



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)**

14 February 2017

*To the CMD Shareholders and the Optionholders*

Dear Sir/ Madam,

**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.**

We refer to the Composite Document dated 14 February 2017 jointly issued by Mengniu and CMD, of which this letter forms part. Unless specified otherwise, terms used herein shall have the same meanings as those defined in the Composite Document.

We have been appointed by the CMD Board to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether, in our opinion, the terms of the Offers are fair and reasonable so far as the CMD Shareholders and the Optionholders are concerned and to make a recommendation as to acceptance of the Offers.

Somerley Capital has been appointed as the Independent Financial Adviser to advise us in respect of the terms of the Offers and as to acceptance of the Offers. Your attention is drawn to the "Letter from the Independent Financial Adviser" as set out in the Composite Document containing its advice to us and the principal factors and reasons taken into account by it in arriving at such advice.

We also wish to draw your attention to the "Letter from UBS and DBS" and "Letter from the CMD Board" as set out in the Composite Document as well as the additional information set out in the appendices to the Composite Document.

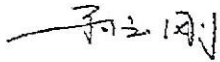
\* *For identification purpose only*

## **RECOMMENDATION**

Having considered the terms of the Offers, the information contained in the Composite Document and the principal factors and reasons considered by, and the independent advice of Somerley Capital, as set out in its letter of advice, we consider that the terms of the Offers are fair and reasonable so far as the CMD Shareholders and the Optionholders are concerned. Accordingly, we recommend the CMD Shareholders and the Optionholders to accept the Offers.

Notwithstanding our recommendation, the CMD Shareholders and the Optionholders should consider carefully the terms of the Offers and then decide whether to accept or not to accept the Offers. You are strongly recommended to read the full text of the "Letter from the Independent Financial Adviser" as set out in the Composite Document.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee



Mr. SUN Yugang



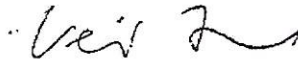
Mr. LI Shengli



Mr. LEE Kong Wai Conway



Mr. KANG Yan



Mr. ZOU Fei