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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)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement of China Modern Dairy Holdings Ltd. (the “**Company**”) dated December 12, 2016 in relation to the Supplemental Deed entered into between, amongst others, the Company and Success Dairy II Limited, pursuant to which (1) the Company grants to the Investor the Investor Option pursuant to which the Investor shall have the right, but not an obligation, to request the Company to pay the Consideration to terminate the Valuation Adjustment; and (2) the Investor grants to the Company the Call Option pursuant to which the Company shall have the right, but not an obligation, to request the Investor to sell all, but not part of, the Subject Shares to the Company or a purchaser designated by the Company (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company would like to clarify and supplement the information contained in the Announcement as follows:

Investor Option

The maximum number of Consideration Shares which may be issued by the Company pursuant to the Supplemental Deed shall be 488,036,618 Shares. In the event that the Investor exercises the Investor Option, the Company will issue the Consideration Shares pursuant to the general mandate granted by the shareholders of the Company at the annual general meeting held on June 3, 2016.

Call Option

The Call Option allows the Company to terminate its obligations under the Valuation Adjustment mechanism at a discounted price to the Original Guaranteed Value. The Company proposes to exercise the Call Option when it procures a third party which is willing to purchase the Subject Shares. The Company will take into account the following factors when making the decision:

- (1) the prevailing market price of the Shares;
- (2) the purchase price offered by the potential purchaser, and the difference between such purchase price and the exercise price of the Call Option, if any; and
- (3) whether the Company has sufficient financial resources to make up the above difference in price.

General

The Investor Option and the Call Option are mutually exclusive. The Investor Option will be terminated immediately upon the exercise of the Call Option and vice versa.

Pursuant to the terms of the Share Purchase Agreement and the Supplemental Deed, in the event that either the Investor Option or the Call Option is exercised, the consideration to be paid by the Company will not exceed US\$277.2 million, taking into account the Subject Shares and any further Shares or cash to be paid by the Company pursuant to the Supplemental Deed.

On behalf of the Board
China Modern Dairy Holdings Ltd.
Ms. GAO Lina
*Deputy Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, December 21, 2016

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