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**China Mengniu Dairy Company Limited**

中國蒙牛乳業有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 2319)**

**China Modern Dairy Holdings Ltd.**

中國現代牧業控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1117)**

## **JOINT ANNOUNCEMENT**

### **(1) COMPLETION OF THE SALE AND PURCHASE AGREEMENT AND**

**(2) CONDITIONAL MANDATORY CASH OFFERS BY UBS AG AND DBS ASIA CAPITAL LIMITED FOR AND ON BEHALF OF CHINA MENGNIU DAIRY COMPANY LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN CHINA MODERN DAIRY HOLDINGS LTD. (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CHINA MENGNIU DAIRY COMPANY LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND FOR CANCELLATION OF ALL OUTSTANDING OPTIONS IN CHINA MODERN DAIRY HOLDINGS LTD.**

**Financial adviser to China Mengniu Dairy Company Limited**



**Joint financial adviser to China Mengniu Dairy Company Limited**



\* For identification purpose only

Reference is made to the announcement dated 3 February 2017 published by Mengniu announcing that Mengniu Shareholders have approved the Transaction at the EGM which was held on 3 February 2017. On 6 February 2017, CMD issued the New CMD Shares, being 488,036,618 CMD Shares, pursuant to the terms of the Investor Option.

Mengniu is pleased to announce that SPA Completion took place on 7 February 2017.

Immediately following SPA Completion and as at the date of this joint announcement, Mengniu and its Concert Parties beneficially owned an aggregate of 2,313,368,750 CMD Shares, representing approximately 37.7% of the issued share capital of CMD. Accordingly, upon the SPA Completion, Mengniu is required to make (i) a conditional mandatory cash offer for all the issued CMD Shares not already owned or agreed to be acquired by Mengniu and its Concert Parties pursuant to Rule 26.1 of the Takeovers Code, and (ii) an appropriate offer to the Optionholders for the cancellation of the outstanding CMD Options pursuant to Rule 13 of the Takeovers Code on the terms to be set out in the Composite Document.

## **INTRODUCTION**

Reference is made to the joint announcement issued by Mengniu and CMD dated 4 January 2017 (the “**Joint Announcement**”) in relation to, among other things, the SPA entered into by Mengniu and Success Dairy II on 4 January 2017, and the possible conditional mandatory cash offers by UBS and DBS for and on behalf of Mengniu to acquire all the issued shares in CMD (other than those already owned or agreed to be acquired by Mengniu and its Concert Parties) and for cancellation of all outstanding options in CMD. Capitalised terms used and not otherwise defined herein shall have the same meanings as ascribed to them in the Joint Announcement.

## **COMPLETION OF THE SALE AND PURCHASE AGREEMENT**

Mengniu is pleased to announce that as Mengniu Shareholders approved the Transaction at the EGM on 3 February 2017 and CMD issued the New CMD Shares to Success Dairy II on 6 February 2017, all the Conditions to SPA Completion have been fulfilled in accordance with the SPA, and SPA Completion took place on 7 February 2017. Mengniu, through its nominee and direct wholly-owned subsidiary, Future Discovery Limited, has acquired the Subject Shares, being 965,465,750 CMD Shares, representing approximately 15.7% of the entire issued share capital of CMD as at the date of this joint announcement, for an aggregate cash consideration of HK\$1,873,003,555 (or US\$241,475,350 as determined by the Exchange Rate), which is equivalent to HK\$1.94 per CMD Share (or US\$0.25 per CMD Share as determined by the Exchange Rate).

## SHAREHOLDING STRUCTURE OF CMD

Since the date of the Joint Announcement:

- (i) on 25 January 2017, 338,602,205 CMD Shares were issued to the wholly-owned entities of the Individuals;
- (ii) on 6 February 2017, 488,036,618 CMD Shares were issued to Success Dairy II; and
- (iii) no CMD Options have been exercised.

As at the date of this joint announcement, there are 6,131,406,706 CMD Shares in issue. The shareholding structure of CMD:

- (i) immediately following issuance of New CMD Shares to Success Dairy II pursuant to the exercise of the Investor Option and prior to SPA Completion,
- (ii) immediately following SPA Completion and prior to the commencement of the Offers, assuming none of the outstanding CMD Options is exercised, and
- (iii) immediately following the closing of the Offers, assuming none of the outstanding CMD Options is exercised and all CMD Shares are tendered for acceptance by CMD Shareholders under the Share Offer (other than the Non-Accepting Shareholders),

are set out as follows:

	Immediately following issuance of New CMD Shares to Success Dairy II pursuant to the exercise of the Investor Option and prior to SPA Completion		Immediately following SPA Completion and prior to the commencement of the Offers, assuming none of the outstanding CMD Options is exercised		Immediately following the completion of the Offers, assuming none of the outstanding CMD Options is exercised and all CMD Shares are tendered for acceptance by CMD Shareholders under the Share Offer (other than the Non-Accepting Shareholders)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Substantial Shareholders</b>						
Mengniu	1,347,903,000	22.0%	1,347,903,000	22.0%	1,347,903,000	22.0%
Future Discovery Limited	0	0.0%	965,465,750	15.7%	4,218,519,768	68.8%
Success Dairy II	965,465,750	15.7%	0	0.0%	0	0.0%
Xinmu Holdings Co. Ltd	671,021,025	10.9%	671,021,025	10.9%	0	0.0%
Yinmu Holdings Co. Ltd	446,465,419	7.3%	446,465,419	7.3%	0	0.0%
Jinmu Holdings Co. Ltd	221,581,733 (Notes 1&2)	3.6%	221,581,733	3.6%	221,581,733	3.6%

	Immediately following issuance of New CMD Shares to Success Dairy II pursuant to the exercise of the Investor Option and prior to SPA Completion		Immediately following SPA Completion and prior to the commencement of the Offers, assuming none of the outstanding CMD Options is exercised		Immediately following the completion of the Offers, assuming none of the outstanding CMD Options is exercised and all CMD Shares are tendered for acceptance by CMD Shareholders under the Share Offer (other than the Non-Accepting Shareholders)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Directors and Chief Executives</b>						
Gao, Lina	4,800,000 (Notes 1 & 2)	0.1%	4,800,000	0.1%	4,800,000	0.1%
<b>Other Public Shareholders</b>	2,474,169,779	40.4%	2,474,169,779	40.4%	338,602,205 (Note 2)	5.5%
<b>Total</b>	6,131,406,706	100.0%	6,131,406,706	100.0%	6,131,406,706	100.0%

*Notes:*

1. Ms. Lina Gao is the legal and beneficial owner of 4,800,000 CMD Shares. In addition, Ms. Lina Gao holds approximately 49.12% of the interests in Jinmu.
2. On 25 January 2017, 338,602,205 new CMD Shares were issued to the wholly-owned entities of the Individuals by CMD pursuant to the terms of the June 16 SPA. The entirety of 338,602,205 CMD Shares will be subject to the Lock-up and thus will not be or are not in a position to be tendered for acceptance under the Share Offer. Ms. Lina Gao and Jinmu have also given unconditional and irrevocable confirmations and undertakings in writing to Mengniu and CMD that they will not or are not in a position to accept the Offers. For further details, please refer to the section headed “Non-Accepting Shareholders” in the Joint Announcement.

As at the date of this joint announcement, there are 315,401,705 outstanding CMD Options conferring rights on the Optionholders to subscribe for CMD Shares. Save for the aforementioned CMD Options, there are no other outstanding securities, options, warrants or derivatives or convertible rights affecting the CMD Shares.

## **CONDITIONAL MANDATORY CASH OFFERS**

Immediately following SPA Completion and as at the date of this joint announcement, Mengniu and its Concert Parties beneficially owned an aggregate of 2,313,368,750 CMD Shares, representing approximately 37.7% of the issued share capital of CMD. Accordingly, upon the SPA Completion, Mengniu is required to make (i) a conditional mandatory cash offer for all the issued CMD Shares not already owned or agreed to be acquired by Mengniu and its Concert Parties pursuant to Rule 26.1 of the Takeovers Code, and (ii) an appropriate offer to the Optionholders for the cancellation of the outstanding CMD Options pursuant to Rule 13 of the Takeovers Code on the terms to be set out in the Composite Document.

The Share Offer is conditional only upon Future Discovery Limited having received acceptances in respect of CMD Shares which, together with the CMD Shares Mengniu has acquired from Success Dairy II, will result in Mengniu and its Concert Parties holding more than 50% of the total issued share capital of CMD.

The Option Offer is conditional only upon the Share Offer becoming or being declared unconditional.

The Offers will commence on the date when the Composite Document together with the forms of acceptance are despatched to CMD Shareholders and Optionholders. An announcement in relation to, among other things, the unconditionality of the Offers will be made 21 days thereafter.

### **DESPATCH OF THE COMPOSITE DOCUMENT**

It is expected that the Composite Documents and the accompanying forms of acceptance will be despatched to the CMD Shareholders and Optionholders on or about 14 February 2017. Further announcement will be made when the Composite Document together with the forms of acceptance are despatched.

**WARNING: CMD Shareholders, Optionholders and potential investors are strongly recommended to read this joint announcement with the Joint Announcement, and should therefore exercise caution when dealing in CMD Shares, CMD Options or other rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

By order of the board of directors of  
**China Mengniu Dairy Company Limited**  
**Jeffrey, Minfang Lu**  
*Chief Executive Officer  
and Executive Director*

By order of the board of directors of  
**China Modern Dairy Holdings Ltd.**  
**Gao Lina**  
*Deputy Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 7 February 2017

*As at the date of this joint announcement, the Mengniu Directors are Mr. Jeffrey, Minfang Lu, Mr. Bai Ying and Ms. Wu Wenting as executive directors, Mr. Ma Jianping, Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Filip Kegels as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi as independent non-executive directors.*

*As at the date of this joint announcement, the CMD Directors are Ms. GAO Lina and Mr. HAN Chunlin as executive directors, Mr. YU Xubo, Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max, Mr. ZHANG Ping and Mr. SUN Yugang as non-executive directors, Mr. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei as independent non-executive directors.*

*The Mengniu Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the CMD Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by CMD Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statements in this joint announcement misleading.*

*The CMD Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Mengniu Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by Mengniu Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*