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WHOLESOME HARVEST LIMITED
(incorporated in the Cayman Islands with limited liability)

**CHINA ZHONGDI DAIRY HOLDINGS
COMPANY LIMITED**
中國中地乳業控股有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1492)

JOINT ANNOUNCEMENT

(1) THE SHARE SUBSCRIPTION AGREEMENT;

AND

(2) POSSIBLE MANDATORY CONDITIONAL CASH OFFER BY CLSA LIMITED FOR AND ON BEHALF OF WHOLESOME HARVEST LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF CHINA ZHONGDI DAIRY HOLDINGS COMPANY LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY WHOLESOME HARVEST LIMITED)

Exclusive financial adviser to Wholesome Harvest Limited



THE SHARE SUBSCRIPTION AGREEMENT

The Company was informed by the Offeror that the Offeror and the Subscribers entered into the Share Subscription Agreement on 27 September 2020, pursuant to which Jingang Trade has conditionally agreed to (i) transfer 432,641,522 Shares legally and beneficially held by it and (ii) contribute a capital injection of HK\$1,659,738,400 to the Offeror, which is equal to the total value of 1,466,200,000 Shares subject to the Offer (representing approximately 56.25% of the total issued share capital of the Company as at the date of this joint announcement) calculated based on the Offer Price of HK\$1.132, in exchange for 1,898,841,522 ordinary shares issued by the Offeror, and Zhang Group has conditionally agreed to transfer 707,878,000 Shares beneficially held by Zhang Group, comprising (i) 392,088,000 Shares directly owned by YeGu Investment and (ii) 315,790,000 Shares directly owned by Green Farmlands, to the Offeror in exchange for 707,878,000 ordinary shares issued by the Offeror to YeGu Investment. The transfer and subscription price per share of the Offeror is HK\$1.132 per share, equivalent to the Offer Price.

Upon Completion, the Offeror will hold 1,140,519,522 Shares, representing approximately 43.75% of voting rights of the Company calculated based on the issued share capital of the Company as at the date of this joint announcement. Jingang Trade and YeGu Investment will respectively hold 1,898,841,522 and 707,878,000 shares of the Offeror, representing approximately 72.84% and 27.16% of the total issued share capital of the Offeror, respectively.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror is not interested in any Shares and the sole shareholder of the Offeror, being Jingang Trade, is holding 432,641,522 Shares, representing approximately 16.6% of the total issued share capital of the Company. Immediately following Completion, 432,641,522 Shares, 392,088,000 Shares and 315,790,000 Shares, representing approximately 16.6%, 15.04% and 12.11% of the total issued share capital of the Company, will be transferred to the Offeror from Jingang Trade, YeGu Investment and Green Farmlands, respectively, where the Offeror will be interested in 1,140,519,522 Shares in aggregate, representing approximately 43.75% of voting rights of the Company calculated based on the issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror).

As at the date of this joint announcement, the Company has 2,606,719,522 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principal terms of the Offer

Upon Completion, CLSA Limited, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer to acquire all the Offer Shares on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.132 in cash

The Offer Price of HK\$1.132 per Offer Share is equal to the per Exchange Share consideration under the Share Subscription Agreement, which was determined by the Offeror after taking into account, among others, the Offeror's analysis of the Company's historical share prices (details of which are set out in the section headed "Comparison of value" below) and commercial assessment of the Company. The Offeror believes that the per Exchange Share consideration and the Offer Price are fair and commercially attractive to other Shareholders.

The Offer Shares to be acquired under the Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company does not have any dividend and/or other distribution and/or other return of capital that is announced, declared or paid in respect of the Shares as at the date of this joint announcement. The Company also has no plan to make any distribution or declare dividends before the close of the Offer.

The Offeror will not increase the Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Principal terms of the Offer are set out in the section headed "Possible Mandatory Conditional Cash Offer" below.

Value of the Offer

As at the date of this joint announcement, there are 2,606,719,522 Shares in issue. On the basis of the Offer Price being HK\$1.132 per Offer Share, the total issued share capital of the Company would be valued at HK\$2,950,806,498.9.

Excluding the Exchange Shares and assuming no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, 1,466,200,000 Shares will be subject to the Offer. On the basis of full acceptance of the Offer, the maximum cash consideration payable by the Offeror under the Offer would be HK\$1,659,738,400 based on the Offer Price.

Confirmation of financial resources

Assuming that the Offer is accepted in full, the maximum aggregate amount payable by the Offeror under the Offer will be HK\$1,659,738,400. CLSA Capital Markets, the exclusive financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offer.

POSSIBLE SPECIAL DEAL

The Share Subscription is an arrangement between Jingang Trades (being the beneficial owner of the Offeror as at the date of this joint announcement and a Shareholder) and Zhang Group (being the direct and indirect Shareholders), which is not capable of being extended to all Shareholders. As such, the Share Subscription constitutes a “special deal” under Note 3 to Rule 25 of the Takeovers Code. Accordingly, the Share Subscription will be conditional upon, among others, obtaining the consent of the Executive. The Executive will normally consent to the special deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the special deal is an arm’s-length transaction on normal commercial terms and that its terms are fair and reasonable, and (ii) it is approved by the Independent Shareholders at the EGM by way of poll. An application will be made to the Executive for its consent to the special deal pursuant to Note 3 to Rule 25 of the Takeovers Code. For information relating to the circular to be despatched in relation to the special deal, please refer to the section headed “Despatch of Documents” below.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

The Offeror intends (but is not obliged) to exercise any right it may have under section 88 of the Cayman Islands Companies Law (as amended) to compulsorily acquire those Shares not acquired by the Offeror under the Offer on the condition that the Offeror, within four (4) months of the posting of the Composite Document, acquires not less than 90% of the Offer Shares. On completion of such compulsory acquisition, if exercised, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatize the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law (as amended), acceptance of the Offer and purchases made by the Offeror and its concert parties during the four months after posting of the Composite Document total 90% or more of the disinterested Shares (as defined in the Takeovers Code, which for avoidance of doubt, exclude Shares to be held by the Offeror Concert Group upon Completion).

INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors, namely Mr. Liu Dai, Mr. Du Yuchen, Mr. Li Jian and Ms. Yu Tianhua and independent non-executive Directors, namely Prof. Li Shengli, Dr. Zhang Shengli and Mr. Zhang Juying Jerry, who have no direct or indirect interest in the Offer, has been established to make recommendations on the Share Subscription and whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Share Subscription, which constitutes a special deal, and the Offer, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made by the Company as soon as practicable after the Independent Financial Adviser has been appointed. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee will be included in the circular and Composite Document to be despatched to the Shareholders.

DESPATCH OF DOCUMENTS

Special Deal

A circular containing, among other things, (i) information regarding the Share Subscription, which constitutes a special deal; (ii) the recommendation from the Independent Board Committee on the Share Subscription; (iii) the advice of the Independent Financial Adviser on the Share Subscription; and (iv) the notice of the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve. As there is a pre-condition (i.e., Completion) to the making of the Offer, the Offeror will apply to the Executive for a consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven (7) days from the fulfillment of such pre-condition (i.e., Completion).

If the Offer materializes, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the Form of Acceptance, will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code. The relevant holders of Offer Shares are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer, before deciding whether or not to accept the Offer.

EGM

The EGM will be held for the purpose of considering and, if thought fit, approving, among others, the resolution(s) in respect of the Share Subscription (which constitutes the special deal) by way of poll. The Offeror Concert Group will abstain from voting on the relevant resolution(s) at the EGM.

WARNING

The making of the Offer is subject to the occurrence of Completion, which in turn is conditional on the fulfillment of the conditions precedent of the Share Subscription Agreement or waiver thereof as appropriate. Accordingly, the Share Subscription may or may not be completed and consequentially the Offer may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

THE SHARE SUBSCRIPTION AGREEMENT

The Company was informed by the Offeror that the Offeror and the Subscribers entered into the Share Subscription Agreement on 27 September 2020. The principal terms of the Share Subscription Agreement are summarized below:

Date: 27 September 2020

Parties:

Issuer: the Offeror

Subscribers: (i) Jingang Trade; and
(ii) Zhang Group

Subject and Consideration of the Share Subscription Agreement

Jingang Trade has conditionally agreed to (i) transfer 432,641,522 Shares legally and beneficially held by it and (ii) contribute a capital injection of HK\$1,659,738,400 to the Offeror, which is equal to the total value of 1,466,200,000 Shares subject to the Offer (representing approximately 56.25% of the total issued share capital of the Company as at the date of this joint announcement) calculated based on the Offer Price of HK\$1.132, in exchange for 1,898,841,522 ordinary shares issued by the Offeror. Zhang Group has conditionally agreed to transfer 707,878,000 Shares beneficially held by Zhang Group, comprising (i) 392,088,000 Shares directly owned by YeGu Investment and (ii) 315,790,000 Shares directly owned by Green Farmlands, to the Offeror in exchange for 707,878,000 ordinary shares issued by the Offeror to YeGu Investment. The transfer and subscription price per share of the Offeror is HK\$1.132 per share, equivalent to the Offer Price.

Conditions precedent to the Share Subscription Agreement

Pursuant to the Share Subscription Agreement, Completion is subject to the satisfaction (or waiver, as stated further below) of the following conditions:

- (i) the passing of all necessary resolutions by the independent Shareholders (as required under the Takeovers Code) at the general meeting of the Company pursuant to the requirements under the Takeovers Code and/or the Listing Rules to effect the Share Subscription Agreement;
- (ii) the Executive granting “special deal” consent under Rule 25 of the Takeovers Code in relation to the Share Subscription Agreement having been obtained and not having been revoked;
- (iii) the receipt of antitrust clearance from the State Administration for Market Regulation of the People’s Republic of China;
- (iv) Jingang Trade’s warranties in the Share Subscription Agreement shall be true and correct in all respects as of the Completion; and
- (v) Zhang Group’s warranties in the Share Subscription Agreement shall be true and correct in all respects as of the Completion.

Conditions (i) to (iii) above are not waivable by any party of the Share Subscription Agreement. Condition (iv) can be waived by Zhang Group in its sole discretion and Condition (v) can be waived by Jingang Trade in its sole discretion.

Warranties

Jingang Trade warrants to Zhang Group that:

- (i) Jingang Trade is the sole legal and beneficial owner of 432,641,522 Shares;
- (ii) there is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance or equity on, over or affecting such 432,641,522 Shares registered in its name and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any;
- (iii) Jingang Trade has the requisite power and authority to enter into and perform the Share Subscription Agreement; and
- (iv) the Share Subscription Agreement constitutes binding obligations of Jingang Trade in accordance with its terms.

Zhang Group jointly and severally warrant to Jingang Trade that:

- (i) Zhang Group are the beneficial owners of 707,878,000 Shares;
- (ii) there is no option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance or equity on, over or affecting such 707,878,000 Shares and there is no agreement or commitment to give or create any and no claim has been made by any person to be entitled to any;
- (iii) Zhang Group have the requisite power and authority to enter into and perform the Share Subscription Agreement; and
- (iv) the Share Subscription Agreement constitutes binding obligations of Zhang Group in accordance with its terms.

Completion

Pursuant to the Share Subscription Agreement, Completion shall take place within ten (10) Business Days after all conditions to the Share Subscription Agreement are satisfied (or waived, where applicable), or any other date as may be agreed by the Offeror and the Subscribers. Upon Completion, the Offeror will hold 1,140,519,522 Shares, representing approximately 43.75% of voting rights of the Company calculated based on the issued share capital of the Company as at the date of this joint announcement. Jingang Trade and YeGu Investment will respectively hold 1,898,841,522 and 707,878,000 shares of the Offeror, representing approximately 72.84% and 27.16% of the total issued share capital of the Offeror, respectively.

Termination

The Share Subscription Agreement may be terminated by mutual written consent of the parties.

POSSIBLE MANDATORY CONDITIONAL CASH OFFER

As at the date of this joint announcement, the Offeror is not interested in any Shares and the sole shareholder of the Offeror, being Jingang Trade, is holding 432,641,522 Shares, representing approximately 16.6% of the total issued share capital of the Company. Immediately following Completion, 432,641,522 Shares, 392,088,000 Shares and 315,790,000 Shares, representing approximately 16.6%, 15.04% and 12.11% of the total issued share capital of the Company, will be transferred to the Offeror from Jingang Trade, YeGu Investment and Green Farmlands, respectively, where the Offeror will be interested in 1,140,519,522 Shares in aggregate, representing approximately 43.75% voting rights of the Company calculated based on the issued share capital of the Company as at the date of this joint announcement. Pursuant to Rule 26.1 of the Takeovers Code, upon Completion, the Offeror is required to make a mandatory conditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror).

Securities of the Company

As at the date of this joint announcement, the Company has 2,606,719,522 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares. As at the date of this joint announcement, the Company has not granted any share option pursuant to the share option scheme adopted by the Company dated 28 October 2015.

Principal terms of the Offer

Upon Completion, CLSA Limited, on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer to acquire all the Offer Shares on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$1.132 in cash

The Offer Price of HK\$1.132 per Offer Share is equal to the per Exchange Share consideration under the Share Subscription Agreement, which was determined by the Offeror after taking into account, among others, the Offeror's analysis of the Company's historical share prices (details of which are set out in the section headed "Comparison of value" below) and commercial assessment of the Company. The Offeror believes that the per Exchange Share consideration and the Offer Price are fair and commercially attractive to other Shareholders.

The Offer Shares to be acquired under the Offer shall be fully paid and free and clear of any lien and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document. The Company does not have any dividend and/or other distribution and/or other return of capital that is announced, declared or paid in respect of the Shares as at the date of this joint announcement. The Company also has no plan to make any distribution or declare dividends before the close of the Offer.

The Offeror will not increase the Offer Price for the Offer Shares as set out above. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Offer Price and the Offeror does not reserve the right to increase the Offer Price.

Comparison of value

The Offer Price of HK\$1.132 per Offer Share represents:

- (i) a premium of approximately 11.0% over the closing price of HK\$1.020 per Share as quoted on the Stock Exchange on 25 September 2020, being the Last Trading Day;
- (ii) a premium of approximately 16.9% over the average closing price of approximately HK\$0.968 per Share based on the daily closing prices as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 20.0% over the average closing price of approximately HK\$0.943 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 22.8% over the average closing price of approximately HK\$0.922 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 44.9% over the average closing price of approximately HK\$0.781 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 77.6% over the average closing price of approximately HK\$0.638 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a premium of approximately 19.8% over the audited consolidated net asset value attributable to the owners of the Company of approximately RMB0.85 (equivalent to approximately HK\$0.94 at the exchange rate of HK\$1.11635 to RMB1, being the exchange rate as quoted by China Foreign Exchange Trade System on 31 December 2019) per Share as at 31 December 2019, calculated by dividing the Group's audited consolidated net assets attributable to the Shareholders of approximately RMB2,206,298,000 as at 31 December 2019 by 2,606,719,522 Shares in issue as at the date of this joint announcement; and
- (viii) a premium of approximately 16.6% over the unaudited consolidated net asset value attributable to the owners of the Company of approximately RMB0.89 (equivalent to approximately HK\$0.97 at the exchange rate of HK\$1.09476 to RMB1, being the exchange rate as quoted by China Foreign Exchange Trade System on 30 June 2020) per Share as at 30 June 2020, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately RMB2,311,208,000 as at 30 June 2020 by 2,606,719,522 Shares in issue as at the date of this joint announcement.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the commencement of the offer period (as defined under the Takeovers Code) (i.e., the date of this joint announcement) and up to and including the Last Trading Day were HK\$1.30 per Share (on 4 August 2020) and HK\$0.35 per Share (from 25 March 2020 to 20 July 2020), respectively.

Value of the Offer

As at the date of this joint announcement, there are 2,606,719,522 Shares in issue. On the basis of the Offer Price being HK\$1.132 per Offer Share, the total issued share capital of the Company would be valued at HK\$2,950,806,498.9.

Excluding the Exchange Shares and assuming no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer, 1,466,200,000 Shares will be subject to the Offer. On the basis of full acceptance of the Offer, the maximum cash consideration payable by the Offeror under the Offer would be HK\$1,659,738,400 based on the Offer Price.

Confirmation of Financial Resources

Assuming the Offer is accepted in full, the maximum aggregate amount payable by the Offeror under the Offer will be HK\$1,659,738,400. CLSA Capital Markets, the exclusive financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable by the Offeror upon full acceptance of the Offer.

Conditions of the Offer

The Offer will be only conditional upon valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of Shares which, together with Shares acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition to the Offer in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the despatch of the Composite Document (or such later date to which the Executive may consent).

The Offer may or may not become unconditional. Shareholders and investors should exercise caution when dealing in securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

Effect of accepting the Offer

Acceptance of the Offer by any person will constitute a warranty by such person that all Offer Shares to be sold by such person under the Offer are fully paid and free and clear of all lien whatsoever together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the Closing Date.

Acceptances of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the relevant holders of Offer Shares on acceptances of the Offer calculated at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amounts payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant holders of the Offer Shares who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Subject to the Offer having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) following the later of the date on which (i) the Offer becomes, or is declared unconditional; and (ii) the date on which the duly completed Forms of Acceptance and the relevant documents of title of the Offer Shares in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

Taxation advice

Relevant holders of Offer Shares are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company, CLSA Limited, CLSA Capital Markets and (as the case may be) their respective ultimate beneficial owners, directors, officers, agents, advisers or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The Offeror intends to make the Offer available to all relevant holders of Offer Shares who are not resident in Hong Kong. The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should fully observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

If the receipt of the Composite Document by the Overseas Shareholders is prohibited by any applicable laws and regulations and may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such Overseas Shareholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Acceptance of the Offer by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

POSSIBLE SPECIAL DEAL

The Share Subscription is an arrangement between Jingang Trades (being the beneficial owner of the Offeror as at the date of this joint announcement and a Shareholder) and Zhang Group (being the direct and indirect Shareholders), which is not capable of being extended to all Shareholders. As such, the Share Subscription constitutes a "special deal" under Note 3 to Rule 25 of the Takeovers Code. Accordingly, the Share Subscription will be conditional upon, among others, obtaining the consent of the Executive. The Executive will normally consent to the special deal provided that: (i) the Independent Financial Adviser publicly states in its opinion that the special deal is an arm's-length transaction on normal commercial terms and that its terms are fair and reasonable, and (ii) it is approved by the Independent Shareholders at the EGM by way of poll. An application will be made to the Executive for its consent to the special deal pursuant to Note 3 to Rule 25 of the Takeovers Code. For information relating to the circular to be despatched in relation to the special deal, please refer to the section headed "Despatch of Documents" below.

INFORMATION ON THE OFFEROR

The Offeror is an exempted company incorporated in Cayman Islands and set up for the implementation of the Offer on 28 August 2020. As at the date of this joint announcement, the Offeror is wholly and beneficially owned by Jingang Trade, and the Offeror has not had any business or asset since incorporation and does not hold any interest in the Company. Immediately after the Completion, the Offeror will hold 1,140,519,522 Shares, representing approximately 43.75% of the total issued share capital of the Company, and Jingang Trade and YeGu Investment will legally and beneficially hold 1,898,841,522 and 707,878,000 ordinary shares of the Offeror, representing approximately 72.84% and 27.16% of the total issued share capital of the Offeror, respectively.

Jingang Trade is a company incorporated in Hong Kong, primarily engaged in investment and trading businesses. It is wholly and beneficially owned by Yili Industrial.

Yili Industrial is a company incorporated in the PRC with limited liability, the share of which are listed on the Shanghai Stock Exchange of the PRC (stock code: 600887). Yili Industrial is principally engaged in the business of processing and manufacturing dairy products in the PRC. As at the date of this joint announcement, Yili Industrial does not have any controlling shareholder (as defined in the Listing Rules). As at the date of this joint announcement, the largest shareholder of Yili Industrial was Huhhot Investment Company Limited (呼和浩特投資有限責任公司) with a shareholding of approximately 8.85%.

YeGu Investment is an exempted company incorporated in the Cayman Islands and set up for the sole purpose of holding Shares. It is wholly and beneficially owned by Mr. Zhang Jianshe.

Green Farmlands is an exempted company incorporated in the Cayman Islands and set up for the sole purpose of holding Shares. It is wholly and beneficially owned by YeGu Investment.

DEALING AND INTERESTS IN THE SECURITIES OF THE COMPANY

The Offeror Concert Group confirms that, as at the date of this joint announcement:

- (i) save for 1,201,979,522 Shares (representing approximately 46.11% of the existing issued share capital of the Company) currently owned by the Offeror Concert Group, neither the Offeror nor any person acting in concert with it owns or has control or direction over any voting rights or rights over the Shares, options, derivatives, warrants, or other securities convertible into Shares;
- (ii) save for the proposed transfer of 1,140,519,522 Shares by the Subscribers to the Offeror pursuant to the Share Subscription Agreement, the subscription of 432,641,522 Shares by Jingang Trade pursuant to a share subscription agreement dated 31 July 2020 at the price of HK\$0.47 per Share, and the acquisition of 41,310,000 Shares by YeGu Investment on 20 July 2020 at the price of HK\$0.35 per Share, neither the Offeror nor any person acting in concert with it had dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period preceding the commencement of the offer period (as defined under the Takeovers Code) (i.e., the date of this joint announcement);

- (iii) save for the Share Subscription Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iv) save for the Share Subscription Agreement, there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) none of the members of the Offeror Concert Group has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) none of the members of the Offeror Concert Group has received any irrevocable commitment to accept or reject the Offer;
- (vii) there is no outstanding derivative in respect of the securities of the Company entered into by the Offeror Concert Group;
- (viii) save for the consideration for the Exchange Shares under the Share Subscription Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the any member of the Offeror Concert Group to any of the Subscribers or any party acting in concert with them in connection with the transfer of the Exchange Shares under the Share Subscription Agreement;
- (ix) save for the Share Subscription Agreement, there is no understanding, arrangement or special deal (as defined in Rule 25 of the Takeovers Code) between any of the Subscribers or any party acting in concert with any of them on one hand, and any member of the Offeror Concert Group on the other hand; and
- (x) save for the Share Subscription Agreement, there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) any member of the Offeror Concert Group or (b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The Group is principally engaged in business operations including raising and breeding dairy cows, producing and selling premium raw milk, importing and selling dairy cows of quality breeds and breeding stock, and import trading business in cows, alfalfa hay and other animal husbandry-related products.

Set out below is a summary of the audited financial information of the Group for each of the two financial years ended 31 December 2018 and 2019 as extracted from the annual report of the Company for the year ended 31 December 2019 and the unaudited financial information of the Group for the six months ended 30 June 2020 as extracted from the interim report of the Company for the six months ended 30 June 2020:

	For the year ended 31 December		For the six months ended
	2019	2018	30 June
	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>RMB' 000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Revenue	1,499,381	1,424,986	873,220
Profit before tax	102,373	63,190	103,552
Profit and total comprehensive income for the period	102,373	63,190	103,552

	As at 31 December		As at
	2019	2018	30 June
	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>RMB' 000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Total assets	5,323,510	4,833,304	5,438,599
Total liabilities	3,059,174	2,731,341	3,070,711
Net assets	2,264,336	2,101,963	2,367,888

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after Completion.

Shareholders	As at the date of this joint announcement		Immediately after Completion	
	Number of Shares (approximate)	%	Number of Shares (approximate)	%
Offeror	0	0	1,140,519,522	43.75%
Concert parties of the Offeror whose Shares form the Exchange Shares:				
– Jingang Trade (other than through the Offeror)	432,641,522	16.60%	0	0
– YeGu Investment (other than through Green Farmlands) ⁽¹⁾	392,088,000	15.04%	0	0
– Green Farmlands ⁽¹⁾	315,790,000	12.11%	0	0
Concert parties of the Offeror whose Shares form part of the Offer Shares and do not form part of the disinterested Shares:				
– SiYuan Investment ⁽²⁾	61,460,000	2.36%	61,460,000	2.36%
Aggregate number of Shares held by the Offeror Concert Group	1,201,979,522	46.11%	1,201,979,522	46.11%
Other Shareholders	1,404,740,000	53.89%	1,404,740,000	53.89%
Total	2,606,719,522	100%	2,606,719,522	100%

Notes:

- As at the date of this joint announcement, Mr. Zhang Jianshe is the sole shareholder of YeGu Investment which directly holds 392,088,000 Shares and indirectly holds, through its shareholding in Green Farmlands, 315,790,000 Shares. Accordingly, under the SFO, Mr. Zhang Jianshe is deemed interested in the 707,878,000 Shares held directly and indirectly by YeGu Investment. Ms. Li Jingtao is the spouse of Mr. Zhang Jianshe and is therefore deemed to be interested in the Shares in which Mr. Zhang Jianshe is interested under the SFO.
- Mr. Zhang Jianshe and Mr. Zhang Kaizhan are parties acting in concert pursuant to section 317 of the SFO. As at the date of this joint announcement, Mr. Zhang Kaizhan, through his holding company (SiYuan Investment), indirectly holds 61,460,000 Shares. Ms. Zhang Fanghong is the spouse of Mr. Zhang Kaizhan and is therefore deemed to be interested in the Shares in which Mr. Zhang Kaizhan is interested under the SFO.
- The table assumes there will be no change in the issued share capital of the Company from the date of this joint announcement to the Completion Date.
- Shareholding percentages may not add up to 100% due to rounding.

INTENTION OF THE OFFEROR ON THE GROUP

It is the intention of the Offeror that the Company will continue to focus on the development of its existing businesses, namely dairy farming in China subject to a continuing review of its operations and the development of a plan to realize efficiencies and synergies with affiliated businesses of Yili Industrial, the ultimate controlling shareholder of the Offeror. The Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate) as a result of completion of the Offer. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's business and operations to optimize the value of the Group.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF THE COMPANY

As at the date of this joint announcement, the Board comprises of Mr. Zhang Jianshe and Mr. Zhang Kaizhan as executive Directors, Mr. Liu Dai, Mr. Du Yuchen, Mr. Li Jian and Ms. Yu Tianhua as the non-executive Directors; and Prof. Li Shengli, Dr. Zhang Shengli and Mr. Zhang Juying Jerry as independent non-executive Directors.

The Offeror intends to nominate Directors to the Board for appointment with effect from a date which is no earlier than such date as permitted under Rule 26.4 of the Takeovers Code. A separate announcement will be made upon any changes to the composition to the Board in compliance with the Takeovers Code and the Listing Rules as and when appropriate.

COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

The Offeror intends (but is not obliged) to exercise any right it may have under section 88 of the Cayman Islands Companies Law (as amended) to compulsorily acquire those Shares not acquired by the Offeror under the Offer on the condition that the Offeror, within four (4) months of the posting of the Composite Document, acquires not less than 90% of the Offer Shares pursuant to the Offer. On completion of such compulsory acquisition, if exercised, the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatize the Company by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law (as amended), acceptance of the Offer and purchases made by the Offeror and its concert parties during the four months after posting of the Composite Document total 90% or more of the disinterested Shares (as defined in the Takeovers Code, which for avoidance of doubt, exclude Shares to be held by the Offeror Concert Group upon Completion).

LISTING STATUS/PUBLIC FLOAT OF THE COMPANY

According to the Listing Rules, if, upon the close of the Offer, the Offeror does not become entitled to exercise the power of compulsory acquisition under the Cayman Islands Companies Law (as amended) or the Offeror does not exercise such power of compulsory acquisition and less than 25% of the issued Shares are held by the public, or if the Stock Exchange believes that a false market exists or may exist in the trading of the Shares or there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares until appropriate steps have been taken to restore the minimum percentage of the Shares in public hands. In such circumstances, the Offeror will take appropriate steps to restore the sufficient public float of the Shares after the close of the Offer accordingly.

INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee, comprising all non-executive Directors, namely Mr. Liu Dai, Mr. Du Yuchen, Mr. Li Jian and Ms. Yu Tianhua and independent non-executive Directors, namely Prof. Li Shengli, Dr. Zhang Shengli and Mr. Zhang Juying Jerry, who have no direct or indirect interest in the Offer, has been established to make recommendations on the Share Subscription and whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will be appointed, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Share Subscription, which constitutes a special deal, and the Offer, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code. A further announcement will be made by the Company as soon as practicable after the Independent Financial Adviser has been appointed. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee will be included in the circular and Composite Document to be despatched to the Shareholders.

DESPATCH OF DOCUMENTS

Special Deal

A circular containing, among other things, (i) information regarding the Share Subscription, which constitutes a special deal; (ii) the recommendation from the Independent Board Committee on the Share Subscription; (iii) the advice of the Independent Financial Adviser on the Share Subscription; and (iv) the notice of the EGM will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules and the Takeovers Code.

Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch an offer document containing the terms of the Offer, together with the Form of Acceptance, to the Shareholders within 21 days after the date of this joint announcement, or such later date as the Executive may approve. As there is a pre-condition (i.e., Completion) to the making of the Offer, the Offeror will apply to the Executive for a consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to within seven (7) days from the fulfillment of such pre-condition (i.e., Completion).

If the Offer materializes, it is the intention of the Offeror and the Company to combine the offer document and the offeree board circular into the Composite Document. Accordingly, the Composite Document containing, among other things, (i) the details of the Offer (including the expected timetable and terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Offer, together with the Form of Acceptance, will be issued and despatched by the Offeror and the Company jointly to the Shareholders in accordance with the Takeovers Code.

The relevant holders of Offer Shares are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation from the Independent Board Committee in respect of the Offer, before deciding whether or not to accept the Offer.

EGM

The EGM will be held for the purpose of considering and, if thought fit, approving, among others, the resolution(s) in respect of the Share Subscription (which constitutes the special deal) by way of poll. The Offeror Concert Group will abstain from voting on the relevant resolution(s) at the EGM.

As at the date of this joint announcement, the Offeror Concert Group holds an aggregate of 1,201,979,522 Shares, representing approximately 46.11% of the issued share capital of the Company.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolutions to be proposed at the EGM.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

The full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The making of the Offer is subject to the occurrence of Completion, which in turn is conditional on the fulfillment of the conditions precedent of the Share Subscription Agreement or waiver thereof as appropriate. Accordingly, the Share Subscription may or may not be completed and consequentially the Offer may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, the following terms shall have the meanings set out below, unless the context otherwise requires:

“acting in concert”	has the same meaning ascribed to it in the Takeovers Code
“associate”	has the same meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day(s)”	any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorised by laws to be closed in mainland China and Hong Kong
“China” or “PRC”	the People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“CLSA Capital Markets”	CLSA Capital Markets Limited, a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the exclusive financial adviser to the Offeror in respect of the Offer, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“CLSA Limited”	CLSA Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO, being agent making the Offer on behalf of the Offeror, an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6030)
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	China ZhongDi Dairy Holdings Company Limited (Stock code: 1492), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Share Subscription in accordance with the terms and conditions of the Share Subscription Agreement
“Completion Date”	the date on which Completion takes place

“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offer, the recommendation from the Independent Board Committee and the advice from the Independent Financial Adviser to the Independent Board Committee in respect of the Offer
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company to consider, and if thought fit, pass the resolutions in relation to, among others, Share Subscription Agreement
“Exchange Shares”	the aggregate of 1,140,519,522 Shares to be transferred by Jingang Trade, YeGu Investment and Green Farmlands in exchange for 1,140,519,522 shares (being the total issued share capital) of the Offeror pursuant to the terms of the Share Subscription Agreement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form of Acceptance”	the form of acceptance and transfer of Shares in respect of the Offer
“Green Farmlands”	Green Farmlands Group, which is wholly and beneficially owned by YeGu Investment
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all non-executive Directors, namely Mr. Liu Dai, Mr. Du Yuchen, Mr. Li Jian and Ms. Yu Tianhua and independent non-executive Directors, namely Prof. Li Shengli, Dr. Zhang Shengli and Mr. Zhang Juying Jerry, established for the purpose of providing recommendations in respect of (i) the Share Subscription as a special deal; and (ii) the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer pursuant to Rule 2.1 of the Takeovers Code
“Independent Financial Adviser”	the independent financial adviser to be appointed for the purpose of advising the Independent Board Committee in respect of the Share Subscription and the terms of the Offer and as to the acceptance of the Offer
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and parties acting in concert with it

“Jingang Trade”	Hongkong Jingang Trade Holding Co., Limited, which is wholly and beneficially owned by Yili Industrial
“Last Trading Day”	25 September 2020, being the last trading day of the Shares on the Stock Exchange before the publication of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the mandatory conditional cash offer to be made by CLSA Limited on behalf of the Offeror to acquire all the Offer Shares in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer is made, being HK\$1.132 per Offer Share
“Offer Share(s)”	any and all the Shares (other than those already owned and/or agreed to be acquired by the Offeror upon Completion)
“Offeror”	Wholesome Harvest Limited, an exempted company incorporated in Cayman Islands with limited liability and wholly and beneficially owned by Jingang Trade as at the date of this joint announcement and will become a joint venture owned by Jingang Trade as to approximately 72.84% and by YeGu Investment as to approximately 27.16% upon Completion
“Offeror Concert Group”	the Offeror, Jingang Trade, Mr. Zhang Jianshe, YeGu Investment, Green Farmlands, Mr. Zhang Kaizhan, SiYuan Investment and respective parties acting in concert with each of them or party as specified and as determined in accordance with the Takeovers Code
“Overseas Shareholder(s)”	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“RMB”	Renminbi, the lawful currency of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SiYuan Investment”	SiYuan Investment Company Limited, which is wholly and beneficially owned by Mr. Zhang Kaizhan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Share Subscription”	the subscription of 2,606,719,522 shares of the Offeror by the Subscribers pursuant to the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement dated 27 September 2020 entered into by and between the Offeror as issuer and Jingang Trade, Mr. Zhang Jianshe, YeGu Investment and Green Farmlands as subscribers for the subscription of 2,606,719,522 shares
“Subscribers”	the subscribers under the Share Subscription Agreement, namely Jingang Trade, Mr. Zhang Jianshe, YeGu Investment and Green Farmlands
“Takeovers Code”	the Codes on Takeovers and Mergers of Hong Kong
“YeGu Investment”	YeGu Investment Company Limited, which is wholly-owned by Mr. Zhang Jianshe
“Yili Industrial”	Inner Mongolia Yili Industrial Group Co., Ltd (內蒙古伊利實業集團股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange of the PRC (stock code: 600887)
“Zhang Group”	Mr. Zhang Jianshe, YeGu Investment and Green Farmlands
“%”	percent.

By order of the board of
Wholesome Harvest Limited
Wang Xiaogang
Sole Director

By order of the Board of
China ZhongDi Dairy Holdings Company Limited
Zhang Jianshe
Chairman

Hong Kong, 27 September 2020

As at the date of this joint announcement, the Board comprises Mr. Zhang Jianshe and Mr. Zhang Kaizhan as executive Directors; Mr. Liu Dai, Mr. Du Yuchen, Mr. Li Jian and Ms. Yu Tianhua as non-executive Directors; and Prof. Li Shengli, Dr. Zhang Shengli and Mr. Zhang Juying Jerry as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror, the Subscribers or any of their associates or parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the respective director(s) of the Offeror and the Subscribers) 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.

As at the date of this joint announcement, the sole director of Offeror is Mr. Wang Xiaogang.

Mr. Wang Xiaogang accepts full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Group, the Subscribers, or any of their associates or any parties acting in concert with them) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the respective directors of the Group, and the Subscribers) 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.

As at the date of this joint announcement, the sole director of YeGu Investment and Green Farmlands is Mr. Zhang Jianshe.

Mr. Zhang Jianshe accepts full responsibility for the accuracy of information contained in this joint announcement (other than those relating to the Group, the Offeror and Jingang Trade) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the respective directors of the Group, the Offeror and Jingang Trade) 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.

As at the date of this joint announcement, the board of Jingang Trade comprises Mr. Pan Gang, Mr. Wang Xiaogang, Ms. Yuan Ping and Ms. Jiang Yuanzi; and the board of Yili Industrial comprises Mr. Pan Gang, Ms. Zhao Chengxia, Mr. Wang Xiaogang, Ms. Zhao Ying, Ms. Wang Aiqing, Mr. Zhang Junping, Mr. Lv Gang, Mr. Peng Heping, Ms. Ji Shao, Mr. Cai Yuanming, and Ms. Shi Fang.

The directors of Jingang Trade and Yili Industrial jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group and Zhang Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the respective directors of the Group and Zhang Group) 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.