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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)

COMPOSITION OF THE INDEPENDENT BOARD COMMITTEE

Reference is made to the announcement jointly issued by China Modern Dairy Holdings Ltd. (the “**Company**”) and China Mengniu Dairy Company Limited (the “**Offeror**”) dated January 4, 2017 pursuant to Rule 3.5 of the Takeovers Code in respect of, amongst others, (i) the acquisition of 965,465,750 shares of the Company by the Offeror from Success Dairy II Limited (the “**Vendor**”); and (ii) the possible conditional mandatory cash offers by UBS AG and DBS Asia Capital Limited for and on behalf of the Offeror for all the issued shares in the Company (other than those already owned or agreed to be acquired by the Offeror) and for cancellation of all outstanding options in the Company (the “**Joint Announcement**”). Unless the context requires otherwise, terms defined in the Joint Announcement have the same meanings when used herein.

The board of directors of the Company (the “**Directors**”) would like to inform its shareholders (the “**Shareholders**”) that the Company has established the Independent Board Committee comprising all the non-executive Directors (who have no direct or indirect interest in the Offers other than the holding of the CMD Options) to advise the Shareholders and the Optionholders in respect of the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers.

The Independent Board Committee comprises Mr. SUN Yugang, an non-executive Director, and all the independent non-executive Directors, namely, Mr. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei.

Mr. YU Xubo, Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max and Mr. ZHANG Ping, all of which are non-executive Directors, do not form part of the Independent Board Committee due to their respective interest in the Offers as follows:

- (i) Mr. YU Xubo is currently the president of COFCO Corporation, the controlling shareholder of the Offeror;
- (ii) Mr. WOLHARDT Julian Juul is currently a director of the Vendor and he has been a member of KKR Asia Limited, an affiliate of KKR China Growth Fund L.P., a subsidiary of which is New Dairy Investment Ltd, one of the ultimate shareholders of the Vendor, until December 31, 2016, and that since January 1, 2017 he has been an advisor of KKR Asia Limited;
- (iii) Mr. HUI Chi Kin Max is currently a managing director of CDH China Management Company Limited, the manager of CDH Fund IV, L.P., which wholly-owns Crown Dairy Holdings Limited, one of the ultimate shareholders of the Vendor; and
- (iv) Mr. ZHANG Ping is a member of the senior management of the Offeror.

The recommendation of the Independent Board Committee will be included in the Composite Document.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

On behalf of the Board
China Modern Dairy Holdings Ltd.
Ms. GAO Lina
*Deputy Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, January 5, 2017

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

** for identification purpose only*