPS via its wholly-owned subsidiary, WFOE Holdco;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Financial Adviser”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Prof. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei, formed for the purpose of advising the Independent Shareholders in relation to the Sale and Purchase Agreement and transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate);

DEFINITIONS

“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate);
“Issue Price”	HK\$1.46 per Consideration Share;
“Latest Practicable Date”	July 13, 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Committee”	The Listing Committee of the Stock Exchange;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	December 13, 2016 or such other date as the Company and the Sellers may agree in writing;
“Management Options”	the management options granted by the Company to Ms. GAO Lina, Mr. HAN Chunlin and Mr. SUN Yugang on October 31, 2010.
“MFDPS”	Modern Farm (Anhui) Dairy Product Sales Co., Ltd. (現代牧業(安徽)乳品銷售有限公司), a company established under the laws of the PRC;
“Operating Subsidiaries”	The subsidiaries of MFDPS which are engaged in the sales of milk products business;
“Performance Targets”	performance targets for the sellers (as employees of MFDPS) jointly determined by the Company and the Sellers in good faith;
“PRC”	the People’s Republic of China (excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“PRC Holdco”	Modern Farming (Group) Co., Ltd (現代牧業(集團)有限公司), a company established under the laws of the PRC and is owned as the 97.87% by the Company. It is the legal and beneficial owner of 55% equity interest in MFDPS;
“Primary Distributors”	the existing customers, suppliers and distributors of MFDPS and Operating Subsidiaries, whether controlled by the Sellers or not;

DEFINITIONS

“Reorganization”	the reorganization arrangements to be undergone by the Sellers in relation to their respective equity interests in MFDPS. Please see the section headed “The Sale and Purchase Agreement — Reorganization” for more details;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated June 16, 2016 entered into among the Company and the Sellers relating to the Acquisition;
“Sale Shares”	such number of ordinary shares of Target Co representing its entire issued share capital. Target Co shall be the indirect beneficial owner of 45% equity interest in MFDPS at Completion in the shareholding structure set out in the section headed “The Sale and Purchase Agreement — Reorganization” of this circular;
“Secondary Distributors”	the customers, suppliers and distributors that purchase the products of MFDPS from the Primary Distributors, whether controlled by the Sellers or not;
“Sellers”	Mr. ZUO Weilin, Mr. YANG Jingchao, Mr. GUO Hanqing, Mr. SUN Yongping and Mr. LIU Yanbin, who holds 16.17%, 1.62%, 15.86%, 8.45% and 2.90% (in aggregate 45%) equity interest in MFDPS as at the Latest Practicable Date, respectively. Each Seller is an employee of MFDPS;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Share Options”	the share options granted by the Company pursuant to the share option schemes adopted on November 17, 2011 and June 5, 2014
“Shareholder(s)”	holder of the Share(s);
“Specific Mandate”	the specific mandate to be granted to the Directors in relation to the allotment and issue of new Shares to satisfy the allotment and issue of the Consideration Shares pursuant to the terms of the Sale and Purchase Agreement, to be approved by the Independent Shareholders at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“Target Co”	an investment holding company to be incorporated under the laws of the British Virgin Islands and to be wholly-owned by the Sellers. After the completion of the Reorganization, it shall indirectly own 45% equity interest in MFDPS via its wholly-owned subsidiaries, namely HK Holdco and WFOE Holdco;
“Target Group”	MFDPS, its subsidiaries (including but not limited to the Operating Subsidiaries) and its associated companies;
“WFOE Holdco”	an investment holding company to be established under the laws of the PRC and to be wholly-owned by HK Holdco. After the completion of the Reorganization, it shall directly own 45% equity interest in MFDPS; and
“%”	per cent.

LETTER FROM THE BOARD



现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

Executive Directors:

Ms. GAO Lina

(Deputy Chairman & Chief Executive Officer)

Mr. HAN Chunlin (Chief Operation Officer)

Mr. SUN Yugaang (Chief Financial Officer)

Non-executive Directors:

Mr. YU Xubo (Chairman)

Mr. WOLHARDT Julian Juul

Mr. HUI Chi Kin, Max

Mr. ZHANG Ping

Independent non-executive Directors:

Prof. LI Shengli

Mr. LEE Kong Wai, Conway

Mr. KANG Yan

Mr. ZOU Fei

Registered Office:

Maples Corporate Services Limited

PO Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands

Principal place of business

in Hong Kong:

Unit 2402, 24/F, Alliance Building

130-136 Connaught Road Central

Sheung Wan

Hong Kong

July 15, 2016

To the Shareholders

Dear Sir and Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated June 16, 2016 and the supplemental announcement of the Company dated June 22, 2016 with regards to the Sale and Purchase Agreement.

LETTER FROM THE BOARD

The purposes of this circular are, among other things, to: (i) provide you with further details of the Sale and Purchase Agreement; (ii) set out the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after taking into consideration of the advice of the Independent Financial Adviser in relation to the matters set out in (i); (iii) set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the matters set out in (i); and (iv) give you the notice of the EGM at which an ordinary resolution will be proposed to approve the matters set out in (i).

BACKGROUND

On June 16, 2016, the Company entered into the Sale and Purchase Agreement with the Sellers, pursuant to which the Company has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Sale Shares (representing 45% equity interest in MFDPS after the completion of the Reorganization) for the issue of the Consideration Shares at the Issue Price of HK\$1.46 per Consideration Share to the Sellers.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

June 16, 2016

Parties

- (1) the Company
- (2) the Sellers

Assets to be acquired

The Sale Shares represent the entire issued share capital of Target Co, which will hold 45% equity interest in MFDPS through HK Holdco and WFOE Holdco after the Reorganization.

Consideration

The consideration (the “**Consideration**”) payable by the Company to the Sellers is HK\$494,359,219.3, which shall be satisfied by the Company allotting and issuing the Consideration Shares (338,602,205 Shares) to the Sellers at Completion, which has been arrived at after arm’s length negotiations between the Company and the Sellers after taking into account, among other things, the earnings capability, growth prospects and financial and operating performance of the Target Group.

LETTER FROM THE BOARD

Consideration Shares

The total number of Consideration Shares represents:

- (1) approximately 6.38% of the issued share capital of the Company as at the Latest Practicable Date; and
- (2) approximately 6.00% of the issued share capital of the Company as enlarged by the issue of Consideration Shares.

Issue Price

The Issue Price of HK\$1.46 per Consideration Share represents:

- (i) a premium of approximately 9.77% to the closing price of HK\$1.33 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 7.35% to the average of the closing prices per Share of approximately HK\$1.36 for the last five consecutive days as quoted on the Stock Exchange up to and including the date of the Sale and Purchase Agreement;
- (iii) a premium of approximately 5.80% to the average of the closing prices per Share of approximately HK\$1.38 for the last ten consecutive trading days as quoted on the Stock Exchange up to and including the date of the Sale and Purchase Agreement; and
- (iv) a discount of approximately 14.12% to the net asset value per Share of HK\$1.70 as at December 31, 2015.

Basis for Determining the Consideration

The Consideration is arrived at after arm's length negotiations between the Company and the Sellers with reference to various factors including: (1) the recent financial position and performance of MFDPS; (2) the outlook of the business of wholesale and retail of milk products in the PRC; (3) the prevailing and historical trading prices of the Shares and the current market conditions; and (4) the commercial reasons and benefits set out in the paragraphs headed "Reasons for and Benefits of the Acquisition" below.

The Consideration is arrived at without taking into consideration of either the escrow arrangement in the paragraph headed "The Sale and Purchase Agreement — Escrow Arrangement" below (the "**Escrow Arrangement**") in respect of the Escrow Shares or the Performance Targets.

Specific Mandate

At the EGM, the Company will seek the Specific Mandate from the Independent Shareholders in order to issue the Consideration Shares.

LETTER FROM THE BOARD

Ranking of the Consideration Shares

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves free from all lien, charge, guarantee, adverse interests and adverse claims, and with the Share in issue on the date of allotment and issue of the Consideration Shares.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange of the listing of and permission to deal in, the Consideration Shares. Details of the impact of the Consideration Shares on the shareholding structure of the Company are set out in the section headed “Impact on the shareholding structure of the Company” in this circular.

Lock-up Undertaking

Each of the Sellers undertakes to the Company, amongst others, that it will not directly or indirectly dispose of, nor directly or indirectly enter into any agreement to dispose of, any of the Consideration Shares within one year from the Completion Date (the “**Lock-up Period**”). Subject to the Escrow Arrangement, the Sellers may, after the expiration of the Lock-up Period, dispose of, or enter into any agreement to dispose of, the Consideration Shares.

Conditions Precedent

The Completion is conditional on the following conditions having been fulfilled on or before the Long Stop Date:

- (a) the obtaining of the approval from the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares to the Sellers) in accordance with the requirements under the Listing Rules;
- (b) the Listing Committee granting the listing of, and permission to deal in, the Consideration Shares (and such grant not having been revoked or withdrawn), either unconditionally or subject to such conditions as are accepted by the Company;
- (c) the Reorganization having been completed;
- (d) the Company having obtained a legal opinion on (i) the completion, validity and legality of the Reorganization; and (ii) the full settlement of all taxes, fees and duties payable by the Sellers in relation to or as a result of the Reorganization from a PRC legal adviser in the form and substance to the satisfaction of the Company;
- (e) the Company having received the following information from the Sellers:
 - (i) a complete list of the Distributors containing contact details of each Distributor; and

LETTER FROM THE BOARD

- (ii) a list of the sales amount of each of the Distributors for each of the three financial years ended December 31, 2015; and
- (f) the Company or MFDPS having entered into a new distribution or business agreement with the Distributors on terms and conditions satisfactory to the Company.

Each party must use its best endeavors to achieve satisfaction of the Conditions as soon as practicable and in any event on or before the Long Stop Date.

If any of the Conditions are not fulfilled on the Completion Date, the Company may (a) defer Completion; (b) proceed to Completion as far as practicable; or (c) terminate the Sale and Purchase Agreement. The above conditions cannot be waived and none of the above conditions has been satisfied as at the Latest Practicable Date.

Completion

The Completion will take place on the Completion Date after all the Conditions have been fulfilled.

Following the Completion, MFDPS will become a wholly-owned subsidiary of the Company.

Escrow Arrangement

At Completion, the Company and the Sellers shall jointly appoint the Escrow Agent and the Escrow Shares shall be deposited into the Escrow Account. The Escrow Agent will be a broker or custodian who is an independent third party to both the Company and the Sellers. Each Seller will maintain an Escrow Account holding the respective Escrow Shares under his name. After the Completion, the Sellers will be the beneficial owners of the Consideration Shares. Neither the Escrow Arrangement nor the Performance Targets will affect the Sellers' interests in the Consideration Shares. The Escrow Agent will act in accordance with the instructions of the Sellers in all respects, except for the transfer or dealing with (with the meaning ascribed to it under Appendix 10 to the Listing Rules) of the Escrow Shares which in either case requires consent of the Company.

The purpose of the Escrow Arrangement is to enable the Company to assist the Sellers in dealing with the Escrow Shares in compliance with the Listing Rules. The Company will not withhold its consent for the Sellers to transfer or deal with the Escrow Shares so long as such act is in compliance with the Listing Rules.

Performance Targets

The purpose of the Performance Targets is to serve as a performance target for the Sellers, as long-term employees of MFDPS with established working relationships with the Distributors, to improve the performance of MFDPS after the Completion by assisting the Company in maintaining and further developing business relationships with the Distributors.

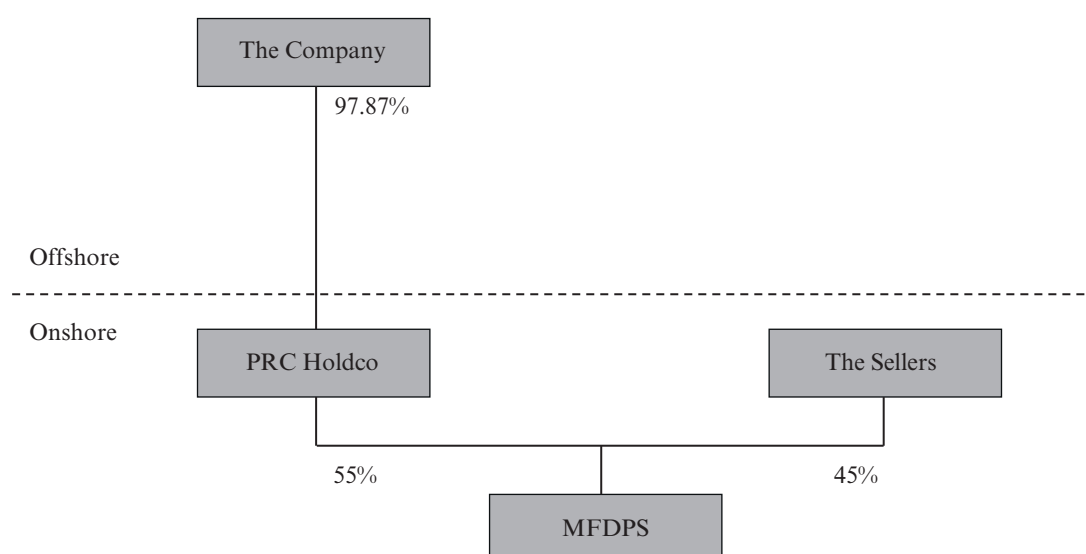
LETTER FROM THE BOARD

It is reasonably expected that the specific details of the Performance Targets can only be ascertained after the Completion. The Performance Targets are currently expected to be measured based on the sales volume, sales revenue and operating cash flow of MFDPS calculated based on the consolidated unaudited financial information prepared in accordance with the generally accepted accounting principles of the PRC. The relevant financial periods which the Performance Targets relate to will be ascertained after the completion of the Acquisition.

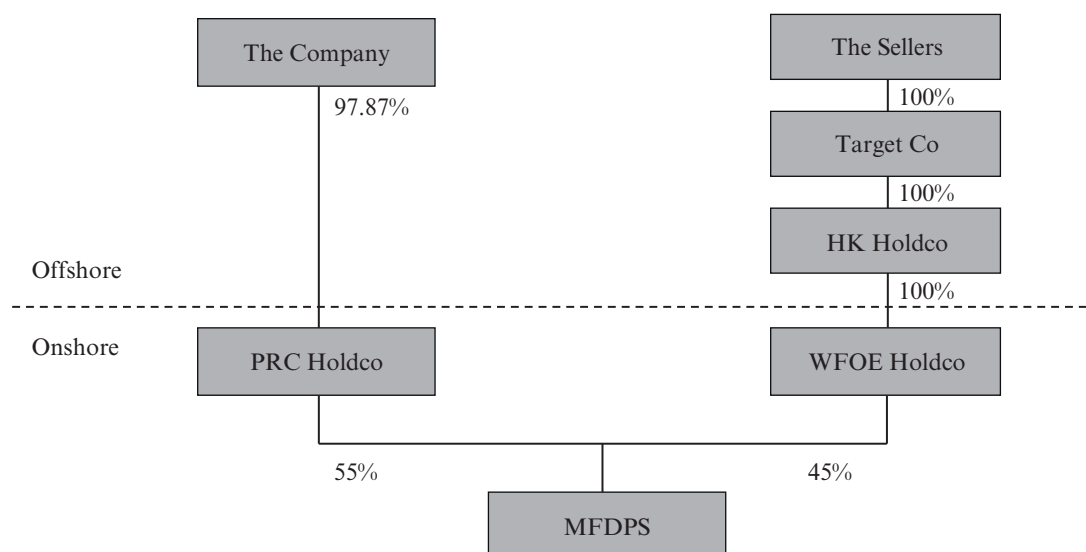
If the Performance Targets are not met, the Company will continue to engage in good faith negotiations with the Sellers with the view to assist the Sellers to meet the Performance Targets or adjust the Performance Targets. In any event, failure to meet the Performance Targets will have no implication on the Sellers' rights in respect of the Consideration Shares.

Reorganization

The shareholding structure of MFDPS as at the Latest Practicable Date is as follows:



The shareholding structure of MFDPS immediately after the completion of the Reorganization is as follows:



LETTER FROM THE BOARD

IMPACT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming no other changes to the shareholding structure of the Company other than the issue of the Consideration Shares, the table below illustrated the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after issue of the Consideration Shares:

Name of Shareholders	As at the Latest Practicable Date		Immediately after the issue of the Consideration Shares	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
The Sellers				
Mr. ZUO Weilin	—	—	121,638,225	2.16%
Mr. YANG Jingchao	—	—	12,163,823	0.22%
Mr. Guo Hanqing	—	—	119,347,119	2.11%
Mr. SUN Yongping	—	—	63,606,424	1.13%
Mr. LIU Yanbin	—	—	21,846,614	0.38%
Substantial Shareholders				
China Mengniu Dairy Company Limited	1,347,903,000	25.41%	1,347,903,000	23.88%
Xinmu Holdings Ltd.	671,021,025	12.65%	671,021,025	11.89%
Yinmu Holdings Ltd.	446,465,419	8.42%	446,465,419	7.91%
Success Dairy II Limited ⁽¹⁾	477,429,132	9.00%	477,429,132	8.46%
Directors and Chief Executives⁽³⁾				
Ms. GAO Lina	226,381,733 ⁽²⁾	4.26%	226,381,733 ⁽²⁾	4.02%
Public Shareholders	<u>2,135,567,574</u>	<u>40.26%</u>	<u>2,135,567,574</u>	<u>37.84%</u>
Total	<u>5,304,767,883</u>	<u>100%</u>	<u>5,643,370,088</u>	<u>100%</u>

(1) Success Dairy II Limited is wholly owned by Success Dairy I Limited, which is owned as to 25% by Crown Dairy Holdings Limited and 75% by New Dairy Investment Ltd. (“New Dairy”). New Dairy is a subsidiary of KKR China Growth Fund L.P., the general partner of which is KKR Associates China Growth L.P.

(2) Ms. GAO is the beneficial owner of 4,800,000 Shares. Separately, Ms. GAO holds approximately 49.12% of the interests in Jinmu Holdings Co Ltd. (“Jinmu”), which in turn holds 221,581,733 Shares. Therefore, Ms. GAO is deemed to be interested in the 221,581,733 Shares held by Jinmu under the SFO.

(3) Assuming none of the Management Options or Share Options is exercised during the period from the Latest Practicable Date and the issue of the Consideration Shares.

Immediately after the issue of the Consideration Shares, none of the Sellers will become a substantial shareholder of the Company under the Listing Rules.

LETTER FROM THE BOARD

INFORMATION OF THE COMPANY

The Group is the largest dairy farming company in terms of herd size as well as the largest raw milk producer in China. It is headquartered in China's eastern province of Anhui, and its primary business is raising dairy cows and selling raw milk to branded dairy companies for processing into consumer dairy products. As of December 31, 2015, the Group had 27 farms in operation in China with approximately 225,542 dairy cows in total. The Group's farms are situated across the PRC in strategic geographical locations that are close to downstream dairy product processing plants and feed supply sources.

INFORMATION OF MFDPS

MFDPS was established under the laws of the PRC on November 28, 2011, and is owned as to 55% and 45% by PRC Holdco (which is in turn held as to 97.87% by the Company) and the Sellers, respectively as at the Latest Practicable Date. Please see the section headed "The Sale and Purchase Agreement — Reorganization" for more details of the shareholding structure of MFDPS as at the Latest Practicable Date.

MFDPS is principally engaged in the business of wholesale and retail of milk products (other than infant formula milk powder) in the PRC. MFDPS and its two wholly-owned Operating Subsidiaries (both managed by MFDPS) are responsible for the sales of the branded milk products of the Company in the Chinese market and managing branding and sales channels development. MFDPS is responsible for the formulation of sales plans, branding strategies and sales channels development strategies. MFDPS enters into business agreements with the Primary Distributors to authorise the Primary Distributors for the promotion and sales of branded milk products (including distribution, retail, delivery and logistics) within their respective designated exclusive areas in accordance with our strategies.

Financial Information of the Target Group

Set out below is a summary of certain unaudited consolidated financial information of MFDPS for the two years ended December 31, 2014 and December 31, 2015, as extracted from the unaudited consolidated financial statements of MFDPS, prepared in accordance with the generally accepted accounting principles of the PRC:

	For the year ended	
	December 31, 2015	December 31, 2014
Unaudited consolidated net profit (before taxation)	RMB44,246,608.87	RMB25,091,740.34
Unaudited consolidated net profit (after taxation)	RMB32,583,176.26	RMB17,621,470.71

The unaudited consolidated net asset value of MFDPS as prepared on the above basis as at December 31, 2015 was RMB137,407,298.51.

LETTER FROM THE BOARD

The original acquisition cost for the Target Group by the Sellers in 2011 was RMB20,250,000.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Acquisition is in line with the Group's development strategy. MFDPS currently engages in the business of wholesale and retail of milk products (other than infant formula milk powder) in the PRC. The Acquisition enables the Company to enhance the Group's strategic development and gain better access to the PRC milk products market by developing relationship with customers that have strong market presence.

In addition, the Acquisition will bring operation convenience and benefit to the Group as it will enable the Group to have better and more effective management and control over MFDPS after it becomes a wholly-owned subsidiary of the Group upon completion of the Acquisition and enable more effective sharing of resources with other subsidiaries of the Group (including the existing network of customers, suppliers and distributors), which the Directors believe will create synergies and improve the Group's subsidiaries' operating efficiencies, strengthen the competitiveness of the Group, increase revenue growth, generate more attractive returns to the Shareholders and reduce costs in the long run.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable ratio under Rule 14.07 of the Listing Rules of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, MFDPS is owned as to 55% and 45% by PRC Holdco and the Sellers, respectively. PRC Holdco is in turn held as to 97.87% by the Company. Accordingly, the Sellers are connected persons of the Company and the entering into of the Sale and Purchase Agreement and transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate) constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EGM

Set out on pages 39 to 41 of this circular is the notice convening the EGM to be held at Meeting Room, Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, August 1, 2016 at 11:00 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate). At the EGM, the votes of the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate) will be taken by poll.

LETTER FROM THE BOARD

Pursuant to rule 14A.36 of the Listing Rules, any connected person with a material interest in the transaction, and any shareholders with a material interest in the transaction and its associate, will not vote on the relevant resolutions at the EGM. None of the Shareholders has a material interest in the Acquisition and thus no Shareholder is required to abstain from voting in respect of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate).

A proxy form for use at the EGM is enclosed herein. If you are not able to attend the EGM, please complete the accompanying proxy form in accordance with the instructions printed thereon and deliver the same to the branch share registrar of the Company in Hong Kong at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such case, the form of proxy previously submitted shall be deemed to be revoked.

An Independent Board Committee comprising all the independent non-executive Directors, namely Prof. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei, has been established to advise the Independent Shareholders in relation to the Sale and Purchase Agreement and transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate). Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate).

An announcement of the poll results of the EGM will be published by the Company in accordance with the requirements under the Listing Rules.

RECOMMENDATION

Your attention is drawn to:

- (i) the letter from the Independent Board Committee set out on pages 17 to 18 of this circular which contains its recommendation to the Independent Shareholders; and
- (ii) the letter from the Independent Financial Adviser set out on pages 19 to 31 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders.

The Independent Board Committee, having considered the terms of the Sale and Purchase Agreement, and taken into account the advice of the Independent Financial Adviser, considers that the terms of the Sale and Purchase Agreement are on normal commercial terms, and that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate) are fair and reasonable so far as the

LETTER FROM THE BOARD

Independent Shareholders are concerned and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM as set out in the notice of the EGM.

Taking into account the letter from the Independent Board Committee and all other factors stated above as a whole, the Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, and that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate) are fair and reasonable and in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors also recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate). None of the Directors has a material interest in the Acquisition and thus no Director is required to abstain from voting in the board resolutions in relation to the resolutions set out in the notice of EGM.

GENERAL

The Acquisition is subject to the fulfillment of a number of conditions precedent which are detailed in the sections headed “The Sale and Purchase Agreement — Conditions Precedent” in this circular. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in Shares.

FURTHER INFORMATION

Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board,
China Modern Dairy Holdings Ltd.
Ms. GAO LINA
*Deputy Chairman, Chief Executive Officer and
Executive Director*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to Independent Shareholders in relation to the Sale and Purchase Agreement.



现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

July 15, 2016

To the Independent Shareholders

Dear Sir and Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated July 15, 2016 issued by the Company to the Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Anglo Chinese Corporate Finance, Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this respect. We wish to draw your attention to the letter of advice issued by Anglo Chinese Corporate Finance, Limited which is set out on pages 19 to 31 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Sale and Purchase Agreement, and taken into account the advice of the Independent Financial Adviser, we are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole. We therefore recommend that the Independent Shareholders should vote in favour of the proposed ordinary resolution to approve the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate) to be proposed at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

Prof. LI Shengli

Mr. LEE Kong Wai Conway

Mr. KANG Yan

Mr. ZOU Fei

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Anglo Chinese Corporate Finance, Limited setting out the advice to the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement, which has been prepared for the purpose of inclusion in this circular.

ANGLO CHINESE

CORPORATE FINANCE, LIMITED
40th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong
www.anglochinesegroup.com

財務顧問有限公司
英高

*To the Independent Board Committee
and the Independent Shareholders*

15 July 2016

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the discloseable transaction and connected transaction contemplated under the Sale and Purchase Agreement, including the issue of Consideration Shares pursuant to the Specific Mandate. Details of which, amongst other things, are set out in the letter from the Board contained in the circular of the Company dated 15 July 2016, of which this letter forms part. Terms defined in this circular shall have the same meanings when used in this letter unless the context requires otherwise.

Reference is made to the announcements of the Company dated 16 June 2016 and 22 June 2016. On 16 June 2016 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Sellers, pursuant to which the Company has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Sale Shares (representing 45% equity interest in MFDPS after the completion of the Reorganization). The amount of the Consideration for the Acquisition is approximately HK\$494 million, which shall be satisfied by the Company allotting and issuing the Consideration Shares at the Issue Price of HK\$1.46 per Consideration Share to the Sellers at Completion.

As the highest of the applicable size test percentage ratios in relation to the Acquisition is over 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. As at the Latest Practicable Date, MFDPS is owned as to 55% and 45% by PRC Holdco and the Sellers,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

respectively while PRC Holdco is held as to 97.87% by the Company. Accordingly, the Sellers are connected persons of the Company and the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on matters in relation to the Sale Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration Shares pursuant to the Specific Mandate).

The votes of the Independent Shareholders at the EGM shall be taken by poll. Save for the approval from the Independent Shareholders at the EGM, the Acquisition is also subject to other conditions precedent as set out on pages 9 and 10 of this circular.

BASIS OF OUR OPINION

In formulating our opinion, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Hong Kong Listing Rules including the notes thereto to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information, statements, opinion and representations contained or referred to in this circular and all information and representations which have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so at the date hereof. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the letter from the Board contained in this circular were reasonably made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in this circular.

The Directors confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in this circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in this circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into the business and affairs or the prospects of the Company, the Sellers, MFDPS, the Target Co or any of their respective subsidiaries or associates.

Apart from normal professional fees for our services to the Company in connection with this appointment, no arrangement exists whereby Anglo Chinese will receive any benefits from the Company or any of its associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPLE FACTORS AND REASONS CONSIDERED

In formulating and giving our opinion to the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement, we have taken into account the following principal factors:

Background of the Sale and Purchase Agreement

Information of the Company

The Group is the largest dairy farming company in terms of herd size as well as the largest raw milk producer in China. It is headquartered in China's eastern province of Anhui, and its primary business is raising dairy cows and selling raw milk to branded dairy companies for processing into consumer dairy products. As of 31 December 2015, the Group had 27 farms in operation in China with approximately 225,542 dairy cows in total. The Group's farms are situated across the PRC in strategic geographical locations that are close to downstream dairy product processing plants and feed supply sources.

The table below illustrates the audited consolidated financial results of the Group as extracted from the Company's annual report 2015:

	For the year ended 31 December 2015	For the year ended 31 December 2014	Year on year change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	<i>(Audited)</i>	<i>(Audited)</i>	
Revenue	4,826,341	5,026,706	-3.99%
Profit attributable to owners of the Company	321,296	735,317	-56.31%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December 2015 <i>RMB'000</i> <i>(Audited)</i>	As at 31 December 2014 <i>RMB'000</i> <i>(Audited)</i>	Year on year change <i>%</i>
Total assets	17,507,836	14,117,110	24.02%
Equity attributable to owners of the Company	7,781,897	6,510,239	19.53%
Cash and bank balances	833,569	556,964	49.66%
Total borrowings (including short-term debenture and medium-term notes)	6,247,251	5,787,848	7.94%
Gearing ratio (total borrowings / total assets)	35.68%	41.00%	

The Group is primarily engaged in two business segments, including: (i) dairy farming business, under which the Group mainly produces and sells raw milk to customers for processing into dairy products; and (ii) liquid milk products business under its own brands, under which the Group mainly produces and sells liquid milk products.

Affected by the decrease of raw milk price, during the year ended 31 December 2015, the Group recorded a total revenue of approximately RMB4,826 million, a decrease of approximately 3.99% over the previous year. Even though the overall sales of dairy products in China remained weak during 2015, the Group's sales of milk products under its own brands recorded another high, attributable to rising demand for high-end dairy products in the relatively safe Chinese market. For the year ended 31 December 2015, the dairy farming business of the Group recorded an external revenue of approximately RMB3,324 million, representing approximately 68.88% of the total revenue of the Group. Revenue from our liquid milk products business increased by approximately 80.37% from approximately RMB833 million for the year ended 31 December 2014 to approximately RMB1,502 million for the year ended 31 December 2015, which accounted for approximately 16.57% and 31.12% of our consolidated revenue for the years ended 31 December 2014 and 2015, respectively.

According to the profit warning announcement of the Company dated 13 July 2016, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2016, it is expected that the Group will record a consolidated net loss of no less than RMB400 million for the six months ended 30 June 2016. Such loss was mainly attributable to: (i) the total revenue of the Group for the six months ended 30 June 2016 decreased by 10% as compared to the corresponding period in 2015; (ii) a non-cash loss on changes in the fair value less costs to sell of dairy cows of the Group in the six months ended 30 June 2016, which is expected to be significantly greater as compared to the corresponding period in 2015; and (iii) the non-cash fair value losses from the value adjustment undertakings provided by the Company to Success Dairy II Limited pursuant to the share purchase agreement entered into between the Company and Success Dairy II Limited dated 6 July 2015 in the six months ended 30 June 2016 which is expected to be approximately RMB400 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information of MFDPS

MFDPS was established under the laws of the PRC on November 28, 2011, and is owned as to 55% and 45% by PRC Holdco (which is in turn held as to 97.87% by the Company) and the Sellers, respectively as at the Latest Practicable Date. Please refer to the section headed “The Sale and Purchase Agreement — Reorganization” in the letter from the Board for more details of the shareholding structure of MFDPS. MFDPS is principally engaged in the business of wholesale and retail of milk products (other than infant formula milk powder) in the PRC. MFDPS and its two wholly-owned Operating Subsidiaries (both managed by MFDPS) are responsible for the sales of the branded milk products of the Company in the Chinese market and managing branding and sales channels development. MFDPS is responsible for the formulation of sales plans, branding strategies and sales channels development strategies. MFDPS enters into business agreements with the Primary Distributors to authorise the Primary Distributors for the promotion and sales of branded milk products (including distribution, retail, delivery and logistics) within their respective designated exclusive areas in accordance with the Company’s strategies.

Financial information of the Target Group

The table below illustrates the unaudited financial results of MFDPS as extracted from its unaudited consolidated financial statements prepared in accordance with the generally accepted accounting principles of the PRC.

	For the year ended 31 December 2015 RMB'000 (Unaudited)	For the year ended 31 December 2014 RMB'000 (Unaudited)	Year on year change %
Revenue	1,500,000	705,157	112.72%
Profit attributable to the owners of the parent company	32,583	17,621	84.91%
	As at 31 December 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Unaudited)	Year on year change %
Total assets	667,914	328,414	103.38%
Equity attributable to the owners of the parent company	137,407	104,824	31.08%
Cash and cash equivalents	19,464	17,432	11.66%
Total borrowings	0	0	0%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms the Sale and Purchase Agreement

On 16 June 2016 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Sellers, pursuant to which the Company has conditionally agreed to acquire, and the Sellers have conditionally agreed to sell, the Sale Shares (representing 45% equity interest in MFDPS after the completion of the Reorganization).

i. Basis of the consideration

The amount of the Consideration for Acquisition of approximately HK\$494 million was arrived at after arm's length negotiations between the Company and Sellers with reference to various factors including: (1) the recent financial position and performance of MFDPS; (2) the outlook of the business of wholesale and retail of milk products in the PRC; (3) the prevailing and historical trading prices of the Shares and the current market conditions; and (4) the commercial reasons and benefits set out in the paragraphs headed "Reasons for and Benefits of the Acquisition" in the letter from the Board.

ii. Payment method

The Consideration shall be satisfied by the Company allotting and issuing 338,602,205 new Shares (i.e. the Consideration Shares) to the Sellers at Completion. The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves free from all lien, charge, guarantee, adverse interests and adverse claims, and with the Share in issue on the date of allotment and issue of the Consideration Shares. The Consideration Shares will be issued under the Specific Mandate.

The current arrangement for the consideration payment, in our view is fair and reasonable and in the interest of the Company and the Shareholders as a whole, because the issue of Consideration Shares will minimise the cash outlay in connection with the Acquisition and will slightly dilute the interest of Independent Shareholders from approximately 100% to 94%.

iii. Consideration Shares

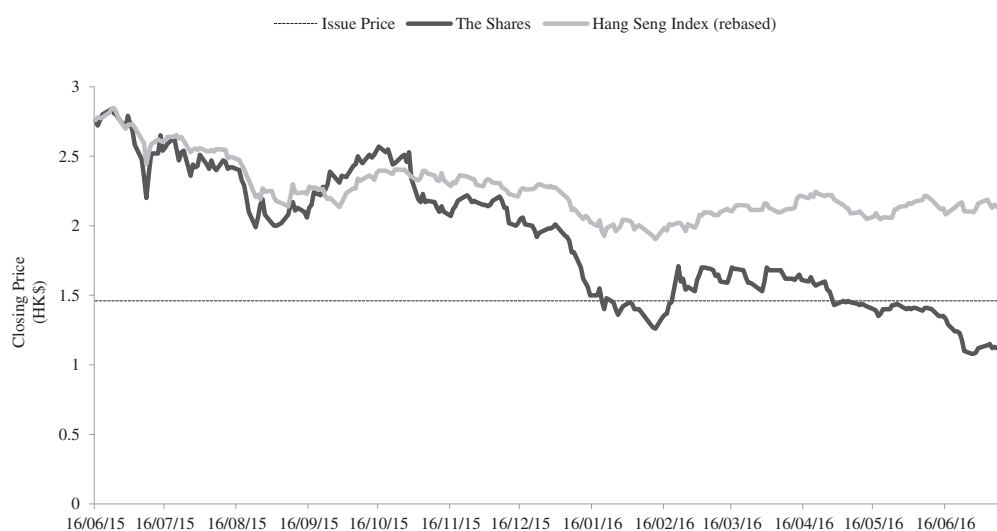
The Issue Price of HK\$1.46 per Consideration Share was determined based on arm's length negotiations between the Company and the Sellers and with reference to the prevailing and historical trading prices of the Shares and the current market conditions.

Pursuant to the Sale and Purchase Agreement, each of the Sellers undertakes to the Company, amongst others, that it will not directly or indirectly dispose of, nor directly or indirectly enter into any agreement to dispose of, any of the Consideration Shares within one year from the Completion Date. Subject to the escrow arrangement in the paragraph headed "The Sale and Purchase Agreement — Escrow Arrangement" in the letter from the Board, the Sellers may, after the expiration of such lock-up period, dispose of, or enter into any agreement to dispose of, the Consideration Shares. As advised by the Company, the purpose of such escrow arrangement is to enable the Company to assist the Sellers in dealing with the Escrow Shares in compliance with the Listing Rules, and in any event, failure to meet the Performance Targets will have no implication on the Sellers' rights in respect of the Consideration Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1) Historical market price of the Shares

The chart below illustrates the movement of the daily closing prices of the Shares and the Hang Seng index (rebased to the closing price of the Shares on 16 June 2015) during a period starting from 16 June 2015, being one year prior to the date of the Sale and Purchase Agreement, and up to and including the Latest Practicable Date:



Source: Bloomberg

As shown in the chart above, the trend of the price performance of the Shares is broadly in line with that of the Hang Seng Index but the Shares underperformed the Hang Seng Index. During the period under review, the closing prices of the Shares ranged from HK\$1.08 to HK\$2.84 per Share, with an average of approximately HK\$1.91 per Share. The Issue Price of HK\$1.46 per Consideration Share lies within the range of the closing price and is approximately 23.56% below the average closing price of the Shares for the period under review.

2) Comparison of the Issue Price

The Issue Price of HK\$1.46 per Consideration Share represents:

- a) a premium of approximately 9.77% over the closing price of HK\$1.33 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- b) a premium of approximately 7.35% over the average closing price of approximately HK\$1.36 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the date of the Sale and Purchase Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- c) a premium of approximately 5.80% over the average closing price of approximately HK\$1.38 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the date of the Sale and Purchase Agreement;
- d) a premium of approximately 4.29% to the average closing price of approximately HK\$1.40 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the date of the Sale and Purchase Agreement;
- e) a discount of approximately 2.67% to the average closing price of approximately HK\$1.50 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the date of the Sale and Purchase Agreement;
- f) a premium of approximately 29.20% over the closing price of HK\$1.13 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- g) a discount of approximately 14.12% to the Group's audited equity per Share attributable to equity holders of the Company of approximately HK\$1.70, calculated based on the Group's audited consolidated equity attributable to equity holders of the Company of approximately RMB7,782 million, approximately 5,305 million outstanding Shares as at 31 December 2015 and the exchange rate of HK\$1 to RMB0.8622.

Based on the above, given the Issue Price represents a premium over the recent prevailing closing price of Shares and a significantly premium over the closing price of the Shares as at the Latest Practicable Date, we consider the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Comparable Companies

The consideration for the Acquisition is approximately HK\$494 million (equivalent to approximately RMB426 million which implies the price to sales ratio of MFDPS of approximately of approximately 0.28 times, the price to earnings ratio of MFDPS of approximately 12.91 times and the price to book ratio of MFDPS of approximately 3.11 times respectively, based on the unaudited consolidated revenue of MFDPS of approximately RMB1,500 million and profit attributable to owners of MFDPS of approximately RMB33 million for the year ended 31 December 2015, the unaudited consolidated equity attributable to owners of MFDPS of approximately RMB137 million as at 31 December 2015 and the exchange rate of HK\$1 to RMB0.8622.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the fairness and reasonableness of the consideration for the Acquisition, we have searched for companies listed and traded on the Stock Exchange as at the Latest Practicable Date, which are principally engaged in the manufacturing and distribution of dairy products in the PRC. To the best of our knowledge and as far as we are aware of, there are 8 comparable companies which form an exhaustive list and we consider such comparable companies are fair and representative samples.

We have reviewed commonly-used valuation ratios implied by the closing prices of the comparable companies on the Latest Practicable Date, including price to sales ratio, price to earnings ratio and price to book ratio and set out as follows:

Comparable company	Stock code	Price to sales ratio ¹ <i>(times)</i>	Price to earnings ratio ² <i>(times)</i>	Price to book ratio ³ <i>(times)</i>
The Company	1117	1.07	16.09	0.66
Yashili International Holdings Limited	1230	2.58	60.20	1.19
YuanShengTai Dairy Farm Limited	1431	1.48	21.17	0.35
China Shengmu Organic Milk Limited	1432	2.88	11.13	1.96
China ZhongDi Dairy Holdings Company Limited	1492	2.91	14.33	0.74
Lanzhou Zhuangyuan Pasture Co., Limited	1533	0.28	2.22	0.23
China Mengniu Dairy Company Limited	2319	0.95	21.49	2.09
China Huishan Dairy Holdings Company Limited	6863	8.06	55.12	2.93
	Maximum	8.06	60.20	2.93
	Minimum	0.28	2.22	0.23
	Average	2.53	25.22	1.27
	Median	2.03	18.63	0.96
The Acquisition		0.28	12.91	3.11

Notes:

- The price to sales ratios of the comparable companies are calculated as their respective market capitalisation as at the Latest Practicable Date divided by their respective revenue for their respective latest fiscal year.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. The price to earnings ratios of the comparable companies are calculated as their respective market capitalisation as at the Latest Practicable Date divided by their respective net profit attributable to owners of the parent company for their respective latest fiscal year.
3. The price to book ratios of the comparable companies are calculated as their respective market capitalisation as at the Latest Practicable Date divided by their respective equity attributable to owners of the parent company as at the end of their respective latest fiscal year.
4. Exchange rate used in the above calculation is HK\$1 to RMB0.8622.

Source: Bloomberg

i. *Price to sales ratio analysis*

As illustrated above, the comparable companies have average and median price to sales ratios of approximately 2.53 times and 2.03 times respectively, which are both higher than the implied price to earnings ratio of MFDPS of 0.28 times.

ii. *Price to earnings ratio analysis*

As illustrated above, the comparable companies have average and median price to earnings ratios of approximately 25.22 times and 18.63 times respectively, which are both higher than the implied price to earnings ratio of MFDPS of 12.91 times.

iii. *Price to book ratio analysis*

As illustrated above, the implied price to book ratio of MFDPS of approximately 3.11 times is above the range of price to book ratios of comparable companies. Given MFDPS is principally engaged in the wholesale and retail of dairy products (other than infant formula milk powder) in the PRC which is asset light business, while comparable companies are also engaged in operating of dairy farm and manufacturing of dairy products which are relatively asset heavy businesses, we consider the price to book ratio is not appropriate for this comparison purpose.

Conclusion

We consider the multiples of publicly traded comparable companies provide a relevant benchmark for the purpose of valuation. In this case, the average and median of the price to sales ratios and the price to earnings ratios of comparable companies are higher than those of MFDPS. Based on the above, we consider that the consideration for the Acquisition is fair and reasonable to the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Changes in shareholding structure of the Company

Assuming there is no change in the issued share capital of, and the shareholding in, the Company from the Latest Practicable Date other than the issue of the Consideration Shares, immediately after the Completion, the Sellers will be interested in approximately 6% of the issued share capital of the Company, as enlarged by the issue of Consideration Shares, and the public float will decrease from 40.26% as at the Latest Practicable Date to 37.84% immediately after the Completion. Please refer to page 12 of this circular for further details regarding the shareholding structure of the Company.

Reasons for the Acquisition

Affected by the decrease of raw milk price, during the year ended 31 December 2015, the Group recorded a decrease of total revenue of approximately 3.99% and a significant decrease of profit attributable to owners of the Company of approximately 56.31% over the previous year. However, for the year ended 31 December 2015, the Group's sales of dairy products under its own brands were record high, over 99% of which was contributed by the Target Group. For the year ended 31 December 2015, the Target Group's revenue recorded a substantial increase of approximately 112.72% over the previous year and its profit attributable to owners of MFDPS recorded a significant increase of approximately 84.91%.

The Acquisition is in line with the Group's development strategy and enables the Company to enhance the Group's strategic development and gain better access to the PRC milk products market by developing relationship with customers that have strong market presence. In addition, the Acquisition will bring operation convenience and benefit to the Group as it will enable the Group to have better and more effective management and control over MFDPS after it becomes a wholly-owned subsidiary of the Group upon completion of the Acquisition and enable more effective sharing of resources with other subsidiaries of the Group (including the existing network of customers, suppliers and distributors), which the Directors believe will create synergies and improve the Group's subsidiaries' operating efficiencies, strengthen the competitiveness of the Group, increase revenue growth, generate more attractive returns to the Shareholders and reduce costs in the long run.

Based on the above, we concur with the views of the Directors (other than the independent non-executive Directors whose views will be set out in the Circular) that the Sale and Purchase Agreement is on normal commercial terms and the terms of the transactions contemplated thereunder (including the Acquisition and the issue of the Consideration Shares pursuant to the Specific Mandate) are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Possible financial effects

The following analysis is based on the audited consolidated financial statements of the Group for the year ended 31 December 2015 and the unaudited consolidated financial statements of MFDPS for the year ended 31 December 2015. As at the Latest Practicable Date, MFDPS is a non wholly-owned subsidiary of the Company and its financial results have already been consolidated into the Group's accounts. Upon Completion, MFDPS will become a wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into the Group's accounts.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

i. *Effects on equity*

According to the Company's annual report 2015, the audited consolidated equity attributable to owners of the Company was approximately RMB7,782 million as at 31 December 2015. The unaudited consolidated equity attributable to owners of MFDPS was approximately RMB137 million as at 31 December 2015. The consideration of the Acquisition will be satisfied by issue of Consideration Shares. The Acquisition would have no impact on the total equity of the Group but would increase the equity attributable to owners of the Company, while the equity per Share will be slightly diluted.

ii. *Effects on earnings*

The Group recorded profits attributable to owners of the Company of approximately RMB321 million for the year ended 31 December 2015. MFDPS recorded profit attributable to shareholders of approximately RMB33 million for the year ended 31 December 2015. The Acquisition would have no immediate impact on the Group's net profit but would have enhanced its profit attributable to owners of the Company, while the earnings per Share would be slightly diluted.

iii. *Effects on gearing*

As at 31 December 2015, the Group's gearing level, calculated as total borrowings (including short-term debenture and medium-term notes) divided by the total assets, was approximately 35.68%. MFDPS had no borrowings as at 31 December 2015. Since and the consideration of the Acquisition will be satisfied by Consideration Shares, the Acquisition will not have no impact on the gearing ratio of the Group upon Completion.

iv. *Effects on working capital*

The Group had cash and bank balances of approximately RMB834 million and net current liability of approximately RMB4,286 million as at 31 December 2015. MFDPS had cash and bank balances of approximately RMB19 million and working capital of approximately RMB137 million as at 31 December 2015. Upon Completion, the Group will not incur any material cash outflow since the consideration of the Acquisition will be satisfied by Consideration Shares. The Acquisition will have no impact on the cash and working capital position of the Group upon the Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

We have considered the above principal factors and reasons and particularly: (i) the terms of the Sale and Purchase Agreement; (ii) the rationale for the Acquisition; and (iii) the potential financial effects of the Acquisition. Based on the above principal factors and reasons, we consider that the terms of the Sale and Purchase Agreement are fair and reasonable, entering into such agreement is on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Acquisition.

Yours faithfully,
for and on behalf of
Anglo Chinese Corporate Finance, Limited
Dian Deng
Director

Note: Ms Dian Deng is a licensed person registered with the SFC and a responsible officer of Anglo Chinese Corporate Finance, Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and has over eight years of experience in corporate finance industry.

RESPONSIBILITY STATEMENT

This circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS**(a) Directors' and Chief Executives' Interest and Short Position in Shares, Underlying Shares and Debentures**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions of the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (a) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”), to be notified to the Company and the Stock Exchange.

Name of Director	Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest
Ms. GAO Lina ⁽¹⁾	Interest in controlled corporation	221,581,733	4.18%
	Beneficial owner	43,736,339 ⁽²⁾	0.82%
Mr. HAN Chunlin	Beneficial owner	28,554,583 ⁽³⁾	0.54%
Mr. SUN Yugang	Beneficial owner	16,064,990 ⁽³⁾	0.30%

(1) Ms. Gao holds approximately 49.12% of the interests in Jinmu Holdings Co. Ltd (“Jinmu”). Ms Gao is deemed to be interested in the 221,581,733 shares held by Jinmu under the SFO.

(2) This represents 4,800,000 ordinary shares and 38,936,339 share option in underlying shares of the Management Options and Share Options granted by the Company, details of which are set out in the sections “Management Options” and “Share Options” below.

(3) This represents interests in underlying shares of the Management Options and the Share Options.

As of the Latest Practicable Date, saved as disclosed above, none of the Directors and the chief executives of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) **Substantial Shareholders**

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other shareholders interested in 5% or more of the interests and short positions in the Shares and underlying Shares of the Company or any person (other than a Director or chief executive of the Company) which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as otherwise recorded in the register required to be kept by the Company under section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding interest
China Mengniu Dairy Company Limited	Beneficial interest	1,347,903,000	25.41%
Xinmu Holdings Ltd.	Beneficial interest	671,021,025	12.65%
Yinmu Holdings Ltd.	Beneficial interest	446,465,419	8.42%
Success Dairy II Limited ⁽²⁾	Beneficial interest	477,429,132	9%
Success Dairy I Limited ⁽¹⁾⁽²⁾	Interest in controlled corporation	477,429,132	9%
New Dairy Investment Ltd ⁽¹⁾⁽²⁾	Interest in controlled corporation	477,429,132	9%
KKR China Growth Fund L.P. ⁽¹⁾⁽²⁾	Interest in controlled corporation	477,429,132	9%
KKR Associate China Growth L.P. ⁽¹⁾⁽²⁾	Interest in controlled corporation	477,429,132	9%
KKR China Growth Limited ⁽¹⁾	Interest in controlled corporation	477,429,132	9%
KKR Fund Holdings L.P. ⁽¹⁾	Interest in controlled corporation	477,429,132	9%
KKR Fund Holdings GP Limited ⁽¹⁾	Interest in controlled corporation	477,429,132	9%
KKR Group Holdings L.P. ⁽¹⁾	Interest in controlled corporation	477,429,132	9%
KKR Group Limited ⁽¹⁾	Interest in controlled corporation	477,429,132	9%

Name	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding interest
KKR & Co. L.P. ⁽¹⁾	Interest in controlled corporation	477,429,132	9%
KKR Management LLC ⁽¹⁾	Interest in controlled corporation	477,429,132	9%
Mr. Henry R. Kravis and Mr. George R. Roberts ⁽¹⁾	Interest in controlled corporation	477,429,132	9%

(1) Each of these corporations and Mr. Henry Roberts Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) are deemed to be interested in the shares.

(2) Success Dairy II Limited is wholly owned by Success Dairy I Limited, which is owned as to 25% by Crown Dairy Holdings Limited and 75% by New Dairy Investment Ltd. ("New Dairy"). New Dairy is a subsidiary of KKR China Growth Fund L.P., the general partner of which is KKR Associates China Growth L.P..

Save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

MANAGEMENT OPTIONS

The Company granted the management options on October 31, 2010 to Ms. GAO Lina, Mr. HAN Chunlin and Mr. SUN Yugang. The following share options were outstanding as at the Latest Practicable Date:

Name of grantee	Date of grant	Number of underlying Shares	Exercise price HK\$
Ms. GAO Lina	October 31, 2010	29,276,916	0.86
Mr. HAN Chunlin	October 31, 2010	21,653,916	0.86
Mr. SUN Yugang	October 31, 2010	9,142,924	0.86

These options are exercisable during the period commencing from the listing date, November 26, 2010 until 10 years from the date of grant.

As at the Latest Practicable Date, the number of Shares to be issued upon the exercise of the outstanding Management Options is 60,073,756 Shares, representing 1.13% of the issued share capital of the Company as at the Latest Practicable Date.

SHARE OPTIONS

Share Option Scheme adopted on November 17, 2011 (“Share Option Scheme I”)

The following share options were outstanding under the Share Option Scheme I as of the Latest Practicable Date:

Name or category of participant	Number of shares which may be issued pursuant to the Share Option Scheme I	Option period
Directors		
Ms. GAO Lina	2,879,600	December 12, 2012 to June 30, 2020
Mr. HAN Chunlin	1,900,667	December 12, 2012 to June 30, 2020
Mr. SUN Yugang	<u>1,922,066</u>	December 12, 2012 to June 30, 2020
Subtotal	6,702,333	
Other employees		
In aggregate	<u>21,431,424</u>	December 12, 2012 to June 30, 2020
Total	<u><u>28,133,757</u></u>	

Notes:

- (1) All share options were granted on December 12, 2012 and the exercise price is HK\$2.89 per Share. The closing price of the Shares on the date of grant is HK\$1.98.
- (2) The share options represent personal interest held by the relevant Directors as beneficial owners.

Share Option Scheme adopted on June 5, 2014 (“Share Option Scheme II”)

The following share options were outstanding under the Share Option Scheme II as of the Latest Practicable Date:

Name or category of participant	Number of shares which may be issued pursuant to the Share Option Scheme II	Option period
Directors		
Ms. GAO Lina	6,779,823	June 6, 2014 to April 29, 2022
Mr. HAN Chunlin	5,000,000	June 6, 2014 to April 29, 2022
Mr. SUN Yugang	<u>5,000,000</u>	June 6, 2014 to April 29, 2022
Subtotal	16,779,823	
Other employees		
In aggregate	<u>57,869,601</u>	June 6, 2014 to April 29, 2022
Total	<u><u>74,649,424</u></u>	

Notes:

- (1) All the share options were granted on June 6, 2014 and June 17, 2015 and the exercise prices are HK\$3.38 per Share and HK\$2.83 per Share, respectively. The closing prices of the shares on June 6, 2014 and June 17, 2015 are HK\$3.38 and HK\$2.72, respectively.
- (2) The share options represent personal interest held by the relevant Directors as beneficial owners.

DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, other than service contracts expiring or terminable by the relevant member of the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, no contract of significance, to which the Company, its fellow subsidiaries, its subsidiaries or its holding company was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

DIRECTORS' INTERESTS IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased since December 31, 2015, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any company or business which competes or may compete with the business of the Group.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, saved as disclosed in the profit warning announcement of the Company dated July 13, 2016, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2015, being the date to which the latest published audited financial statements of the Group were made up.

EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Anglo Chinese Corporate Finance, Limited	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

Anglo Chinese Corporate Finance, Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Anglo Chinese Corporate Finance, Limited did not have any direct or indirect interest in any assets which had since December 31, 2015 (being the date which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group.

As at the Latest Practicable Date, Anglo Chinese Corporate Finance, Limited was not beneficially interested in the share capital of any member of the Group, nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

GENERAL

In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Monday to Friday (other than public holidays) at the head office and principal place of business of the Company in Hong Kong at Unit 2402, 24/F, Alliance Building, 130-136 Connaught Road Central, Sheung Wan, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Sale and Purchase Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 17 to 18 of this circular;
- (c) the letter from Anglo Chinese Corporate Finance, Limited to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 19 to 31 of this circular;
- (d) the written consent referred to in the section headed “Expert and Consent” in this appendix;
and
- (e) this circular.

NOTICE OF EGM



现代牧业

China Modern Dairy Holdings Ltd.

中國現代牧業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1117)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**Meeting**”) of the shareholders of China Modern Dairy Holdings Ltd. (the “**Company**”) will be held at Meeting Room, Regus Conference Centre, 35th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Monday, August 1, 2016 at 11:00 a.m., for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated June 16, 2016 entered into between China Modern Dairy Holdings Ltd. (the “**Company**”) as purchaser and Mr. ZUO Weilin, Mr. YANG Jingchao, Mr. GUO Hanqing, Mr. SUN Yongping and Mr. LIU Yanbin as sellers (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) in relation to the acquisition of 45% equity interest in Modern Farm (Anhui) Dairy Product Sales Co., Ltd., the terms thereof and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) subject to completion of the Sale and Purchase Agreement, the allotment and issue of 338,602,205 new ordinary shares (“**Shares**”) at the issue price of HK\$1.46 per Share by the Company in accordance with the terms and conditions of the Sale and Purchase Agreement be and are hereby approved; and
- (c) the directors of the Company (“**Directors**”) be and are hereby authorized to do all such acts and things, to make, sign, execute and deliver such documents or agreements or deeds or instruments on behalf of the Company (and, where necessary, to affix the seal of the Company on them in accordance with the amended and restated articles of association of the Company) and to do such other things and to do and take all such actions, steps, deeds and things in such manner and to sign all documents as they may deem necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection

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with the Sale and Purchase Agreement and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Sale and Purchase Agreement) as are, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

Yours faithfully,
For and on behalf of the Board,
China Modern Dairy Holdings Ltd.
Ms. GAO LINA
*Deputy Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, July 15, 2016

Notes:

1. Any member of the Company entitled to attend and vote at the meeting by the above notice is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be delivered to the Company’s share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Completion and delivery of the proxy form will not preclude any member from attending and voting in person at the meeting or any adjourned meeting should he so wish. In such event, the proxy form previously submitted shall be deemed to be revoked.

3. In case of joint shareholding, the senior joint shareholder, whether in person or by proxy, will alone be entitled to vote, with his/her vote being accepted to the exclusion of the votes of any other joint shareholder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
4. Shareholders whose names appear on the register of members of the Company on Monday, August 1, 2016 are entitled to attend and vote at the meeting. The register of members of the Company will be closed from Thursday, July 28, 2016 to Monday, August 1, 2016, both days inclusive, and during such period no share transfer will be registered. In order to qualify for voting at the meeting convened by the above notice, properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, July 27, 2016, for registration.

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5. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

6. As at the date hereof, the executive Directors are Ms. GAO Lina, Mr. HAN Chunlin and Mr. SUN Yugang, the non-executive Directors are Mr. YU Xubo, Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max and Mr. ZHANG Ping, the independent non-executive Directors are Prof. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei.