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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)**

## **CONDITIONAL EXERCISE OF THE INVESTOR OPTION**

References are made to the announcements of China Modern Dairy Holdings Ltd. (the “**Company**”) dated July 6, 2015, December 12, 2016 and December 21, 2016 in relation to (i) the Share Purchase Agreement entered into between amongst others, the Company and Success Dairy II Limited (the “**Investor**”) in relation to the acquisition of 82% of the issued share capital in Asia Dairy Holdings and Asia Dairy Holdings II, and (ii) the Supplemental Deed entered into between, amongst others, the Company and the Investor, pursuant to which the Company granted to the Investor the Investor Option and the Investor granted to the Company the Call Option (the “**Announcements**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Company would like to inform its shareholders that it has received a conditional investor option notice (the “**Notice**”) from the Investor on December 28, 2016. The Company was notified that the Investor proposes to enter into a sale and purchase agreement (the “**SPA**”) with China Mengniu Dairy Company Limited (“**Mengniu**”) to effect a disposal (the “**Disposal**”) of the Subject Shares and the Consideration Shares to be issued by the Company to the Investor pursuant to the exercise of the Investor Option. Pursuant to the Notice, the Investor has exercised the Investor Option subject to the condition that Mengniu’s shareholders having approved the Disposal at an extraordinary general meeting on or prior to March 13, 2017 (the “**EGM**”). In the event that the condition is not satisfied, the Investor Option shall be deemed to have not been exercised.

Pursuant to the terms of the Supplemental Deed, the Company shall issue 488,036,618 Consideration Shares and pay a Cash Consideration of US\$13,424,231 to the Investor if the above condition is satisfied.

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

Hong Kong, January 4, 2017

*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.*

*\* For identification purpose only*