
**JOINT ANNOUNCEMENT
PROPOSED VOLUNTARY DELISTING OF
CHINA DAIRY GROUP LTD.**

1. INTRODUCTION

- 1.1 Winner International Investments Limited (the “**Offeror**”) and China Dairy Group Ltd. (the “**Company**”) wish to jointly announce that the Offeror has presented to the directors of the Company (the “**Directors**”) a formal proposal (the “**Delisting Proposal**”) to seek the voluntary delisting of the Company (the “**Proposed Delisting**”) from the Official List of the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST (the “**Listing Manual**”).
- 1.2 The Offeror has appointed UOB Kay Hian Private Limited (“**UOBKH**”) as its financial adviser in relation to the Proposed Delisting and the Exit Offer.
- 1.3 Under the Delisting Proposal, UOBKH, for and on behalf of the Offeror will make a cash offer (the “**Exit Offer**”) to acquire all the issued ordinary shares in the capital of the Company (the “**Shares**”) held by shareholders of the Company (the “**Shareholders**”), other than those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Exit Offer (the “**Offer Shares**”). The Exit Offer shall be conditional, *inter alia*, on the approval of Shareholders for the Proposed Delisting being obtained and the Exit Offer becoming unconditional as to acceptances.
- 1.4 The Directors have reviewed the Delisting Proposal and have resolved to convene an extraordinary general meeting of the Company (“**EGM**”) in due course to seek Shareholders’ approval for the Proposed Delisting (the “**Delisting Resolution**”) and make an application to the SGX-ST for approval of the Proposed Delisting.

2. INFORMATION ON THE OFFEROR AND THE COMPANY

- 2.1 **The Offeror.** The Offeror is a company incorporated under the laws of Hong Kong on 20 November 2002. As at the date of this Joint Announcement (the “**Joint Announcement Date**”), the Offeror has an issued and paid-up capital of HKD10,000 comprising 10,000 ordinary shares held by the following persons in the following respective proportions:

Name	Number of ordinary shares held in the Offeror	Percentage of ordinary shares held in the Offeror (%)
Mr Liu Huaguo	9,999	99.99
Mr Wang Jingji	1	0.01
Total	10,000	100.00

As at the Joint Announcement Date, the directors of the Offeror are Mr Liu Huaguo, Mr Wang Jingji and Ms Liu Ping (the “**Offeror Directors**”). Mr Liu Huaguo and Mr Wang Jingji (the “**Relevant Directors**”) are respectively the Executive Chairman and Executive Director of the Company.

As at the Joint Announcement Date, the Offeror holds 212,424,000 Shares representing 48.32% of the total number of issued Shares¹ through its nominee, DBS Nominees Pte Ltd. None of the directors or shareholders of the Offeror holds any direct interest in the Shares.

The Offeror is an investment holding company. As at the Joint Announcement Date, the Offeror does not have any subsidiary.

- 2.2 **The Company.** The Company is a company incorporated under the laws of Singapore on 7 May 1997 and is listed on the Mainboard of the SGX-ST. The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) manufactures and trades in milk and related products in the People’s Republic of China. The Group’s business segments comprise milk powder and liquid milk. It offers milk powder and liquid milk products under the Yinqiao and Qinyong brand names.

As at the Joint Announcement Date, the Company has an issued and paid-up capital comprising 439,627,300 Shares and a market capitalisation of approximately S\$48.4 million².

As at the Joint Announcement Date, the Directors are Liu Huaguo, Wang Jingji, Kong Jing, Wang Xin, Zhao Zhongqi, Lei Huafeng, Dr. Kwok Kain Sze, Dr. Chau Sik Ting @ Chao Sik Ting and Zhang Puhui.

3. THE EXIT OFFER

- 3.1 The Offeror will make the Exit Offer in cash for all the Offer Shares.

The offer price for each Offer Share tendered in acceptance of the Exit Offer is **S\$0.195** in cash (the “**Exit Offer Price**”).

The Exit Offer is extended to all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror. Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares.

The aggregate Exit Offer Price payable in cash to each Shareholder for the Offer Shares held by such Shareholder will be rounded down to the nearest whole cent.

- 3.2 The Offer Shares will be acquired fully paid and free from all claims, liens, equities, mortgages, charges, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever (“**Encumbrances**”), and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto (including but not limited to the right to receive and retain all dividends, rights and other distributions, if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

If any dividend, other distribution or return of capital is declared, made or paid on or after the Joint Announcement Date to a Shareholder who accepts or has accepted the Exit Offer and the settlement date in respect of the Offer Shares which have been tendered in acceptance by such accepting Shareholder falls after the record date of any such dividend, other distribution or return of capital such that the Offeror will not be receiving the same from the Company, the Offeror reserves the right to reduce the Exit Offer Price to such accepting Shareholder by the amount of such dividend, other distribution or return of capital.

¹ In this Joint Announcement, all reference to the total number of issued Shares shall be to 439,627,300 issued Shares. The Company does not hold any treasury Shares.

² The market capitalisation of the Company was determined based on 439,627,300 Shares and S\$0.110, being the last traded price of such Shares on 29 December 2015, the last full day of trading in the Shares on the SGX-ST immediately preceding the Joint Announcement Date. (Source: Bloomberg)

- 3.3 Acceptance of the Exit Offer by a Shareholder will be deemed to constitute an unconditional and irrevocable warranty by that Shareholder that each Offer Share in respect of which the Exit Offer is accepted is sold by him as, or on behalf of, the beneficial owner(s) thereof, fully paid and free from all Encumbrances, and together with all rights, benefits and entitlements attached thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company on or after the Joint Announcement Date.
- 3.4 The Proposed Delisting and the making of the Exit Offer will be subject to the conditions stated in paragraph 6.1 below.
- 3.5 Further details on the Exit Offer will be set out in the exit offer letter to be issued by UOBKH for and on behalf of the Offeror to Shareholders containing, *inter alia*, the terms of the Exit Offer and the relevant acceptance forms (the "**Exit Offer Letter**").
- 3.6 If the Exit Offer Letter is despatched together with the circular to be issued by the Company in connection with the Proposed Delisting (the "**Circular**"), the Exit Offer will be open for acceptance by Shareholders for a period of at least 14 days after the date of announcement of Shareholders' approval of the Delisting Resolution at the EGM. If the Exit Offer Letter is despatched after Shareholders' approval of the Delisting Resolution, the Exit Offer will be open for acceptance by Shareholders for a period of at least 21 days after the date of despatch of the Exit Offer Letter. It is expected that the Exit Offer Letter and the relevant acceptance form(s) will be despatched to Shareholders together with the Circular.

4. **RULINGS FROM THE SECURITIES INDUSTRY COUNCIL OF SINGAPORE**

An application was made by the Offeror to the Securities Industry Council of Singapore (the "**SIC**") to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. The SIC ruled on 22 December 2015 *inter alia*, that:

- (a) the Exit Offer is exempted from compliance with the following provisions of the Singapore Code on Take-overs and Mergers (the "**Code**"):
- (i) Rule 20.1 on keeping the Exit Offer open for 14 days after it is revised;
 - (ii) Rule 22 on the offer timetable;
 - (iii) Rule 28 on acceptances; and
 - (iv) Rule 29 on the right of acceptors to withdraw their acceptances,
- subject to the satisfaction of the following conditions:
- (i) the Exit Offer remaining open for at least:
 - (1) 21 days after the despatch of the Exit Offer Letter if the Exit Offer Letter is despatched after Shareholders' approval for the Proposed Delisting has been obtained; or
 - (2) 14 days after the date of the announcement of Shareholders' approval of the Proposed Delisting if the Exit Offer Letter is despatched on the same date as the Circular;
 - (ii) disclosure in the Circular of the following:
 - (1) the consolidated net tangible assets (the "**Consolidated NTA**") per Share of the group comprising the Company, its subsidiaries and associated companies based on the latest published accounts prior to the date of the Circular; and

- (2) particulars of all known material changes as at the latest practicable date which may affect the Consolidated NTA per Share based on the latest published accounts prior to the date of the Circular or a statement that there are no such known material changes; and
 - (iii) the Proposed Delisting being conditional upon the Offeror receiving acceptances in respect of voting rights which result in the Offeror holding more than 50% of the total voting rights in the Company;
- (b) subject to the Irrevocable Undertaking (as defined in paragraph 9.1 of this Joint Announcement) not being revoked at any time during the Exit Offer, the confirmation to be provided by UOBKH that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Exit Offer may exclude the amount which may otherwise be payable in relation to the Shares which are the subject of the Irrevocable Undertaking; and
- (c) the Relevant Directors are exempted from the requirement to make a recommendation to Shareholders on the Exit Offer. However, the Relevant Directors must still assume responsibility for the accuracy of the facts stated or opinions expressed in documents and advertisements issued by, or on behalf of the Company to the Shareholders in connection with the Exit Offer.

5. PROVISIONS OF THE LISTING MANUAL PERTAINING TO A VOLUNTARY DELISTING

5.1 Under Rule 1307 of the Listing Manual, the SGX-ST may agree to an application by the Company to delist from the Official List of the SGX-ST if:

- (a) the Company convenes an EGM to obtain the approval of Shareholders to the Delisting Resolution;
- (b) the Delisting Resolution is approved by a majority of at least 75% of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM (the Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution); and
- (c) the Delisting Resolution is not voted against by 10% or more of the total number of issued Shares (excluding treasury shares) held by Shareholders present and voting, on a poll, either in person or by proxy at the EGM.

5.2 In addition, Rule 1309 of the Listing Manual requires that:

- (a) a reasonable exit alternative, which should normally be in cash, should be offered to all Shareholders and holders of any classes of listed securities to be delisted; and
- (b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

6. CONDITIONS OF THE DELISTING PROPOSAL

6.1 The Proposed Delisting and Exit Offer will be conditional on:

- (a) the Delisting Resolution (i) being approved by a majority of at least 75% of the total number of issued Shares held by the Shareholders present and voting, on a poll, either in person or by proxy at the EGM to be convened for the Shareholders to vote on the Delisting Resolution (the Directors and controlling Shareholders need not abstain from voting on the Delisting Resolution) and (ii) not being voted against by 10% or more of the total number of issued Shares held by the Shareholders present

and voting, on a poll, either in person or by proxy at the EGM (collectively, the “**Delisting Resolution Approval Condition**”);

- (b) confirmation by the SGX-ST that it has no objection to the Proposed Delisting, subject to the satisfaction of the Delisting Resolution Approval Condition; and
- (c) the Offeror having received, by the close of the Exit Offer, valid acceptances in respect of such number of Offer Shares which, together with Shares owned, controlled or agreed to be acquired by the Offeror either before or during the Exit Offer, pursuant to the Exit Offer or otherwise, will result in the Offeror and persons acting in concert with it holding such number of Shares carrying **more than 50%** of the voting rights attributable to the issued share capital of the Company as at the close of the Exit Offer.

6.2 Under Rule 1307 of the Listing Manual, all Shareholders, including the Offeror and its concert parties and the Directors and controlling Shareholders of the Company, are entitled to vote on the Delisting Resolution.

6.3 As at the Joint Announcement Date, the aggregate number of Shares held by the Offeror amount to 212,424,000 Shares, representing approximately 48.32% of the total number of issued Shares. **The Offeror intends to vote all of the 212,424,000 Shares held by it in favour of the Delisting Resolution at the EGM.**

In addition, pursuant to the Irrevocable Undertaking, the Undertaking Shareholder (as defined in paragraph 9.1 of this Joint Announcement) has undertaken to vote all the 129,700,000 Shares, representing 29.5% of the total number of issued Shares held by it in favour of the Delisting Resolution at the EGM.

Accordingly, the aggregate shareholding percentage which will vote in favour of the Proposed Delisting at the EGM will be at least 77.82% of the total number of issued Shares.

7. RATIONALE FOR DELISTING PROPOSAL

7.1 *No present need for access to Singapore capital markets*

It is noted that other than the proceeds raised from the exercise of the bonus warrants issued in January 2005, the Company has not conducted any fund-raising exercise since completion of the reverse takeover of the Company in 2003. It is unlikely that the Company will need to tap on the Singapore capital market in the foreseeable future to finance its operations and accordingly, it may not be necessary for the Company to remain listed on the SGX-ST.

7.2 *Low trading liquidity of the Shares*

The trading liquidity of the Shares on the SGX-ST has generally been thin.

The average daily trading volume of the Shares for the 12-month, six-month, three-month and one-month periods prior to and including 29 December 2015, being the last full day of trading in the Shares on the SGX-ST immediately preceding the Joint Announcement Date (“**Last Trading Day**”) is as follows:

Description	Average Traded Volume ⁽¹⁾	Approximate percentage of total number of issued Shares (%) ⁽²⁾
Last 12 months preceding the Last Trading Day	71,952	0.016

Description	Average Traded Volume⁽¹⁾	Approximate percentage of total number of issued Shares (%)⁽²⁾
Last six (6) months preceding the Last Trading Day	36,336	0.008
Last three (3) months preceding the Last Trading Day	31,311	0.007
Last one (1) month preceding the Last Trading Day	17,480	0.004
Last Trading Day	54,600	0.010

Source: Bloomberg

Notes:

(1) The average traded volume of the Shares is computed based on the total volume of Shares traded during the relevant periods immediately prior to and including the Joint Announcement Date, divided by the number of days on which the Shares were traded on the SGX-ST during the respective periods.

(2) Based on 439,627,300 Shares, being the total number of issued Shares as at the Joint Announcement Date.

The Exit Offer will provide an exit option for those Shareholders who wish to realise their entire investment in the Shares but find it difficult to do so as a result of the low trading volume of the Shares.

7.3 *Attractive Premium*

Set out below is the premium of the Exit Offer Price over the benchmark prices of the Shares up to, and including the Last Trading Day.

Description	Benchmark Price (\$)	Premium over/ (discount to) Benchmark Price (%)
(a) Last transacted price per Share on the Last Trading Day	0.110	77.3
(b) The volume weighted average price (the "VWAP") of the Shares for the one-month period preceding the Last Trading Day	0.099	97.0
(c) VWAP of the Shares for the three-month period preceding the Last Trading Day	0.107	82.2
(d) VWAP of the Shares for the six-month period preceding the Last Trading Day	0.107	82.2
(e) VWAP of the Shares for the twelve-month period preceding the Last Trading Day	0.111	75.7

Source: Bloomberg

The Exit Offer Price represents a premium of approximately 77.3% over the last transacted price per Share of S\$0.110 on 29 December 2015, being the Last Trading Day. When compared to the benchmark prices of the Shares up to and including the Last Trading Day, the Exit Offer Price represents a premia of approximately 97.0%, 82.2%, 82.2% and 75.7% over the VWAP per Share for the one-month, three-month, six-month and twelve months periods, respectively.

Through the Delisting Proposal, the Offeror aims to provide Shareholders with an opportunity to realise their entire investments in the Company without incurring brokerage and other trading costs, for a cash consideration at a premium over the market prices of the Shares in the last twelve (12) months prior to the date of this Joint Announcement.

7.4 *Reduce Compliance Costs of Maintaining Listing*

In maintaining its listed status on the SGX-ST, the Company incurs compliance and associated costs. The Proposed Delisting would allow the Company to realise cost savings by dispensing with expenses relating to the maintenance of a listed status and focus its resources on its business operations.

8. THE OFFEROR'S INTENTION FOR THE COMPANY

- 8.1 The Offeror does not intend to maintain or support any action taken or to be taken to maintain the present listing status of the Company. Accordingly, the Offeror intends to vote all of the 212,424,000 Shares, representing 48.32% of the total number of issued Shares held by it in favour of the Delisting Resolution at the EGM.

Shareholders should note that in the event the conditions set out in paragraph 6.1 of this Joint Announcement are satisfied, the Company will be delisted from the Official List of the SGX-ST on or after the close of the Exit Offer, irrespective of the number of acceptances received by the Offeror in respect of the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, the Company (as a Singapore incorporated company) will be subject to the provisions of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), and will no longer be subject to the provisions of the Listing Manual. Shareholders of the Company at such time may wish to seek their own independent legal advice to familiarise themselves with their rights as a shareholder of a Singapore incorporated company under the Companies Act.

- 8.2 The Offeror intends for the Company to continue its existing business activities and there are no immediate plans to: (i) propose any major changes to the existing businesses of the Group; (ii) re-deploy the fixed assets of the Group; or (iii) discontinue the employment of the employees of the Group other than in the ordinary course of business. The Offeror retains the flexibility at any time to consider options or opportunities which may present themselves, and which the Offeror regards to be in the interest of the Offeror and/or the Group.

9. IRREVOCABLE UNDERTAKING

- 9.1 As at the Joint Announcement Date, the Offeror has obtained an irrevocable undertaking (the "**Irrevocable Undertaking**") from Oasis Ventures Limited the "**Undertaking Shareholder**").
- 9.2 As at the Joint Announcement Date, the Undertaking Shareholder holds (through its nominee, Bank of Singapore Nominees Pte Ltd) 129,700,000 Shares (the "**Undertakings Shares**"), representing 29.50% of the total number of issued Shares.
- 9.3 Pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has irrevocably undertaken, *inter alia*:

- (a) to attend, and to procure that its nominee attend and vote all the Undertaking Shares in favour of the Delisting Resolution and/or other matters in connection with the Proposed Delisting at the EGM to be convened;
- (b) not to, and to procure that its nominee not to accept the Exit Offer by the Offeror in respect of any of the Undertakings Shares; and
- (c) not to, and to procure that its nominee not to, from the date of and until the Irrevocable Undertaking is terminated in accordance with the terms therein, directly or indirectly, offer, sell, transfer, lend, give or otherwise dispose of any of the legal, beneficial or economic consequences of ownership of, all or any of the Undertaking Shares held by them (directly or indirectly) or any interest therein.

9.4 The Irrevocable Undertaking shall terminate and cease to have any further force or effect on the date the Exit Offer closes, lapses or is withdrawn, or upon the completion of the Proposed Delisting, whichever is the later.

10. COMPULSORY ACQUISITION

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires 90% or more of the Shares (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of despatch of the Exit Offer Letter), the Offeror will be entitled to exercise its right under Section 215(1) of the Companies Act to compulsorily acquire all the Shares of Shareholders who have not accepted the Exit Offer ("**Dissenting Shareholders**"), at a price equal to the Exit Offer Price.

In addition, Dissenting Shareholders will have the right under and subject to Section 215(3) of the Companies Act to require the Offeror to acquire their Shares at the Exit Offer Price and on the same terms as the Exit Offer, in the event that the Offeror, its related corporations or their respective nominees acquire, pursuant to the Exit Offer, such number of Shares which, together with the Shares held by the Offeror, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares.

In view that the Undertaking Shareholder will not be accepting the Exit Offer, the Offeror will not be able to satisfy the requirement of acquiring at least 90% of the Offer Shares to enable it to exercise any right of compulsory acquisition under Section 215(1) of the Companies Act or of holding at least 90% of the issued Shares after the conclusion of the Exit Offer to enable Dissenting Shareholders to exercise any right to require the Offeror to acquire their Shares under Section 215(3) of the Companies Act. Accordingly, the Offeror will not be entitled to make any compulsory acquisition of the Shares following the conclusion of the Exit Offer.

Shareholders who are in doubt of their position under the Section 215(1) and (3) of the Companies Act are advised to seek their own independent legal advice.

11. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

11.1 The Appendix to this Joint Announcement sets out, based on the latest information available to the Offeror,

- (a) the number of Shares owned, controlled or agreed to be acquired by:
 - (i) the Offeror and the Offeror Directors; and
 - (ii) UOBKH and its directors(collectively, "**Relevant Persons**") as at the Joint Announcement Date; and

- (b) whether any of such Relevant Persons has dealt in any Shares during the three-month period immediately preceding the Joint Announcement Date (the “**Reference Period**”), and if so, the particulars of any such dealings.
- 11.2 Pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has undertaken to vote in favour of the Delisting Resolution in respect of the Undertakings Shares, and not to accept the Exit Offer in respect of the Undertakings Shares.
- 11.3 Save as disclosed in this Joint Announcement, as at the Joint Announcement Date and based on the latest information available to the Offeror, none of the Relevant Persons (i) owns, controls or has agreed to acquire any (i) Shares; (ii) securities which carry voting rights in the Company; (iii) convertible securities, warrants, options or derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the “**Relevant Securities**”) or (iv) has dealt for value in any of the Relevant Securities during the Reference Period.
- 11.4 Save as disclosed in this Joint Announcement, as at the Joint Announcement Date and based on the latest information available to the Offeror, none of the Relevant Persons has:
- (a) (i) granted a security interest relating to any Relevant Securities to another person, whether through a charge, pledge or otherwise; (ii) borrowed any Relevant Securities from another person (excluding borrowed Relevant Securities which have been on-lent or sold); or (iii) lent any Relevant Securities to another person;
- (b) entered into any arrangement (whether by way of option, indemnity or otherwise), and any agreement or understanding, formal or informal, of whatever nature, relating to the Shares which may be an inducement to deal or refrain from dealing; and
- (c) received any irrevocable undertaking from any party to accept or reject the Exit Offer, save as disclosed in paragraph 9 above.
- 11.5 In the interest of confidentiality, the Offeror has not made enquiries in respect of certain other parties who are or may be deemed to be acting in concert with them in connection with the Exit Offer. Similarly, in the interest of confidentiality, UOBKH, has also not made any enquiries in respect of other members of the UOBKH group. Further enquiries will be made of such persons and the relevant disclosures will be made in due course subsequently and in the Exit Offer Letter.
- 11.6 As at the Joint Announcement Date, the direct and deemed interests of the Directors as recorded in the register of Directors of the Company, are as follows:-

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Liu Huaguo ⁽¹⁾	-	-	212,424,000	48.32	212,424,000	48.32
Wang Xin ⁽²⁾	-	-	129,700,000	29.50	129,700,000	29.50

Notes:

- (1) Mr Liu Huaguo holds 99.9% of the total issued share capital of Winner International Investments Limited, which in turn holds 212,424,000 Shares in the name of its nominee, DBS Nominees Pte Ltd, representing 48.32% of the total number of issued Shares. Accordingly, Mr Liu Huaguo has a deemed interest in the 212,424,000 Shares held by Winner International Investments Limited.
- (2) Mr Wang Xin holds 51% of the total issued share capital of Oasis Ventures Limited, which in turn holds 129,700,000 Shares in the name of its nominee, Bank of Singapore Nominees Pte Ltd, representing 29.50% of the total number of issued Shares. Accordingly, Mr Wang Xin has a deemed interest in the 129,700,000 Shares held by Oasis Ventures Limited.

Save as disclosed above, none of the Directors has any interest in the Shares.

12. CONFIRMATION OF FINANCIAL RESOURCES

UOBKH, as the financial adviser to the Offeror in connection with the Exit Offer, confirms that, after taking into account the Irrevocable Undertaking, sufficient financial resources are available to the Offeror to satisfy full acceptances of the Exit Offer for the Offer Shares (excluding Shares held by the Offeror and the Undertaking Shareholder) on the basis of the Exit Offer Price.

13. INDEPENDENT FINANCIAL ADVISER

The Board has appointed Xandar Capital Pte Ltd as the independent financial adviser (the “**IFA**”) to advise the Directors who are considered independent for the purposes of the Delisting Proposal and the Exit Offer (the “**Independent Directors**”). The advice of the IFA and the recommendation of the Independent Directors regarding the Exit Offer will be set out in the Circular.

14. OVERSEAS SHAREHOLDERS

The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the register of holders of the Shares, or as the case may be, in the records of The Central Depository (Pte) Limited (each, an “**Overseas Shareholder**”) may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending the Circular, the Exit Offer Letter and the acceptance forms to any overseas jurisdiction, the Offeror, UOBKH and the Company each reserves the right not to send such documents to the Shareholders in such overseas jurisdictions, as the case may be. For the avoidance of doubt, the Exit Offer shall be made to all Shareholders, including the Overseas Shareholders and those to whom the Exit Offer Letter and the relevant acceptance forms will not be, or may not be, sent, provided that the Exit Offer Letter does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Exit Offer is not proposed in any jurisdiction in which the introduction or implementation of the Exit Offer would not be in compliance with the laws of such jurisdiction.

Overseas Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

Further details in relation to the Overseas Shareholders will be contained in the Circular and the Exit Offer Letter.

15. FURTHER INFORMATION

- 15.1 No immediate action is required of Shareholders on their part in respect of the Delisting Proposal and the Exit Offer. They will be advised on the procedures for accepting the Exit Offer when the Circular and the Exit Offer Letter are despatched.
- 15.2 The Circular will be despatched by the Company to Shareholders in due course. The Circular will include, *inter alia*, further information relating to the Delisting Proposal, the terms and conditions of the Exit Offer, the advice of the IFA to the Directors, the recommendations of the independent directors of the Company regarding the Exit Offer, and a notice of the EGM. The Exit Offer Letter, together with the relevant forms of acceptance, is expected to be despatched by or on behalf of the Offeror to Shareholders with Singapore registered addresses on the same date as the Circular.

- 15.3 In the meantime, Shareholders are advised to exercise caution in their dealings in the Shares and to refrain from taking any action in relation to their Shares which may be prejudicial to their interests. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

16. RESPONSIBILITY STATEMENTS

- 16.1 **The Offeror.** The Offeror Directors (including any Offeror Director who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement (excluding information relating to the Group) are fair and accurate and that, where appropriate, no material facts have been omitted from this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading.

Where any information in this Joint Announcement relating to the Offeror has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the Offeror Directors have been to ensure, through reasonable enquiries, that such information has been accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Joint Announcement. The Offeror Directors jointly and severally accept responsibility accordingly.

- 16.2 **The Company.** The Directors (including any Director who may have delegated detailed supervision of the preparation of this Joint Announcement) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Joint Announcement relating to the Company (excluding information relating to the Delisting Proposal, the Exit Offer, the Offeror, including the Relevant Persons, and the Irrevocable Undertaking) are fair and accurate and that, where appropriate, no material facts have been omitted from this Joint Announcement, the omission of which would make any statement in this Joint Announcement misleading.

Where any information in this Joint Announcement relating to the Company has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, an Offeror Director or the Undertaking Shareholder, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information is accurately extracted from such sources or, as the case may be, accurately reflected or reproduced in this Joint Announcement. The Directors jointly and severally accept responsibility accordingly.

30 December 2015

By Order of the Board of Directors

**WINNER INTERNATIONAL INVESTMENTS
LIMITED**

By Order of the Board of Directors

CHINA DAIRY GROUP LTD.

Forward-Looking Statements

All statements other than statements of historical facts included in this Joint Announcement are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the current expectations, beliefs, hopes, intentions or strategies of the party making the statements regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Company and/or the Offeror should not place undue reliance on such forward-looking statements, and none of the Company and the Offeror undertakes any obligation to update publicly or revise any forward-looking statements.

APPENDIX

DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

1. HOLDINGS IN SHARES

As at the Joint Announcement Date, the interests in Shares held by the Relevant Persons are set out as follows:-

Name of shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Offeror Directors						
Liu Huaguo ⁽¹⁾	-	-	212,424,000	48.32	212,424,000	48.32
Wang Jingji	-	-	-	-	-	-
Liu Ping	-	-	-	-	-	-
Offeror						
Winner International Investments Limited ⁽¹⁾	-	-	212,424,000	48.32	212,424,000	48.32

Note:

- (1) Mr Liu Huaguo holds 99.9% of the total issued share capital of Winner International Investments Limited, which in turn holds 212,424,000 Shares in the name of its nominee, DBS Nominees Pte Ltd, representing 48.32% of the total number of issued Shares. Accordingly, Mr Liu Huaguo has a deemed interest in the 212,424,000 Shares held by Winner International Investments Limited through its nominee, DBS Nominees Pte Ltd.

2. DEALINGS IN SHARES

The Relevant Persons have not dealt for value in the Relevant Securities during the Relevant Period.