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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)

**ANNOUNCEMENT
COMPLETION OF THE SALE AND PURCHASE AGREEMENT
AND
UPDATE ON THE NUMBER OF RELEVANT SECURITIES
UNDER RULE 3.8 OF THE TAKEOVERS CODE**

Reference is made to the circular of China Modern Dairy Holdings Ltd. (the “**Company**”) dated July 15, 2016 (the “**Circular**”), the announcement of the Company dated June 16, 2016, the supplemental announcement of the Company dated June 22, 2016 and the announcement of the Company dated December 12, 2016 in relation to, among other things, the acquisition of 45% equity interest in MFDPS. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that all the Conditions to the Completion have been fulfilled and the Acquisition was completed on January 25, 2017. Immediately after the Completion, the Company owns as to 100% equity interest of MFDPS. In consideration, the Consideration Shares (being 338,602,205 Shares, representing approximately 6.0% of the enlarged issued share capital of the Company upon Completion) have been allotted and issued by the Company to the respective wholly-owned entities of the Sellers pursuant to the specific mandate granted to the Board by the Shareholders at the extraordinary general meeting of the Company held on August 1, 2016.

As at the date of this announcement and immediately after the allotment and issuance of the Consideration Shares as described above, there are 5,643,370,088 Shares in issue, the option granted by the Company to Success Dairy II Limited (“**Success Dairy II**”) pursuant to which Success Dairy II shall have the right, but not an obligation, to request the Company to issue up to 488,036,618 new Shares and outstanding 315,401,705 share options granted by the Company conferring rights on the option holders to subscribe for the Shares.

The Sellers have undertaken to the Company that they will not directly or indirectly dispose of the Consideration Shares within one year from the Completion Date. Accordingly, the entirety of the Consideration Shares will not be or are not in a position to be tendered for acceptance under the conditional mandatory cash offer to be made by UBS AG and DBS Asia Capital Limited, for and on behalf of China Mengniu Dairy Company Limited (“**Mengniu**”) for all the issued shares of the Company (other than those already owned or agreed to be acquired by Mengniu and parties acting in concert with it) in accordance with the Code on Takeovers and Mergers published by the Securities and Futures Commission of Hong Kong (the “**Takeovers Code**”), as referred to in the announcement jointly issued by the Company and Mengniu dated January 4, 2017 pursuant to Rule 3.5 of the Takeovers Code.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of Mengniu and the Company are hereby reminded to disclose their dealings in any securities of the Company pursuant to the Takeovers Code.

For this purpose, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced as follows:

“Responsibilities of stockbrokers, banks and other intermediaries

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

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

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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, January 25, 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*