CIRCULAR DATED 12 APRIL 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you have sold or transferred all your ordinary shares in the capital of China Dairy Group Ltd. (the "**Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with the CDP, you should immediately forward this Circular together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser, the transferee or the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

This Circular, the Exit Offer Letter and the Acceptance Forms (all as defined herein) shall not be construed as, and may not be used for the purpose of, and does not constitute a notice or proposal or advertisement or an offer or invitation or solicitation in any jurisdiction or in any circumstance in which such a notice or proposal or advertisement or an offer or invitation or solicitation is unlawful or not authorised, or to any person to whom it is unlawful to make such a notice or proposal or advertisement or an offer or invitation or solicitation.

CHINA DAIRY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199703080Z)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED VOLUNTARY DELISTING OF CHINA DAIRY GROUP LTD. PURSUANT TO RULES 1307 AND 1309 OF THE SGX-ST LISTING MANUAL

Financial Adviser to the Offeror

UOB KayHian

UOB KAY HIAN PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No: 197000447W)

Independent Financial Adviser to the Independent Directors of China Dairy Group Ltd.

XANDAR CAPITAL

XANDAR CAPITAL PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200002789M)

IMPORTANT DATES, TIMES AND VENUE

Last date and time for lodgement of proxy form	:	2 May 2016 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	4 May 2016 at 10.30 a.m.
Venue of Extraordinary General Meeting	:	8 Wilkie Road #03-01, Wilkie Edge Singapore 228095

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CORPORATE INFORMATION

Board of Directors	:	Liu Huaguo (Executive Chairman) Kong Jing (Executive Director) Wang Jingji (Executive Director) Wang Xin (Non-Executive Director) Zhao Zhongqi (Non-Executive Director) Dr. Kwok Kain Sze (Independent Director) Dr. Chau Sik Ting @ Chao Sik Ting (Independent Director) Zhang Puhui (Independent Director) Lei Huafeng (Independent Director)
Company Secretary	:	Seah Kim Swee
Registered Office	:	8 Wilkie Road #03-01, Wilkie Edge Singapore 228095
Share Registrar and Transfer Office	:	M&C Services Private Limited 112 Robinson Road #05-01 Singapore 068902
Independent Financial Adviser to the Independent Directors in respect of the Exit Offer	:	Xandar Capital Pte. Ltd. 3 Shenton Way #24-02, Shenton House Singapore 068805
Legal Adviser to the Company in respect of the Exit Offer	:	Harry Elias Partnership LLP 4 Shenton Way, #17-01, SGX Centre 2, Singapore 068807
Auditors of the Company	:	RSM Chio Lim LLP 8 Wilkie Road #03-08, Wilkie Edge Singapore 228095

Except where the context otherwise requires, the following definitions apply throughout this Circular:

"**Acceptance Forms**"	:	The FAA and/or FAT, as the case may be
"**Articles**"	:	The Articles of Association of the Company
"**Auditors**"	:	RSM Chio Lim LLP
"**Board**" or "**Directors**"	:	The board of directors of the Company (including the Independent Directors) as at the Latest Practicable Date
"**CDP**"	:	The Central Depository (Pte) Limited
"**Circular**"	:	This circular dated 12 April 2016 issued by the Company to the Shareholders in relation to the Proposed Delisting and the Exit Offer
"**Closing Date**"	:	First Closing Date or such later date(s) as may be announced from time to time by or on behalf of the Offeror, being the last day for the lodgement of acceptances of the Exit Offer
"**Code**"	:	The Singapore Code on Take-overs and Mergers as amended, modified or supplemented from time to time
"**Companies Act**"	:	The Companies Act (Chapter 50) of Singapore as amended, modified or supplemented from time to time
"**Company**"	:	China Dairy Group Ltd.
"**Concert Parties**"	:	Parties acting or deemed to be acting in concert with the Offeror in connection with the Exit Offer
"**Controlling Shareholders**"	:	Shareholders who: (a) hold directly or indirectly 15% or more of the total number of the issued Shares; or (b) in fact exercise control over the Company
"**CPF**"	:	Central Provident Fund
"**CPF Agent Banks**"	:	Agent banks included under the CPFIS
"**CPFIS**"	:	Central Provident Fund Investment Scheme
"**CPFIS Investors**"	:	Investors who have purchased Shares using their monies pursuant to the CPFIS

"**Delisting Proposal**"	:	The formal proposal dated 30 December 2015 presented by the Offeror to the Directors to seek the Proposed Delisting
"**Delisting Resolution**"	:	The resolution of Shareholders to be proposed at the EGM to approve the Proposed Delisting
"**Delisting Resolution Approval Condition**"	:	Has the meaning given to it in Section 3.2(a) of this Circular
"**Despatch Date**"	:	12 April 2016, being the date of despatch of the Exit Offer Letter and this Circular
"**EGM**"	:	The extraordinary general meeting to be convened by the Company on 4 May 2016 to seek the approval of the Shareholders for the Proposed Delisting, notice of which is set out on pages N-1 to N-2 of this Circular
"**Encumbrances**"	:	All claims, liens, equities, mortgages, charges, pledges, encumbrances, rights of pre-emption and other third party rights and interests of any nature whatsoever
"**Exit Offer**"	:	The cash offer made by UOBKH, for and on behalf of the Offeror, to acquire all the Offer Shares on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms
"**Exit Offer Letter**"	:	The letter dated 12 April 2016 by UOBKH, for and on behalf of the Offeror, to Shareholders in relation to the Exit Offer, as may be amended, revised, supplemented or updated from time to time
"**Exit Offer Price**"	:	S$0.195 in cash for each Offer Share
"**FAA**"	:	Form of Acceptance and Authorisation for Offer Shares, which is applicable to Shareholders whose Offer Shares are deposited with CDP and which forms part of the Exit Offer Letter
"**FAT**"	:	Form of Acceptance and Transfer for Offer Shares, which is applicable to Shareholders whose Offer Shares are registered in their own names in the Register and which forms part of the Exit Offer Letter
"**First Closing Date**"	:	**5.30 p.m. (Singapore time) on 18 May 2016**
"**FY**"	:	Financial year ended or ending (as the case may be) 31 December of a particular year as stated
"**Group**"	:	The Company and its subsidiaries

"**IFA**"	:	Xandar Capital Pte. Ltd., being the independent financial adviser to the Independent Directors in connection with the Exit Offer
"**IFA Letter**"	:	The letter from Xandar Capital Pte. Ltd., setting out its advice to the Independent Directors as set out in Appendix I to this Circular
"**Independent Directors**"	:	The Directors who are considered independent for the purpose of the Exit Offer, being Kong Jing, Wang Xin, Zhao Zhongqi, Lei Huafeng, Dr. Kwok Kain Sze, Dr. Chau Sik Ting @ Chao Sik Ting and Zhang Puhui
"**Interested Person**"	:	As defined in Rule 23.12 of the Code, an Interested Person, in relation to a company, is: (a) a director, chief executive officer or substantial shareholder of the company; (b) the immediate family of a director, the chief executive officer or a substantial shareholder (being an individual) of the company; (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family is a beneficiary; (d) any company in which a director, the chief executive officer or a substantial shareholder (being an individual) and his immediate family together (directly or indirectly) have an interest of 30% or more; (e) any company that is the subsidiary, holding company or fellow subsidiary of the substantial shareholder (being a company); or (f) any company in which a substantial shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
"**Irrevocable Undertaking**"	:	Has the meaning given to it in Section 4.1 of this Circular
"**Joint Announcement**"	:	The joint announcement of the Exit Offer by the Offeror and the Company on the Joint Announcement Date in connection with the Proposed Delisting and the Exit Offer
"**Joint Announcement Date**"	:	30 December 2015, being the date of the Joint Announcement

"**Last Trading Day**"	:	29 December 2015, being the last full day of trading in the Shares on the SGX-ST immediately preceding the Joint Announcement Date
"**Latest Practicable Date**"	:	31 March 2016, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
"**Machinery and Equipment Valuation Report**"	:	The valuation report dated 31 March 2016 from Colliers International Consultancy & Valuation (Singapore) Pte Ltd setting out the market value of the Subject Machinery and Equipment as set out in Appendix V to this Circular
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Memorandum**"	:	The Memorandum of Association of the Company
"**Minimum Acceptance Condition**"	:	Has the meaning given to it in Section 3.2(c) of this Circular
"**MTP Watch-list**"	:	Has the meaning given to it in Section 6 of this Circular
"**NTA**"	:	Net tangible assets
"**Offer Shares**"	:	All the Shares to which the Exit Offer relates, as more particularly described in Section 1 of this Circular
"**Offeror**"	:	Winner International Investments Limited
"**Overseas Shareholders**"	:	Shareholders whose addresses are outside Singapore, as shown on the Register, or as the case may be, in the records of CDP
"**PRC**"	:	The People's Republic of China, excluding Hong Kong, Macau and Taiwan, for the purpose of this Circular and for geographical reference only
"**Property Valuation Report**"	:	The valuation report dated 31 March 2016 from Colliers International (Hong Kong) Limited setting out the market value of the Subject Properties as set out in Appendix IV to this Circular
"**Proposed Delisting**"	:	The voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual

"**Reference Period**"	:	The period commencing three (3) months prior to the Joint Announcement Date and ending on the Latest Practicable Date
"**Register**"	:	The register of holders of the Shares, as maintained by the Share Registrar
"**Relevant Directors**"	:	Refers to Liu Huaguo and Wang Jingji, the Executive Chairman and Executive Director of the Company respectively
"**Revalued Assets**"	:	The market value of the Subject Properties and Subject Machinery and Equipment
"**RNAV**"	:	Revalued Net Asset Value
"**Securities Account**"	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
"**Securities and Futures Act**"	:	The Securities and Futures Act (Chapter 289) of Singapore as amended, modified or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SGXNET**"	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
"**Share Registrar**"	:	M&C Services Private Limited, the share registrar and transfer agent of the Company
"**Shareholders**"	:	Registered holders of Shares in the Register, except that where CDP is the registered holder, the term "**Shareholders**" shall mean Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts
"**Shares**"	:	Issued and paid-up ordinary shares in the capital of the Company
"**SIC**"	:	Securities Industry Council of Singapore

"**Subject Properties**"	:	The following properties of the Group: (a) an industrial property, No. 99 Yinqiao Avenue, Xi'an, Shaanxi Province, PRC; (b) an industrial property located in Xiangqiao Town, Xi'an, Shaanxi Province, PRC; (c) an industrial property, No. 61 Jinye Second Road, Xi'an, Shaanxi Province, PRC; and (d) Level 9 of Gaoke Plaza, 2nd Ring Road South, Xi'an, Shaanxi Province, PRC
"**Subject Machinery and Equipment**"	:	The machinery and equipment of the Group located at the following locations: (a) No. 99, Yinqiao Avenue, Lintong District, Xi'an, Shaanxi, China; (b) West Park, Shendong Village, Xiangqiao District, Lintong District, Xi'an, Shaanxi, China; and (c) No. 61, Jinye No.2 Road, Gaoxin District, Xi'an, Shaanxi, China
"**Undertaking Shareholder**"	:	Oasis Ventures Limited
"**Undertaking Shares**"	:	Has the meaning given to it in Section 4.1 of this Circular
"**UOBKH**"	:	UOB Kay Hian Private Limited
"**VWAP**"	:	Volume weighted average price
"**%**" or "**per cent.**"	:	Percentage or per centum

Currency

"**RMB**" and "**RMB cents**"	:	PRC Renminbi and Renminbi cents respectively
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore

Acting in Concert, Associated Company. The expressions "**acting in concert**" and "**associated company**" shall have the meanings ascribed to them respectively in the Code.

Depositors, etc. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meaning ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Exchange Rate. For purposes only of this Circular, unless stated otherwise, the exchange rate used is that as at the Latest Practicable Date, of S$1.00 to RMB4.7970. The exchange rate applicable for the transactions set out in this Circular will be based on the exchange rates then prevailing at such times.

Exit Offer Letter. References to "**Exit Offer Letter**" shall include the Acceptance Forms, unless the context otherwise requires.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa.* Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to "**you**", "**your**" and "**yours**" in this Circular are, as the context so determines, to Shareholders.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act, the Code, the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act, the Code or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. References to "**subsidiary**" and "**related corporation**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

Time and Date. Any reference to a time of the day and date in this Circular shall be a reference to Singapore time and date, respectively, unless otherwise stated.

Total Number of Shares. References in this Circular to the total number of issued Shares are based on 439,627,300 Shares in issue as at the Latest Practicable Date (based on a search conducted at the Accounting and Corporate Regulatory Authority of Singapore on such date), unless otherwise stated. The Company does not hold any treasury shares.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular 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**", "**if**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies 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 should not place undue reliance on such forward-looking statements, and the Company assumes no obligation to update publicly or revise any forward-looking statement.

INDICATIVE TIMETABLE

Last date and time for lodgement of proxy form for the EGM	:	2 May 2016 at 10.30 a.m.
Date and time of the EGM	:	4 May 2016 at 10.30 a.m.
Expected date and time of trading suspension of the Shares by the SGX-ST	:	To be announced by or on behalf of the Company
Expected Closing Date and time	:	18 May 2016 at 5.30 p.m. (Singapore time) or such other date(s) as may be announced from time to time by or on behalf of the Offeror
Expected date for the payment of the Exit Offer Price, in respect of valid acceptances of the Exit Offer	:	(a) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received on or before the date on which the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, within 7 business days of that date; or (b) in respect of acceptances of the Exit Offer which are complete and valid in all respects and are received after the Exit Offer becomes or is declared to be unconditional in all respects in accordance with its terms, but before the Exit Offer closes, within 7 business days of the date of such receipt

Shareholders should note that, save for the last date and time for lodgement of proxy forms for the EGM, the date and time of the EGM, the above timetable is indicative only and may be subject to change. For events listed above which are described as "expected", please refer to future announcement(s) by or on behalf of the Company and/or the Offeror via SGXNET for the exact dates and times of such events.

PLEASE NOTE THAT THE EXIT OFFER IS CONDITIONAL UPON THE DELISTING RESOLUTION BEING PASSED AT THE EGM. PURSUANT TO RULE 1307 OF THE LISTING MANUAL, THE DELISTING RESOLUTION IS CONSIDERED PASSED IF IT IS APPROVED BY A MAJORITY OF AT LEAST 75 PER CENT. (75%) OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY AT THE EGM, AND IF THE DELISTING RESOLUTION HAS NOT BEEN VOTED AGAINST BY 10 PER CENT. (10%) OR MORE OF THE TOTAL NUMBER OF SHARES (EXCLUDING TREASURY SHARES) HELD BY THE SHAREHOLDERS PRESENT AND VOTING, ON A POLL, EITHER IN PERSON OR BY PROXY, AT THE EGM. IF THIS CONDITION IS NOT SATISFIED AT THE EGM TO BE CONVENED, THE PROPOSED DELISTING WILL NOT PROCEED, AND THE COMPANY WILL REMAIN LISTED ON THE SGX-ST AND THE EXIT OFFER WILL LAPSE.

INDICATIVE TIMETABLE

PLEASE ALSO NOTE THAT APPROVING THE DELISTING RESOLUTION AT THE EGM DOES NOT AUTOMATICALLY MEAN THAT YOU HAVE ACCEPTED THE EXIT OFFER. PLEASE REFER TO THE ACCEPTANCE PROCEDURES SET OUT IN APPENDIX 1 TO THE EXIT OFFER LETTER AND THE ACCEPTANCE FORMS IF YOU WISH TO ACCEPT THE EXIT OFFER.

SHAREHOLDERS SHOULD NOTE THAT IN ADDITION TO THE DELISTING RESOLUTION APPROVAL CONDITION, THE EXIT OFFER IS ALSO CONDITIONAL UPON THE MINIMUM ACCEPTANCE CONDITION BEING SATISFIED BEFORE THE CLOSING DATE. IF THE MINIMUM ACCEPTANCE CONDITION IS NOT SATISFIED, BOTH THE SHAREHOLDERS AND THE OFFEROR WILL CEASE TO BE BOUND BY ANY PRIOR ACCEPTANCE OF THE EXIT OFFER BY ANY SHAREHOLDER.

CHINA DAIRY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199703080Z)

Board of Directors:

Liu Huaguo (*Executive Chairman*)
Kong Jing (*Executive Director*)
Wang Jingji (*Executive Director*)
Wang Xin (*Non-Executive Director*)
Zhao Zhongqi (*Non-Executive Director*)
Dr. Kwok Kain Sze (*Independent Director*)
Dr. Chau Sik Ting @ Chao Sik Ting (*Independent Director*)
Lei Huafeng (*Independent Director*)
Zhang Puhui (*Independent Director*)

Registered Office:

8 Wilkie Road
#03-01, Wilkie Edge
Singapore 228095

12 April 2016

To: The Shareholders of the Company

Dear Sir/Madam

PROPOSED VOLUNTARY DELISTING OF CHINA DAIRY GROUP LTD. PURSUANT TO RULES 1307 AND 1309 OF THE LISTING MANUAL

1. INTRODUCTION

On 30 December 2015, the Company and the Offeror jointly announced that the Offeror had presented the Delisting Proposal to the Board to seek the voluntary delisting of the Company from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual.

Under the terms of the Delisting Proposal, UOBKH, for and on behalf of the Offeror, will make the Exit Offer to acquire all the Shares, other than those Shares already owned, controlled or agreed to be acquired by the Offeror as at the date of the Exit Offer ("**Offer Shares**") on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms.

The Directors, having considered the Delisting Proposal, have resolved to convene the EGM to seek the approval of the Shareholders for the Proposed Delisting and to make an application to seek confirmation by the SGX-ST that it has no objection to the Proposed Delisting.

The purpose of this Circular is to provide Shareholders with relevant information relating to the Delisting Proposal and the Exit Offer, and to seek Shareholders' approval at the EGM for the Delisting Resolution to be passed.

Electronic copies of the Exit Offer Letter and this Circular are also available on the website of the SGX-ST at www.sgx.com.

2. THE DELISTING PROPOSAL

Under the terms of the Delisting Proposal, the Offeror is making the Exit Offer to acquire the Offer Shares. 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; (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.

2.1 Rules 1307 and 1309 of the Listing Manual

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 Shareholders' approval of the Delisting Resolution;

(b) the Delisting Resolution is approved by a majority of at least 75 per cent. (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 (Directors and Controlling Shareholders are not required to abstain from voting on the Delisting Resolution); and

(c) the Delisting Resolution is not voted against by ten per cent. (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.

In addition, Rule 1309 of the Listing Manual requires that if the Company is seeking to delist from the Official List of the SGX-ST:

(a) a reasonable exit alternative, which should normally be in cash, should be offered to the Shareholders and holders of any other classes of listed securities to be delisted; and

(b) the Company should normally appoint an independent financial adviser to advise on the Exit Offer.

2.2 Application to the Securities Industry Council

As stated in the Exit Offer Letter (which was despatched concurrently with this Circular), an application was made by the Offeror to the SIC to seek certain rulings in relation to the Delisting Proposal and the Exit Offer. On 22 December 2015, the SIC ruled, *inter alia*, that:

(a) the Exit Offer is exempted from compliance with the following provisions of 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 date of 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 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.

Please refer to Section 5 of the Exit Offer Letter for further details of the rulings of the SIC.

3. THE EXIT OFFER

As stated in the Exit Offer Letter, for and on behalf of the Offeror, UOBKH will make the Exit Offer to acquire all the Offer Shares, on the terms and subject to the conditions set out in the Exit Offer Letter and the Acceptance Forms.

3.1 Terms of the Exit Offer

As stated in the Exit Offer Letter, for and on behalf of the Offeror, UOBKH will make the Exit Offer for the Offer Shares on the following basis:

(a) **Exit Offer Price**

For each Offer Share: S$0.195 in cash

The Exit Offer Price shall be applicable to any number of Offer Shares that are tendered in acceptance of the Exit Offer. 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.

(b) **No Encumbrances**

As stated in the Exit Offer Letter, the Offer Shares will be acquired (a) fully paid; (b) free from all Encumbrances; and (c) 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.

3.2 Conditions to the Proposed Delisting and Exit Offer

As stated in the Exit Offer Letter, 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 (the "**Minimum Acceptance Condition**").

The SGX-ST has in its letter dated 31 March 2016 informed the Company that it has no objection to the Proposed Delisting of the Shares from the Official List of the SGX-ST, subject to the approval by Shareholders in compliance with the requirements of Rule 1307 of the Listing Manual and fulfilment of all other conditions precedent to the Proposed Delisting. However, the SGX-ST's decision is not to be taken as an indication of the merits of the Proposed Delisting.

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

As stated in Section 2.4 of the Exit Offer Letter, as at the Latest Practicable 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.**

As stated in Section 2.4 of the Exit Offer Letter, in addition, pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has undertaken to vote all of the 129,700,000 Shares, representing 29.50% of the total number of issued Shares held by it in favour of the Delisting Resolution at the EGM.

Accordingly, as at the Latest Practicable Date, 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.

3.3 Acceptances

As stated in Section 2.5 of the Exit Offer Letter, Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. Each Shareholder who accepts the Exit Offer will receive S$195.00 for every 1,000 Offer Shares tendered for acceptance under the Exit Offer.

The Exit Offer will be conditional upon the Minimum Acceptance Condition being satisfied before the Closing Date.

3.4 Warranty

As stated in Section 2.6 of the Exit Offer Letter, 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 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.

3.5 Duration

As stated in Section 2.7 of the Exit Offer Letter, Shareholders may choose to accept the Exit Offer from the Despatch Date before the EGM. However, such acceptances would be conditional on the Delisting Resolution Approval Condition being satisfied at the EGM and to the Minimum Acceptance Condition having been fulfilled before the Closing Date. If the Delisting Resolution Approval Condition is not satisfied at the EGM, one of the conditions to the Proposed Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

If the Delisting Resolution Approval Condition is satisfied at the EGM, the Exit Offer will remain open for acceptance by the Shareholders for a period of at least 14 days after the date of announcement of the Shareholders' approval of the Proposed Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. (Singapore time) on 18 May 2016** or such later date(s) as may be announced from time to time by or on behalf of the Offeror.

If the Exit Offer is extended, an announcement will be made of such extension and the Exit Offer will remain open for acceptance for such period as may be announced.

Shareholders should note that in addition to the Delisting Resolution Approval Condition, the Exit Offer is also conditional upon the Minimum Acceptance Condition being satisfied before the Closing Date. If the Minimum Acceptance Condition is not satisfied, both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

3.6 Courses of Action Available to Shareholders

As stated in Section 2.8 of the Exit Offer Letter, a Shareholder can, in relation to all or part of his Offer Shares, either:

(a) accept the Exit Offer in respect of such Offer Shares in full or in part, in accordance with such procedures set out in Appendix 1 to the Exit Offer Letter; or

(b) take no action and let the Exit Offer lapse in respect of his Offer Shares.

Shareholders are to note that the Proposed Delisting and the Exit Offer will be conditional upon the Delisting Resolution being passed at the EGM. If the Delisting Resolution Approval Condition is not fulfilled, the Proposed Delisting will not proceed and the Company will remain listed on the Official List of the SGX-ST. The Exit Offer will also lapse and all acceptances of the Exit Offer will be returned.

Shareholders should note that in addition to the Delisting Resolution Approval Condition, the Exit Offer is also conditional upon the Minimum Acceptance Condition being satisfied before the Closing Date. If the Minimum Acceptance Condition is not satisfied, both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.

In the event that the conditions set out in Section 3.2 of this Circular entitled "Conditions to the Proposed Delisting and Exit Offer" are satisfied, Shareholders should note that the Company will be delisted from the Official List of the SGX-ST after the close of the Exit Offer. In such event, Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company. Please refer to Section 10 of this Circular entitled "Implications of Compulsory Acquisition and Proposed Delisting for Shareholders" for the implications of the Proposed Delisting for Shareholders.

Shareholders should also note that voting in favour of the Delisting Resolution does not constitute an acceptance of the Exit Offer and Shareholders who wish to accept the Exit Offer must tender their acceptances in accordance with the procedures set out in Appendix 1 to the Exit Offer Letter and the Acceptance Forms. Please refer to Section 18 of this Circular entitled "Action to be taken by Shareholders" and Appendix 1 to the Exit Offer Letter entitled "Procedures for Acceptance of the Exit Offer" for further details on the actions to take if you wish to accept the Exit Offer.

4. IRREVOCABLE UNDERTAKING

4.1 Irrevocable Undertaking

The following section on the terms of the irrevocable undertaking ("**Irrevocable Undertaking**") from the Undertaking Shareholder, which holds (through its nominee, Bank of Singapore Nominees Pte. Ltd.) 129,700,000 Shares (the "**Undertaking Shares**"), representing approximately 29.50% of the total number of issued Shares as at the Latest Practicable Date, is reproduced from Section 4 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"***4.1 Irrevocable Undertaking***

*As at the Joint Announcement Date, the Offeror has obtained an irrevocable undertaking (the "**Irrevocable Undertaking**") from Oasis Ventures Limited (the "**Undertaking Shareholder**").*

4.2 Shares held by Undertaking Shareholder

*As at the Latest Practicable Date, the Undertaking Shareholder holds (through its nominee, Bank of Singapore Nominees Pte. Ltd.) 129,700,000 Shares (the "**Undertaking Shares**"), representing 29.50% of the total number of issued Shares.*

Mr Wang Xin, a Non-Executive Director of the Company, and Mr Zou Yibo hold 51% and 49% of the total issued share capital of the Undertaking Shareholder respectively. Shaanxi Coal and Chemical Industry Group Co. Ltd. is deemed to have an interest in the shares held by Mr Wang Xin and Mr Zou Yibo by virtue of Section 7(4) of the Companies Act.

4.3 Terms of Irrevocable Undertaking.

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 in respect of any of the Undertaking 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 or any interest therein.

4.4 Duration of Irrevocable Undertaking

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."

4.2 No other Irrevocable Undertakings

As stated in Section 11.5 of the Exit Offer Letter, based on the latest information available to the Offeror as at the Latest Practicable Date and save as disclosed in Section 4 of the Exit Offer Letter, none of the Offeror and its Concert Parties has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

5. INFORMATION ON THE OFFEROR

The following section on information on the Offeror is reproduced from Section 10 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"***10. INFORMATION ON THE OFFEROR***

10.1 The Offeror is a company incorporated under the laws of Hong Kong on 20 November 2002. As at the Latest Practicable 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**

*10.2 As at the Latest Practicable 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.*

10.3 As at the Latest Practicable Date, the Offeror holds 212,424,000 Shares representing 48.32% of the total number of issued Shares through its nominee, DBS Nominees (Private) Limited. None of the directors or shareholders of the Offeror holds any direct interest in the Shares.

10.4 The Offeror is an investment holding company. As at the Latest Practicable Date, the Offeror does not have any subsidiary."

Please refer to Section 10 of the Exit Offer Letter and Appendix 2 to the Exit Offer Letter for additional information on the Offeror.

6. INFORMATION ON THE COMPANY

The Company is a company incorporated under the laws of Singapore on 7 May 1997 and was listed on the Mainboard of the SGX-ST on 10 July 2000. It is an investment holding company. 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 Latest Practicable Date, the Company has an issued and paid-up capital comprising 439,627,300 Shares and a market capitalisation of approximately S$84.8 million[(1)].

As at the Latest Practicable 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.

The Company's inclusion on the MTP Watch-list in respect of the Minimum Trading Price ("MTP") Entry Criterion

The SGX-ST has notified the Company that based on the SGX-ST's review which took place on 1 March 2016, the VWAP of the Shares is less than S$0.20 over the last six (6) months. Accordingly and pursuant to Rule 1311(2) of the Listing Manual, the Company will be placed on the watch-list ("**MTP Watch-list**") with effect from 3 March 2016.

The Company must take active steps to meet the requirements of Listing Rule 1314(2) within 36 months from 3 March 2016, failing which the SGX-ST may either remove the Company from the Official List, or suspend trading of the listed securities of the Company with a view to removing the Company from the Official List of the SGX-ST.

Rule 1314(2) of the Listing Manual states that the Company will be assessed by the SGX-ST for removal from the MTP Watch-list if the Company has remained on the MTP Watch-list for at least 6 months (this will exclude the time spent on the Watch-list due to the Financial Entry Criteria pursuant to Listing Rule 1311(1)) and records a volume-weighted average price of at least S$0.20 over the last 6 months prior to the date of the SGX-ST's review.

Additional information on the Company and the Group is set out in Appendix II to this Circular.

7. RATIONALE FOR THE PROPOSED DELISTING AND THE EXIT OFFER

The following section on the rationale for the Proposed Delisting and the Exit Offer is reproduced from Section 6 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

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(1) The market capitalisation of the Company was determined based on 439,627,300 Shares and S$0.193, being the last traded price of such Shares on the Latest Practicable Date. (*Source: Bloomberg*)

"6.1 ***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.

6.2 ***Low trading liquidity of 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*
Last six-months preceding the Last Trading Day	*36,336*	*0.008*
Last three-months preceding the Last Trading Day	*31,311*	*0.007*
Last one-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.

6.3 ***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 (S$)***	***Premium over/(discount to) Benchmark Price (%)***
(a) Last transacted price per Share on the Last Trading Day	*0.110*	*77.3*
(b) 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 12-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 12-month 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 12-months prior to the Joint Announcement Date.

6.4 ***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 INTENTIONS FOR THE COMPANY

The following section on the Offeror's intentions for the Company is reproduced from Section 7 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"7.2 **Offeror's Future Plans for the Company**

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) redeploy 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. FINANCIAL ASPECTS OF THE EXIT OFFER

9.1 Benchmarking the Exit Offer Price

As stated in the Exit Offer Letter, the Exit Offer Price represents the following premia over the historical traded prices of the Shares prior to the Joint Announcement Date:

Description	Benchmark Price (S$)	Premium over/ (discount to) Benchmark Price (%)
(a) Last transacted price per Share on the Last Trading Day	0.110	77.3
(b) 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 12-month period preceding the Last Trading Day	0.111	75.7

Source: Bloomberg

9.2 Revalued NAV

In connection with the Exit Offer, the Group has commissioned independent valuations to determine the market value of the Subject Properties and the Subject Machinery and Equipment. The summaries of the valuation reports and/or valuation certificates are set out in Appendices IV and V of this Circular. Based on the Property Valuation Report and the Machinery and Equipment Valuation Report, the open market value for the Revalued Assets is RMB372.9 million.

The table below, as reproduced from Section 7.4 of the IFA Letter, sets out the computation of the RNAV of the Group and the premium of the Exit Offer Price to the RNAV per Share based on the open market value of the Revalued Assets and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated:

"*We note that the Company has announced the Group's financial results for the fourth quarter and the financial year ended 31 December 2015. Based on the results announcement, we have made the following adjustment to calculate the RNAV of the Group as at 31 December 2015:*

NAV of the Group as at 30 September 2015 (RMB'000)	*344,871*
Add: Gross revaluation surplus arising from the open market value of the Facilities as well as the machinery and equipment (RMB'000)	*38,948*
Add: Net profits of the Group for the fourth quarter ended 31 December 2015 (RMB'000)	*2,097*
Less: Provision for other reserves for the fourth quarter ended 31 December 2015 (RMB'000)	*(21)*
Add back: Depreciation charged on the Facilities within scope for valuation for the fourth quarter ended 31 December 2015 (RMB'000)(1)	*2,945*
RNAV of the Group as at 31 December 2015 (RMB'000)	*388,840*
RNAV per Share as at 31 December 2015 (RMB)	*0.884*
Exit Offer Price (RMB)(2)	*0.935*
Premium of Exit Offer Price to RNAV per Share (%)	*5.77*

Notes:

(1) We are adding back the depreciation charged on the Facilities within the scope of valuation as the Company has represented that there is no material fluctuation to the prices of the properties in Xi'an. Accordingly, the market value of the valued Facilities as at 30 September 2015 should remain the unchanged as at 31 December 2015.

We are not adding back the depreciation charged on the plant and equipment for the period between 1 October 2015 and 31 December 2015 as such depreciation should be similarly applied to the value of the valued plant and equipment between 1 October 2015 and 31 December 2015 because the valuation approach for plant and equipment is based on depreciated replacement cost approach.

(2) Converted at exchange rate of S$1 to RMB4.7970 as at Latest Practicable Date."

As stated in Section 6.3 of the Exit Offer Letter, 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 12-month periods, respectively.

The NAV and RNAV methodology provides an indication of the value of the Company assuming a hypothetical sale of its assets. In this regard, the Directors have confirmed that the Group does not have any plans for an impending material disposal and/or conversion of the use of its assets and/or material change in the nature of the Group's businesses as at the Latest Practicable Date. As stated in the Exit Offer Letter, the Offeror has no immediate plans to: (i) propose any major changes to the existing businesses of the Group; (ii) redeploy 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 Directors confirm that to the best of their knowledge, there are no contingent liabilities which are likely to have a material impact on the NAV of the Group as at the Latest Practicable Date.

9.3 Potential Tax Liabilities

The following section on the potential tax liabilities if the Group sells the Subject Properties and Subject Machinery and Equipment is reproduced from Section 7.4 of the IFA Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated:

"Potential Tax Liabilities

We have inquired about the potential tax liabilities that could arise if the Group sells the Facilities as well as the machinery and equipment at the value opined by the Valuers. After consultation with the Company's tax advisers, the management calculates the tax liabilities to be approximately RMB43.98 million.

We note that from Section 9.2 of the Circular that the Directors have confirmed that the Group does not have any plans for an impending material disposal and/or conversion of the use of its assets and/or material change in nature of the Group's businesses as at the Latest Practicable Date. We also note that the Offeror currently has no plans to re-deploy the fixed assets of the Group or to propose any major changes to the Group's business. As such, the above tax liabilities is unlikely to crystallise. Accordingly, the RNAV analysis above did not account for such tax liabilities which may be incurred by the Group if it disposes of their interests in the assets under valuation.

Nevertheless, if the potential tax liability of RMB43.98 million materialised, the Group's RNAV would be RMB344.86 million, the RNAV per Share would be RMB0.784 and the Exit Offer Price (equivalent to RMB0.935) would represent a premium of 19.26% to the RNAV per Share of RMB0.784."

10. IMPLICATIONS OF COMPULSORY ACQUISITION AND PROPOSED DELISTING FOR SHAREHOLDERS

The following section on the implications of the Proposed Delisting for Shareholders and the compulsory acquisition of Shares by the Offeror is reproduced from Section 8 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"***8. 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 Despatch Date) 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.

In the event that the Proposed Delisting is approved by Shareholders at the EGM and the Minimum Acceptance Condition is satisfied, the Company will be delisted and Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company. Shareholders should note the following:

(a) following the Proposed Delisting, it is likely to be difficult for Shareholders who do not accept the Exit Offer to sell their Shares in the absence of a public market for the Shares. Even if such Shareholders were able to sell their Shares, they may receive a lower price as compared to the Exit Offer Price;

(b) under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six months of the closure of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholder on terms better than those made available under the Exit Offer; and

(c) *after the Company is delisted from the Official List of the SGX-ST, each Shareholder who holds Shares that are deposited with CDP and does not accept the Exit Offer will be entitled to one share certificate representing his delisted Shares. The Registrar will arrange to forward the share certificate(s) to such Shareholders who are not CPFIS Investors, by ordinary post and at the Shareholders' own risk, to their respective addresses as such addresses appear in the records of CDP, for their physical safekeeping. The share certificate(s) belonging to CPFIS Investors will be forwarded to their respective CPF Agent Banks for their safekeeping.*

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

11. CONFIRMATION OF FINANCIAL RESOURCES

As stated in Section 12 of the Exit Offer Letter, UOBKH, as the financial adviser to the Offeror in connection with the Exit Offer, has confirmed 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.

12. NO COMPETING OFFER RECEIVED

As at the Latest Practicable Date, no competing offer has been received by the Company.

13. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS IN SHARES

13.1 Independence of Directors

The Independent Directors are independent for the purposes of the Exit Offer and are required to make a recommendation to Shareholders in respect of the Exit Offer. On 22 December 2015, the SIC ruled, *inter alia*, that the Relevant Directors are exempted from the requirement under the Code 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.

13.2 Interest in Shares of the Directors

As at the Latest Practicable 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
Dr. Chau Sik Ting @ Chao Sik Ting	200,000	0.05	–	–	200,000	0.05

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 (Private) Limited, 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.

Apart from the above, no other Director has any direct or deemed interest in the Shares.

Further details of the Directors including, *inter alia*, the Directors' direct and deemed interests in shares in the Offeror as at the Latest Practicable Date are set out in Appendix II to this Circular.

13.3 Dealings in Shares by the Directors

As at the Latest Practicable Date, save as disclosed in this Circular, none of the Directors has any interest in the Shares.

14. ADVICE OF INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS IN RELATION TO THE EXIT OFFER

14.1 IFA

Xandar Capital Pte. Ltd. has been appointed as independent financial adviser to the Independent Directors in relation to the Exit Offer. The letter from Xandar Capital Pte. Ltd. setting out its advice to the Independent Directors is set out in Appendix I to this Circular (the "**IFA Letter**"). Shareholders are advised to read and consider the IFA Letter in its entirety.

14.2 IFA's Advice

Information relating to the advice of Xandar Capital Pte. Ltd. to the Independent Directors in relation to the Exit Offer and the key factors it has taken into consideration have been extracted from Section 8 of the IFA Letter (and reproduced below), and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the IFA Letter unless otherwise stated:

"***8. OUR OPINION***

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Exit Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

(a) the Exit Offer Price represents a premium of more than 70% to the VWAP of Shares for the 12-month, 6-month and 3-month periods, prior to the Joint Announcement Date respectively and rise subsequently to over 90% for the 1-month period prior to the Joint Announcement Date;

(b) the Exit Offer Price represents a premium of approximately 5.77% to the RNAV per Share (that is, P/RNAV ratio of 1.06 times);

(c) the Group has reported a lower revenue and lower profits for FY2015. Profit attributable to equity holders of CDG decreased 75.03% to RMB5.53 million in FY2015 from RMB22.15 million in FY2014;

(d) the P/NAV ratio and EV/EBITDA ratio implied by the Exit Offer Price is within the range of the Dairy Comparables while the PER implied by the Exit Offer Price is above the range of the Dairy Comparables;

(e) the P/NAV ratio of the Group as implied by the Exit Offer Price, is within the range and higher than the mean and median ratios of the SGX-listed Comparables, while the PER and EV/EBITDA ratio of the Group, as implied by the Exit Offer Price, are above the range of the SGX-listed Comparables;

(f) the premium implied by the Exit Offer Price over the last transacted price and VWAP of Shares for the 1-month, 3-month and 6-month periods prior to the Joint Announcement Date and P/NAV ratio are within the range and higher than the median of Recent Transactions; and

(g) other considerations as set out in paragraph 7.7 of this IFA Letter.

After taking into account the above factors, we are of the opinion that, as of the date hereof, the Exit Offer is fair and reasonable and is not prejudicial to the interests of the Company and its independent Shareholders.

Accordingly, we advise the Independent Directors to recommend to the Shareholders to ACCEPT the Exit Offer or sell their Shares in the open market if they can obtain a price higher than the Exit Offer Price after deducting transaction and related expenses.*"*

15. INDEPENDENT DIRECTORS' RECOMMENDATIONS

Shareholders are advised by the Independent Directors to read and consider carefully the following recommendation of the Independent Directors and the advice of the IFA contained in the IFA Letter reproduced in Appendix I to this Circular in its entirety. The Independent Directors would also like to draw the attention of the Shareholders to Section 7 of this Circular entitled "Rationale for the Proposed Delisting and the Exit Offer" and Section 10 of this Circular entitled "Implications of Compulsory Acquisition and the Proposed Delisting for Shareholders".

The Independent Directors have reviewed the terms of the Delisting Proposal (including the Exit Offer) and have carefully considered the advice of the IFA in the IFA letter set out in Appendix I to this Circular. The Independent Directors agree with the advice and concur with the opinion and recommendations of the IFA in respect of the Exit Offer. Accordingly, the Independent Directors recommend that Shareholders should **VOTE IN FAVOUR** of the Delisting Resolution.

In relation to the Exit Offer and in the event that Delisting Resolution is passed, the Independent Directors recommend Shareholders to **ACCEPT** the Exit Offer or sell their Shares in the open market if they can obtain a price higher than the Exit Offer Price after deducting transaction and related expenses.

In rendering the above opinion and giving the above recommendations, both the IFA and the Independent Directors have not had regard to the general or specific investment objectives, financial situation, tax status or position, risk profiles or unique needs and constraints or other particular circumstances of any individual Shareholder. As different Shareholders would have different investment objectives and profiles, the Independent Directors recommend that an individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately. Accordingly, the Independent Directors advise that the opinion and advice of the IFA should not be relied upon by any Shareholder as the sole basis for deciding whether or not to accept the Exit Offer.

16. OVERSEAS SHAREHOLDERS

The following section on the information relating to Overseas Shareholders is reproduced from Section 13.1 of the Exit Offer Letter, and all terms and expressions used in the extract below shall bear the same meanings as attributed to them in the Exit Offer Letter unless otherwise stated:

"***13.1 Overseas Shareholders***

*The availability of the Exit Offer to Shareholders whose addresses are outside Singapore, as shown on the Register, or as the case may be, in the records of CDP (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 Delisting Materials will not be, or may not be sent, provided that this 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.

Electronic copies of this Exit Offer Letter and the Acceptance Forms may also be obtained from the website of the SGX-ST at http://www.sgx.com."

If you are in doubt about your position, you should consult your professional adviser in the relevant jurisdiction. Please refer to Section 13 of the Exit Offer Letter for the points to be noted by Overseas Shareholders in relation to the Exit Offer.

17. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 and N-2 of this Circular, will be held at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095 on 4 May 2016 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without any modification, the Delisting Resolution set out in the Notice of EGM.

18. ACTION TO BE TAKEN BY SHAREHOLDERS

18.1 Proxy Form

A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, may complete, sign and return the proxy form accompanying this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to reach the office of the Company's Share Registrar, M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 10.30 a.m. on 2 May 2016. The completion and return of the proxy form by a Shareholder will not prevent him from attending and voting at the EGM, if he wishes to do so, in place of his proxy.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat. A Depositor who wishes to attend and vote at the EGM and whose name appears on the Depository Register maintained by the CDP not less than 72 hours before the EGM, may attend as CDP's proxy.

18.2 Exit Offer Letter and Acceptance Forms

The Exit Offer Letter and the relevant Acceptance Forms have been despatched together with this Circular. Depositors whose Securities Accounts are credited with the Offer Shares can also collect the FAA during normal business hours from CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588. Shareholders who hold Offer Shares represented by share certificate(s) can collect the FAT during normal business hours from the office of M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902. Electronic copies of this Circular, the Exit Offer Letter and the Acceptance Forms are also available on the website of the SGX-ST at http://www.sgx.com. **Shareholders should note that if the Delisting Resolution Approval Condition is not satisfied at the EGM, one of the conditions to the Proposed Delisting and the Exit Offer will not be satisfied and the Exit Offer will lapse, and both the Shareholders and the Offeror will cease to be bound by any prior acceptance of the Exit Offer by any Shareholder.**

18.3 Accepting the Exit Offer

Subject to the Delisting Resolution being approved at the EGM and the satisfaction of the Minimum Acceptance Condition, to accept the Exit Offer, you should complete, sign and return the relevant Acceptance Form(s) in accordance with the provisions and instructions stated in the Exit Offer Letter and the relevant Acceptance Form(s). Additional information on the procedures for acceptance and settlement of the Exit Offer is set out in Appendix 1 to the Exit Offer Letter.

18.4 Not Accepting the Exit Offer

If you decide not to accept the Exit Offer, you do not need to take any action. In the event that the conditions set out in Section 3.2 of this Circular entitled "Conditions to the Proposed Delisting and the Exit Offer" 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 and you will continue to hold unquoted Shares in the Company as an unlisted company. If you hold Shares that are deposited with CDP, share certificates in respect of your Shares that are deposited with CDP will be sent, by ordinary mail and at your own risk, to your mailing address as it appears in the records of CDP, after the Company has been delisted from the Official List of the SGX-ST.

18.5 Information pertaining to CPFIS Investors

Information on the Exit Offer pertaining to CPFIS Investors is set out in Section 14 of the Exit Offer Letter.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including any Director who may have delegated detailed supervision of the preparation of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular relating to the Company (excluding information relating to the Delisting Proposal, the Exit Offer, the Exit Offer Letter, the Offeror, including the Offeror Directors, UOBKH and its directors, and the Irrevocable Undertaking and Appendices I, IV and V of this Circular) are fair and accurate and that, where appropriate, no material facts have been omitted from this Circular, the omission of which would make any statement in this Circular misleading.

Where any information in this Circular 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 Circular. The Directors jointly and severally accept responsibility accordingly.

20. CONSENTS

20.1 The IFA, Xandar Capital Pte. Ltd., has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the IFA Letter and all references to them and its name in the form and context in which they appear in this Circular.

20.2 The financial adviser to the Offeror, UOBKH, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Circular.

20.3 The independent property valuer, Colliers International (Hong Kong) Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the summary of the Property Valuation Report in Appendix IV to this Circular and all references to its name in the form and context in which it appears in this Circular.

20.4 The independent property valuer, Colliers International Consultancy & Valuation (Singapore) Pte Ltd has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of the summary of the Machinery and Equipment Valuation Report in Appendix V to this Circular and all references to its name in the form and context in which it appears in this Circular.

20.5 The Company's Share Registrar, M&C Services Private Limited, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and all references to its name in the form and context in which it appears in this Circular.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 during normal business hours, from the date of this Circular until the date of the EGM:

(a) the Memorandum and Articles;

(b) the annual reports of the Company for FY2012, FY2013 and FY2014;

(c) the Joint Announcement;

(d) the Delisting Proposal;

(e) the Exit Offer Letter;

(f) the IFA Letter;

(g) the Property Valuation Report;

(h) the Machinery and Equipment Valuation Report; and

(i) the letters of consent referred to in Section 20 of this Circular.

22. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices which form part of this Circular.

Yours faithfully,
For and on behalf of the Board of Directors
CHINA DAIRY GROUP LTD.

Kong Jing
Executive Director

12 April 2016

China Dairy Group Ltd.
8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

Attention: The Independent Directors

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF CHINA DAIRY GROUP LTD. (THE "COMPANY" OR "CDG") IN RELATION TO THE PROPOSED VOLUNTARY DELISTING OF THE COMPANY AND THE EXIT OFFER BY WINNER INTERNATIONAL INVESTMENTS LIMITED (THE "OFFEROR") FOR ALL THE ISSUED ORDINARY SHARES, OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR (THE "EXIT OFFER") AS AT THE DATE OF THE EXIT OFFER

Unless otherwise defined or the context otherwise requires, all terms used in this IFA Letter shall have the same meanings as defined in the Circular (as defined below) and/or the Exit Offer Letter (as defined below), as the case may be.

1. INTRODUCTION

On 30 December 2015, the Company and Winner International Investments Limited (the "**Offeror**") jointly announced 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**").

Under the terms of the Delisting Proposal, 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**") on the terms and subject to the conditions set out in the Exit Offer Letter issued by UOB Kay Hian Private Limited for and on behalf of the Offeror (the "**Exit Offer Letter**"), and the Acceptance Forms accompanying the Exit Offer Letter.

The Directors have reviewed the Delisting Proposal and have resolved to convene an extraordinary general meeting of the Company ("**EGM**") to seek Shareholders' approval for the Proposed Delisting (the "**Delisting Resolution**"), and make an application to the SGX-ST to seek confirmation by the SGX-ST that it has no objection to the Proposed Delisting.

On 27 January 2016, the Company submitted an application to the SGX-ST to delist from the Official List of the SGX-ST. By way of a letter dated 31 March 2016, the SGX-ST informed that it has no objection to the Proposed Delisting, subject to the approval by the Shareholders in compliance with Rule 1307 of the Listing Manual and fulfilment of all other conditions precedent to the Proposed Delisting. The SGX-ST's decision is not an indication of the merits of the Proposed Delisting.

Pursuant to Rule 1309 of the Listing Manual, a company seeking to delist from the Official List of the SGX-ST is required to (a) offer a reasonable exit alternative, which should normally be in cash, to the shareholders and holders of any other classes of listed securities to be delisted; and (b) appoint an independent financial adviser ("**IFA**") to advise on the exit offer.

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed by the Company to act as the IFA to the Directors who are independent of the Exit Offer ("**Independent Directors**"), for the purpose of making their recommendation in relation to the Delisting Resolution to the Shareholders.

This letter ("**IFA Letter**") is addressed to the Independent Directors, and sets out, *inter alia*, our evaluation and advice on the terms of the Exit Offer. This IFA Letter forms part of the Company's circular to its Shareholders dated 12 April 2016 (the "**Circular**").

2. TERMS OF REFERENCE

We are not and were not involved in any aspect of the deliberations leading up to the Proposed Delisting or the Exit Offer. Our evaluation is limited to the terms of the Exit Offer, and has not taken into account the legal risks, commercial risks or merits, financial risks or merits of the Proposed Delisting and the Exit Offer.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Delisting and the Exit Offer, or the future performance or prospects of the Company and its subsidiaries (the "**Group**"). We are, therefore, not expressing any opinion herein as to the future financial or other performance of the Company or the Group.

We have not requested, instructed or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to any other proposals for transactions similar to or in lieu of the Exit Offer. In this regard, we are not addressing the relative merits of the Exit Offer as compared to any alternative transaction.

In the course of our evaluation and for the purpose of our opinion in relation to the Exit Offer, we have held discussions with certain Directors and management of the Company and have examined information provided by the Directors and management of the Company (including the Circular and the Exit Offer Letter) and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular (excluding information relating to the Delisting Proposal, the Exit Offer, the Exit Offer Letter, the Offeror, including the Offeror Directors, UOBKH and its directors, and the Irrevocable Undertaking) and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Delisting, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular

misleading. Where information in the Circular has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Offeror, the sole responsibility of the Directors has been to ensure, through reasonable enquiries, that such information has been accurately and correctly extracted from those sources or, as the case may be, accurately reflected or reproduced in the Circular. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group and the Proposed Delisting, are to the best of their knowledge and belief, fair and accurate in all material aspects.

We have not made any independent evaluation or appraisal of the assets or liabilities (including without limitation, real property) of the Group. The Company has commissioned independent valuers to value some of the assets of the Group. We have been furnished with the following:

(a) independent valuation report by Colliers International (Hong Kong) Limited ("**Colliers HK**") dated 31 March 2016 on the value of three industrial properties and an office property of the Group located in Xi'an, Shaanxi Province, the People's Republic of China ("**China**") as at 30 September 2015 (the "**Property Valuation Report**"); and

(b) independent valuation report by Colliers International Consultancy & Valuation (Singapore) Private Limited ("**Colliers Singapore**") dated 31 March 2016 on the value of the Group's machinery and equipment located at various locations in China as at 30 September 2015,

(collectively, the "**Valuation Reports**"), the summaries of which are set out in Appendices IV and V to the Circular. Colliers HK and Colliers Singapore shall be collectively referred herein as the "**Valuers**".

We have placed sole reliance thereon for the valuation and/or information contained therein. We are not involved and assume no responsibility for the Valuation Reports. We have also not made any independent verification of the matters or bases set out in the Valuation Reports.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular and the Exit Offer Letter as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Delisting and the Exit Offer, which may be released by the Company and/or the Offeror after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Exit Offer, and the recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

The Company has been advised by its own advisors in the preparation of the Circular (other than this IFA Letter) and the Offeror has been separately advised by its own advisors in the preparation of the Exit Offer Letter. We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) or the Exit Offer Letter. Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter) or the Exit Offer Letter.

Our opinion in relation to the Exit Offer should be considered in the context of the entirety of this IFA Letter and the Circular.

We recommend that the Independent Directors advise the Shareholders to read these pages carefully.

3. THE PROPOSED DELISTING AND THE EXIT OFFER

The salient terms of the Proposed Delisting and the Exit Offer are contained in Sections 2 and 3 of the Letter to the Shareholders in the Circular. Shareholders are advised to refer to these sections for further details.

3.1 Exit Offer Price

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 No Encumbrances

The Offer Shares will be acquired (a) 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, and (b) 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, returns of capital and other distributions ("**Distribution**"), if any, which may be announced, declared, paid or made thereon by the Company on or after the Joint Announcement Date).

If any Distribution is declared, made or paid by the Company on or after the Joint Announcement Date, the Offeror reserves the right to reduce the Exit Offer Price by the amount of such Distribution.

As at Latest Practicable Date, we note that the Company has not declared, made or paid any Distribution.

3.3 Conditions to the Proposed Delisting and the Exit Offer

The Proposed Delisting and the 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 (the "**Minimum Acceptance Condition**").

As at the Latest Practicable Date, the aggregate number of Shares held by the Offeror amounted to 212,424,000 Shares, representing approximately 48.32% of the total number of issued Shares.

3.4 Acceptances

Shareholders may choose to accept the Exit Offer in respect of all or part of their holdings of the Offer Shares. The Exit Offer will be conditional upon the Minimum Acceptance Condition being satisfied before the Closing Date.

3.5 Warranty

A Shareholder who tenders his Offer Shares in acceptance of the Exit Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages 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 declared, paid or made thereon by the Company on or after the Joint Announcement Date.

3.6 The Exit Offer Period

If the Delisting Resolution Approval Condition is satisfied at the EGM, the Exit Offer will remain open for acceptance by the Shareholders for a period of at least 14 days after the date of announcement of the Shareholders' approval of the Proposed Delisting. Accordingly, the Exit Offer will close at **5.30 p.m. (Singapore time) on 18 May 2016** or such later date(s) as may be announced from time to time by or on behalf of the Offeror (the "**Closing Date**").

3.7 Irrevocable Undertaking

As at the Joint Announcement Date, the Offeror has obtained an irrevocable undertaking (the "**Irrevocable Undertaking**") from Oasis Ventures Limited (the "**Undertaking Shareholder**").

As at the Latest Practicable Date, the Undertaking Shareholder holds (through its nominee, Bank of Singapore Nominees Pte Ltd) 129,700,000 Shares (the "**Undertaking Shares**"), representing 29.50% of the total number of issued Shares as at Latest Practicable Date.

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 in respect of any of the Undertaking 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 or any interest therein.

Save as disclosed in the Circular, as the Latest Practicable Date, none of the Offeror and any party acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Exit Offer.

4 INFORMATION ON 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. It is an investment holding company. The Group manufactures and trades in milk and related products in 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 Latest Practicable Date, the Company has an issued and paid-up capital comprising 439,627,300 Shares and a market capitalisation of approximately S$84,848,069 (based on the closing price of the Shares as at the Latest Practicable Date). As at the Latest Practicable Date, the Company does not hold any treasury shares and convertibles securities.

Accordingly, based on the Exit Offer Price of S$0.195 for each Share, the total value assigned to the Company is S$85,727,323.50, equivalent to RMB411.23 million ("**Exit Offer Consideration**"), based on the closing exchange rate of S$1 to RMB4.7970 as at the Latest Practicable Date.

As at the Latest Practicable 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.

Additional information on the Company and the Group can be found in Section 6 and Appendix II to the Circular.

5. INFORMATION ON THE OFFEROR

Please refer to Section 5 of the Circular for information on the Offeror.

6. THE RATIONALE FOR THE PROPOSED DELISTING AND THE EXIT OFFER, AND THE OFFEROR'S INTENTION FOR THE COMPANY

The rationale for the Proposed Delisting and the Exit Offer can be found in Section 7 of the Circular and we have summarised as follows:

(a) It is unlikely that the Company will need to tap on the Singapore capital markets to finance its operations and accordingly, it may not be necessary for the Company to remain listed on the SGX-ST.

(b) The Exit Offer provides an exit option for Shareholders who wish to realise their entire investment in the Shares for cash consideration at a premium over market prices of the Shares in the last twelve (12) months prior to the Joint Announcement Date but find it difficult to do so as a result of low trading volume of the Shares.

(c) There will be reduction in compliance costs of maintaining listing to the Company. The Company can realise cost savings by dispensing those costs and focus its resources on its business operations.

Please also refer to Section 8 of the Circular for the Offeror's intention for the Company.

7. EVALUATION OF THE EXIT OFFER

In our evaluation of the Exit Offer, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our evaluation:

(a) the Exit Offer Price versus the market performance of the Shares;

(b) the financial performance of the Group;

(c) the financial position of the Group;

(d) the revalued net asset value ("**RNAV**") of the Group;

(e) the valuation of the Group implied by the Exit Offer Price versus the valuation of companies comparable to the Group;

(f) comparison with recent privatisation transactions; and

(g) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

Valuation multiples

We have applied the following valuation measures in our analysis:

Valuation measures	General description
Price to Earnings Ratio ("PER")	The PER illustrates the ratio of the market price of a company's share relative to its historical consolidated earnings per share. The PER is affected by, *inter alia*, the capital structure of a company, its tax position as well as its accounting policies relating to among others, depreciation and amortisation.
EV/EBITDA	"EV" or "Enterprise Value" is defined as the sum of a company's market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. "EBITDA" stands for earnings before interest, tax, depreciation and amortisation but after share of associates' and joint ventures' income but excluding exceptional items.The "EV/EBITDA" multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
Price to NAV ("P/NAV")	P/NAV ratio illustrates the ratio of the market capitalisation of a company relative to its NAV as stated in its financial statements. The NAV figure provides an estimate of the value of a company assuming the sale of all its tangible and intangible assets, the proceeds which are first used to settle its liabilities and obligations with the balance available for distribution to its shareholders. Comparisons of companies using their NAV are affected by differences in their respective accounting policies, in particular their depreciation and asset valuation policies.
P/RNAV	This multiple illustrates the market price of a company's shares relative to its RNAV (as defined herein) per share. Where the value of a company's key assets are adjusted to their current market values, the NAV figure derived is referred to as its "Revalued NAV" or "RNAV".

7.1 The Exit Offer Price and the Market Performance of the Shares

The historical price and trading volume chart (based on closing prices and the number of Shares traded on a daily basis) for the Shares during the period since 31 December 2013, being 2 years prior to the Joint Announcement Date, and up to the Latest Practicable Date is set out below:

Source: Bloomberg L.P

As set out above, the Exit Offer Price of S$0.195 for each Share is above the closing prices of Shares for the period since 31 December 2013 to the Latest Practicable Date.

We set out the following key events as announced by the Company:

Date	Event
27 January 2015	CDG announced that its wholly-owned subsidiary, Silver Bridge International Group Holdings Pte. Ltd. has sold its entire equity interest held in Yinqiao Dairy (Tianjin) Company Limited at a total consideration of RMB6.7 million.
28 February 2015	CDG announced its unaudited financial results for the financial year ended 31 December ("**FY**") 2014.
11 April 2014	CDG announced the appointment of a lead independent director.
22 April 2014	CDG replied to the SGX-ST on queries raised regarding the Company's annual report for FY2013.
14 May 2014	CDG announced its unaudited financial results for the first quarter ended 31 March ("**1Q**") 2014.
12 August 2014	CDG announced its unaudited financial results for the second quarter ended 30 June ("**2Q**") 2014.
12 November 2014	CDG announced its unaudited financial results for the third quarter ended 30 September ("**3Q**") 2014.
27 February 2015	CDG announced its unaudited financial results for FY2014.

Date	Event
12 March 2015	CDG announced to undertake a share consolidation of every five (5) existing issued ordinary shares in the capital of the Company (into one (1) consolidated share ("**Proposed Share Consolidation**") to comply with the Minimum Trading Price rule.
16 March 2015	CDG announced an update that the Company will not proceed with the Proposed Share Consolidation for the time being until further notice and may consider other options available to facilitate the compliance with the Minimum Trading Price rule.
14 May 2015	CDG announced its unaudited financial results for 1Q2015.
12 August 2015	CDG announced its unaudited financial results for 2Q2015.
13 November 2015	CDG announced its unaudited financial results for 3Q2015.
30 December 2015	CDG announced that it has received a formal proposal from Winner International Investments Limited to seek the voluntary delisting of the Company from the SGX-ST.
29 February 2016	CDG announced its unaudited financial results for FY2015.
2 March 2016	CDG announced that in connection with the Proposed Delisting, on 5 February 2016, an application was made by the Company to the SGX-ST to seek a waiver from the SGX-ST from the requirements to: (a) convene its forthcoming annual general meeting ("**AGM**") for FY2015 pursuant to Rule 707(1) of the Listing Manual; and (b) issue and despatch its annual report for FY2015 to the Shareholders and the SGX-ST at least 14 days before the date of the AGM pursuant to Rule 707(2) of the Listing Manual ("**Waiver Application**"). CDG announced that the SGX-ST has notified the Company that it will be placed on the watch-list due to the Minimum Trading Price Entry Criterion with effect from 3 March 2016.
31 March 2016	CDG announced that the SGX-ST has, in its letter dated 31 March 2016, informed the Company that the SGX-ST has no objection to the Company's Waiver Application. CDG also announced that the SGX-ST has in its letter dated 31 March 2016 informed the Company that it has no objection to the Proposed Delisting of the Shares from the Official List of the SGX-ST, subject to the approval by Shareholders in compliance with Rule 1307 of the Listing Manual and fulfilment of all other conditions precedent to the Proposed Delisting.

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares from 31 December 2013, being the 24-month period prior to the Joint Announcement Date, up to the Latest Practicable Date:

	Highest price S$[1]	Lowest price S$[2]	VWAP S$[3]	Premium of Exit Offer Price over/to VWAP %	Average daily trading volume[4]	Average daily trading volume as a percentage of free float %[5]
Prior to the Joint Announcement Date						
Last 24 months	0.1860	0.0710	0.1348	44.70	89,141	0.09
Last 12 months	0.1500	0.0710	0.1121	73.94	40,176	0.04
Last 6 months	0.1260	0.0710	0.1068	82.53	36,339	0.04
Last 3 months	0.1200	0.0890	0.1068	82.53	31,311	0.03
Last 1 month	0.1140	0.0890	0.0993	96.38	17,480	0.02
Last trading day before Joint Announcement Date (29 December 2015)	0.1140	0.1000	0.1039	87.68	54,600	0.06
After the Joint Announcement Date to the Latest Practicable Date						
After Joint Announcement Date to the Latest Practicable Date	0.195	0.1800	0.1887	3.32	186,224	0.19
As at the Latest Practicable Date	0.193	0.1869	0.1910	2.09	135,100	0.14

Source: Bloomberg L.P.

Notes:

(1) The highest price refers to the highest trading price during the relevant period.

(2) The lowest price refers to the lowest trading price during the relevant period.

(3) The volume weighted average price ("**VWAP**") of the Shares over the relevant period, rounded to the nearest four decimal places. The VWAP was calculated based on the VWAP volume determined by Bloomberg and excludes the following volume of Shares traded:

Dates	Number of Shares
5 September 2014	4,390,000
20 March 2015	3,686,000

(4) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period (excluding the Shares traded on 5 September 2014 and 20 March 2015 as stated above), divided by the number of days on which the Shares were traded during the relevant period.

(5) Free float refers to Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. We have calculated the free float of the Company to be approximately 97.30 million Shares representing approximately 22.13% of the total issued Shares.

Based on the above table, we note that the Exit Offer Price of S$0.195 for each Share:

(i) is higher than the highest trading price of Share in the 24-month period prior to the Joint Announcement Date. Between the 24-month period, the Shares traded between a low of S$0.0710 and a high of S$0.1950. The Exit Offer Price represents a premium of S$0.1240 to the lowest trading prices of Shares;

(ii) represents premiums of more than 70% to the VWAP of the Shares for the last 12 months prior to the Joint Announcement Date and risen subsequently especially for the last 1 month prior to the Joint Announcement Date of more than 95% to the VWAP;

(iii) represents a premium of 87.68% to the VWAP of the Shares of S$0.1039 on 29 December 2015, being the last trading day before the Joint Announcement Date;

(iv) represents a premium of 3.32% to the VWAP of the Shares of S$0.1887 between 31 December 2015 (first market day after the Joint Announcement Date) and the Latest Practicable Date; and

(v) represents a premium of 2.0% to the VWAP of the Shares of S$0.1910 on the Latest Practicable Date.

We observed the following with regard to the trading volume of Shares:

(i) the average daily trading volume of the Shares has decreased significantly from approximately 89,141 Shares daily for the 24-month period prior to Joint Announcement Date to over 17,480 Shares daily for the last 1-month period to Joint Announcement Date and the daily trading volume spiked up to 54,600 Shares for the last trading day before the Joint Announcement Date. The liquidity of the Shares can be considered low as the average daily trading volume for the periods represent less than 0.1% of the free float of Shares; and

(ii) for the period following the Joint Announcement Date and up to the Latest Practicable Date, the average daily trading volume of the Shares increased significantly to 186,224 Shares, representing 0.19% of the free float of the Shares.

7.2 The financial performance of the Group

RMB'000	**Audited FY2012**	**Audited FY2013**	**Audited FY2014**	**Unaudited FY2015**
Total revenue	1,847,122	1,961,819	1,809,382	1,640,165
Gross profit	505,936	563,219	579,841	566,826
EBITDA(1)	69,264	68,193	77,595	56,159
Profit before tax	12,826	14,898	26,440	6,753
Profit attributable to equity holders of CDG	13,915	16,935	22,149	5,530

Note:

(1) "EBITDA" refers to earnings before interest, tax, depreciation and amortisation, as extracted from the annual reports and results announcements of CDG.

FY2013 vs FY2012

We note that revenue increased by 6.21% from RMB1,847.12 million in FY2012 to RMB1,961.82 million in FY2013 contributed by the increase in sales from both liquid milk (FY2012: RMB1,302.66 million versus FY2013: RMB1,404.37 million) and milk powder segment (FY2012: RMB461.45 million versus FY2013: RMB505.50 million) respectively.

Gross profit increase by 11.32% from RMB505.94 million in FY2012 to RMB563.22 million in FY2013 which is in line with the revenue growth in both liquid milk and milk powder segment.

Profit attributable to equity holders of CDG increased 21.70% from RMB13.92 million in FY2012 to RMB16.94 million in FY2013 despite an increase in cost of sale of 4.28% from RMB1,341.19 million to RMB1,398.60 million in FY2013 and an increase in expenses for promotional activities which is in tandem with the growth in the Group's revenue.

FY2014 vs FY2013

We note that revenue decreased by 7.77% from RMB1,961.82 million in FY2013 to RMB1,809.38 million in FY2014 contributed by a dip in sales of (i) liquid milk (FY2013: RMB1,404.37 million versus FY2014: RMB1,334.18 million) due to change in product mix and (ii) milk powder segment (FY2013: RMB505.50 million versus FY2014: RMB448.41 million) due to adjustment of pricing policy in some provinces and decrease in sales of lower margin products respectively.

The gross profit increased 2.95% from RMB563.22 million in FY2013 to RMB579.84 million in FY2014 despite a decrease in revenue which is mainly due to better product mix which drove up the overall gross profit margin for FY2014.

Profit attributable to equity holders of CDG increased 30.70% to RMB22.14 million in FY2014 from RMB16.94 million in FY2013. The Group's cost of sales decreased 12.09% from RMB1,398.60 million in FY2013 to RMB1,229.54 million in FY2014 due to better cost control and management. Thus, the Group achieved profitability despite a 7.77% decline in revenue.

FY2015 vs FY2014

We note that revenue decreased by 9.35% from RMB1,809.38 million in FY2014 to RMB1,640.17 million in FY2015 contributed by a decrease in sale of liquid milk and milk powder due to strong competition in the market.

The gross profit decreased 2.24% from RMB579.84 million in FY2014 to RMB566.83 million in FY2015 mainly due to decrease in revenue explained above. This was despite a decrease in cost of sales (FY2015: RMB1,073.34 million versus FY2014: RMB1,229.54 million).

As a result of the significant decrease in revenue coupled with increased marketing and distribution costs as well as administrative expenses, profit attributable to equity holders of CDG decreased by 75.03% to RMB5.53 million in FY2015 from RMB22.15 million in FY2014.

Financial ratios implied by the Exit Offer

Based on the profit attributable to equity holders of CDG of RMB5.53 million for FY2015 (being the latest available full year results), the PER of the Group implied by the Exit Offer Price is 70.98 times.

Based on the EBITDA of the Group of RMB56.16 million for FY2015 (being the latest available full year results), the EV/EBITDA ratio of the Group implied by the EV of RMB463.97 million (comprising the Exit Offer Consideration of RMB392.54 million, total borrowings of RMB167.25 million as at 31 December 2015 and less cash and cash equivalents of RMB94.85 million as at 31 December 2015) is 8.26 times.

7.3 The Financial Position of the Group

We set out the key balance sheet items of the Group as at 31 December 2014 and 31 December 2015 as follows:

RMB'000	**Audited as at 31 December 2014**	**Unaudited as at 31 December 2015**
Current assets	485,783	472,776
Current liabilities	(588,980)	(574,248)
Net current liabilities	(103,197)	(101,472)
Non-current assets	451,613	460,040
Non-current liabilities	(5,051)	(11,579)
Net assets ("**NAV**")	343,365	346,989
Less: Intangible assets – Deferred tax assets	(11,548)	(11,137)
Net tangible assets ("**NTA**")	331,817	335,852

31 December 2014

As at 31 December 2014, the Group had total assets of RMB937.40 million, mainly comprising property, plant and equipment ("**PPE**") of RMB360.60 million, inventories of RMB201.08 million, trade and other receivables of RMB120.21 million and cash and cash equivalent of RMB98.27 million.

Total liabilities as at 31 December 2014 was RMB594.03 million, mainly comprising current trade and other payables of RMB428.92 million and other current financial liabilities of RMB152.60 million.

As at 31 December 2014, the Group had an audited NAV of RMB343.37 million. Based on the Company's issued and paid-up capital comprising 439,627,300 Shares, the NAV per Share is RMB0.78.

After deducting deferred tax assets of RMB11.55 million, the Group had an audited NTA of RMB331.82 million as at 31 December 2014. Based on the Company's issued and paid-up capital comprising 439,627,300 Shares, the NTA per Share is RMB0.75.

31 December 2015

As at 31 December 2015, Group had total assets of RMB932.82 million, mainly comprising property, plant and equipment of RMB370.93 million, inventories of RMB185.91 million, trade and other receivables of RMB141.85 million and cash and cash equivalent of RMB94.85 million.

Total liabilities as at 31 December 2015 was RMB585.83 million, mainly comprising current trade and other payables of RMB406.96 million and other current financial liabilities of RMB150.0 million.

As at 31 December 2015, the Group had an unaudited NAV of RMB346.99 million. Based on the Company's issued and paid-up capital comprising 439,627,300 Shares, the NAV per Share is RMB0.78.

After deducting deferred tax assets of RMB11.14 million, the Group had an unaudited NTA of RMB335.85 million as at 31 December 2015. Based on the Company's issued and paid-up capital comprising 439,627,300 Shares, the NTA per Share is RMB0.76.

We note from Section 5.3 of Appendix II to the Circular that, as at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the consolidated NTA per Share as at 31 December 2015.

Financial ratios implied by the Exit Offer Consideration

(a) Based on the latest audited NAV of the Group of RMB343.37 million as at 31 December 2014, the P/NAV ratio of the Group implied by the Exit Offer Consideration of RMB392.54 million is 1.14 times (or a premium of 14.32% to the latest audited NAV of the Group).

(b) Based on the latest unaudited NAV of the Group of RMB346.98 million as at 31 December 2015, the P/NAV ratio of the Group implied by the Exit Offer Consideration RMB392.54 million is 1.13 times (or a premium of 13.13% to the latest unaudited NAV of the Group).

(c) Based on the latest audited NTA of the Group of RMB331.82 million as at 31 December 2014, the P/NTA ratio of the Group implied by the Exit Offer Consideration of RMB392.54 million is 1.18 times (or a premium of 18.30% to the latest audited NTA of the Group).

(d) Based on the latest unaudited NTA of the Group of RMB335.85 million as at 31 December 2015, the P/NTA ratio of the Group implied by the Exit Offer Consideration RMB392.54 million is 1.17 times (or a premium of 16.88% to the latest unaudited NTA of the Group).

Analysis of the PPE of the Group

As at 31 December 2015, PPE of RMB370.93 million comprised mainly leasehold properties which house the Group's production and manufacturing facilities in various locations (RMB187.82 million), plant and equipment (RMB160.91 million) and construction in progress (RMB22.20 million).

Other non-current asset amounting to RMB43.34 million relates mainly to the land use rights on which the Group's leasehold properties are situated. Amortisation is charged over the terms of the leases over a straight line method. The terms expire between 2047 and 2057.

The main leasehold properties of the Group which comprise leasehold properties, land use rights and construction in progress are collectively referred to hereinafter as the "**Facilities**".

As at 31 December 2015, the net book value of the Facilities which totalled RMB253.36 million represents 27.16% and 73.02% of the total assets and NAV of the Group respectively while the net book value of the plant and equipment of the Group which amounted to RMB160.92 million, represents 17.25% and 46.38% of the total assets and NAV of the Group respectively.

Given that the Facilities as well as the plant and equipment constitute a significant portion of the NAV of the Group, the Company has commissioned the Valuers to provide their opinion of the value of the Facilities, as well as certain machinery and equipment, as at 30 September 2015. Please refer to the paragraph below for the impact of the valuation on the NAV of the Group.

7.4 Revalued NAV of the Group

As mentioned in paragraph 7.3 above, in connection with the Exit Offer, the Company has commissioned the Valuers to carry out the valuation for the Facilities as well as the machinery and equipment. The summaries of the Valuation Reports are appended as Appendices IV and V to the Circular.

We note the following from the Valuation Reports:

- The Facilities

  – The valuation of the three industrial properties had been revalued using the cost approach, taking into consideration the cost of replacing the land plus cost of replacing the improvements to the land, whereas the office property has been revalued using direct comparison approach. We understand that the subject of this valuation are the main operating compound of the Group and collectively accounted for 87.18% of the net book value of the Facilities as at 30 September 2015. The remaining Facilities which are not covered under the Property Valuation Report are mainly uncompleted structures (which had a net book value of RMB28.88 million as at 30 September 2015) and smaller properties (which had a net book value of RMB4.34 million as at 30 September 2015).

    The Group currently accounts for these assets at cost less accumulated depreciation and impairment in its financial statements.

  – Based on the market value of RMB274 million stated in the Property Valuation Report, the Group will register a revaluation surplus of RMB48.17 million for the Facilities.

- Plant and equipment

  – The valuation was conducted on a depreciated replacement cost approach. The valuation conducted by Colliers Singapore is mainly on the machinery and equipment which accounted for about 85.58% of the total value of the plant and equipment of the Group as at 30 September 2015. The remaining plant and equipment which are out of scope are mainly vehicles and office equipment. We note that Colliers Singapore selected a coverage of 72% for the machinery and equipment within the scope of the valuation. The remaining 28% of the machinery and equipment which are not covered by Colliers Singapore are mostly new machinery and equipment (such as an ultra-pasteurization machine acquired in February 2015 with net book value of RMB639,765 as at 30 September 2015) or machinery and equipment with net book value of less than RMB100,000. Under the depreciated replacement cost approach, Colliers Singapore determined the new replacement cost for the machinery and equipment under coverage by sourcing for quotations from equipment suppliers, and in the absence of such quotations, from indices from US Bureau Labour of Statistics and China indices, and web research.

    The Group currently accounts for these assets at cost less accumulated depreciation and impairment in its financial statements.

  – Based on the above, the book value of the Group's machinery and equipment within the scope of valuation has been revised downward by RMB9.22 million.

We have set out below the revaluation surpluses and/or (deficits) arising from the valuation as follows:

RMB'000	**Net book value ("NBV") as at 30 September 2015**[(1)]	**NBV as at 30 September 2015 within valuation scope**	**Valuation**	**Surplus/(deficit) arising from the valuation**[(2)]
Facilities	259,050	225,830	274,000	48,170
Plant and Equipment	126,347	108,122	98,900	(9,222)
Total				38,948

Notes:

(1) Carrying values of the Facilities, plant and equipment as at 30 September 2015 as provided by the management. We note that the sum of the Facilities and Plant and Equipment of RMB385,397,000 ties with the aggregate of the line item "Properties, plant and equipment" and "other assets, non-current" as disclosed in the Group's 3Q2015 results announced on 13 November 2015.

(2) Surplus and/or (deficit) arising from the valuation is the differences between the market value derived from the respective Valuation Reports and the NBV of Facilities as well as the machinery and equipment as at 30 September 2015 that is within the valuation scope.

Based on the valuation by the Valuers as set out in the above table, the Group will register a revaluation surplus of RMB38.95 million to the net book value of the Facilities as well as the machinery and equipment under valuation as at 30 September 2015.

We note that the Company has announced the Group's financial results for the fourth quarter and the financial year ended 31 December 2015. Based on the results announcement, we have made the following adjustment to calculate the RNAV of the Group as at 31 December 2015:

NAV of the Group as at 30 September 2015 (RMB'000)	344,871
Add: Gross revaluation surplus arising from the open market value of the Facilities as well as the machinery and equipment (RMB'000)	38,948
Add: Net profits of the Group for the fourth quarter ended 31 December 2015 (RMB'000)	2,097
Less: Provision for other reserves for the fourth quarter ended 31 December 2015 (RMB'000)	(21)
Add back: Depreciation charged on the Facilities within scope for valuation for the fourth quarter ended 31 December 2015 (RMB'000)[(1)]	2,945
RNAV of the Group as at 31 December 2015 (RMB'000)	388,840
RNAV per Share as at 31 December 2015 (RMB)	0.884
Exit Offer Price (RMB)[(2)]	0.935
Premium of Exit Offer Price to RNAV per Share (%)	5.77

Notes:

(1) We are adding back the depreciation charged on the Facilities within the scope of valuation as the Company has represented that there is no material fluctuation to the prices of the properties in Xi'an. Accordingly, the market value of the valued Facilities as at 30 September 2015 should remain the unchanged as at 31 December 2015.

We are not adding back the depreciation charged on the plant and equipment for the period between 1 October 2015 and 31 December 2015 as such depreciation should be similarly applied to the value of the valued plant and equipment between 1 October 2015 and 31 December 2015 because the valuation approach for plant and equipment is based on depreciated replacement cost approach.

(2) Converted at exchange rate of S$1 to RMB4.7970 as at Latest Practicable Date.

As set out above, after adjustments, the RNAV of the Group stood at approximately RMB388.84 million, or RMB0.88 per Share. Accordingly, the Exit Offer Price represents a premium of approximately 5.77% to the RNAV per Share, or a P/RNAV of 1.06 times.

Notwithstanding that the Exit Offer Price is at a premium to RNAV of 1.06 times, we wish to highlight that the Group is in a negative working capital position of RMB87.89 million as at 31 December 2015. Certain items of property, plant and equipment (amounting to RMB9.45 million as at 31 December 2015) are mortgaged as securities for bank facilities which may affect the Group's ability to dispose of property, plant and equipment at the value assessed by the Valuers.

For the avoidance of doubt, we have not made any independent evaluation or appraisal of the assets and liabilities of the Group but have been provided with the extracts of the Valuation Reports from the Valuers. We are not experts in the evaluation or appraisal of the assets concerned and we have placed sole reliance on the Valuation Reports for such asset appraisal and have not made any independent verification of the contents thereof.

The stated values of the assets are based on the valuations performed by the Valuers. We do not assume any responsibility to inquire about the basis of such valuations or if the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements.

Potential Tax Liabilities

We have inquired about the potential tax liabilities that could arise if the Group sells the Facilities as well as the machinery and equipment at the value opined by the Valuers. After consultation with the Company's tax advisers, the management calculates the tax liabilities to be approximately RMB43.98 million.

We note that from Section 9.2 of the Circular that the Directors have confirmed that the Group does not have any plans for an impending material disposal and/or conversion of the use of its assets and/or material change in nature of the Group's businesses as at the Latest Practicable Date. We also note that the Offeror currently has no plans to re-deploy the fixed assets of the Group or to propose any major changes to the Group's business. As such, the above tax liabilities is unlikely to crystallise. Accordingly, the RNAV analysis above did not account for such tax liabilities which may be incurred by the Group if it disposes of their interests in the assets under valuation.

Nevertheless, if the potential tax liability of RMB43.98 million materialised, the Group's RNAV would be RMB344.86 million, the RNAV per Share would be RMB0.784 and the Exit Offer Price (equivalent to RMB0.935) would represent a premium of 19.26% to the RNAV per Share of RMB0.784.

7.5 The valuation of the Group implied by the Exit Offer Price versus the valuation of companies comparable to the Group

The Group produces milk powder, liquid milk and other milk products. For the purposes of assessing the Exit Offer Price, we have referred to the current valuation statistics of selected listed companies on several stock exchanges, which business operations and products types we consider to be broadly comparable to the Group. These comparable companies are broad proxies to the Group's business and serve as an illustrative guide.

Listed companies in the dairy and milk industry ("Dairy Comparables")

Name of companies	Listing location	Brief business description	Market capitalisation (million)[1][2]
The Company	Singapore	The Group produces milk powder, liquid milk and other milk products.	S$85.73[3]
Bright Dairy & Food Co Ltd ("**Bright Dairy**")	China	Bright Dairy processes and sells milk and other dairy products. The company's products include liquid milk, milk powder, yogurt, cheese, and juice. Shanghai Bright operates the Shanghai Kedi Convenience Store.	RMB14,767.64 S$3,078.52
China Mengniu Dairy Company Limited ("**Mengniu**")	Hong Kong	Mengniu through its subsidiaries, manufactures and distributes quality dairy products in China. The principal products are liquid milk products, ice cream, and other dairy products, such as milk powder. The company markets its products under its primary MENGNIU core brand.	HKD48,381.55 S$8,401.91
Inner Mongolia Yili Industry Group Co. Ltd ("**Yili**")	China	Yili produces milk, powdered milk, ice cream, and other dairy products. The company also produces frozen food and noodles.	RMB88,364.14 S$18,420.71
Lanzhou Zhuangyuan Pasture Co. Ltd ("**Lanzhou**")	Hong Kong	Lanzhou is a dairy company. The Company is a vertically integrated business that sells dairy related products.	HKD765.73 S$132.98
Megmilk Snow Brand Co Ltd ("**Megmilk**")	Japan	Megmilk was formed through the merger of Snow Brand Milk Products and Nippon Milk Community Co. The company will manage the operations of group companies involved in the manufacture and sales of milk and dairy products.	JPY200,157 S$2,396.23
Morinaga Milk Industry Co., Ltd ("**Morinaga**")	Japan	Morinaga produces and sells milk and related dairy products such as ice cream and yogurt. The company also develops biochemical product and pharmaceutical.	JPY150,133.26 S$1,797.36
Vietnam Dairy Products JSC ("**VNM**")	Vietnam	VNM produces dairy foods. The company produces milk, condensed milk, milk powder, yoghurt, ice cream and cheese. VNM also produces cookies, coffee and tea and bottled water.	VND160,818,679.33 S$9,716.55

Source: Bloomberg Finance L.P.

Notes:

(1) Market capitalisation of the Dairy Comparables is based on their respective closing prices and outstanding number of shares as at the Latest Practicable Date as extracted from Bloomberg.

(2) RMB, HKD, VND and JPY represents Chinese Renminbi, Hong Kong Dollars, Vietnamese Dong and Japanese Yen respectively and are converted based on the closing exchange rate of RMB4.7970 to S$1, HKD5.7584 to S$1, VND16,551 to S$1, and JPY83.53 to S$1 as at the Latest Practicable Date.

(3) Based on the share capital of 439,627,300 Shares and the Exit Offer Price of S$0.195.

We note that none of the Dairy Comparables are listed on the SGX-ST. As the Company is listed on the SGX-ST, we have expanded the comparable companies to include profitable food and beverage companies listed on the SGX-ST whose operations are largely based and located in China ("**SGX-listed Comparables**") for a more meaningful comparison. These SGX-listed Comparables are as follows:

Comparables	Listing Location	Brief Business Description	Market Capitalisation (million)[1]
CDG	Singapore	The Group produces milk powder liquid milk and other milk products.	S$85.73[2]
China Minzhong Food Corp Ltd ("**Minzhong**")	Singapore	Minzhong processes vegetables. The company markets fresh vegetables domestically and processes vegetables by air-drying, freeze-drying, fresh-packing, and brining. Minzhong markets its products in Asia, the Americas, and Europe.	S$ 612.84
Sino Grandness Food Industry ("**Sino**")	Singapore	Sino processes food. The company cans fruits and vegetables including asparagus, long beans, mushrooms, bamboo shoots, sweet corn, chillies, lychees, pineapples, and peaches.	S$ 467.97
Yamada Green Resources Ltd ("**Yamada**")	Singapore	Yamada grows, manufactures, and supplies fresh and processed agricultural products. The company has two major product segments that include the self-cultivation of moso bamboo trees, bamboo shoots, and shiitake mushrooms, as well as processed vegetables and konjac-based dietary fibre food products. Yamada operates in Asia.	S$ 38.93
Zhongxin Fruit & Juice Ltd ("**Zhongxin**")	Singapore	Zhongxin produces and sells fruit juice concentrate. The company also produces animal feed using apple pomace generated from the production process of apple juice concentrate.	S$ 14.78

Source: Bloomberg Finance L.P.

Notes:

(1) Market capitalisation of the SGX-listed Comparables is based on their respective closing prices and outstanding number of shares as at the Latest Practicable Date as extracted from Bloomberg.

(3) Based on the share capital of 439,627,300 Shares and the Exit Offer Price of S$0.195.

Nevertheless, Shareholders should note that such comparison only serves as illustration and conclusion drawn from such comparison may not necessary reflect the implied market valuation of the Company. Further, the comparable companies may not be directly comparable to the Group in terms of the mode and scale of operations, geographical markets, track record, future prospects, asset base, risk profile, customer base and other relevant criteria.

We set out the comparison as follows:

Dairy Comparables

	Latest available completed financial year results	Net Profit (in million)[1]	P/NAV (times)[2]	PER (times)[3]	EV/EBITDA (times)
Bright Dairy	31 Dec 2014	RMB567.92	2.84	26.00	13.67
Mengniu	31 Dec 2015	RMB2,367.29	1.51	17.00	11.32
Yili	31 Dec 2015	RMB4,631.79	4.39	19.08	11.98
Lanzhou	31 Dec 2015	RMB73.25	0.92	8.76	6.54
Megmilk	31 Mar 2015	JPY4,065.00	1.64	49.24	14.05
Morinaga	31 Mar 2015	JPY4,164.00	1.20	36.06	10.69
VNM	31 Dec 2015	VND7,773,409.63	7.69	20.09	16.41
Maximum			7.69	49.24	16.41
Minimum			0.92	8.76	6.54
Mean			2.88	25.26	12.09
Median			1.64	20.09	11.81
The Company (as implied by the Exit Offer Price and the RNAV)	31 Dec 2015	RMB5.53	1.06	70.98	8.26

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

Notes:

(1) The latest available full year net profits attributable to equity holders and EBITDA of the Company and the Dairy Comparables as compiled from the annual reports and/or results announcements of the respective companies.

(2) The P/NAV ratio is calculated based on: (i) their market capitalisation of the non-SGX listed Comparables as at the Latest Practicable Date; and (ii) the most recently NAV attributable to Shareholders of the Company and the Dairy Comparables as compiled from the annual reports and/or results announcements of the respective companies.

(3) The latest available full year net profits attributable to equity holders and EBITDA of the Company and the Dairy Comparables as compiled from the annual reports and/or results announcements of the respective companies.

(4) EV is calculated based on their respective market capitalisation as at the Latest Practicable Date as adjusted for the latest full year minority interests, borrowings, and cash and cash equivalents as compiled from the annual reports and/or results announcements of the respective companies.

Based on the above table, we note that the P/NAV ratio and the EV/EBITDA ratio implied by the Exit Offer Price is within the range of the Dairy Comparables, while the PER implied by the Exit Offer Price is above the range of the Dairy Comparables. Save for Lanzhou, all the Dairy Comparables are trading at more than 20 times of the market capitalisation of the Company and generally commands a higher valuation as compared to the Company.

SGX-listed Comparables

	Latest available completed financial year results	Net Profits (in 'millions)[1]	P/NAV ratio (times)[2]	PER (times)[3]	EV/EBITDA (times)[4]
Minzhong	30 Jun 2015	RMB320.48	0.54	8.76	0.74
Sino	31 Dec 2015	RMB206.67	1.19	10.37	4.59
Yamada	30 Jun 2015	RMB86.23	0.20	2.07	0.65
Zhongxin	30 Jun 2015	RMB2.28	1.00	29.65	5.79
Maximum			1.19	29.65	5.79
Minimum			0.20	2.07	0.65
Mean			0.73	12.71	2.94
Median			0.77	9.56	2.67
The Company[3] (as implied by the Exit Offer Price and the RNAV)	31 Dec 2015	RMB5.53	1.06	70.98	8.26

Source: Bloomberg Finance L.P., annual reports and/or announcements of the respective companies.

Notes:

(1) The latest available full year net profits attributable to equity holders and EBITDA of the Company and SGX-listed Comparables as compiled from the annual reports and/or results announcements of the respective companies.

(2) The P/NAV ratio is calculated based on: (i) the market capitalisation of the SGX-listed Comparables as at the Latest Practicable Date; and (ii) the most recently NAV attributable to Shareholders of the Company and SGX-listed Comparables as compiled from the annual reports and/or results announcements of the respective companies.

(3) The latest available full year net profits attributable to equity holders and EBITDA of the Company and SGX-listed Comparables as compiled from the annual reports and/or results announcements of the respective companies.

(4) EV is calculated based on their respective market capitalisation as at the Latest Practicable Date as adjusted for the latest full year minority interests, borrowings, and cash and cash equivalents.

Based on the above table, we note that the P/NAV ratio of the Group, as implied by the Exit Offer Price, is within the range, and higher than the mean and median ratios of the SGX-listed Comparables, while the PER and EV/EBITDA ratio of the Group, as implied by the Exit Offer Price, are above the range of the SGX-listed Comparables.

We also noted that the Dairy Comparables generally commands a higher valuation as compared to the SGX-listed Comparables.

7.6 COMPARISON WITH RECENT PRIVATISATION TRANSACTIONS

For the purpose of our evaluation, we have compared the valuation parameters implied by the Exit Offer Price vis-à-vis recent privatisation transactions that were completed by companies listed on the SGX-ST (the "**Recent Transactions**").

We wish to highlight that the list of companies involved in the Recent Transactions as set out in the analysis below may not be directly comparable to the Company in terms of size, market capitalisation, business activities, asset base, geographical spread, track record, accounting policy, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. In addition, the list of Recent Transactions is by no means exhaustive and information relating to the Recent Transactions was compiled from publicly available information. Therefore, any comparison with the Recent Transactions is for illustrative purpose only and merely serves as a guide to illustrate the relative *premia* or discounts for the transactions.

			Premium/(Discount) of offer price over/(to):				
	Announcement date	Type[1]	Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	P/NAV (times)
Singapore Land Limited[2]	24-Feb-14	VGO	11.2	16.9	13.9	11.0	0.7
Chemoil Energy Limited[3]	25-Feb-14	VD	29.0	31.1	32.5	31.1	0.9
Olam International Limited[4]	14-Mar-14	VGO	11.8	24.3	33.0	39.9	1.5
Asia Power Corporation Limited[5]	24-Mar-14	VD	–	1.2	2.1	9.7	0.5
China XLX Fertiliser Ltd[6]	31-Mar-14	VD	23.1	28.9	24.8	22.2	0.7
CapitaMalls Asia Limited[7]	14-Apr-14	VGO	23.0	27.0	25.5	20.5	1.2
Hotel Properties Limited[8]	14-Apr-14	MGO	11.8	15.6	16.7	14.3	0.8
ASJ Holdings Limited[9]	7-May-14	VGO	18.2	43.7	55.4	62.0	0.8
Goodpack Limited[10]	27-May-14	SOA/VGO	23.2	30.8	31.3	34.3	3.0
Lee Kim Tah Holdings Limited[11]	25-Sep-14	VGO	6.4	11.8	12.3	13.5	1.0
Perennial China Retail Trust[12]	27-Oct-14	VGO	29.6	34.0	33.0	32.1	0.9
Forterra Trust[13]	4-Nov-14	MGO	32.4	51.1	49.7	39.8	0.6
ECS Holdings Limited[14]	14-Nov-14	VGO	11.5	9.0	11.5	9.3	0.6
euNetworks Group Limited[15]	17-Nov-14	MGO/VD	32.6	58.4	69.2	101.2	1.7
UE E&C Ltd[16]	28-Nov-14	VGO	(2.3)	2.7	5.0	(2.9)	1.2

	Announcement date	Type[1]	Premium/(Discount) of offer price over/(to): Last transacted price (%)	1-month VWAP (%)	3-month VWAP (%)	6-month VWAP (%)	P/NAV (times)
CH Offshore Ltd[17]	11-Dec-14	VGO	18.3	20.1	17.0	16.8	0.9
STATS ChipPAC Ltd[18]	30-Dec-14	VGO	1.3	7.1	(7.5)	(22.5)	0.9
LCD Global Investments Ltd[19]	12-Jan-15	VGO	10.0	11.5	13.4	13.4	1.2
Popular Holdings Limited[20]	14-Jan-15	VGO	39.1	39.7	37.3	32.2	1.1
Keppel Land Limited[21]	23-Jan-15	VGO	20.0	25.0	28.8	28.2	0.9
Action Asia Limited[22]	27-Feb-15	VD	69.6	67.6	66.7	64.5	0.7
United Envirotech Ltd[23]	5-Mar-15	VGO	12.6	16.5	20.2	28.1	2.4
Junma Tyre Cord Company Ltd[24]	10-Mar-15	VD	222.6	162.3	174.7	167.7	1.0
Lizhong Wheel Group Ltd.[25]	17-Aug-15	VGO	96.1	87.3	79.2	92.3	0.6
Chosen Holdings Limited[26]	1-Sep-15	VGO	21.2	26.3	27.0	33.3	0.8
Eastern Holdings Limited[27]	22-Sep-15	VD	41.7	67.3	34.1	25.7	0.8
Sinotel Technologies Ltd[28]	30-Nov-15	VD	50.6	30.6	45.5	(4.5)	0.8
Maximum			222.6	162.3	174.7	167.7	3.0
Minimum			(2.3)	1.2	(7.5)	(22.5)	0.5
Mean			32.0	35.1	35.3	33.8	1.1
Median			21.2	27.0	28.8	28.1	0.9
CDG[29] (Based on the Exit Offer Price and RNAV)		VD	87.68	96.38	82.53	82.53	1.06

Notes:

(1) VGO – Voluntary General Offer, VD – Voluntary Delisting, MGO – Mandatory General Offer, SOA – Scheme of Arrangement.

(2) Based on the NAV per share of S$13.07 as at 31 December 2013.

(3) Based on the NTA per share of US$0.453 as at 31 December 2013.

(4) Based on the P/NAV ratio stated in the independent financial adviser letter to Olam International Limited as at 31 December 2013.

(5) Based on the NAV per share of S$0.342 as at 31 December 2013.

(6) Based on the unaudited consolidated NAV per share of S$0.52 as at 31 March 2014.

(7) Based on the NAV per share of S$1.87 as at 31 March 2014.

(8) Based on the revalued NAV per share of S$5.01 on an as-is basis as at 31 March 2014.

(9) Based on the revalued NTA per share of S$0.0825 as at 31 December 2013.

(10) Based on the unaudited NAV per share of S$0.825 as at 31 March 2014.

(11) Based on the revalued NAV per share (taking into account contingent tax liability) of S$1.107 as at 30 June 2014.

(12) Based on the NAV per share of S$0.74 as at 30 September 2014.

(13) Based on the revalued NAV per share of S$3.87 as at 30 September 2014.

(14) Based on the unaudited NAV per share of S$1.06 as at 30 September 2014.

(15) Based on the NTA per share of S$0.685 as at 31 December 2014.

(16) Based on the adjusted NAV per share of S$1.05 stated in the independent financial adviser letter to UE E&C Ltd less goodwill as at 30 September 2014.

(17) Based on the revalued NTA of US$291.06 million as at 31 December 2014.

(18) Based on the price-to-book stated in the IFA letter to STATS ChipPAC Ltd.

(19) Based on the unaudited NTA of S$285.65 million as at 31 December 2014.

(20) Based on the unaudited revalued NAV attributable to shareholders (taking into account the revaluation surplus arising from the revalued properties) of S$235.7 million as at 31 October 2014.

(21) Based on the NAV per share of S$4.95 as at 31 December 2014.

(22) Based on the revalued NAV per share of S$0.255 as at 31 March 2015.

(23) P/NAV ratio of 2.40 times as extracted from the circular of United Envirotech Ltd dated 2 April 2015.

(24) Based on the revalued NAV per share of S$0.21 as at 31 December 2014.

(25) Based on the revalued NAV of S$0.828 per share as at 30 June 2015.

(26) Based on the revalued NAV of S$0.2826 as at 30 June 2015.

(27) Based on the revalued NTA of S$0.515 as at 30 September 2015.

(28) Based on the NTA per share of S$0.158 as at 30 September 2015.

(29) Based on the Exit Offer Price of S$0.195 for each Share and the latest unaudited RNAV per Share of RMB0.884 as at 31 December 2015.

We note that in respect of Recent Transactions:

(a) the premium implied by the Exit Offer Price over the last transacted price and VWAP of Shares for the 1-month, 3-month and 6-month periods prior to the Joint Announcement Date are within range, and much higher than the corresponding mean and median premium of Recent Transactions; and

(b) the P/NAV ratio implied by the Exit Offer Price and RNAV per Share of RMB0.884 (or approximately S$0.184) as at 31 December 2015, is within the range, and higher than the median P/NAV ratio of Recent Transactions.

7.7 OTHER CONSIDERATIONS

In determining whether the Exit Offer is fair and reasonable and not prejudicial to the Company and its Independent Shareholders, we have also considered the following:

Certainty of Delisting

As at the Joint Announcement Date, the aggregate number of Shares held by the Offeror amount to 212,424,000 Shares, representing 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 has undertaken to vote all of the 129,700,000 Shares, representing 29.50% of the total number of issued Shares held by it in favour of the Delisting Resolution at the EGM.

Accordingly, as at the Latest Practicable Date, 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 Shares issued. One of the conditions of the Delisting Resolution to be passed at the EGM requiring the Delisting Resolution to be approved by at least 75% of the total number of issued Shares held by Shareholders present and voting ("**Total Voting Shares**"), on a poll, either in person or by proxy at the EGM is likely to be met as a result of the intentions and undertakings given by the Offeror and Undertaking Shareholder, unless Shareholders with 10% or more of the Total Voting Shares vote against the Delisting Resolution.

Implications of Delisting for Shareholders

Upon the Delisting Resolution being passed at the EGM and following the close of the Exit Offer, the Company will be delisted from the Official List of the SGX-ST and become an unlisted company. Shareholders who do not accept the Exit Offer will be left holding Shares in an unlisted company and are likely to encounter difficulties in selling their Shares in the absence of a public market for the Shares. Even if Shareholders were able to sell their Shares subsequently, shares in an unlisted company are generally valued at a substantial discount and Shareholders is likely to receive a lower price for their Shares due to the lack of marketability.

Shareholders should also note that, under the Code, except with the consent of the SIC, neither the Offeror nor any person acting in concert with it may, within six (6) months of the close of the Exit Offer, make a second offer to, or acquire any Shares from, any Shareholders on terms better than those made available under the Exit Offer.

If the Company is delisted from the Official List of the SGX-ST, the Company (as a Singapore-incorporated company) will continue to be subject to the provision of the Companies Act and will no longer be subject to the provisions of the listing requirements.

Offeror's future plans for the Group

As set out in Paragraph 8 of the Circular, 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) to redeploy 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.

No alternative offer

There is no publicly available evidence of any alternative offer for the Shares or the Company from any third party. The Directors have confirmed that, as the Latest Practicable Date, apart from the Exit Offer proposed by the Offeror, no competing offer or revision of the Exit Offer has been received.

The possibility of any alternate take-over would be remote given that the Undertaking Shareholder which together with the Offeror collectively own 77.82% of the total number of issued Shares as at the Latest Practicable Date, has given an irrevocable undertaking that (i) it will not transfer or otherwise dispose of any of its shareholdings as at the date of the irrevocable undertaking prior to and up to the Closing Date or the termination of the Proposed Delisting whichever is applicable; and (ii) it will vote, and/or procure its nominee to vote in favour of the Delisting Resolution at the EGM.

Minimum Acceptance Condition

The Exit Offer is conditional on the Minimum Acceptance Condition, being satisfied in that the Offeror and persons acting in concert with it must hold such number of Shares comprising Shares acquired pursuant to valid acceptance of the Exit Offer and Shares owned, controlled or agreed to be acquired by the Offeror, 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.

The Offeror and its concert parties own or control in aggregate 212,424,000 Shares, representing approximately 48.32% of the total number of issued Shares as at the Latest Practicable Date. Given the certainty of the Proposed Delisting as set forth above, it is in the interest of the Shareholders to accept the Exit Offer so that the Minimum Acceptance Condition can be met for the Exit Offer to be unconditional.

8. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Exit Offer. We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key factors we have taken into our consideration:

(a) the Exit Offer Price represents a premium of more than 70% to the VWAP of Shares for the 12-month, 6-month and 3-month periods, prior to the Joint Announcement Date respectively and rise subsequently to over 90% for the 1-month period prior to the Joint Announcement Date;

(b) the Exit Offer Price represents a premium of approximately 5.77% to the RNAV per Share (that is, P/RNAV ratio of 1.06 times);

(c) the Group has reported a lower revenue and lower profits for FY2015. Profit attributable to equity holders of CDG decreased 75.03% to RMB5.53 million in FY2015 from RMB22.15 million in FY2014;

(d) the P/NAV ratio and EV/EBITDA ratio implied by the Exit Offer Price is within the range of the Dairy Comparables while the PER implied by the Exit Offer Price is above the range of the Dairy Comparables;

(e) the P/NAV ratio of the Group as implied by the Exit Offer Price, is within the range and higher than the mean and median ratios of the SGX-listed Comparables, while the PER and EV/EBITDA ratio of the Group, as implied by the Exit Offer Price, are above the range of the SGX-listed Comparables;

(f) the premium implied by the Exit Offer Price over the last transacted price and VWAP of Shares for the 1-month, 3-month and 6-month periods prior to the Joint Announcement Date and P/NAV ratio are within the range and higher than the median of Recent Transactions; and

(g) other considerations as set out in paragraph 7.7 of this IFA Letter.

After taking into account the above factors, we are of the opinion that, as of the date hereof, the Exit Offer is fair and reasonable and is not prejudicial to the interests of the Company and its independent Shareholders.

Accordingly, we advise the Independent Directors to recommend to the Shareholders to ACCEPT the Exit Offer or sell their Shares in the open market if they can obtain a price higher than the Exit Offer Price after deducting transaction and related expenses.

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Exit Offer, and the recommendation made by them to the Shareholders shall remain the responsibility of the Independent Directors. Neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Exit Offer, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY AND THE GROUP

1. DIRECTORS

The names, addresses and descriptions of the Directors as at the Latest Practicable Date are set out below:

Name	Designation	Address
Liu Huaguo	Executive Chairman	34 Huaqing Road, Xi'an City, Shaanxi Province, China 710600
Kong Jing	Executive Director	99 Yinqiao Road, Yinqiao Staff Living Quarters, Lintong District, Xi'an City, Shaanxi Province, China
Wang Jingji	Executive Director	99 Yinqiao Road, Yinqiao Staff Living Quarters, Lintong District, Xi'an City, Shaanxi Province, China
Wang Xin	Non-Executive Director	No. 6, Block 1, No. 23 Shangpu Road, Xi'an City, Shaanxi Province, China 710061
Zhao Zhongqi	Non-Executive Director	No. 25 Xiying Road, #03-213, Yanta District, Xi'an City, Shaanxi Province, China
Lei Huafeng	Independent Director	Building 93-506 Liansi Sajinqiao, Lianhu District Xi'an, Shaanxi Province, China
Dr. Kwok Kain Sze	Independent Director	43 One Tree Hill, Kim Lin Park Singapore 248701
Dr. Chau Sik Ting @ Chao Sik Ting	Independent Director	105 Hillcrest Road, Hillcrest Park Singapore 288973
Zhang Puhui	Independent Director	No. 35 The West Youyi Road, Beilin District Xi'an, City, Shaanxi Province, China

2. REGISTERED OFFICE

The registered office of the Company is at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095.

3. PRINCIPAL ACTIVITIES

The Company was incorporated under the laws of Singapore on 7 May 1997 and was listed on the Mainboard of the SGX-ST on 10 July 2000. The principal activity of the Company is the holding of investments. 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.

4. SHARE CAPITAL OF THE COMPANY

4.1 Issued Share Capital

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$84.8 million comprising 439,627,300 issued Shares. The Company does not hold any treasury shares.

4.2 Rights in respect of Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Memorandum and Articles, which are available for inspection at the Company's registered office at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095. The relevant provisions have been extracted from the Articles and are reproduced in Appendix III to this Circular. Capitalised terms and expressions not defined in Appendix III have the meanings ascribed to them in the Articles and/or the Companies Act.

4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 4 January 2008.

4.4 Options

There are no other outstanding instruments convertible into, rights to subscribe for, and options in respect of, the Shares, as at the Latest Practicable Date.

4.5 Transfer Restrictions

As stated in Section 1.2 of Appendix 7 of the Exit Offer Letter, as at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Exit Offer will be transferred to any other person. The Offeror, however, reserves the right to transfer any of the Offer Shares for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.

5. FINANCIAL INFORMATION

5.1 Consolidated Income Statements

A summary of the audited consolidated income statements of the Group for FY2012, FY2013 and FY2014 and the unaudited consolidated income statement of the Group for FY2015 is set forth below. This summary is extracted from, and should be read together with, the annual reports and the audited financial statements of the Group for FY2012, FY2013 and FY2014 and the respective accompanying notes, copies of which are available for inspection at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095 and the unaudited financial information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company and the accompanying notes available on the website of the SGX-ST at www.sgx.com.

	Unaudited FY2015 RMB'000	**Audited FY2014 RMB'000**	**Audited FY2013 RMB'000**	**Audited FY2012 RMB'000**
Revenue	1,640,165	1,809,382	1,961,819	1,847,122
Cost of sales	(1,073,339)	(1,229,541)	(1,398,600)	(1,341,186)
Gross profit	566,826	579,841	563,219	505,936
Other items of income				
Interest income	757	880	835	444
Other gains	7,417	7,139	12,606	13,075
Other items of expense				
Marketing and distribution costs	(461,557)	(457,223)	(460,117)	(403,288)
Administrative expenses	(92,068)	(88,271)	(83,077)	(84,353)
Finance costs	(9,242)	(9,313)	(10,985)	(11,751)
Other losses	(5,274)	(7,430)	(7,268)	(6,995)
Share of profit/(loss) from associate	(106)	817	(315)	(242)
Profit before tax from continuing operations	6,753	26,440	14,898	12,826
Income tax (expense)/income	(1,494)	(4,541)	477	(2,098)
Profit from continuing operations, net of tax	5,259	21,899	15,375	10,728

	Unaudited FY2015 RMB'000	Audited FY2014 RMB'000	Audited FY2013 RMB'000	Audited FY2012 RMB'000
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations, net of tax	(1,635)	(2,533)	(2,536)	2,265
Other comprehensive loss for the year, net of tax	(1,635)	(2,533)	(2,536)	2,265
Total comprehensive income	3,624	19,366	12,839	12,993
Profit attributable to owners of the parent, net of tax	5,530	22,149	16,935	13,915
Loss attributable to non-controlling interests, net of tax	(271)	(250)	(1,560)	(3,187)
Profit net of tax	5,259	21,899	15,375	10,728
Total comprehensive income attributable to owners of the parent	3,895	19,616	14,399	16,180
Total comprehensive loss attributable to non-controlling interests, net of tax	(271)	(250)	(1,560)	(3,187)
Total comprehensive income	3,624	19,366	12,839	12,993
Earnings per share from continuing operation	**RMB cents**	**RMB cents**	**RMB cents**	**RMB cents**
Basic	1.26	5.04	3.85	3.17
Diluted	1.26	5.04	3.85	3.17

5.2 Balance Sheet

A summary of the audited consolidated balance sheet of the Group for FY2013 and FY2014 and the unaudited consolidated balance sheet of the Group for FY2015 is set out below. This summary is extracted from, and should be read together with, the annual reports and the audited financial statements of the Group for FY2013 and FY2014 and the respective accompanying notes, copies of which are available for inspection at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095 and the unaudited financial information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company available on the website of the SGX-ST at www.sgx.com.

	Unaudited FY2015 RMB'000	Audited FY2014 RMB'000	Audited FY2013 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	370,929	360,595	334,301
Investment property	2,900	3,257	3,614
Investments in subsidiaries	–	–	–
Investment in an associate	31,733	31,839	23,233
Deferred tax assets	11,137	11,548	14,247
Other assets, non-current	43,341	44,374	45,775
Total non-current assets	460,040	451,613	421,170
Current assets			
Inventories	185,909	201,081	194,408
Trade and other receivables, current	141,852	120,213	122,789
Other financial assets, current	–	3,000	3,000
Other assets, current	50,162	63,217	62,624
Cash and cash equivalents	94,853	98,272	93,343
Total current assets	472,776	485,783	476,164
Total assets	932,816	937,396	897,334
Equity and liabilities			
Equity			
Share capital	401,392	401,392	401,392
(Accumulated losses)/retained earnings	(93,721)	(99,251)	(121,090)
Other reserves	40,272	41,907	43,416
Equity, attributable to equity holders of the parent, total	347,943	344,048	323,718
Non-controlling interests	(954)	(683)	(433)
Total equity	346,989	343,365	323,285

	Unaudited FY2015 RMB'000	Audited FY2014 RMB'000	Audited FY2013 RMB'000
Liabilities			
Non-current liabilities			
Other financial liabilities, non-current	11,579	5,051	8,234
Total non-current liabilities	11,579	5,051	8,234
Current liabilities			
Trade and other payables, current	406,963	428,916	421,759
Other financial liabilities, current	155,657	152,597	132,200
Other liabilities, current	11,628	7,467	11,856
Total current liabilities	574,248	588,980	565,815
Total liabilities	585,827	594,031	574,049
Total equity and liabilities	932,816	937,396	897,334

5.3 Consolidated NTA per Share

The Consolidated NTA per Share of the Group based on the latest published accounts as at 31 December 2015 is RMB79.14. As at the Latest Practicable Date, the Directors are not aware of any material changes which may affect the above stated Consolidated NTA per Share.

5.4 Significant Accounting Policies and Changes

Save as disclosed in the notes to the audited consolidated financial statements of the Group for FY2013 attached to the annual report of the Company for FY2013, the notes to the audited consolidated financial statements of the Group for FY2014 attached to the annual report of the Company for FY2014 and the notes to the unaudited financial information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company, as at the Latest Practicable Date, there are no significant accounting policies nor any points from notes of the accounts of the Group which are of major relevance for the interpretation of the financial statements of the Group referred to in this Circular.

As at the Latest Practicable Date, there is no change in the accounting policies of the Group which will cause the figures disclosed in this Appendix II to be not comparable to a material extent.

5.5 Material Changes in Financial Position

Save as set out in this Circular, the unaudited financial information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company and any other information which is publicly available (including without limitation, the announcements released by the Company on the website of the SGX-ST), as at the Latest Practicable Date, there has been

no known material change in the financial position of the Company since 31 December 2014, being the date of the last audited consolidated balance sheet of the Company laid before the Shareholders in general meeting.

A copy of the unaudited financial information for the Fourth Quarter and Full Year Ended 31 December 2015 released by the Company is available on the website of the SGX-ST at www.sgx.com.

6. DISCLOSURE OF INTERESTS

6.1 Shareholdings

(a) The Company or its subsidiaries does not have any direct or deemed interest in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror as at the Latest Practicable Date.

(b) Neither the Company nor its subsidiaries have dealt for value in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the Reference Period.

(c) As at the Latest Practicable Date, save as disclosed in Section 5 of this Circular, none of the Directors has any direct or deemed interests in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

(d) None of the Directors has dealt for value in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the Reference Period.

(e) None of the Directors has dealt for value in (i) any Shares or (ii) any convertible securities, warrants, options or derivatives in respect of any Shares during the Reference Period.

(f) Save as disclosed below, none of the Directors has any direct or indirect interest in the (i) any Shares or (ii) any convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.

	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
Dr. Chau Sik Ting @ Chao Sik Ting	200,000	0.05	–	–	200,000	0.05

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 (Private) Limited, 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.

(g) None of Xandar Capital Pte. Ltd., its related corporations or any funds whose investments are managed by it and its related corporations on a discretionary basis owns or controls (i) any Shares or (ii) any convertible securities, warrants, options or derivatives in respect of any Shares as at the Latest Practicable Date.

(h) None of Xandar Capital Pte. Ltd., its related corporations or any funds whose investments are managed by it and its related corporations on a discretionary basis owns or controls (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror as at the Latest Practicable Date.

(i) None of Xandar Capital Pte. Ltd., its related corporations or any funds whose investments are managed by it and its related corporations on a discretionary basis has dealt for value in (i) any Shares or (ii) any convertible securities, warrants, options or derivatives in respect of any Shares during the Reference Period.

(j) None of Xandar Capital Pte. Ltd., its related corporations or any funds whose investments are managed by it and its related corporations on a discretionary basis has dealt for value in (i) any shares of the Offeror or (ii) any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror during the Reference Period.

6.2 Directors' Intentions in relation to the Exit Offer

As at the Latest Practicable Date, Mr Liu Huaguo has a deemed interest in 212,424,000 Shares, representing 48.32% of the total number of issued Shares which are held by the Offeror in the name of its nominee, DBS Nominees (Private) Limited. The Offeror has indicated its intention to vote all of the 212,424,000 Shares held by it (representing approximately 48.32% of the total number of issued Shares) in favour of the Delisting Resolution at the EGM as set out in Section 3.2 of this Circular.

As at the Latest Practicable Date, Mr Wang Xin has a deemed interest in 129,700,000 Shares, representing 29.50% of the total number of issued Shares which are held by the Undertaking Shareholder in the name of its nominee, Bank of Singapore Nominees Pte. Ltd.. As set out in Section 4.1 of this Circular, the Undertaking Shareholder has irrevocably undertaken to 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. Pursuant to the Irrevocable Undertaking, the Undertaking Shareholder has irrevocably undertaken not to, and to procure that its nominee not accept the Exit Offer by the Offeror in respect of any of the Undertaking Shares.

As at the Latest Practicable Date, Dr. Chau Sik Ting @ Chao Sik Ting has a direct interest in 200,000 Shares, representing 0.05% of the total number of issued Shares. As at the Latest Practicable Date, Dr. Chau Sik Ting @ Chao Sik Ting has indicated his intention to accept the Exit Offer and vote all of the 200,000 Shares held by him (representing approximately 0.05% of the total number of issued Shares) in favour of the Delisting Resolution at the EGM.

Save for Mr Liu Huaguo, Mr Wang Xin and Dr. Chau Sik Ting @ Chao Sik Ting, as at the Latest Practicable Date, none of the other Directors has any direct or indirect interest in the Shares.

6.3 Other Disclosures

(a) There are no service contracts between any of the Directors or proposed directors with the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation. There are no such service contracts entered into or amended by the Company or its subsidiaries during the Reference Period.

(b) It is not proposed that any payment or other benefit be made or given to any Director or director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Exit Offer.

(c) Save for the Irrevocable Undertaking, there are no agreements or arrangements made between any Director and any other person in connection with or conditional upon the outcome of the Exit Offer.

6.4 Material Contracts

Save as disclosed in this Circular, none of the Directors has a material personal interest, whether direct or indirect, in any material contract entered into by the Offeror as at the Latest Practicable Date.

7. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Neither the Company nor any of its subsidiaries have entered into any material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any material litigation as plaintiff or defendant which might materially and adversely affect its financial position and the Directors are not aware of any proceedings (pending or threatened) against the Company or any of its subsidiaries or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and its subsidiaries taken as a whole.

9. MATERIAL CHANGE IN INFORMATION

Save as disclosed in this Circular and save for information relating to the Company, the Group or the Exit Offer and the Proposed Delisting that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

SHARES

Treasury Shares

6A. (i) Shares which the Company purchases or otherwise acquires may be held as Treasury Shares in accordance with the provisions of these Articles and the Act.

(ii) Where the shares purchased or otherwise acquired are held as Treasury Shares by the Company, the Company shall be entered in the Register of Members as the member holding the Treasury Shares.

(iii) The Company shall not exercise any right in respect of Treasury Shares other than as provided by the Act. Subject thereto, the Company may hold or deal with its Treasury Shares in the manner authorised or prescribed by or pursuant to, the Act.

Company's shares as security

7. Save to the extent permitted by the Act, none of the funds or assets of the Company or of any subsidiary thereof shall be directly or indirectly employed in the purchase or subscription of or in loans upon the security of the Company's shares (or its holding company, if any) and the Company shall not, except as authorised by the Act give any financial assistance for the purpose of or in connection with any purchase of shares in the Company (or in its holding company, if any).

Issue of New Shares

8. Subject to the Statutes, these Articles and the rules of the Exchange, no shares may be issued by the Directors without the prior approval of the Company in General Meeting but subject thereto and to Article 52, and to any special rights attaching to any shares for the time being issued, the Directors may allot, issue or grant options over or otherwise deal with or dispose of the same to such persons on such terms and conditions and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of the Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, provided always that:–

(i) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same;

(ii) (subject to any direction to the contrary which may be given by the Company in General Meeting or except as permitted under the listing rules of the Exchange), any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the second sentence of Article 52(1) with such adaptations as are necessary shall apply; and

(iii) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 52(3), shall be subject to the approval of the Company in General Meeting.

Rights attached to certain shares

9. (1) The rights attached to shares issued upon special conditions shall be clearly defined in the Memorandum of Association or these Articles. Preference shares may be issued subject to such limitation thereof as may be prescribed by the Exchange. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any Meeting convened for the purpose of reducing the capital or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the Meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six months in arrears.

(2) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares from time to time already issued or about to be issued.

Variation of rights

10. (1) If at any time the share capital is divided into different classes, the repayment of preference capital other than redeemable preference capital and the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to provisions of the Act, whether or not the Company is being wound up, only be made, varied or abrogated with the sanction of a Special Resolution passed at a separate General Meeting of the holders of shares of the class and to every such Special Resolution the provisions of Section 184 of the Act shall, with such adaptations as are necessary, apply. To every such separate General Meeting the provisions of these Articles relating to General Meetings shall *mutatis mutandis* apply; but so that the necessary quorum shall be two persons at least holding or representing by proxy or by attorney one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy or by attorney may demand a poll. Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-fourths of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting.

Rights of Preference Shareholders

(2) The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholder rights, may only be made pursuant to a Special Resolution of the preference shareholders concerned. PROVIDED ALWAYS that where the necessary majority for such a Special Resolution is not obtained at the General Meeting, consent in writing if obtained from the holders of three-fourths of the preference shares concerned within two months of the General Meeting, shall be as valid and effectual as a Special Resolution carried at the General Meeting.

Creation or issue of further shares with special rights

11. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by these Articles as are in force at the time of such issue, be deemed to be varied by the creation or issue of further shares ranking equally therewith.

Power to pay commission and brokerage

12. The Company may pay such commissions or brokerage as may be lawful on any issue of shares at such rate or amount and in such manner as the Directors may deem fit. Such commission or brokerage may be satisfied by the payment of cash or the allotment of fully or partly paid shares, or partly in one way and partly in the other.

Power to charge interest on capital

13. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest on so much of the share capital as is for the time being paid up and may charge the same to capital as part of the cost of the construction or provision.

No trust recognised

14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the person (other than the Depository) entered in the Register of Members as the registered holder thereof or (where the person entered in the Register of Members as the registered holder of a share is the Depository) the person whose name is entered in the Depository Register in respect of that share. Nothing contained herein in this Article relating to the Depository or the Depositors or in any depository agreement made by the Company with any common depository for shares or in any notification of substantial shareholding to the Company or in response to a notice pursuant to Section 92 of the Act or any note made by the Company of any particulars in such notification or response shall derogate or limited or restrict or qualify these provisions; and any proxy or instructions on any matter whatsoever given by the Depository or Depositors to the Company or the Directors shall not constitute any notification of trust and the acceptance of such proxies and the acceptance of or compliance with such instructions by the Company or the Directors shall not constitute the taking of any notice of trust.

Joint holders

15. (1) The Company shall not be bound to register more than three persons as the joint holders of any share except in the case of executors, trustees or administrators of the estate of a deceased Member.

(2) If two or more persons are registered as joint holders of any share any one of such person may give effectual receipts for any dividend payable in respect of such share and the joint holders of a share shall, subject to the provisions of the Act, be severally as well as jointly liable for the payment of all instalments and calls and interest due in respect of such shares.

(3) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders. Only the person whose name stands first in the Depository Register shall be entitled to receive notices from the Company and any notice given to such person shall be deemed notice to all the joint holders.

Fractional part of a share

16. No person shall be recognised by the Company as having title to a fractional part of a share otherwise than as the sole or a joint holder of the entirety of such share.

Payment of instalments

17. If by the conditions of allotment of any shares the whole or any part of the amount of the issue price thereof shall be payable by instalments every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the registered holder of the share or his personal representatives, but this provision shall not affect the liability of any allottee who may have agreed to pay the same.

Share certificates

18. The certificate of title to shares or debentures in the capital of the Company shall be issued under the Seal in such form as the Directors shall from time to time prescribe and may bear the autographic or facsimile signatures of at least two Directors, or by one Director and the Secretary or some other person appointed by the Directors in place of the Secretary for the purpose, and shall specify the number and class of shares to which it relates and the amounts paid thereon, the amount unpaid thereon (if any) and the extent to which the shares are paid-up. The facsimile signatures may be reproduced by mechanical or other means provided the method or system of reproducing signatures has first been approved by the Auditors of the Company.

Entitlement to certificate

19. (1) Shares must be allotted and certificates despatched within 10 Market Days of the final closing date for an issue of shares unless the Exchange shall agree to an extension of time in respect of that particular issue. The Depository must despatch statements to successful investor applicants confirming the number of shares held under their Securities Accounts. Persons entered in the Register of Members as registered holders of shares shall be entitled to certificates within 10 Market Days, or such other period as may be approved by the Exchange, after lodgement of any transfer. Every registered shareholder shall be entitled to receive share certificates in reasonable denominations for his holding and where a charge is made for certificates, such charge shall not exceed S$2 (or such other sum as may be approved by the Exchange from time to time). Where a registered shareholder transfers part only of the shares comprised in a certificate or where a registered shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate of certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and the registered shareholder shall pay a fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) for each such new certificate as the Directors may determine. Where the Member is a Depositor the delivery by the Company to the Depository of provisional allotments or share certificates in respect of the aggregate entitlements of Depositors to new shares offered by way of rights issue or other preferential offering or bonus issue shall to the extent of the delivery discharge the Company from any further liability to each such Depositor in respect of his individual entitlement.

Retention of certificate

(2) The retention by the Directors of any unclaimed share certificates (or stock certificates as the case may be) shall not constitute the Company a trustee in respect thereof. Any share certificate (or stock certificate as the case may be) unclaimed after a period of six years from the date of issue of such share certificate (or stock certificate as the case may be) may be forfeited and if so shall be dealt with in accordance with Article 40, 44, 48 and 49, *mutatis mutandis*.

New certificates may be issued

20. (1) Subject to the provisions of the Act, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Exchange or on behalf of its or their client or clients as the Directors shall require, and (in case of defacement or wearing out) on delivery up of the old certificate and in any case on payment of such sum not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. Any duplicate certificate issued on or after 30 January 2006 in respect of a share certificate issued before that date shall state in place of the historical nominal value of the shares, the amount paid on the shares and the amount (if any) unpaid on the shares.

New certificate in place of one not surrendered

(2) When any shares under the powers in these Articles herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate for such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

TRANSFER OF SHARES

Form of transfer of shares

21. Subject to the restrictions in these Articles and any restrictions imposed by law or the Exchange or the Depository, any Member may transfer all or any of his shares but every instrument of transfer of the legal title in shares must either be by means of:–

(a) an instrument in the form approved by the Exchange, subject to such alterations as the Directors may decide, which must be left at the Office or such other place or places as the Directors may appoint from time to time for registration, accompanied by the certificates of the shares to be transferred, a certificate of payment of stamp duty (if any), and such other evidence (if any) as the Directors may require to prove the title of the intending transferor or his right to transfer the shares ("a registrable transfer"); or

(b) book entry in the Depository Register in accordance with the Act.

Execution

22. The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and be witnessed, provided that an instrument of transfer in respect of which the transferee is the Depository shall not be ineffective by reason of it not being signed or witnessed for by or on behalf of the Depository. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members.

Person under disability

23. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

Directors' power to decline to register

24. (1) Subject to these Articles, the Act or as required by the Exchange, there shall be no restriction on the transfer of full paid up shares except where required by law, these Articles or the Exchange but the Directors may in their discretion decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. If the Directors shall decline to register any such transfer of shares, they shall within ten Market Days beginning with the day on which the application for a transfer of shares was made, serve a notice in writing to the applicant stating the facts which are considered to justify the refusal as required by the Statutes.

Terms of registration of transfers

(2) The Directors may decline to register any instrument of transfer unless:–

(i) such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require, is paid to the Company in respect thereof;

(ii) the amount of proper duty (if any) with which each instrument of transfer is chargeable under any law for the time being in force relating to stamps is paid;

(iii) the instrument of transfer is deposited at the Office or at such other place (if any) as the Directors appoint accompanied by the certificates of the shares to which the transfer relates, a certificate of payment of stamp duty (if any) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of the person so to do; and

(iv) the instrument of transfer is in respect of only one class of shares.

Retention of transfers

25. (1) All instruments of transfer which are registered may be retained by the Company, but any instrument of transfer which the Directors may decline to register shall (except in the case of fraud) be returned to the person depositing the same.

(2) Subject to any legal requirements to the contrary, the Company shall be entitled to destroy all instruments of transfer which have been registered at any time after the expiration of six years from the date of registration thereof and all dividend mandates and notifications of change of address at any time after the expiration of six years from the date of recording thereof and all share certificates which have been cancelled at any time after the expiration of six years from the date of the cancellation thereof and it shall be conclusively presumed in the favour of the Company that every entry in the Register of Members purporting to have been made on the basis of an instrument of transfer or other documents so destroyed was duly and properly made and every instrument of transfer or other documents so destroyed was a valid and effective instrument duly and properly registered and every share certificate so destroyed was a valid and effective certificate duly and properly cancelled and every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. PROVIDED that:–

(i) the provisions aforesaid shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;

(ii) nothing herein contained shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any circumstances which would not attach to the Company in the absence of this Article; and

(iii) references herein to the destruction of any document include references to the disposal thereof in any manner.

Closing of Register

26. The Register of Members and the Depository Register may be closed at such times and for such period as the Directors may from time to time determine, provided always that the Registers shall not be closed for more than thirty days in the aggregate in any year. Provided Always that the Company shall give prior notice of such closure as may be required to the Exchange, stating the period and purpose or purposes for which the closure is made.

Renunciation of allotment

27. (1) Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

(2) Neither the Company nor its Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assigns, alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

TRANSMISSION OF SHARES

Transmission on death

28. (1) In case of the death of a registered shareholder, the survivor or survivors, where the deceased was a joint holder, and the legal representatives of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing herein shall release the estate of a deceased registered shareholder (whether sole or joint) from any liability in respect of any share held by him.

(2) In the case of the death of a Depositor, the survivor or survivors, where the deceased was a joint holder, and the legal personal representatives of the deceased, where he was a sole holder and where such legal representatives are entered in the Depository Register in respect of any shares of the deceased, shall be the only persons recognised by the Company as having any title to his interests in the share; but nothing herein contained shall release the estate of a deceased Depositor (whether sole or joint) from any liability in respect of any share held by him.

Persons becoming entitled on death or bankruptcy of Member may be registered

29. (1) Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member or by virtue of a vesting order by a court of competent jurisdiction and recognised by the Company as having any title to that share may, upon producing such evidence of title as the Directors shall require, be registered himself as holder of the share upon giving to the Company notice in writing or transfer such share to some other person. If the person so becoming entitled shall elect to be registered himself, he shall send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice or transfer were a transfer executed by such Member. The Directors shall have, in respect of a transfer so executed, the same power of refusing registration as if the event upon which the transmission took place had not occurred, and the transfer were a transfer executed by the person from whom the title by transmission is derived.

Rights of unregistered executors and trustees

(2) The Directors may at any time give notice requiring any such person to elect whether to be registered himself as a Member in the Register of Members or, (as the case may be), entered in the Depository Register in respect of the share or to transfer the share and if the notice is not complied with within 60 days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Rights of unregistered executors and trustees

30. A person entitled to a share by transmission shall be entitled to receive, and may give a discharge for, any dividends or other moneys payable in respect of the share, but he shall not be entitled in respect of it to receive notices of, or to attend or vote at meetings of the Company, or, save as aforesaid, to exercise any of the rights or privileges of a Member, unless and until he shall become registered as a shareholder or have his name entered in the Depository Register as a Director in respect of the share.

Fee for registration of probate, etc.

31. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any share, such fee not exceeding S$2 (or such other sum as may be approved by the Exchange from time to time) as the Directors may from time to time require or prescribe.

CALL ON SHARES

Calls on shares

32. The Directors may from time to time make such calls as they think fit upon the Members in respect of any money unpaid on their shares and not by the terms of the issue thereof made payable at fixed times, and each Member shall (subject to receiving at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postpone as the Directors may determine.

Time when made

33. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and may be made payable by instalments.

Interest on calls

34. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum due from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent. per annum as the Directors determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

Sum due to allotment

35. Any sum which the terms of issue and allotment of a share becomes payable upon allotment or at any fixed rate shall for all purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of the Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

Power of differentiate

36. The Directors may on the issue of shares differentiate between the holders as to the amount of calls to be paid and the times of payments.

Payment in advance of calls

37. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him and such payments in advance of calls shall extinguish (so far as the same shall extend) the liability upon the shares in respect of which it is made, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate not exceeding without the sanction of the Company in General Meeting ten per cent. per annum as the Member paying such sum and the Directors agree upon. Capital paid on shares in advance of calls shall not whilst carrying interest confer a right to participate in profits and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as part of its capital and shall be repayable at any time if the Directors so decide.

FORFEITURE AND LIEN

Notice requiring payment of calls

38. If any Member fails to pay in full any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid together with any interest and expense which may have accrued by reason of such non-payment.

Notice to state time and place

39. The notice shall name a further day (not being less than seven days from the date of service of the notice) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited.

Forfeiture on non-compliance with notice

40. If the requirements of any such notice as aforesaid are not complied with any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture. The forfeiture or surrender of a share shall involve the extinction at the time of forfeiture or surrender of all interest in and all claims and demands against the Company in respect of the share, and all other rights and liabilities incidental to the share as between the Member whose share is forfeited or surrendered and the Company, except only such of those rights and liabilities as are by these Articles expressly saved, or as are by the Act given or imposed in the case of past Members. The Directors may accept a surrender of any share liable to be forfeited hereunder.

Notice of forfeiture to be given and entered

41. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or to the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register of Members or in the Depository Register (as the case may be) opposite to the share; but the provisions of this Article are directory only, and no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Directors may allow forfeited share to be redeemed

42. Notwithstanding any such forfeiture as aforesaid, the Directors may, at any time before the forfeited share has been otherwise disposed of, annul the forfeiture, upon the terms of payment of all calls and interest due thereon and all expenses incurred in respect of the share and upon such further terms (if any) as they shall see fit.

Sale of shares forfeited

43. A share so forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. To give effect to any such sale, the Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any such person as aforesaid.

Rights and liabilities of Members whose shares have been forfeited or surrendered

44. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender where payable by him to the Company in respect of the shares with interest thereon at ten per cent. per annum (or such lower rate as the Directors may approve) from the date of forfeiture or surrender until payment, but such liability shall cease if and when the Company receives payment in full of all such money in respect of the shares and the Directors may waive payment of such interest either wholly or in part.

Company's lien

45. The Company shall have a first and paramount lien and charge on every share (not being a fully paid share) in the name of each Member (whether solely or jointly with others) and on the dividends declared or payable in respect thereof for all unpaid calls and instalments due on any such share and interest and expenses thereon but such lien shall only be upon the specific shares in respect of which such calls or instalments are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt wholly or partially from the provisions of this Article.

Member not entitled to privileges until all calls paid

46. No Member shall be entitled to receive any dividend or to exercise any privileges as a Member until he shall have paid all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any).

Sale of shares subject to lien

47. The Directors may sell in such manner as the Directors think fit any share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of seven days after notice in writing stating and demanding payment of the sum payable and giving notice of intention to sell in default, shall have been given to the Member for the time being in relation to the share or the person entitled thereto by reason of his death or bankruptcy. To give effect to any such sale, the Directors may authorise some person to transfer the shares sold to the purchaser thereof.

Application of proceeds of such sale

48. The net proceeds of sale, whether of a share forfeited by the Company or of a share over which the Company has a lien shall be applied in or towards payment or satisfaction of the unpaid call and accrued interest and expenses and the residue (if any) paid to the Member entitled to the share at the time of sale or his executors, trustees, administrators or assigns or as he may direct.

Title to shares forfeited or surrendered or sold to satisfy a lien

49. A statutory declaration in writing by a Director of the Company that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts stated therein as against all persons claiming to be entitled to the share, and such declaration and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate under Seal for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be required) constitute a good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be entered in the Register of Members as the holder of the share or (as the case may be) in the Depository Register in respect of the share and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the forfeiture, surrender, sale, re-allotment or disposal of the share.

ALTERATION OF CAPITAL

Power to increase capital

50. The Company in General Meeting may from time to time by Ordinary Resolution increase its capital by such sum as the resolution shall prescribe.

Rights and privileges of new shares

51. Subject to any special rights for the time being attached to any existing class of shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no direction be given as the Directors shall determine; subject to the provisions of these Articles and in particular (but without prejudice to the generality of the foregoing) such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company or otherwise.

Issue of new shares to Members

52. (1) Subject to any direction to the contrary that may be given by the Company in General Meeting or except as permitted under the Exchange's listing rules, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion, as nearly as the circumstances admit, to the number of the existing shares to which they are entitled or hold. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article.

(2) Notwithstanding Article 52(1) above but subject to the Act, the Directors shall not be required to offer any new shares to Members to whom by reason of foreign securities laws such offers may not be made without registration of the shares or a prospectus or other document, but to sell the entitlements to the new shares on behalf of such Members in such manner as they think most beneficial to the Company.

(3) Notwithstanding Article 52(1) above, the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:–

(a) (i) issue shares in the capital of the Company (whether by way of rights, bonus of otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "instruments") that might or would require shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force), issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

Provided that,

(aa) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Exchange;

(bb) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the Exchange for the time being in force (unless such compliance is waived by the Exchange) and these Articles; and

(cc) (unless revoked or varied by the Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

New shares otherwise subject to provisions of Articles

53. Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original ordinary capital of the Company and shall be subject to the provisions of these Articles with reference to allotments, payment of calls, lien, transfer, transmission, forfeiture and otherwise.

Power to consolidate, cancel and subdivide shares

54. The Company may by Ordinary Resolution:–

(i) consolidate and divide all or any of its shares;

(ii) subdivide its shares or any of them (subject, nevertheless, to the provisions of the Act), provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(iii) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

Power to reduce capital

55. (1) The Company may by Special Resolution reduce its share capital or any other undistributable reserve in any manner and subject to any incident authorised and consent required by law.

(2) Subject to and in accordance with the provisions of the Act, the Company in General Meeting may authorise the Directors to purchase or otherwise acquire any of its issued shares on such terms as the Company may think fit and in the manner prescribed by the Act. All shares repurchased or otherwise reacquired by the Company shall, unless held in treasury in accordance with the Act, be deemed cancelled immediately on purchase or acquisition by the Company. On the cancellation of the shares aforesaid, the rights and privileges attached to those shares shall expire and the number of issued shares of the Company shall be diminished by the number of shares so cancelled; where any such cancelled share was purchased or acquired out of the capital of the Company, the amount of share capital of the Company shall be reduced accordingly. Where the shares purchased by the Company are not cancelled, the Company may hold or deal with any such share so purchased by it in such manner as may be permitted by, and in accordance with, the Act.

Power to convert into stock

56. The Company may by Ordinary Resolution convert any or all its paid up shares into stock and may from time to time by resolution reconvert any stock into paid up shares.

Transfer of stock

57. The holders of stock may transfer the same or any part thereof in the same manner and subject to these Articles as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances admit but no stock shall be transferable except in such units as the Directors may from time to time determine.

Rights of stockholders

58. The holders of stock shall, according to the number of stock units held by them, have the same rights, privileges and advantages as regards dividend, return of capital, voting and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except as regards dividend and return of capital and the assets on winding up) shall be conferred by such number of stock units which would not if existing in shares have conferred that privilege or advantage, and no such conversion shall affect or prejudice any preference or other special privileges attached to the shares so converted.

Interpretation

59. All provisions of these Articles applicable to paid up shares shall apply to stock and the words “share” and “shareholder’ or similar expression herein shall include “stock” or “stockholder”.

PROCEEDINGS AT GENERAL MEETINGS

Quorum

65. No business shall be transacted at any General Meeting unless a quorum is present at the time the Meeting proceeds to business. Save as herein otherwise provided, two Members present in person shall form a quorum. For the purpose of this Article, "Member" includes a person attending by proxy or by attorney or as representing a corporation which is a Member but shall, as required by the Act, exclude the Company where it is a Member by reason of its holding of Treasury Shares. Provided that (i) a proxy representing more than one Member shall only count as a Member for the purpose of determining the quorum; and (ii) where a Member is represented by more than one proxy such proxies shall count as only one Member for the purpose of determining the quorum.

Adjournment if quorum not present

66. If within half an hour from the time appointed for the General Meeting (or such longer interval as the Chairman of the Meeting may think fit to allow) a quorum is not present, the General Meeting if convened on the requisition of Members shall be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if that day is a public holiday, then to the next business day following that public holiday) at the same time and place, or to such other day and at such other time and place as the Director may by not less than ten days' notice appoint. At the adjourned General Meeting, any one or more Members present in person or by proxy shall be a quorum.

Resolutions in writing

67. Subject to the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an Ordinary Resolution of the Company passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members.

Chairman

68. The Chairman of the Directors or, in his absence, the Deputy Chairman (if any) shall preside as Chairman at every General Meeting. If there is no such Chairman or Deputy Chairman or if at any Meeting he is not present within fifteen minutes after the time appointed for holding the Meeting or is unwilling to act, the Members present shall choose some Director to be Chairman of the Meeting or, if no Director is present or if all the Directors present decline to take the Chair, some Member present to be Chairman.

Adjournment

69. The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting), adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting except business which might lawfully have been transacted at the Meeting from which the adjournment took place. When a Meeting is adjourned for fourteen days or more, notice of the adjourned Meeting shall be given as in the case of the original Meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned Meeting.

Method of voting

70. At any General Meeting a resolution put to the vote of the Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:–

(i) by the Chairman of the Meeting; or

(ii) by at least two Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative and entitled to vote thereat; or

(iii) by any Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or

(iv) by a Member or Members present in person or by proxy (where a Member has appointed more than one proxy, any one of such proxies may represent that Member) or attorney or in the case of a corporation by a representative or any number or combination of such Members, holding or representing not less than one-tenth of the total number of paid up shares in the Company (excluding Treasury Shares) conferring a right to vote at the Meeting.

Provided always that no poll shall be demanded on the election of a Chairman or on a question of adjournment. Unless a poll is so demanded (and the demand is not withdrawn) a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. A demand for a poll may be withdrawn.

Taking a poll	71. If a poll is duly demanded (and the demand is not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the Chairman may direct and the result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded. The Chairman may, and if so requested shall, appoint scrutineers and may adjourn the Meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
Votes counted in error	72. If any votes are counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it is pointed out at the same Meeting or at any adjournment thereof, and not in that case unless it shall in the opinion of the Chairman be of sufficient magnitude.
Chairman's casting votes	73. Subject to the Act and the requirements of the Exchange, in the case of equality of votes, whether on a show of hands or on a poll, the Chairman of the Meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as a Member or as proxy of a Member.
Time for taking a poll	74. A poll demanded on any question shall be taken either immediately or at such subsequent time (not being more than thirty days from the date of the Meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.
Continuance of business after demand for a poll	75. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business, other than the question on which the poll has been demanded.

VOTES OF MEMBERS

Voting rights of Members

76. Subject and without prejudice to Article 6A(iii) and any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by proxy or attorney, and (in the case of a corporation) by a representative. On a show of hands every Member who is present in person or by proxy or attorney, or in the case of a corporation by a representative, shall have one vote provided that if a Member is represented by two proxies, only one of the two proxies as determined by their appointor shall vote on a show of hands and in the absence of such determination, only one of the two proxies as determined by the Chairman (or by a person authorised by him) in his sole discretion shall vote on a show of hands and on a poll, every Member who is present in person or by proxy, attorney or representative shall have one vote for each share which he holds or represents Provided Always That notwithstanding anything contained in these Articles, a Depositor shall not be entitled to attend any General Meeting and to speak and vote thereat unless his name is certified by the Depository to the Company as appearing on the Depository Register not earlier than 48 hours before that General Meeting (the "cut-off time") as a Depositor on whose behalf the Depository holds shares in the Company. For the purpose of determining the number of votes which a Depositor or his proxy may cast on a poll, the Depositor or his proxy shall be deemed to hold or represent that number of shares entered in the Depositor's Securities Account at the cut-off time as certified by the Depository to the Company, or where a Depositor has apportioned the balance standing to his Securities Account as at the cut-off time between two proxies, to apportion the said number of shares between the two proxies in the same proportion as specified by the Depositor in appointing the proxies; and accordingly no instrument appointing a proxy of a Depositor shall be rendered invalid merely by reason of any discrepancy between the number of shares standing to the credit of that Depositor's Securities Account as at the cut-off time, and the true balance standing to the Securities Account of a Depositor as at the time of the relevant General Meeting, if the instrument is dealt with in such manner as aforesaid.

Voting rights of joint holders

77. Where there are joint holders of any share any one of such persons may vote and be reckoned in a quorum at any Meeting either personally or by proxy or by attorney or in the case of a corporation by a representative as if he were solely entitled thereto but if more than one of such joint holders is so present at any Meeting then the person present whose name stands first in the Register of Members or the Depository Register (as the case may be) in respect of such share shall alone be entitled to vote in respect thereof. Several executors, trustees or administrators of a deceased Member in whose name any share stands shall for the purpose of this Article be deemed joint holders thereof.

Voting rights of Members of unsound mind

78. If a Member be a lunatic, idiot or non-compos mentis, he may vote whether on a show of hands or on a poll by his committee, curator bonis or such other person as properly has the management of his estate and any such committee, curator bonis or other person may vote by proxy or attorney, provided that such evidence as the Directors may require the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.

Right to vote

79. Subject to the provisions of these Articles, every Member either personally or by attorney or in the case of a corporation by a representative and every proxy shall be entitled to be present and to vote at any General Meeting and to be reckoned in the quorum thereat in respect of shares fully paid and in respect of partly paid shares where calls are not due and unpaid.

Objections

80. No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.

Votes on a poll

81. On a poll votes may be given either personally or by proxy or by attorney or in the case of a corporation by its representative and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Appointment of proxies

82. (1) A Member may appoint not more than two proxies to attend and vote at the same General Meeting.

(2) If the Member is a Depositor, the Company shall be entitled:–

(i) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered in its Securities Account as at the cut-off time as certified by the Depository to the Company; and

(ii) to accept as validly cast by the proxy or proxies appointed by the Depositor on a poll that number of votes which corresponds to or is less than the aggregate number of shares entered in its Securities Account of that Depositor as at the cut-off time as certified by the Depository to the Company, whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that Depositor.

(3) Where a Member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

(4) Voting right(s) attached to any shares in respect of which a Member has not appointed a proxy may only be exercised at the relevant General Meeting by the Member personally or by his attorney, or in the case of a corporation by its representative.

(5) Where a Member appoints a proxy in respect of more shares than the shares standing to his name in Register of Members, or in the case of a Depositor, standing to the credit of that Depositor's Securities Account, such proxy may not exercise any of the votes or rights of the shares not registered to the name of that Member in the Register of Members or standing to the credit of that Depositor's Securities Account as at the cut-off time, as the case may be.

Proxy need not be a Member

83. A proxy or attorney need not be a Member, and shall be entitled to vote on a show of hands on any question at any General Meeting.

Instrument appointing a proxy

84. Any instrument appointing a proxy shall be in writing in the common form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, under seal or under the hand of its attorney duly authorised and the Company shall accept as valid in all respects the form of proxy approved by the Directors for use as at the date relevant to the General Meeting in question.

To be left at Company's office

85. The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which the instrument of proxy is signed or a duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy and must be left at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting not less than forty-eight hours before the time appointed for the holding of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used failing which the instrument may be treated as invalid. An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the Meeting as for the Meeting to which it relates Provided that an instrument of proxy relating to more than one Meeting (including any adjournment thereof) having once been so delivered for the purposes of any Meeting shall not be required again to be delivered for the purposes of any subsequent Meeting to which it relates. An instrument of proxy shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Unless otherwise instructed, a proxy shall vote as he thinks fit. The signature on an instrument appointing a proxy need not be witnessed.

Intervening death or insanity of principal not to revoke proxy

86. A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Corporations acting by representatives

87. Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members and the persons so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purpose of these Articles and subject to the Act, be deemed to be present in person at any such Meeting if a person so authorised is present thereat. The Company shall be entitled to treat a certificate under the seal of the corporation as conclusive evidence of the appointment or revocation of appointment of a representative under this Article.

DIVIDENDS

Payment of dividends

129. The Directors may, with the sanction of the Company, by Ordinary Resolution declare dividends but (without prejudice to the powers of the Company to pay interest on share capital as hereinbefore provided) no dividend shall be payable except out of the profits of the Company available for distribution under the provisions of the Statutes.

Apportionment of dividends

130. Subject to the rights of holders of shares with special rights as to dividend (if any) and except as otherwise permitted under the Act, all dividends in respect of shares shall be declared and paid in proportion to the number of shares held by a Member, but where shares are partly paid, all dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid up shares. All dividends shall be apportioned and paid pro rata according to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such shares shall rank for dividend accordingly. For the purpose of this Article only, no amount paid or credited as paid on a share in advance of calls shall be treated as paid on the share.

Payment of preference and interim dividends

131. Notwithstanding Article 130, if, and so far as in the opinion of the Directors, the profits of the Company justify such payments, the Directors may pay fixed preferential dividends on any express class of shares carrying a fixed preferential dividend expressed to be payable on a fixed date on the half-yearly or other dates (if any) prescribed for the payment thereof by the terms of issue of the shares, and subject thereto may also from time to time pay to the holders of any other class of shares interim dividends thereon of such amounts and on such dates as they may think fit.

Dividends not to bear interest

133. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

Deduction from dividend

134. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or in connection therewith, or any other account which the Company is required by law to withhold or deduct.

Retention of dividends on shares subject to lien

135. The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends on shares pending transmission

136. The Directors may retain the dividends payable on shares in respect of which any person is under these Articles, as to the transmission of shares, entitled to become a Member, or which any person under these Articles is entitled to transfer, until such person shall become a Member in respect of such shares or shall duly transfer the same.

Unclaimed dividends

137. The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend may be forfeited and if so shall revert to the Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture. For the avoidance of doubt no Member shall be entitled to any interest, share of revenue or other benefit arising from any unclaimed dividends, howsoever and whatsoever. If the Depository returns any such dividend or moneys to the Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against the Company if a period of six (6) years has elapsed from the date of declaration of such dividend or the date on which such other moneys are first payable.

Payment of dividend in specie

138. The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of the Company, or paid up shares or debentures of any other company or in any one or more of such ways, and the Directors shall give effect to such Resolution, and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees upon trust for the Members entitled to the dividend as may seem expedient to the Directors.

Dividends payable by cheque

139. Unless otherwise directed, any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto or, if several persons are registered as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, or in the case of a joint Member to that one whose name shall stand first on the Register of Members or the Depository Register, as the case may be, in respect of the joint shareholding. Provided that where the Member is a Depositor, the payment by the Company to the Depository of any dividend payable to a Depositor shall to the extent of the payment discharge the Company from any further liability in respect of the payment. Every such cheque and warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque if purporting to be endorsed or the receipt of any such person shall be a good discharge to the Company. Every such cheque and warrant shall be sent at the risk of the person entitled to the money represented thereby.

Effect of transfer

140. A transfer of shares shall not pass the right to any dividend declared on such shares before the registration of the transfer.

RESERVES

Power to carry profit to reserve

141. The Directors may from time to time set aside out of the profits of the Company and carry to reserve such sums as they think proper which, at the discretion of the Directors, shall be applicable for meeting contingencies or for the gradual liquidation of any debt or liability of the Company or for repairing or maintaining the works, plant and machinery of the Company or for special dividends or bonuses or for equalizing dividends or for any other purpose to which the profits of the Company may properly be applied and pending such application may either be employed in the business of the Company or be invested. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund, any special funds or any parts of any special funds into which the reserve may have been divided. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it not prudent to divide.

BONUS ISSUE AND CAPITALISATION OF PROFITS AND RESERVES

Power to capitalise profits

142. (1) The Directors may, with the sanction of an Ordinary Resolution of the Company (including any Ordinary Resolution passed pursuant to Article 8):–

(a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the Depository Register at the close of business on:

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 8) such other date as may be determined by the Directors,

in proportion to their then holdings of shares; and

(b) capitalise any sum standing to the credit of any of the Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account by appropriating such sum to the persons registered as holders of shares in the Register of Members or (as the case may be) in the Depository Register at the close of business on:–

(i) the date of the Ordinary Resolution (or such other date as may be specified therein or determined as therein provided); or

(ii) (in the case of an Ordinary Resolution passed pursuant to Article 8) such other date as may be determined by the Directors,

in proportion to their then holdings of shares and applying such sum on their behalf in paying up in full unissued shares (or, subject to any special rights previously conferred on any shares or class of shares for the time being issued, unissued shares of any other class not being redeemable shares) for allotment and distribution credited as duly paid up to and amongst them as bonus shares in the proportion aforesaid.

(2) When required a proper contract shall be filed in accordance with Section 63 of the Act and the Board may appoint any person to sign such contract on behalf of the holders of the shares of the Company which shall have been issued prior to such capitalisation, and such appointment shall be effective. This Article is subject to any special conditions which may be attended to any shares hereafter issued.

Directors to do all acts and things to give effect

143. (1) The Directors may do all acts and things necessary or expedient to give effect to any such bonus issue or capitalisation under Article 142(1), with full power to the Directors to make such provisions as they think fit for any fractional entitlements which would arise on the basis aforesaid (including provisions whereby fractional entitlements are disregarded or the benefit thereof accrues to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such bonus issue or capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

(2) In addition and without prejudice to the powers provided for by Article 142(1) and 143(1), the Directors shall have power to issue shares for which no consideration is payable and to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or any other share plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit.

Colliers International (Hong Kong) Ltd
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31 March 2016

China Dairy Group Ltd

8 Wilkie Road #03-01
Wilkie Edge
Singapore 228095

Dear Sirs,

Valuation of:

(1) An industrial property, No. 99 Yinqiao Avenue, Xi'an, Shaanxi Province, PRC ("Property 1")
(2) An industrial property located in Xiangqiao Town, Xi'an, Shaanxi Province, PRC ("Property 2"),
(3) An industrial property, No. 61 Jinye Second Road, Xi'an, Shaanxi Province, PRC ("Property 3")
(4) Level 9 of Gaoke Plaza, 2nd Ring Road South, Xi'an, Shaanxi Province, PRC ("Property 4")
(Together "Properties")

1. INSTRUCTIONS

We refer to instructions issued by from Xi'an Yinqiao Biological Science and Technology Co., Ltd. (西安银桥生物科技有限责任公司) ("the Company"), requesting formal valuation advice in respect of the abovementioned industrial properties, to China Dairy Group Ltd ("the Client") for Corporate Reporting Purposes. We have specifically been instructed to provide our opinion of Market Value as at 30 September 2015 ("the date of valuation" or "valuation date") of the remaining leasehold interests in the Properties, subject to existing leases and occupancy arrangements and/or development proposals as disclosed.

We have prepared a comprehensive formal valuation report ("Report") in accordance with the requirements of our instructions and the following international definition of Market Value, namely:

"Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

And also on the following basis:

"The price at which the property might reasonably be expected to be sold at the date of the valuation assuming:

i. a willing, but not anxious, buyer and seller; and

ii. a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Properties and the state of the market for property of the same kind; and

iii. that the Properties will be reasonably exposed to the market; and

iv. that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the Properties being valued; and

v. that the seller has sufficient resources to allow a reasonable period for the exposure of the Properties for sale; and

vi. that the seller has sufficient resources to negotiate an agreement for the sale of the Properties."

In adopting this definition of value, we are of the opinion that it is consistent with the international definition of Market Value as advocated by the Royal Institution of Chartered Surveyors (RICS).

2. RELIANCE ON THIS LETTER

This short format report alone does not contain the necessary data and support information included in our Report. For further information to that contained herein, reference should be made to the Report, copies of which are held by the Client.

Colliers has provided the Client with comprehensive valuation report for the Properties. The valuations and market information are not guarantees or predictions and must be read in consideration of the following:

The report is approximately 30 to 40 pages in length and the conclusions as to the estimated value are based upon the factual information set forth in that report. Whilst Colliers has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Company (primarily copies of title document and financial information with respect to the Properties). Colliers believes that every investor should review the report to understand the complexity of the methodology and the many variables involved.

We have valued the Property 1, Property 2 and Property 3 on the basis of the Cost Approach, and valued the Property 4 using Market Approach. These valuation methodologies are summarised in the Valuation Rationale section of this letter.

The Report was undertaken based upon information available as at 30 September 2015. Colliers accepts no responsibility for subsequent changes in information as to income, expenses or market conditions.

3. MAJOR ASSUMPTIONS

Our valuation conclusions have been reached after reviewing financial and tenancy information provided by the Company. Furthermore, this valuation has been undertaken assuming the following:

- the information about the Property provided by the Company is true and correct;

- the proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled;
- all required approvals and certificates necessary for the development, occupation and use of the Property have been duly obtained and are in full force and effect;
- the Property can be freely transferred, mortgaged, sublet or otherwise disposed of in the market.

This report is subject to Limited Conditions as attached.

4. PROPERTY SUMMARY

The portfilio comprises three industrial properties and an office property located in Xi'an. A brief summary of each of the Properties is as follows:

Property 1

Property 1 is a mixed-use industrial property that consists of workshops, warehouses, offices, dormitories and several other subsidiary buildings. It is mainly used for producing, testing and storing dairy products. These buildings of Property 1 were completed from 2001 to 2014. The structures (构筑物) in Property 1 include chimney, well, goods shelf, etc., which were completed from 2002 to 2010. Property 1 has a total gross floor area of approximately 37,818.00 sq m.

Property 2

Property 2 is a mixed-use industrial property that consists of a workshop, warehouse, office, dormitory and several other subsidiary buildings which were completed between 2000 and 2008. It is mainly designed for producing and storing dairy products. The structures in Property 2 include reservoir, chimney, bicycle shed, etc., which were completed from 2000 to 2004. Property 2 has a total gross floor area of approximately 72,017.36 sq m.

Property 3

Property 3 is a mixed-use industrial property that consists of a workshop, warehouse and several other subsidiary buildings which were completed between 2008 and 2014. It is mainly constructed for storing and testing dairy products. The structures of Property 3 include fence, canopy, drainage, etc., which were completed from 2008 to 2014. Property 3 has a total gross floor area of approximately 47,090.17 sq m.

Property 4

Property 4 comprises the entire ninth floor of Gaoke Plaza (高科广场) and three car parks on the basement. Gaoke Plaza is a 28-storey office building erected on a 1-storey basement for car park uses, Completed in 2008, the office portion of Property has a total gross floor area of approximately 1,654.93 sq m and is equipped with central air-conditioning, raised floor and suspended ceiling. At the time of our inspection, the Property was occupied by the Company.

5. INSPECTION

Pursuant to your instructions, we have physically inspected the Properties on 25 November 2015.

We confirm that we have made relevant enquiries and obtained the necessary information to conduct the valuation.

We have not been instructed to conduct a structural survey of the Property, For the purpose of this valuation, the Property is assumed to be in sound structural condition.

6. VALUATION RATIONALE

We have valued the Property 1, Property 2 and Property 3 on the basis of the Cost Approach, and valued the Property 4 using Market Approach.

Cost Approach

The **Cost Approach** is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. This comprises the cost of replacing the land plus the cost of replacing the improvements to the land.

Market Approach

The **Market Approach** estimates the value of the Property's interest by comparing recent sales of similar interests located in the surrounding area. By analysing sales which qualify as 'arms-length' transactions, between willing buyers and sellers, market value indicators and price trends can be identified. Adjustments can be made for size, location, time, amenities and other relevant factors when comparing such sales against the Property. This method is most commonly used when reliable and recent sales evidence is available.

7. SUMMARY OF VALUES

We summarise the valuation results as follows:

No.	Property	Market Value in Existing State as at 30 September 2015 (RMB)
1	Property 1	87,000,000
2	Property 2	32,000,000
3	Property 3	140,000,000
4	Property 4	15,000,000
	Adopted Value	274,000,000

8. DISCLAIMER

This document is for the sole use of persons directly provided with it by Colliers. Use by, or reliance upon this document by anyone other than the Client is not authorised by Colliers and Colliers is not liable for any loss arising from such unauthorised use or reliance.

Neither the whole nor any part of this valuation report, nor any reference thereto, may be included in any published document, circular or statement, nor published in any way whatsoever, without prior written approval of Colliers International (Hong Kong) Limited as to the form and context in which it may appear.

We confirm we do not have a pecuniary interest that would affect our ability to give an unbiased opinion of the value or any conflict of interests that could prevent a proper valuation of the properties.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuation certificate is attached.

For and on behalf of
Colliers International (Hong Kong) Limited

Zhirong He (Flora He)
MRICS MCOMFIN
Senior Director
Valuation and Advisory Services | China

VALUATION CERTIFICATE

Our Reference	:	21250
Name of Property	:	(1) An industrial property, No. 99 Yinqiao Avenue, Xi'an, Shaanxi Province, PRC ("Property 1") (2) An industrial property located in Xiangqiao Town, Xi'an, Shaanxi Province, PRC ("Property 2") (3) An industrial property, No. 61 Jinye Second Road, Xi'an, Shaanxi Province, PRC ("Property 3") (4) Level 9 of Gaoke Plaza, 2nd Ring Road South, Xi'an, Shaanxi Province, PRC ("Property 4") (Together "Properties")
Valuation Prepared for	:	China Dairy Group Ltd
Purpose of Valuation	:	Corporate Reporting
Type of Property	:	Industrial, Office
Brief Description	:	The Properties are distributed in four different locations in Xi'an. Property 1 and 2 are located in Lintong District, whereas Property 3 and 4 are situated in Xi'an Hi-tech Industries Development Zone (XHTZ). Property 1, 2 and 3 are three identical mixed-use industrial properties that consist of workshops, warehouses, offices, dormitories and other subsidiary buildings. Completed from 2000 to 2014, the three properties are mainly used for producing, testing and storing dairy products. Property 4 comprises the entire ninth floor of Gaoke Plaza (高科广场) and three car parks on the basement. Gaoke Plaza is a 28-storey office building erected on a 1-storey basement for car park uses, Completed in 2008, the office portion of Property has a total gross floor area of approximately 1,654.93 sq m.
Land Area	:	Property 1: 59,140.36 sq m Property 2: 6,190.44 sq m Property 3: 121,485.90 sq m Property 4: NA
Gross Floor Area	:	Property 1: 37,818.00 sq m Property 2: 72,017.36 sq m Property 3: 47,090.17 sq m Property 4: 1,654.93 sq m
Year of Completion	:	Property 1: 2001 to 2014 Property 2: 2000 to 2008 Property 3: 2008 to 2014 Property 4: 2008
Registered Owner	:	Xi'an Yinqiao Biological Science and Technology Co., Ltd. (西安银桥生物科技有限责任公司) SBG Paedia Nutrition Company Ltd. (西安银桥贝多营养食品有限公司) (Former name: PaediaNutrition Co., Ltd.)
Legal Description	:	Pursuant to three State-owned Land-use Rights Certificate No. Lin Guo Yong (2003) Di 1734 Hao, Lin Guo Yong (2003) Di 1737 Hao and Lin Guo Yong (2005) Di 112 Hao, the land-use rights of Property 1 with a total site area of 59,140.36 sq m have been granted to Xi'an Yinqiao Biological Science and Technology Co., Ltd. (西安银桥生物科技有限责任公司) for industrial purposes for a term expiring on 12 April 2047, 12 April 2047, and 30 April 2047, respectively. Pursuant to two State-owned Land-use Rights Certificate No. Lin Guo Yong (2003) 1735 Hao and Lin Guo Yong (2003) 1736 Hao, the land-use rights of Property 2 with a total site area of 6,190.44 sq m have been granted to Xi'an Yinqiao Biological Science and Technology Co., Ltd. (西安银桥生物科技有限责任公司) for industrial and office purposes for a term expiring on 12 January 2053 and 23 August 2049, respectively. Pursuant to two State-owned Land-use Rights Certificate No. Xi Gao Ke Ji Guo Yong (2007) Di 49403 Hao and Xi Gao Ke Ji Guo Yong (2014) Di 30501 Hao, the land-use rights of Property 3 with a total site area of 121,485.90 sq m have been granted to Xi'an Yinqiao Biological Science and Technology Co., Ltd. (西安银桥生物科技有限责任公司) and SBG Paedia Nutrition Company Ltd. (西安银桥贝多营养食品有限公司) (Former name: PaediaNutrition Co., Ltd.) for industrial purposes for a term expiring on 5 July 2055.

		Pursuant to the Building Ownership Certificate No. Xi An Shi Fang Quan Zheng Gao Xin Qu Zi Di 1075106011-20-1-A0901, the building ownerships of Property 4 with a total gross floor area of 1,654.93 sq m is vested in Xi'an Yinqiao Biological Science and Technology Co., Ltd. (西安银桥生物科技有限责任公司) for office uses.
Tenure	:	Leasehold
Condition	:	At the time of inspection, it was noted that the Properties were self-occupied.
Permitted Uses	:	Industrial, Office
Method of Valuation	:	Cost Approach, Market Approach
Date of Valuation	:	30 September 2015
Valuation Basis	:	MARKET VALUE – "As is" ***RMB274,000,000***
		(RENMINBI TWO HUNDRED SEVENTY FOUR MILLION ONLY)

Prepared By **Colliers International (Hong Kong) Limited**

Zhirong He (Flora He)
MRICS MCOMHKIN
Senior Director
Valuation and Advisory Services I China

LIMITING CONDITIONS

1. Values are reported in Renminbi unless otherwise stated.

2. In our valuation it is presumed that the Property as currently used is not in contravention of any planning or similar regulations. We shall not be responsible if it is otherwise.

3. For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.

4. No requisition on road, subway, drainage and other government proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed.

5. While due care is exercised in the course of our inspection to note any serious defects, we will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the Property that are unexposed or inaccessible. Further, we will not be able to report that the building is free from rot, infestations or other defects. The building services will not be tested but will be presumed to be in good working order. We recommend that appropriately qualified persons be engaged to undertake investigations excluded from our scope of work.

6. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorised inclusion or publication and reserve the right to claim for any loss, liability, costs or expenses (including but not limited to professional or executive time) we may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

7. In accordance with our usual practice, we must state that this valuation report is restricted to the client or person to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by any other person or for any other purpose(s) or beyond a reasonable time.

8. Where it is stated in the valuation report that information has been supplied to us by another party, the information is presumed to be reliable and we do not accept any responsibility should it be proven otherwise. The study of possible alternative development options and the related economics are not within the scope of this report unless expressly stated.

9. Our opinion of the market value of the Property is free from any influence and/or point of views of any other parties.

10. Any market projections incorporated within our services including but not limited to, income, expenditure, associated growth rates and other variables are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

11. No allowance will be made in our valuation report for any charges, mortgages or other claims affecting the Property nor for any costs, expenses, taxation or outgoings which may be involved in any transaction of the Property.

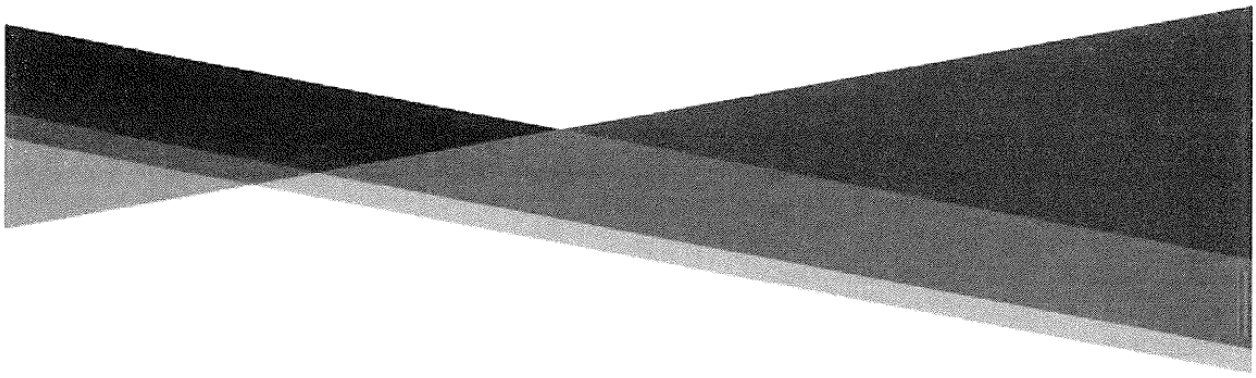
12. The title to the Property is presumed to be good and marketable and, unless mentioned in this valuation report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.

13. Any plans included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

14. All Location Plans are obtained from amap.com. Whilst we do make every endeavour to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.

15. We shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the Property in question unless prior arrangements have been made and we be properly reimbursed. For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets. The amount of aggregate liability of Colliers is limited to the fee for this service.

Colliers INTERNATIONAL



VALUATION OF MACHINERY & EQUIPMENT ON BEHALF OF CHINA DAIRY GROUP LTD FOR ASSETS LOCATED AT VARIOUS LOCATIONS IN CHINA.

Accelerating success.

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

Our Ref: PM/1781/2015/TM/ZZ

Issuance of Report: 31 March 2016

Attn: Ms Du Xiaoyan

China Dairy Group Ltd.
8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

Dear Sir/Madam:

VALUATION OF MACHINERY & EQUIPMENT ON BEHALF OF CHINA DAIRY GROUP LTD FOR ASSETS LOCATED AT VARIOUS LOCATIONS IN CHINA

With reference to your instructions dated 1 November 2015, we have prepared this report ("Report") on behalf of China Dairy Group Ltd (hereinafter referred to as "CDG", "You", "Client", "Management" and/or "Company") setting out our independent estimate of Market Value, as at 30 September 2015, for assets located in various locations in China.

We understand that CDG would like us to provide an estimation of Market Value of Machinery and Equipment ("M&E") as at 30 September 2015 for purpose of Corporate Reporting.

We had carried out the site visit for M&E on the following locations and dates:

- No.99, Yinqiao Avenue, Lintong District, Xi'an, Shaanxi, China (hereinafter referred to as "Yinqiao Avenue"), visited on 25 November 2015;
- West Park, Shendong Village, Xiangqiao District, Lintong District, Xi'an, Shaanxi, China (hereinafter referred to as "West Park"), visited on 25 November 2015; and
- No. 61, Jinye No.2 Road, Gaoxin District, Xi'an, Shaanxi, China (hereinafter referred to as "Jinye No.2 Road"), visited on 26 November 2015.

We made some enquiries and obtained information that we consider necessary to enable us to provide you with the estimated value.

The indication of the Market Value of the asset is based on the assumption that it is on operational basis. Together with our review and analyses of information made available to us, including representations made by CDG pursuant to our queries, our valuation was carried out on the basis that such information provided to us were assumed to be fair, accurate and complete.

Our scope of work is not for the purpose of creating a new asset listing, identification of individual assets, or other purpose than is stated in this report. This Report has been prepared solely for the purposes stated herein and is not intended for any legal or court proceedings, circulation, publication or reproduction in any form without our prior written consent, and should not be relied upon for any other purpose. This Report is strictly confidential and safe to the extent required by applicable law and/or regulation must not be released to any third party without notifying unless otherwise stated in our agreement.

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

This report is for your sole use and for the purpose indicated. No liability to any third party can be accepted for the whole or any part of the contents of the document. Neither whole nor any part of this valuation report nor any reference thereto may be included in any published documents, circular or statement, nor published in any way whatsoever without prior written approval of Colliers, as to the form and context in which it may appear unless as stated in our service agreement. Any action you take must ultimately remain a decision for and by you.

This covering letter should be read in conjunction with the remainder of this report. Accordingly, this Report may not have identified all matters that might be of concern to you. A summary of valuation results as presented on page 3, Table A.

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

Colliers INTERNATIONAL

Summary of Results

Table A

FA Listing – Yinqiao

Out of scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Remarks
电子办公设备	26,409,284	7,041,099	Out of Scope
运输设备	28,251,715	6,807,216	Out of Scope
Subtotal	54,661,000	13,848,314	

Within Scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Market Value as at 30 Sep 2015 (CNY)	Remarks
机器设备	227,973,092	57,951,217	50,215,951	Assets covered in our valuation procedures.
机器设备	5,655,749	1,189,081	85,000	Assets had been sold as a group before valuation date. The market value indicated is the sold price of these assets in total.
机器设备	93,710,716	28,626,927	28,626,927	Assets not covered in our valuation procedures. Mgt represents NBV can be used as a good estimate to Market Value.
Subtotal	327,339,557	87,767,225	78,927,877	
Total	**382,000,556**	**101,615,539**	**78,900,000***	

FA Listing – Beiduo

Out of scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Remarks
运输设备	524,383	104,851	Out of Scope
办公设备	962,869	434,206	Out of Scope
Subtotal	1,487,252	539,057	

Within Scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Market Value as at 30 Sep 2015 (CNY)	Remarks
机器设备	27,084,669	16,232,678	15,998,411	Assets covered in our valuation procedures.
机器设备	8,240,965	3,991,332	3,991,332	Assets not covered in our valuation procedures. Mgt represents NBV can be used as a good estimate to Market Value.
机器设备	665,034	131,344	-	Asset pertaining to be expenses. We do not value this asset.
Subtotal	35,990,667	20,355,353	19,989,743	
Total	**37,477,919**	**20,894,411**	**20,000,000***	
Grand Total	**419,478,475**	**122,509,950**	**98,900,000***	

**Denotes rounded off to the nearest Hundred Thousand.*

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

Market Value for Machinery and Equipment as at 30 September 2015:	**CNY 98,900,000** **Chinese Yuan (CNY): Ninety Eight Million and Nine Hundred Thousand Only.** ***(Rounded off to the nearest Hundred Thousand)***

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Private Limited

Mr. Milton Tan B.Com (VPM), NZ. MRICS
Regional Director, Plant & Machinery, Asia
Valuation and Advisory Services

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

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Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

1 EXECUTIVE SUMMARY

This Executive Summary is a part of the Report and should be read in conjunction with the entire Report.

We have been engaged by China Dairy Group Ltd (hereinafter referred to as "CDG", "You", "Client", "Management" and/or "Company") to undertake this valuation based on information provided to us on 1 November 2015 and thereafter.

We had carried out the site visit for Machinery and Equipment ("M&E") on the following locations and dates:

- No.99, Yinqiao Avenue, Lintong District, Xi'an, Shaanxi, China (hereinafter referred to as "Yinqiao Avenue"), 25 November 2015;
- West Park, Shendong Village, Xiangqiao District, Lintong District, Xi'an, Shaanxi, China (hereinafter referred to as "West Park"), 25 November 2015; and
- No. 61, Jinye No.2 Road, Gaoxin District, Xi'an, Shaanxi, China (hereinafter referred to as "Jinye No.2 Road"), 26 November 2015.

The information used by Colliers in preparing this report has been obtained from CDG as indicated within this report. We relied on and did not verify the accuracy of the information made available to us by CDG during our engagement. We are not required to and have not carried out any form of checks/audit nor independently verified the accuracy, reasonableness and completeness of the financial statements or key assumptions which we have been provided by CDG. Accordingly, we do not express any opinion or offer any form of warranty, guarantee and assurance regarding the accuracy, reasonableness or completeness of these data.

To the fullest extent permitted by law, Colliers International Consultancy & Valuation (Singapore) Private Limited ("Colliers") accepts no duty of care to any third party in connection with the provision of this Report and/or any related information or explanation together (the "Information"). Accordingly, regardless of the form of action, whether in contract, tort including, without limitation, negligence or otherwise, and to the extent permitted by applicable law, Colliers accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the limited information.

For the purpose of this engagement and subject to the limitations and assumptions set out in this report, the scope of work and valuation results are as summarized on Table B in Page 7.

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

Colliers INTERNATIONAL

Summary of Results

Table B

FA Listing – Yinqiao

Out of scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Remarks
电子办公设备	26,409,284	7,041,099	Out of Scope
运输设备	28,251,715	6,807,216	Out of Scope
Subtotal	54,661,000	13,848,314	

Within Scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Market Value as at 30 Sep 2015 (CNY)	Remarks
机器设备	227,973,092	57,951,217	50,215,951	Assets covered in our valuation procedures.
机器设备	5,655,749	1,189,081	85,000	Assets had been sold as a group before valuation date. The market value indicated is the sold price of these assets in total.
机器设备	93,710,716	28,626,927	28,626,927	Assets not covered in our valuation procedures. Mgt represents NBV can be used as a good estimate to Market Value.
Subtotal	327,339,557	87,767,225	78,927,877	
Total	**382,000,556**	**101,615,539**	**78,900,000***	

FA Listing – Beiduo

Out of scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Remarks
运输设备	524,383	104,851	Out of Scope
办公设备	962,869	434,206	Out of Scope
Subtotal	1,487,252	539,057	

Within Scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Market Value as at 30 Sep 2015 (CNY)	Remarks
机器设备	27,084,669	16,232,678	15,998,411	Assets covered in our valuation procedures.
机器设备	8,240,965	3,991,332	3,991,332	Assets not covered in our valuation procedures. Mgt represents NBV can be used as a good estimate to Market Value.
机器设备	665,034	131,344	-	Asset pertaining to be expenses. We do not value this asset.
Subtotal	35,990,667	20,355,353	19,989,743	
Total	**37,477,919**	**20,894,411**	**20,000,000***	
Grand Total	**419,478,475**	**122,509,950**	**98,900,000***	

**Denotes rounded off to the nearest Hundred Thousand.*

2 INTRODUCTION

2.1 INSTRUCTIONS

Instructions had been received from China Dairy Group Ltd (hereinafter referred to as "CDG", "You", "Client", "Management" and/or "Company") to conduct an estimation of Market Value of Machinery and Equipment ("M&E") located at various locations in China for the purpose of Corporate Reporting.

2.2 THE ASSETS

On 20 November 2015, CDG provided us with the asset listing with cut-off date as at 30 September 2015 with Cost and NBV as stated in Table C.

Table C

FA Listing - Yinqiao

Category (excl Land & Building)	Total Cost as at 30 Sep 2015 (CNY)	Total NBV as at 30 Sep 2015 (CNY)
电子办公设备	26,409,284	7,041,098
运输设备	28,251,715	6,807,215
机器设备	327,339,557	87,767,225
Total	**382,000,556**	**101,615,539**

FA Listing - Beiduo

Category (excl Land & Building)	Total Cost as at 30 Sep 2015 (CNY)	Total NBV as at 30 Sep 2015 (CNY)
运输设备	524,383	104,851
办公设备	962,869	434,206
机器设备	35,990,667	20,355,353
Total	**37,477,919**	**20,894,411**

Grand Total	**419,478,475**	**122,509,950**

We are not required to and have not carried out any form of checks/audit of nor independently verified the accuracy, reasonableness and completeness of the financial statements, balance sheets, asset listings or key assumptions.

2.3 DATE OF VALUATION

The date of valuation for these assets is as at 30 September 2015.

2.4 INFORMATION SOURCES

All investigations, where possible, had been conducted independently and without influence from any third parties in any way. The information provided in this report had been obtained from CDG.

For this report, we had relied on information provided to us on 1 November 2015 and additional information provided during our onsite visit on 25 November 2015 and thereafter.

Due to possible changes in market forces and circumstances in relation to these assets within our scope of work, the report can only be regarded as an estimated value for the purpose of this report.

We have agreed with you to rely on information, where available, such as quotation, web research, Bureau Labor of Statistics ("BLS") and National Bureau of Statistics of China ("NBSC") to estimate the Replacement Cost New ("RCN") for these assets. Even though information from BLS is United States centric, we have agreed that it is the next best alternative source of information available.

2.5 VALUATION STANDARDS

The valuation has been carried out in accordance with the RICS Valuation – Professional Standards, incorporating the International Valuation Standards published by the Royal Institution of Chartered Surveyors.

3 VALUATION OF ASSETS

3.1 PURPOSE AND SCOPE OF VALUATION

We understand that CDG required a valuation for the purpose of Corporate Reporting.

Colliers is required to value the M&E located in various locations in China.

From the original asset listing with its Cost and NBV as mentioned in Table C, we then further identified the assets that are solely required for this valuation with CDG concurrence. We have identified the two (2) main categories, namely, "机器设备", in asset listing "资产 0930（银侨） and "机器设备" in asset listing "资产 0930（贝多）".

We have not conducted valuation of assets other than what are stated as "Within Scope" in Table D. For assets that are "Out of Scope" we have not conducted any form of valuation procedures.

Table D

FA Listing - Yinqiao

Category (excl Land & Building)	Total Cost as at 30 Sep 2015 (CNY)	Total NBV as at 30 Sep 2015 (CNY)	Remark
电子办公设备	26,409,284	7,041,098	Out of Scope
运输设备	28,251,715	6,807,215	Out of Scope
机器设备	327,339,557	87,767,225	Within Scope
Total	**382,000,556**	**101,615,539**	

FA Listing - Beiduo

Category (excl Land & Building)	Total Cost as at 30 Sep 2015 (CNY)	Total NBV as at 30 Sep 2015 (CNY)	Remark
运输设备	524,383	104,851	Out of Scope
办公设备	962,869	434,206	Out of Scope
机器设备	35,990,667	20,355,353	Within Scope
Total	**37,477,919**	**20,894,411**	
Grand Total	**419,478,475**	**122,509,950**	

For the purpose of onsite inspection, we have selected a reasonable coverage of Machinery and Equipment assets as shown in Table E on Page 11. The overall coverage is 72% within the category of "机器设备".

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

Table E

FA Listing - Yinqiao

Category	Total Cost as at 30 Sep 2015 (CNY)	Total NBV as at 30 Sep 2015 (CNY)	Cost of assets selected (CNY)	% of assets selected over total cost	Remark
机器设备	327,339,557	87,767,225	233,628,841	71%	Within Scope
Total	**327,339,557**	**87,767,225**	**233,628,841**	**71%**	

FA Listing - Beiduo

Category	Total Cost as at 30 Sep 2015 (CNY)	Total NBV as at 30 Sep 2015 (CNY)	Cost of assets selected (CNY)	% of assets selected over total cost	Remark
机器设备	35,990,667	20,355,353	27,084,669	75%	Within Scope
Total	**35,990,667**	**20,355,353**	**27,084,669**	**75%**	
Grand Total	**363,330,224**	**108,122,578**	**260,713,510**	**72%**	

For any assets not covered in our valuation procedure, we have relied on Management's representation that their book value can be used as a good estimate to Market Value.

3.2 SITE VISIT AND OBSERVATIONS FOR MACHINERY AND EQUIPMENT

We carried out the site visit for M&E in the following locations and on the following dates:

- No.99, Yinqiao Avenue, Lintong District, Xi'an, Shaanxi, China (hereinafter referred to as "Yinqiao Avenue"), 25 November 2015;
- West Park, Shendong Village, Xiangqiao District, Lintong District, Xi'an, Shaanxi, China (hereinafter referred to as "West Park"), 25 November 2015; and
- No. 61, Jinye No.2 Road, Gaoxin District, Xi'an, Shaanxi, China (hereinafter referred to as "Jinye No.2 Road"), 26 November 2015.

Our personnel, Mr. Milton Tan and Ms. Zhenzhu Xing had conducted the site visit based on guidance and inputs from the dedicated personnel onsite. We had conducted the valuation based on the information provided.

The information collected during the site visit typically involves data related to age, general condition, maintenance, utility of the assets, repairs and other factors that might impact the physical and functional utility of the assets. Management provided us with selected invoices based on a sample of assets.

The fixed asset review was designed to assess the usability of the data for valuation purposes, and to ascertain any portinont issues that might need to be addressed during the valuation process.

The fixed asset review and site visits were not designed or intended to be a physical count on inventory of the assets or for the purpose of creating a new asset listing or checking on the operability of such assets.

The sighting was conducted for Yingqiao Avenue based on walking through the overview gallery on the upper level of the building. We were unable to gain access to the production floor as it may contaminate the products during its production process, and all current employees that are currently working on the production floor have to clear the health check, as mentioned to us by the management. Hence, we were unable to verify the assets from asset listing to assets on the floor. However, from high level observation it seems to be well maintained.

For the sighting at West Park, the assets had been poorly maintained. The overall boiler system and related assets had been removed and sold, that does not allow the plant to be in operation since sometime in May 2015. This group of assets does not seem to be in good condition.

During the course of onsite visit, we noticed and were informed of the following:

- Milk (in liquid form) main production lines are located at Yinqiao Avenue. Majority of the assets seems to be in good condition.
- Due to the recent policy implementation by the Ministry of Environmental Protection of China to reduce coal usage, the coal-fired boiler for the plant located at West Park is banned from use in city centers.
- The management has acknowledged that, the boiler and related assets have been sold before the valuation date for CNY85,000.
- We understand from the management that they are in the process of changing the coal-fired boiler to the gas-fired boiler, therefore there is no thermal energy supply to the plant and the machines have stopped operating since May 2015.
- Adult and infant milk powder are mainly produced at Jinye No.2 Road. The machines seem to be in good working condition and are resided in cleanroom.
- We understand from Management that there are scheduled preventive and predictive maintenance program for all assets. The regular maintenance programme is conducted on daily, weekly, monthly and annually basis.

In general, from the overall observed condition, most equipment seems to be in good working condition with the exception for machinery and equipment located at West Park.

3.3 DEFINITIONS/PREMISE OF VALUE

Market Value - is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in arms' length transaction, after proper marketing and where the parties had acted knowledgably, prudently and without compulsion.

Replacement Cost New Is defined as the current cost of replacing an asset with an equally satisfactory substitute asset in new condition and with an equivalent productive capacity or service potential using modern materials, techniques and designs.

Machinery – Individual, or collection or a fleet of machines that may be employed, installed or remotely operated in connection with a user's industrial or commercial processes, trade or business sector (a machine is an apparatus used for a specific process).

Equipment – an all-encompassing term for other assets such as sundry machinery, tooling, fixtures, furniture and furnishing, trade fixtures and fittings, vehicles and loose tools that are used to assist the operation of the enterprise or entity.

Service Life - Is its expected lifetime, or the acceptable period of use in service. It is the time that any manufactured item can be expected to be 'serviceable' or supported by its manufacturer.

True Historical Cost is the cost of an asset when it was first placed into service by its first owner. This is to be distinguished from original cost which is the initial cost of the asset in hands of the present owner who may not be the first owner and who may have purchased at a price greater or lesser than the historical cost. Original Cost may be a used cost of the asset but Historical Cost can never be a used cost.

Valuation Date is the date on which the opinion of value applies. The valuation date shall also include the time at which it applies if the value of the type of asset can change materially in the course of a single day.

3.4 THREE MAIN VALUATION APPROACHES

The three main valuation approaches that are generally accepted and as defined by the International Valuation Standards ("IVS") are as follows:

Sales Comparison Approach: This comparative approach considers the sales of similar or substitute assets and related market data, and establishes a value estimate by the processes involving comparison. In general, an asset being valued (a subject asset) is compared with sales of similar assets that have been transacted in the market. Listings and offerings may also be considered.

Cost Approach – Depreciated Replacement Cost: This comparative approach considers the possibility that, as a substitute for the purchase of a given asset, one could replace or construct another asset that is either a replica of the original or one that could furnish equal utility. In practice, the approach also involves an estimate of depreciation for older and/or less functional assets where an estimate of cost new unreasonably exceeds the likely price that would be paid for the appraised asset.

Income Capitalization Approach: This comparative approach considers income and expense data relating to the asset being valued and estimates value through a capitalization process. Capitalization relates income (usually a net income figure) and a defined value type by converting an income amount into a value estimate. This may consider direct relationships (known as capitalization rates), yield or discount rates (reflecting measures of return on investment), or both. In general, the principle of substitution holds that the income stream which produces the highest return commensurate with the given level of risk leads to the most probable value figure.

The Income Approach is usually not used for machinery and equipment valuation as cash flows could not be attributed and identifiable to specific assets. For this exercise, we had relied on Management that there are adequate earnings to support the level of value for the purpose of this valuation.

3.5 VALUATION APPROACH ADOPTED

Typically, any one of the approaches can be used for tangible asset valuation depending on the objective and nature of assets involved, and subject to availability of information. For this exercise, we have adopted the Depreciated Replacement Cost Approach.

For Depreciated Replacement Cost Approach, we have to estimate the Replacement Cost New ("RCN") for the assets as of the valuation date. Due to practical reasons, we have only been provided with limited information. Therefore we have to rely on using US BLS, China indices, quotations and web research to estimate the RCN. Although information from BLS is United States centric, we have agreed that is the next best alternative source of information available.

Do note that due to specialised industry with its customised equipment it may be challenging to obtained quotations within a short span of time. Thus, we may have on selected assets basis used the "Trending Method" which is the next best alternative method.

3.6 OBSOLESCENCE

The four types of obsolescence are Physical, Economic, Functional and Technological:

Physical obsolescence considers the loss in value resulting from wear and tear of asset in operation and exposure to various elements, resulting of past service and maintenance, process area environment and others.

Economic obsolescence is the impairment of desirability or useful life arising from economic forces, such as changes in optimum use, legislation, supply and demand relationships.

Functional obsolescence considers the loss in value resulting from capability characteristics between a new machine and the appraised machine.

Technological obsolescence considers the loss in value resulting from the difference between design and materials of construction used in present day machines compared with those used in machine appraised.

In using the age/life depreciation method, certain obsolescence as mentioned would have been considered when estimating the Market Value of the assets. In the event that there is additional obsolescence based on observed condition, we adjust accordingly.

3.7 VALUATION PROCEDURES AND ANALYSIS

We have undertaken the following procedures in estimating the Market Value of Machinery and Equipment as identified in our scope of services.

- Define coverage of assets: Based on discussions with CDG and information provided to us, we identified the assets to be covered for our valuation exercise;

- Undertake site visits: Our team had conducted site visits on 25 November 2015 and 26 November 2015 as detailed in this report - 3.2 SITE VISIT AND OBSERVATIONS FOR MACHINERY AND EQUIPMENT;

- Ascertain used life of each of the assets covered: Based on the assets' date of purchase/acquired and/or date of manufacture (whichever is available), we ascertained the age or used life of the assets as at the Valuation Date;

- Estimate service life: Discussed with CDG about the service life for the assets and we have used these lives as estimates to calculate the Market Value;

- Establish replacement cost new (RCN): RCN is the cost of replacing an existing asset with one which is similar to it and is of equal utility. For the purpose of this calculation we have relied on cost and date of purchase or year of manufacture that were provided to us. We have estimated the RCN using the trending method, quotations, BLS, NBSC and web research;

- In arriving at our estimated Market Value of the covered assets, we have taken into considerations the brand, make, model, age, condition of the fixed assets , character and utility of these assets (where available and applicable);

- The estimated cost and time factors to replace existing assets with similar assets in the market including cost of installation and commissioning; and

- Estimate the Market Value of the assets: Using the above inputs, we have estimated the Market Value of the assets covered.

Our analyses and conclusion is reliant on the following:

- Our valuation analysis is based on assumptions made by or on behalf of CDG as at the Valuation Date regarding the business, the markets as well as the economy in which it operates; and

- These assumptions by their nature cannot be fully substantiated and, while currently considered reasonable by CDG, will not occur exactly as forecasted and projected.

Our analyses and conclusion is reliant on certain technical, financial and other information available in the public domain and/or as made available to us by CDG:

- We have agreed with Management that we will only consider published market data such as BLS, NBSC, quotations, web research for which we are not responsible for their contents and accuracy;

- As part of our analysis, we have not reviewed information such as CDG representation and historical information made available to us during the course of our valuation;

- We have assumed the accuracy of, and have relied on the information provided by CDG including representations provided in arriving at our estimation of value;

- Our report is dependent on information provided to us by CDG. We have assumed that the information provided to us is being full, complete and accurate in all aspects. Management had reviewed a draft version of this report and agrees to its contents and opinions are complete and correct including our understanding of material estimates does not seem unreasonable;

- The estimated value expressed in this report shall be used for the purpose as stated in this report only. We are not responsible for any consequences arising from the valuation being quoted out of context and used beyond the purpose of this exercise;

- We are not required to value assets other than what is stipulated within the following categories and assets without adequate information for us to conduct our analysis:

  - "机器设备", in asset listing "资产 0930（银桥）" and
  - "机器设备" in asset listing "资产 0930（贝多）".

- We have relied on Management's representation that for all fixed assets, their purchase price are true historical cost (first purchased and installed new) with the exception of assets specifically identified and indicated by Management as used assets; and

- We have agreed with you to rely on information, where available, such as quotation, web research, Bureau Labor of Statistics ("BLS") and National Bureau of Statistics of China ("NBSC") to estimate the Replacement Cost New ("RCN") for these assets.

4 LIMITATIONS TO OUR SCOPE OF WORK

Our work, analyses and valuation conclusion cannot be taken as an audit opinion.

We are not required to and have not carried out any checks/audit of the financial statements or any component of the financial statements of CDG. Accordingly, this report should not in any way be considered as an opinion on the financial statements or any component of the financial statements of CDG.

We have not checked/audited the information given to us by or on behalf of CDG for the purpose of this estimation. We do not express any view on its compliance with the financial reporting standards. These are not part of our engagement and assignment.

We accept no responsibility or liability for any losses incurred by any party as a result of our reliance on the financial and non-financial information that was provided to us by or on behalf of CDG.

4.1 MAJOR ASSUMPTION FOR MACHINERY AND EQUIPMENT

- In providing this report, no warranties and guaranties are given as to the ownership of the subject matter of the same. The client shall be deemed to have made all appropriate and proper investigations as to the title and shall be deemed to have satisfied itself to the same;
- We have disregarded any existing liabilities, liens and encumbrances against or titles to the property appraised and assume no responsibility for matters legal in nature;
- Based on information provided to us, we have assumed that these assets are complete working units and is meant to include all parts and accessories normally comprising the unit;
- We have totally disregarded such items which, in our opinion, have no practical take-up value or are normally charged as operating expenses;
- The values reported herein are based upon the premise and for the purpose(s) for which they are stated herein;
- In the event of a change on date of valuation, the values stated in this report will be made invalid;
- Colliers by reasons of this appraisal, is under no obligation to give testimony or attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made thereof;
- Neither in whole nor in part of this appraisal report, nor any reference thereto, be included in any document, circular or statement, unless with our written approval of the form and context in which it will appear;
- The information about the assets provided by Management is true and correct;

- The proper ownership title of the assets has been obtained, all payable fees have been fully settled;
- All required approvals and certificates necessary for the development, occupation and use of the assets have been duly obtained and are in full force and effect;
- The assets can be freely transferred, mortgaged, sublet or otherwise disposed of in the market;
- We have not performed technical and/or operability test on key operating assets;
- We have not investigated into the titles or encumbrances that may be attached to the assets including machinery and equipment, and its peripherals and other assets that may form part of the larger framework. Neither was there considerations taken for financing matters, contracts, documentations and agreements;
- For assets which were purchased as new, we have used acquisition date as manufacturing date for the purpose of calculation;
- We have not been provided with specific date and month for the assets' manufacturing date. We had assumed 1 July of that year of manufacture as the manufacturing date for the purpose of the calculation;
- We have agreed with you to rely on information, where available, such as quotation, web research, Bureau Labor of Statistics ("BLS") and National Bureau of Statistics of China ("NBSC") to estimate the Replacement Cost New ("RCN") for these assets.
- There are occasions where the age of the assets are older than the available statistics information, we have taken the nearest available data to perform this valuation exercise;
- We have confirmed with Management that the quantity of all the line items of assets within the asset listing does not change from the first day they were purchased for the purpose of calculation;
- Management provided us with the limited invoices that we had requested. We were instructed to rely on historical cost recorded in asset listing to conduct valuation;
- We are not required to and have not carried out any form of checks/audit nor independently verified the accuracy, reasonableness and completeness of the financial statements or key assumptions which we have not been provided by CDG;
- Within "机器设备" category, for assets that had been used more than the estimated total service life, we have made an estimation that these assets should still be in working condition for at least another additional year;
- Management has acknowledge that, the coal-fired boiler and related assets located at West Park are banned from use and had been sold before the valuation date at CNY85,000. This sold value shall be used as a good estimate to the Market Value; and

- Management has acknowledged that, asset with description "乳品综合车间绿化工程" in asset listing "资产 0930（贝多）" relates to be the expenses for the plant and not related to M&E. Therefore, we do not value this item.

- From the date of the inspection to the issuance date of this report, we believe that the value of assets should not change materially.

4.2 SUBJECT TO CAVEATS AND ASSUMPTIONS

This report is subject to our Standard Caveats and Assumptions as set out in Section 4 and 7 of this report and be read in conjunction with this report as a whole.

4.3 DOCUMENTS PROVIDED TO US

We were provided the following data and information by CDG:

- Fixed Asset Listing as at 31 October 2015 via email on 10 November 2015;

- Fixed Asset Listing as at 30 September 2015 via email on 20 November 2015;

- Maintenance record and regular maintenance plan via email on 27 November 2015; and

- Limited invoices received via email on 1 December 2015.

5 CONCLUSION – VALUATION RESULTS

Based on various considerations as mentioned in this report, the estimated Market Value as at 30 September 2015 for Machinery and Equipment belonging to CDG is as follows:

Summary of Results

FA Listing - Yinqiao

Out of scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Remarks
电子办公设备	26,409,284	7,041,099	Out of Scope
运输设备	28,251,715	6,807,216	Out of Scope
Subtotal	54,661,000	13,848,314	

Within Scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Market Value as at 30 Sep 2015 (CNY)	Remarks
机器设备	227,973,092	57,951,217	50,215,951	Assets covered in our valuation procedures.
机器设备	5,655,749	1,189,081	85,000	Assets had been sold as a group before valuation date. The market value indicated is the sold price of these assets in total.
机器设备	93,710,716	28,626,927	28,626,927	Assets not covered in our valuation procedures. Mgt represents NBV can be used as a good estimate to Market Value.
Subtotal	327,339,557	87,767,225	78,927,877	
Total	**382,000,556**	**101,615,539**	**78,900,000***	

FA Listing - Beiduo

Out of scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Remarks
运输设备	524,383	104,851	Out of Scope
办公设备	962,869	434,206	Out of Scope
Subtotal	1,487,252	539,057	

Within Scope

Category (excl Land & Building)	Cost as at 30 Sep 2015 (CNY)	NBV as at 30 Sep 2015 (CNY)	Market Value as at 30 Sep 2015 (CNY)	Remarks
机器设备	27,084,669	16,232,678	15,998,411	Assets covered in our valuation procedures.
机器设备	8,240,965	3,991,332	3,991,332	Assets not covered in our valuation procedures. Mgt represents NBV can be used as a good estimate to Market Value.
机器设备	665,034	131,344	-	Asset pertaining to be expenses. We do not value this asset.
Subtotal	35,990,667	20,355,353	19,989,743	
Total	**37,477,919**	**20,894,411**	**20,000,000***	
Grand Total	**419,478,475**	**122,509,950**	**98,900,000***	

**Denotes rounded off to the nearest Hundred Thousand.*

Valuation of Machinery and Equipment
On behalf of China Dairy Group Ltd.

Market Value for Machinery and Equipment as at 30 September 2015:	**CNY 98,900,000** **Chinese Yuan (CNY): Ninety Eight Million and Nine Hundred Thousand Only.** ***(Rounded off to the nearest Hundred Thousand)***

For and on behalf of
Colliers International Consultancy & Valuation (Singapore) Private Limited

Mr. Milton Tan B.Com (VPM), NZ. MRICS
Regional Director, Plant & Machinery, Asia
Valuation and Advisory Services

6 CAVEATS AND ASSUMPTIONS

1. DEFINITIONS

In these Caveats and Assumptions the following words or phrases shall have the meaning or meanings set out below:

'Confidential Information' means information that:

(a) Is by its nature confidential.
(b) Is designed by Us as confidential.
(c) You know or ought to know is confidential.
(d) Includes, without limitation: information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services.
(e) You or Your affiliates provide to Us for the purposes of the Services.

'Currency Date' means, in relation to any valuation report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for the Services as set out in the Quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation services provided pursuant to these Terms and Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the Services.

'The Property' means the assets which are subject of our appointment as your advisor.

'We', 'Us', 'Our', 'Colliers' means Colliers International Limited.

'You', 'Your', 'Client' means the person, Management, firm or other legal entity by or on whose behalf instructions are given, and any person, firm, Management or legal entity who actually gave the instructions to us even though such instructions were given as agent for another.

'Professional Property Practice Standards' refers to RICS Valuation and Appraisal Handbook, or appropriate standards.

2. PERFORMANCE OF SERVICES

We have provided the Services in accordance with:

(a) The Terms and Conditions contained herein; or
(b) As specifically instructed by You for the purpose of the Services; and
(c) Within the current provisions set by the prevailing Professional Property Practice Standards.

3. CONDITION OF THE ASSET

3.1 No allowance has been made in our report for any charges, mortgages or amounts owing on any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We have assumed that the Property is free from and clear of any and all charges, liens and encumbrances of an onerous nature likely to affect value, whether existing or otherwise, unless otherwise stated We assume no responsibility for matters legal in nature nor do we render any opinion as to the title which is assumed to be good and marketable. We are not aware of any easements or rights of way affecting the property and our valuation assumes that none exists.

3.2 We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licenses, permits, certificates, and authorizations have been obtained, except only where otherwise stated.

3.3 We have assumed that any development sites are in a condition suitable for development; this has not been checked by us.

3.4 We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

3.5 We have assumed that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.6 An internal inspection has been made, unless otherwise stated, no detailed on-site measurements have been taken.

3.7 While due care is exercised in the course of our inspection to note any serious defects, no structural survey of the Property will or has been undertaken, and We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.8 None of the services have been tested by Us and we are unable therefore to report on their present condition, but will presume them to be in good working order.

3.9 We recommend that You engage appropriately qualified persons to undertake investigations excluded from our Services.

3.10 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We have obtained only verbal town planning information. It is your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves to be experts in environmental contamination. Unless otherwise stated, our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show the site is contaminated, our valuation may require revision.

5. BUILDING AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the prevailing Professional Property Practice Standards.

5.2 If you do not provide Us with a survey, We will estimate building areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the prevailing Professional Property Practice Standards.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

(a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.

(b) All licenses and permits can be renewed and We have not made any enquires in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with Services (including but not limited to engineering test reports, machinery condition monitoring reports, pipeline integrity survey reports, quantity surveyors reports, non-destructive test reports, structural/ dilapidation reports, environmental audit reports, etc.), We will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

6.3 Our services are provided on the basis that the Client has provided us, to the best of its knowledge, with a full and frank disclosure of all information and other facts which may affect the service, including all secrecy clauses and side agreements. We accept no responsibility or liability whatsoever for the valuation unless such a full disclosure has been made.

6.4 Any plans, sketches or maps included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.

6.5 The study of possible alternative development options and the related economics are not within the scope of this report, unless otherwise stated.

6.6 Our opinion about the market value of the property is free from any influence and/ or point of views of any other parties.

6.7 6.7.The on-going concern valuation of Machinery and Equipment assumes that the present utilization represents its Highest and Best Use and does not include the study of possible alternative utility options and the related economics which are not within the scope of this report.

7. ESTIMATED SELLING PRICE

7.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

(a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries

(b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of title(s) or other enquiries as to encumbrances, restrictions or impediments on title(s); or other investigations which would be required for a formal valuation.

(c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

7.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

8. CURRENCY OF VALUATION

8.1 Due to possible changes in market forces and circumstances in relation to the property the Services can only be regarded as relevant as at the Currency Date.

8.2 Where You rely upon Our valuation report after the Currency Date, You accept the risks associated with market movements between the Currency Date and the date of such reliance.

8.3 Without limiting the generality of 8.2, You should not rely upon Our valuation:

(a) After the expiry of 3 months from the Currency Date;

(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation report.

9. MARKET PROJECTIONS

9.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

9.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

9.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

9.4 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to us by you.

10. YOUR OBLIGATIONS

10.1 You warrant that the instructions and subsequent information supplied by You, to the best of your knowledge, contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

10.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

10.3 You authorise and license Us to incorporate Your intellectual property within Our report(s).

10.4 You will not release any part of Our valuation report or its substance to any third party without Our written consent. When we consent for You to release Our report or any part of Our report to any third party, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it / they had been a party to the original letter of instruction between us. Where we consent to such reliance, You agree to furnish the addressee with a copy of any reliance letter issued by Us and/or a copy of these terms and conditions.

10.5 We reserve the right to reconsider or amend the valuation advice, or the Fee set out in Our Quotation to You, if:

(a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or

(b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

(c) The information provided to Us by You prior to the provision of services is in any way incomplete, misleading or wrong.

10.6 If You release any part of the valuation advice or its substance without written consent, You agree to defend and indemnify Us against claims by a third party who has reviewed the report if We have not, at or subsequent to the time of engagement, provided our specific written consent to such party reviewing and relying on the report. We have no responsibility to any other person even if that person suffers damage as a result of You providing this valuation without Our prior consent.

10.7 You agree that the only remedy for losses or damages relating to the breach of this Agreement shall be limited to three times Our contracted fee for the assignment and no claim shall be made for any consequential or punitive damages.

10.8 You agree not to bring any claim for any losses against any director, consultant or any employee of Ours. You hereby agree that Our director, consultant or any employee does not have a personal duty of care to You and any claim for losses must be brought against Colliers International.

10.9 Where any loss is suffered by You for which We and any other person are jointly and severally liable to You the loss recoverable by You from Us shall be limited so as to be in proportion to our relative contribution to the overall fault.

11. CONFIDENTIALITY

11.1 This report and each part of it is prepared and intended for the exclusive use of the Client for the sole purpose outlined in Our agreement for internal reference purposes, and/or the purposes as specified in the agreement, and in accepting this report, the Client expressly agrees not to use or rely upon this report or any part of it for any other purpose. No person other than the Client shall use or rely upon this report or any part of it for any purpose unless we have given Our express written consent. Similarly neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement nor published in any way without our written approval of the form and context in which it may appear.

11.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

11.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

11.4 Unless otherwise directed in writing by Client, Colliers International retains the right to include references to the Services in its promotional material. Such references shall not contain confidential material.

12. PRIVACY

We may obtain personal information about You in the course of performing Our Services. We respect your privacy and advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organization other than Us.

13. SUBCONTRACTING

We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these terms and conditions, with Your consent.

14. LIMITATION OF COLLIERS LIABILITY

14.1 To the extent permissible under applicable laws, in no event shall Colliers International be liable to Client or anyone claiming by, through or under Client, including insurers, for any lost, delayed, or diminished profits, revenues, production, business, use or opportunities, or any incidental, special, indirect, or economic losses, wasted costs, diminution of value or consequential damages, of any kind or nature whatsoever, however caused.

14.2 We shall be released from Our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond Our reasonable control (examples being a strike, act of God or act of terrorism). All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

14.3 Neither Colliers nor any employee of Ours shall be required to give testimony or to appear in court or any other tribunal or at any government agency by reason of this valuation report or with reference to the property in question, except by court summons / judicial notification, and unless prior arrangements have been made and we are properly reimbursed for reasonable time and expenses incurred. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes valuation report) and all meetings related to court testimony.

14.4 We are free from all legal and/ or non-legal issue which may attach to the Property's title documents.

14.5 All statements of fact in the valuation report which are used as the basis of our analyses, opinions, and conclusions will be true and correct to the best of our knowledge and belief. We do not make any representation and/or warranty and/or guarantee, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to Us by You.

14.6 Our liability for loss and damage attributable to Our negligence, breach of contract, misrepresentation or otherwise (but not in respect of fraud, fraudulent misrepresentation, death or personal injury) shall be limited to a maximum of two times Our contracted fee for the assignment per property for any single case. A single case of damages is defined as the total sum of all damage claims of all persons entitled to claim, which arise from one and the same professional error / offence. In the case of damages suffered from several offences brought about by the same technical error within the scope of several coherent services of a similar nature, we are only to be held liable for an amount of three times Our contracted fee for the assignment per property.

14.7 Where the agreement is addressed to more than one Client, the above limit of liability applies to the aggregate of all claims by all such Clients and not separately to each Client.

14.8 No third party will be entitled to rely on any part of Our valuation report or its substance or advice except with our written consent. Should any third party rely on Our report without obtaining Our written consent, We are not bound by any liability which arises from the use of or reliance upon Our valuation report by such unauthorized party.

14.9 We will not be liable for any services outside the scope of the services agreed to be performed by Us, and in respect of any consequential losses or loss of profits.

14.10 Responsibility for Our valuation extends only to the party(ies) to whom it is addressed. However in the event of Us being asked by You to re-address Our report to another party or other parties or permit reliance upon it by another party or other parties, We will give consideration to doing so, to named parties, and We reserve the right to charge additional fee for doing so although We will agree such fee with You before commencing the work.

15. ENTIRE AGREEMENT

15.1 No further agreement, amendment or modification of these terms and conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorized officers.

15.2 If there is inconsistency between these terms and conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.

15.3 Copyright in any reports, documents or other material provided to You by Us shall remain Our property at all times unless otherwise stated.

15.4 You agree that all terms of the Contract as set and saved as above, we draw your attention the amount of aggregate liability of Colliers International Ltd is limited to 2 times our fees for this Contract inclusive of what is stated in 14.6.

16. ANTI BRIBERY AND CORRUPTION MEASURES

16.1 We represent, in connection with any services to be provided to You, that neither We nor Our contractors, employees or agents (collectively, "Consultant") has made or will make, either directly or indirectly, any payments (i) to or for the use or benefit of any Government Official (ii) to any other person either for an advance or reimbursement, if Consultant knows or has reason to know that any part of such payment has been or will be given to any Government official or (iii) to any person or entity, the payment of which would violate laws and regulations in Australia, the United States, the United Kingdom or any other government entity having jurisdiction over the activities carried out by Consultant. The term "Government Official" in this paragraph means any officer or employee of a government or any governmental department or agency, or any person acting in an official capacity for or on behalf of any such government or governmental department or agency, including employees of state-owned or controlled entities and candidates for political office.

16.2 We represent that, in connection with any services to be provided to You, We will conduct operations at all times in compliance with applicable financial record keeping and reporting requirements, including all applicable money laundering-related laws of any jurisdictions where We conduct business or own assets.

NOTICE OF EXTRAORDINARY GENERAL MEETING

CHINA DAIRY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199703080Z)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Shareholders of China Dairy Group Ltd. (the "**Company**") will be held at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095 on 4 May 2016 at 10.30 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution (on a poll to be taken) to be passed in accordance with the requirements of the listing manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Delisting Resolution**"):

DELISTING RESOLUTION

Approval for the Voluntary Delisting of the Company

That:

(1) the voluntary delisting of the Company from the Official List of the SGX-ST under Rules 1307 and 1309 of the Listing Manual (the "**Delisting Proposal**"), pursuant to which the Exit Offer (as defined in the circular to shareholders dated 12 April 2016 (the "**Circular**")) would be made to the shareholders of the Company on the terms and conditions set out in the Circular, be and is hereby approved; and

(2) the directors of the Company and each of them be and is hereby authorised and empowered to complete and do all such acts and things as they may consider necessary or expedient to give effect to the Delisting Proposal and/or this Resolution, with such modification thereto (if any) as they or he shall think fit in the interests of the Company.

By Order of the Board

SEAH KIM SWEE
Company Secretary
12 April 2016

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Company's registered office at 8 Wilkie Road, #03-02, Wilkie Edge, Singapore 228095, at least 48 hours before the time of the EGM.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, Listing Rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

CHINA DAIRY GROUP LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 199703080Z)

IMPORTANT:

a. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the EGM.

b. For investors who have used their CPF monies to buy Shares in China Dairy Group Ltd., this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies

c. CPF investors who wish to attend the EGM as OBSERVERS must submit their requests through their respective CPF Agent Banks within the timeframe specified. If they also wish to vote, they must submit their voting instructions to their Agent Banks within the timeframe specified to enable them to vote on the CPF investor's behalf.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 12 April 2016.

*I/We _____ (Name)

of _____ (Address)

being *a member/members of **CHINA DAIRY GROUP LTD.** (the "**Company**"), hereby appoint:

Name	**Address**	***NRIC/Passport Number**	**Proportion of shareholdings to be represented by proxy**	
			Number of Shares	**%**
*and/or				

or failing *him/them the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095 on 4 May 2016 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolution to be proposed at the Extraordinary General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	**Resolution**	**Number of votes for(2)**	**Number of votes against(2)**
1.	To approve the voluntary delisting of the Company pursuant to Rules 1307 and 1309 of the Listing Manual		

(1) Please indicate your vote "For" or "Against" the Resolution.

(2) If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2016

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Member(s) or Common Seal of Corporate Shareholder

* Please delete accordingly

Important: Please read notes overleaf.

PROXY FORM

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of Shares. If you have shares entered against your name in the Depository Register and the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies (together with the power of attorney (if any) under which it is signed or a certified copy thereof) must be deposited at the Company's registered office at 8 Wilkie Road, #03-02, Wilkie Edge, Singapore 228095, not later than 48 hours before the time appointed for the holding of the EGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney duly authorised in writing or a duly authorised officer of the corporation.

6. Where an instrument appointing a proxy is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such a person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered against his/her name in the Depository Register, the Company may reject any instrument of proxy lodged if such member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

9. Terms and expressions not defined herein shall have the same meanings ascribed to them in the Circular.

10. **PERSONAL DATA PRIVACY**: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, Listing Rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.