

CHINA DAIRY GROUP LTD.
(Company Registration No.: 199703080Z)
(Incorporated in the Republic of Singapore)

UPDATE: THE PROPOSED CONSOLIDATION OF EVERY FIVE (5) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS OF THE COMPANY AS AT A BOOKS CLOSURE DATE TO BE DETERMINED, INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

Capitalised words used in this announcement shall bear the same meanings as those ascribed thereto in the Company's announcement dated 12 March 2015.

On 12 March 2015, the Company announced that it intends to seek Shareholders' approval to undertake the Proposed Share Consolidation pursuant to which five (5) existing Shares are proposed to be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.

The primary rationale for the Proposed Share Consolidation is to facilitate the Company's compliance with the MTP Rule which Mainboard issuers will be first assessed for compliance at the first review date on 1 March 2016 based on its 6-month VWAP of its shares between 1 September 2015 and 28 February 2016, with a further 36-month cure period for non-compliance.

The Board of Directors of the Company ("**Board**") wishes to update Shareholders that as there is still some time available to the Company to comply with the MPT Rule, the Company will not proceed with the Proposed Share Consolidation for the time being until further notice and will in the meantime consider if there are any other options available to facilitate the Company's compliance with the MTP Rule. If any such option exists and is assessed to be a more viable alternative for the Company, the Board may propose such option instead of proceeding with the Proposed Share Consolidation. As at the date of this announcement, there is no proposal (other than the Proposed Share Consolidation) or any negotiation with regard to possible alternative that may facilitate the Company's compliance with the MTP Rule.

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. There is no certainty or assurance as at the date of this announcement that the Proposed Share Consolidation will be proceeded with or completed, or that any other more viable option will be available to the Company to facilitate its compliance with the MTP Rule. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read the announcement dated 12 March 2015, this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the action they should take.

By Order of the Board

Liu Huaguo
Executive Chairman
16 March 2015