

**PROPOSED VOLUNTARY DELISTING OF
CHINA DAIRY GROUP LTD.
– LOSS OF PUBLIC FLOAT**

1. INTRODUCTION

The board of directors (the “**Board**”, or “**Directors**”) of China Dairy Group Ltd. (the “**Company**”) refers to:

- (a) the exit offer letter dated 12 April 2016 (the “**Exit Offer Letter**”) in relation to the exit offer in cash (the “**Exit Offer**”) made by UOB Kay Hian Private Limited (“**UOBKH**”) on 30 December 2015 for and on behalf of Winner International Investments Limited (the “**Offeror**”) to acquire all the issued ordinary shares in the capital of the Company (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 and in connection therewith, the proposed voluntary delisting of the Company (the “**Proposed Delisting**”) from the Official List of the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) pursuant to Rules 1307 and 1309 of the listing manual of the SGX-ST (the “**Listing Manual**”);
- (b) the circular dated 12 April 2016 (the “**Circular**”) to the shareholders of the Company (“**Shareholders**”) relating to the Proposed Delisting;
- (c) the corrigendum to the Circular dated 15 April 2016;
- (d) the announcement released on 10 May 2016 by the Company in relation to the last day of trading of the Shares and the date of suspension of trading of the Shares (“**Last Day of Trading and Date of Suspension of Trading Announcement**”); and
- (e) the announcement released on 11 May 2016 by UOBKH for and on behalf of the Offeror in relation to an update on the level of acceptances of the Exit Offer (the “**Acceptance Level Announcement**”).

All capitalised terms used and not defined herein shall have the same meanings given to them in the Circular, unless otherwise expressly stated or the context otherwise requires.

2. LOSS OF PUBLIC FLOAT REQUIREMENT

As stated in the Acceptance Level Announcement, as at 5.00 p.m. (Singapore time) on 11 May 2016, the total number of (a) Shares owned, controlled or agreed to be acquired by the Offeror and its Concert Parties, and (b) valid acceptances of the Exit Offer amount to an aggregate of 59,181,195 Shares, representing approximately 13.46% of the total number of issued Shares¹.

Rule 723 of the Listing Manual requires at least 10% of the total number of issued Shares (excluding preference shares and convertible equity securities) in a class that is listed to be held by the public at all times (“**Public Float Requirement**”). Under the Listing Manual, “public” means persons other than:-

¹ References to the total number of Shares in this announcement is based on 439,627,300 Shares as at the date of this announcement.

- (a) Directors, chief executive officer, substantial shareholders, or controlling shareholders of the issuer or its subsidiary companies; and
- (b) Associates of the persons in paragraph (a).

Rule 724(1) of the Listing Manual provides that if the percentage of securities held in public hands falls below 10%,

- (a) the issuer must, as soon as practicable, announce that fact; and
- (b) the SGX-ST may suspend trading of the class, or all the securities of the issuer.

Accordingly, the Board wishes to announce that based on the information in the Acceptance Level Announcement and taking into account the Company's records and information available to the Company, the percentage of Shares held in the hands of public Shareholders as at 11 May 2016 has fallen below 10% and is therefore less than the requisite 10% Public Float Requirement under Rule 723 of the Listing Manual.

Following the Last Day of Trading and Date of Suspension of Trading Announcement, the Company has on 11 May 2016 submitted to the SGX-ST the request for suspension of trading of the Shares which suspension will take effect from 9.00 a.m. (Singapore time) on 12 May 2016.

3. CLOSING DATE

The Exit Offer will remain open for acceptance until **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, being the last day for lodgement of acceptances of the Exit Offer.

4. RESPONSIBILITY STATEMENT

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

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

By Order of the Board

CHINA DAIRY GROUP LTD.

Liu Huaguo
Executive Chairman
11 May 2016