



SOMERLEY CAPITAL LIMITED

20/F., China Building, 29 Queen's Road Central, Hong Kong

Telephone: 2869 9090 Fax: 2526 2032 E-Mail: somerley@somerley.com.hk

6 February 2017

The board of directors
China Modern Dairy Holdings Ltd.
Unit 2402, 24/F, Alliance Building,
130-136 Connaught Road Central,
Sheung Wan,
Hong Kong

Dear Sirs,

We refer to the announcement dated 6 February 2017 (the "**Profit Warning Announcement**") issued by China Modern Dairy Holdings Ltd. (the "**Company**", together with its subsidiaries, the "**Group**"). Capitalised terms used in this letter shall have the same meanings as defined in the Profit Warning Announcement unless otherwise specified.

We also refer to the statement (the "**Statement**") made by the directors of the Company (the "**Directors**") in the Profit Warning Announcement, that, based on the assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2016, it is expected that the Group will record a consolidated net loss attributable to the equity holders of the Company of not less than RMB600 million (unaudited consolidated net loss attributable to the equity holders of the Company for the six months ended 30 June 2016: approximately RMB566 million) for the year ended 31 December 2016 (the "**Profit Estimate**"). The Statement is regarded as a profit forecast under the Takeovers Code and therefore, is required to be reported on pursuant to Rule 10 of the Takeovers Code.

The Statement has been prepared by the Directors based on the unaudited consolidated results of the Group for the year ended 31 December 2016.

We have discussed with you the bases upon which the Statement was prepared. We have also considered the letter on profit forecast dated 6 February 2017 issued by Deloitte, the auditors of the Company, to you, the text of which is set out in Appendix I to the Profit Warning Announcement, which stated that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the Directors as set out in the Statement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group and used in the preparation of the audited consolidated financial statements of the Group for the year ended 31 December 2015.

MS



Based on the above, we are satisfied that the Statement, for which the Directors are solely responsible, has been made with due care and consideration.

Yours faithfully,
For and on behalf of
SOMERLEY CAPITAL LIMITED

M. N. Sabine

M. N. Sabine
Chairman