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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)

**EXERCISE OF THE INVESTOR OPTION BECOMING UNCONDITIONAL
AND
UPDATE ON THE NUMBER OF RELEVANT SECURITIES
UNDER RULE 3.8 OF THE TAKEOVERS CODE**

References are made to the announcements of China Modern Dairy Holdings Ltd. (the “**Company**”) dated July 6, 2015, December 12, 2016, December 21, 2016 and January 4, 2017 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; (ii) the Supplemental Deed entered into between, amongst others, the Company and the Investor, pursuant to which the Company grants to the Investor the Investor Option and the Investor grants to the Company the Call Option; and (iii) the conditional exercise of the Investor Option (the “**Announcements**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

As set out in the Announcements, the exercise of the Investor Option is subject to the condition that Mengniu’s shareholders having approved the Disposal at the EGM. At the EGM of Mengniu held on February 3, 2017, the resolution to approve the Disposal was duly passed. Following such approval and pursuant to the terms of the Investor Option, on February 6, 2017, the Company issued 488,036,618 Consideration Shares to the Investor. Upon such issuance, the Investor owned 965,465,750 Shares, representing 15.7% of the total issued share capital of the Company.

As at the date of this announcement and immediately after the allotment and issuance of the 488,036,618 Consideration Shares as described above, there are 6,131,406,706 Shares in issue and outstanding 315,401,705 share options granted by the Company conferring rights on the option holders to subscribe for the Shares.

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.

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

Hong Kong, February 6, 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*