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MODERN FARMING
现代牧业

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)

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION – EXERCISE
OF REDEMPTION RIGHT UNDER THE SHAREHOLDERS
AGREEMENT; AND
(2) WAIVER OF OPTION**

References are made to (i) the China Agricultural Capital Injection Announcement; and (ii) the China Agricultural Option Circular in relation to, amongst others, the China Agricultural Capital Injection Agreement, the Shareholders Agreement, the Option Agreement and the transactions contemplated thereunder.

EXERCISE OF REDEMPTION RIGHT UNDER THE SHAREHOLDERS AGREEMENT

Following arm's length negotiations between Modern Farming and China Agricultural in relation to the redemption of the Target Interest ahead of the original timeline stipulated under the Shareholders Agreement (being January 31, 2027), on October 21, 2026 (after trading hours), Modern Farming, Modern Farming Wuhe (each an indirect non-wholly owned subsidiary of the Company) and China Agricultural entered into the Share Transfer Agreement. Pursuant to the Share Transfer Agreement, Modern Farming agreed to exercise the Redemption Right under the Shareholders Agreement and acquire the Target Interest from China Agricultural at the Redemption Price, i.e. the Redemption.

Upon Completion (which shall be conditional upon the fulfillment of the Condition Precedent), Modern Farming Wuhe will be owned as to 91.5% by Modern Farming and 8.5% by Anhui Suida, respectively. Completion shall occur simultaneously with the Waiver Deed becoming effective and the Option being waived thereunder.

WAIVER OF OPTION

As disclosed in the China Agricultural Capital Injection Announcement and the China Agricultural Option Circular, the Company and China Agricultural entered into the Option Agreement on February 1, 2024, pursuant to which the Company granted to China Agricultural the Option to subscribe for certain Shares of the Company. China Agricultural has not exercised the Option under the Option Agreement and does not hold any shares in the Company as at the date of this announcement.

On October 21, 2026 (after trading hours), China Agricultural entered into and delivered the Waiver Deed to the Company, pursuant to which China Agricultural irrevocably covenanted, undertook and confirmed to the Company, amongst others, to waive the Option to subscribe for the Option Shares permanently. The waiver of the Option is subject to the Completion of the Redemption and the Waiver Deed shall take effect from, and simultaneously with, the Completion of the Redemption.

The waiver of the Option by China Agricultural will not have any effect on the Company's existing shareholding structure.

LISTING RULES IMPLICATIONS

The Company (through Modern Farming) owns 66.1% of the total issued share capital of Modern Farming Wuhe, and China Agricultural owns approximately 25.4% of the total issued share capital of Modern Farming Wuhe. Accordingly, China Agricultural (and its associates (as defined under the Listing Rules)) are connected persons of the Company at the subsidiary level and the Transactions between Modern Farming and China Agricultural constitute connected transactions between the Group and connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

The Redemption Right constitutes an option under Rule 14.72 of the Listing Rules. Pursuant to Rule 14.75(2) and Rule 14A.79(3) of the Listing Rules, the highest applicable percentage ratio in respect of the Transactions exceeds 5% but is less than 25%, and the Transactions constitute a discloseable and connected transaction of the Company pursuant to Chapter 14 and Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) has (i) approved the Transactions; and (ii) confirmed that the Transactions have been entered into on normal commercial terms or better, and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, the Redemption is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements.

None of the Directors has any material interest in the Transactions, and hence no Director was required to abstain from voting on the relevant board resolutions approving the matters as set out above.

References are made to (i) the China Agricultural Capital Injection Announcement; and (ii) the China Agricultural Option Circular in relation to, amongst others, the China Agricultural Capital Injection Agreement, the Shareholders Agreement, the Option Agreement and the transactions contemplated thereunder.

(1) SHARE TRANSFER AGREEMENT

Following arm's length negotiations between Modern Farming and China Agricultural in relation to the redemption of the Target Interest ahead of the original timeline stipulated under the Shareholders Agreement (being January 31, 2027), on October 21, 2026 (after trading hours), Modern Farming, Modern Farming Wuhe (each an indirect non-wholly owned subsidiary of the Company) and China Agricultural entered into the Share Transfer Agreement. Pursuant to the Share Transfer Agreement, Modern Farming agreed to exercise the Redemption Right under the Shareholders Agreement and acquire the Target Interest from China Agricultural at the Redemption Price.

The principal terms of the Share Transfer Agreement are as follows:

Date: October 21, 2026

Parties:

- (1) Modern Farming;
- (2) Modern Farming Wuhe; and
- (3) China Agricultural

Subject matter: Modern Farming agreed to exercise the Redemption Right under the Shareholders Agreement and acquire the Target Interest from China Agricultural at the Redemption Price.

The Target Interest was subscribed by China Agricultural pursuant to the China Agricultural Capital Injection Agreement at the consideration of RMB600 million.

**Redemption Price and
basis of determination
of Redemption Price:**

The Redemption Price was determined under the Shareholders Agreement based on the following formula:

(i) dividends that have been declared but not yet distributed to China Agricultural as approved in the shareholders' meeting of Modern Farming Wuhe (if any); plus (ii) 100% of the consideration of the China Agricultural Capital Injection paid by the China Agricultural (being RMB600 million); plus (iii) 5.5% annual compound interest rate (calculated based on the number of days from the date China Agricultural paid the consideration of the China Agricultural Capital Injection to the date China Agricultural received the Redemption Price (including the first day but excluding the last day) divided by 360); minus (iv) the accumulated cash dividends received by China Agricultural in respect of the Target Interest.

The Company intends to pay the Redemption Price on October 23, 2026, on which basis the Redemption Price, as calculated in accordance with the above formula, would amount to RMB667,488,628.41.

The Redemption Price will be funded by the internal resources of Modern Farming.

Payment term:

The Redemption Price shall be paid in cash by Modern Farming to China Agricultural on or before October 23, 2026.

Condition Precedent:

Completion is conditional upon the signing and delivery of the Waiver Deed by China Agricultural (the "**Condition Precedent**").

Completion:

Subject to the fulfillment of the Condition Precedent, completion of the Redemption will take place upon full payment of the Redemption Price and the Penalty Interest (as defined below), if any (the "**Completion**"). Completion shall occur simultaneously with the Waiver Deed becoming effective and the Option being waived thereunder.

Liability for default in payment:

If Modern Farming fails to pay the Redemption Price in accordance with the Share Transfer Agreement, Modern Farming shall pay to China Agricultural penalty interest (“**Penalty Interest**”) at a daily rate of 0.05% on the outstanding portion of the Redemption Price, accruing from the day following the last payment date agreed under the Share Transfer Agreement until the date on which the Redemption Price is paid in full.

Rights to Target Interest:

Prior to the Completion, China Agricultural shall continue to enjoy all shareholder rights in respect of the Target Interest available under applicable laws, the China Agricultural Capital Injection Agreement, the Shareholders Agreement and other related investment documents, as well as Modern Farming Wuhe’s articles of association.

On the date of Completion, the China Agricultural Capital Injection Agreement and the Shareholders Agreement shall terminate automatically, and China Agricultural shall cease to be a shareholder of Modern Farming Wuhe and shall no longer enjoy shareholder rights or bear shareholder liabilities.

Within 60 business days after the date of Completion, China Agricultural shall cooperate with Modern Farming Wuhe in executing, and completing the procedures for, the relevant documents for registration (filing) of the change with the market regulation authorities. Modern Farming Wuhe shall assist China Agricultural and Modern Farming in handling the registration (filing) procedures with the market regulation authorities relevant to the Redemption.

Upon Completion, Modern Farming Wuhe will be owned as to 91.5% by Modern Farming and 8.5% by Anhui Suida, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE TRANSFER AGREEMENT

The China Agricultural Capital Injection was implemented in 2024 in response to the initiative of “eliminating excess capacity, inventory depletion, deleveraging, reducing costs and shoring up weakness (三去一降一補)” under the national supply-side structural reform, pursuant to which the Group introduced strategic investors, including China Agricultural, at the level of Modern Farming Wuhe, and utilized the proceeds to implement market-oriented debt to equity conversion to reduce debt leverage of the Group.

The Directors consider that the above-mentioned objective of deleveraging the Group through the market-oriented debt to equity conversion has been achieved, as the proceeds from the China Agricultural Capital Injection have been applied to reduce the Group’s debt level and the Group’s capital structure has since been strengthened. In addition, following the completion of acquisition of the shares of China Shengmu Organic Milk Limited (“CSM”) by the Company on August 3, 2026 and the consolidation of CSM’s financial results into the Group’s future financial statements as a subsidiary of the Company (further details of which are available in (i) the composite document jointly issued by the Company and CSM on June 30, 2026 (the “**Composite Document**”); (ii) the supplemental announcement issued by CSM in relation to the Composite Document on July 3, 2026; and (iii) the announcement issued by the Company on August 3, 2026 in relation to the close of offer), the Group’s gearing ratio has lowered notably, and the Group’s standalone credit profile (SACP) with S&P Global Ratings has been revised upward to “b+” from “b”. The Group and Modern Farming currently possess sufficient funds to effect the purchase of the shares of Modern Farming Wuhe under the Share Transfer Agreement in advance of the original schedule. The Directors are of the view that the Transactions are more beneficial to the Company, as they allow the Group to minimize the financing costs, and maximise future returns from Modern Farming. Hence, the Directors consider that it is an appropriate juncture for the Group to conduct the Transactions.

The Directors consider that the entering into of the Share Transfer Agreement and the Redemption will enable the Group to (i) consolidate the Group’s equity interests in Modern Farming Wuhe; and (ii) complete the deleveraging strategy originally contemplated under the China Agricultural Capital Injection, which has now achieved its intended purpose, in each case in line with the Group’s long term strategic developments.

(2) WAIVER DEED

As disclosed in the China Agricultural Capital Injection Announcement and the China Agricultural Option Circular, the Company and China Agricultural entered into the Option Agreement on February 1, 2024, pursuant to which the Company granted to China Agricultural the Option to subscribe for certain Shares of the Company. China Agricultural has not exercised the Option under the Option Agreement and does not hold any shares in the Company as at the date of this announcement.

On October 21, 2026 (after trading hours), China Agricultural entered into and delivered the Waiver Deed to the Company, pursuant to which China Agricultural irrevocably covenanted, undertook and confirmed to the Company, amongst others, to waive the Option to subscribe for the Option Shares permanently. The waiver of the Option is subject to the Completion of the Redemption and the Waiver Deed shall take effect from, and simultaneously with, the Completion of the Redemption.

The waiver of the Option by China Agricultural will not have any effect on the Company's existing shareholding structure.

For further details of the Option Agreement and the Option, please refer to the China Agricultural Capital Injection Announcement and the China Agricultural Capital Injection Circular.

INFORMATION ON THE PARTIES

(1) The Group

The Group is a leading dairy farming operator and raw milk producer in the PRC. As at June 30, 2026, the Group invested and operated a total of 45 dairy farming companies and 53 modern farms across the north and south with over 460,000 dairy cows in Chinese mainland spanning 14 provinces and autonomous regions.

(2) Modern Farming

Modern Farming is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the date of this announcement, which is principally engaged in production of milk and is the key business vehicle of the Group.

(3) Modern Farming Wuhe

Modern Farming Wuhe is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company as at the date of this announcement, which is principally engaged in breeding dairy cows and production of milk, with herd scale of approximately 40,000 dairy cows.

Set out below is a summary of the financial information of Modern Farming Wuhe as extracted from the financial statements of Modern Farming Wuhe, which are prepared in accordance with PRC Accounting Standards for Business Enterprises:

	For the year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>
Profit/ (loss) before tax	(23,995)	59,939
Profit/ (loss) after tax	(24,448)	59,939
	As of	As of
	June 30,	December 31,
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Total assets	3,012,883	3,036,131
Net assets	2,505,153	2,494,945

(4) China Agricultural

China Agricultural is a private equity investment fund established under the laws of the PRC. Its general partner and fund manager is Zhaoken Capital Management (Beijing) Co., Ltd. (招壘資本管理(北京)有限公司) (“**Zhaoken Capital**”), which is a private equity fund manager registered under the relevant PRC laws. Zhaoken Capital is ultimately wholly-owned by the PRC government. As at the date of this announcement, China Agricultural is interested in 25.4% of the total issued share capital of Modern Farming Wuhe.

IMPLICATIONS UNDER THE LISTING RULES

The Company (through Modern Farming) owns 66.1% of the total issued share capital of Modern Farming Wuhe, and China Agricultural owns approximately 25.4% of the total issued share capital of Modern Farming Wuhe as at the date of this announcement. Accordingly, China Agricultural (and its associates (as defined under the Listing Rules)) are connected persons of the Company at the subsidiary level and the Transactions between Modern Farming and China Agricultural constitute connected transactions between the Group and connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rules.

The Redemption Right constitutes an option under Rule 14.72 of the Listing Rules. Pursuant to Rule 14.75(2) and Rule 14A.79(3) of the Listing Rules, the highest applicable percentage ratio in respect of the Transactions exceeds 5% but is less than 25%, and the Transactions constitute a discloseable and connected transaction of the Company pursuant to Chapter 14 and Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) has (i) approved the Transactions; and (ii) confirmed that the Transactions have been entered into on normal commercial terms or better, and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, pursuant to Rule 14A.101 of the Listing Rules, the Redemption is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and Shareholders' approval requirements.

None of the Directors has any material interest in the Transactions, and hence no Director was required to abstain from voting on the relevant board resolutions approving the matters as set out above.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Anhui Suida”	Anhui Suida Rongyao Equity Investment Fund Partnership (Limited Partnership)* (安徽穗達榮耀股權投資基金合夥企業(有限合夥))
“associate(s)”, “connected person(s)”, “connected subsidiary(ies)”, “percentage ratio(s)”, “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“China Agricultural”	China Agricultural Reclamation Industry Development Fund (Limited Partnership)* (中國農墾產業發展基金(有限合夥))
“China Agricultural Capital Injection”	the subscription by China Agricultural for approximately 25.4% of the then enlarged registered capital of Modern Farming Wuhe by way of capital injection of RMB600 million in cash pursuant to the China Agricultural Capital Injection Agreement
“China Agricultural Capital Injection Agreement”	the capital injection agreement dated February 1, 2024 entered into among Modern Farming Wuhe, China Agricultural, Anhui Suida and Modern Farming in connection with the subscription of equity interests and injection of capital by China Agricultural in Modern Farming Wuhe
“China Agricultural Capital Injection Announcement”	the announcement of the Company dated February 1, 2024 in relation to, amongst others, the China Agricultural Capital Injection Agreement, the Shareholders Agreement and the Option Agreement
“China Agricultural Option Circular”	the circular of the Company dated April 26, 2024 in relation to, amongst others, the approval of the Option Agreement and the transactions contemplated thereunder
“Company”	China Modern Dairy Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1117)
“Directors	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Modern Farming”	Modern Farming (Group) Co., Ltd.* (現代牧業(集團)有限公司), a sino-foreign investment enterprise established in the PRC and an indirect non-wholly owned subsidiary of the Company

“Modern Farming Wuhe”	Modern Farming (Wuhe) Co., Ltd* (現代牧業(五河)有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
“Option”	the right granted to China Agricultural to subscribe for the Option Shares
“Option Agreement”	the option agreement dated February 1, 2024 entered into between the Company and China Agricultural in relation to the grant of Option
“Option Shares”	the shares that China Agricultural may subscribe for during the exercise period as set out in the Option Agreement
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Redemption”	the exercise of the Redemption Right by Modern Farming under the Shareholders Agreement to acquire the Target Interest from China Agricultural at the Redemption Price
“Redemption Price”	the redemption price to be paid by Modern Farming to China Agricultural in connection with the Redemption
“Redemption Right”	the right held by Modern Farming to request, <i>inter alia</i> , China Agricultural to transfer all its interest in Modern Farming Wuhe to Modern Farming or any third party designated by Modern Farming as set out in the Shareholders Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Shareholders Agreement”	the shareholders agreement dated February 1, 2024 entered into among Modern Farming Wuhe, Modern Farming, Anhui Suida and China Agricultural
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Interest”	the entire equity interest in the registered share capital of Modern Farming Wuhe held by China Agricultural and to be acquired by Modern Farming from China Agricultural pursuant to the Redemption
“Transactions”	the transactions contemplated under and the entering into of the Share Transfer Agreement, and the Redemption pursuant to the exercise of the Redemption Right
“%”	per cent.

By order of the Board
China Modern Dairy Holdings Ltd.
Chen Yiyi
Chairman

* *For identification purpose only*

Hong Kong, October 21, 2026

As of the date of this announcement, the executive Directors are Mr. Sun Yugang and Mr. Zhu Xiaohui, the non-executive directors are Mr. Chen Yiyi (Chairman), Mr. Shen Xinwen, Mr. Wen Yongping and Ms. Gan Lu, the independent non-executive directors are Mr. Li Shengli, Mr. Lee Kong Wai, Conway and Mr. Chow Ming Sang.