

The information contained in this appendix should not be relied on to make an investment decision

The information contained in this appendix relating to Feihe Dairy Group is extracted from documents filed with the U.S. Securities and Exchange Commission that are published available at <http://www.sec.gov>. Whilst our Directors have taken all reasonable care to ensure that the information is accurately reproduced from such sources, such information has not been independently verified by the Company nor reviewed or audited by its reporting accountants and may be incomplete or out-of-date. This appendix does not contain all the information that may be important to you. You should read the filings made by Feihe Dairy Group and carefully consider the information contained therein, in particular “Risk Factors.”

None of the Company, the Underwriters, their respective directors and advisers or any other parties involved in the Global Offering make any representation as to the accuracy or completeness of such information, take no responsibility for the contents of the information contained herein and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this appendix. Accordingly, such information should not be unduly relied upon.

KEY FINANCIAL INFORMATION OF FEIHE DAIRY GROUP

The following sets out some key financial information of Feihe Dairy Group, which is extracted from the audited financial statements on Form 10K filed on 27 March 2013 for the three fiscal years ended 31 December 2012 of Feihe Dairy International (which however have not been reviewed or audited by our reporting accountants) sourced from <http://www.sec.gov/>:

Item	For the fiscal year ended 31 December (US\$ million)		
	2010	2011	2012
Total sales	257	293	268
Net income (loss)	(10)	(1)	21
Total assets	586	442	476
Net assets.	162	176	202

REASONS FOR FEIHE DAIRY INTERNATIONAL’S PRIVATIZATION IN JUNE 2013

The following is an extract of the Schedule 14A Proxy Statement dated 20 May 2013 of Feihe Dairy International sourced from <http://www.sec.gov/>. For the purpose of the following extract, the following terms and expressions have the meanings set out below:

“board of directors” or “our board of directors”	board of directors of Feihe Dairy International
“Company”	Feihe Dairy International
“directors”	directors of Feihe Dairy International

“excluded shares”	Feihe Dairy International’s common stock held by (i) the Rollover Holders, (ii) Holdco, Parent, Merger Sub, Feihe Dairy International or any of their respective subsidiaries, and (iii) shareholders who have properly exercised and perfected dissenters’ rights under the Utah Revised Business Corporation Act
“Going Private Proposal”	a preliminary, non-binding proposal from Mr. You-Bin Leng and MSPEA IMF Holding Limited, a Cayman Islands exempted company limited by shares wholly owned by the Sponsor, to acquire all of the outstanding shares of common stock of Feihe Dairy International that were not then currently owned by them and their respective affiliates in a going private transaction for \$7.40 per share in cash, subject to certain conditions
“Holdco”	Diamond Infant Formula Holding Limited, a Cayman Islands exempted company
“merger agreement”	an Agreement and Plan of Merger entered into between Feihe Dairy International and Holdco
“Merger Sub”	Infant Formula Merger Sub Holding Inc., a Utah corporation and a wholly owned subsidiary of Parent
“Oppenheimer”	Oppenheimer & Co. Inc., special committee’s financial advisor
“Parent”	Platinum Infant Formula Holding Limited, a Cayman Islands exempted company and a wholly owned subsidiary of Holdco
“Rollover Holder(s)”	Mr. You-Bin Leng, Mr. Sheng-Hui Liu, Mr. Hua Liu
“shareholders”	shareholders of Feihe Dairy International
“special committee”	the independent special committee of the board of directors of Feihe Dairy International, which was established on 7 November 2012
“Sponsor”	Morgan Stanley Private Equity Asia III Holdings (Cayman) Ltd, a Cayman Islands exempted limited liability company
“unaffiliated shareholder(s)”	shareholders (other than the members of the Holdco, Parent, Merger Sub, the Rollover Holders and the Sponsor and its affiliates)

“Reasons for the Merger and Recommendation of the Special Committee and Our Board of Directors

The board of directors of the Company determined that it was advisable and in the best interests of the Company and its shareholders to form the special committee consisting only of directors that were independent and unaffiliated with any member of the buyer group or any members of the management of the Company, for the purpose of evaluating the Going Private Proposal received from Mr. You-Bin Leng and MSPEA on October 3, 2012 and other strategic alternatives available to the Company. The board of directors of the Company appointed Mr. David Dong, Mr. Kirk Downing and Ms. Xiaofei Ren as members of the special committee. The board of directors of the Company delegated exclusive power and authority to the special committee in connection with its evaluation of the Going Private Proposal, including the exclusive power and authority to (i) formulate, establish, oversee and direct a process for the identification, evaluation and negotiation of a potential sale of the Company, (ii) evaluate and negotiate the terms of any proposed definitive or other agreements in respect of a potential sale of the Company, (iii) make recommendations to the board of directors of the Company in respect of any potential transaction, including, without limitation, any recommendation to not proceed with or to recommend that the Company’s shareholders reject a potential sale of the Company, (iv) make recommendations to the board of directors of the Company that it take other actions or consider other matters that the special committee deems necessary or appropriate with respect to any potential sale of the Company or other potential alternative transactions; and (v) exercise any other power that otherwise may be exercised by the board of directors of the Company and that the special committee may determine is necessary or advisable to carry out and fulfill its duties and responsibilities through the abandonment or completion of a potential sale of the Company. In connection with the formation of the special committee, our board of directors resolved that it would not approve or recommend to the Company’s shareholders any potential sale of the Company without the favorable recommendation of the special committee.

The special committee, at a meeting held on March 3, 2013, unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement were advisable and fair (both substantively and procedurally) to and in the best interests of the Company and its unaffiliated shareholders, and recommended that our board of directors adopt resolutions that:

- *determine that the merger agreement, the limited guarantee and the transactions contemplated by the merger agreement and the limited guarantee, including the merger, are advisable and fair to and in the best interests of the Company and the unaffiliated shareholders;*
- *approve in all respects, the form, terms, provisions and conditions of the merger agreement, the voting agreement, the contribution agreement, the limited guarantee and the Onshore Credit Facility (as defined below) and the transactions contemplated thereby, including the merger; and*
- *submit the merger agreement to the shareholders of the Company for approval at a meeting of the shareholders of the Company, and recommend that the shareholders of the Company vote for the approval of the merger agreement and the consummation of the transactions contemplated by the merger agreement, including the merger.*

Later that day on March 3, 2013, our board of directors convened a meeting where it received the recommendation of the special committee. The Company reasonably believes that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are fair to unaffiliated security holders of the Company. At that meeting, our board of directors determined, on behalf of the Company, that the merger agreement and the transactions contemplated by the merger agreement, including the merger, were advisable, fair (both substantively and procedurally) to and in the best interests of the Company and its unaffiliated shareholders. In addition, at that meeting the Company's board of directors approved and adopted the resolutions recommended by the special committee, which included resolutions to recommend the approval of the merger agreement by the Company's shareholders and direct that the merger agreement be submitted to the Company's shareholders for their approval. In reaching these determinations, our board of directors considered and adopted:

- *the special committee's analyses, conclusions and unanimous determination that the merger agreement, the merger and the other transactions contemplated by the merger agreement were substantively and procedurally fair and advisable to and in the best interest of the Company and its unaffiliated shareholders; and*
- *the special committee's unanimous recommendation that the board of directors adopt the merger agreement, submit the merger agreement to the Company's shareholders for approval at a special meeting of the Company's shareholders and recommend that the shareholders vote for the approval of the merger agreement and the consummation of the merger and other transactions contemplated by the merger agreement.*

The Rollover Holders were not involved in any of our board of directors' deliberations concerning the merger agreement and recused themselves from the March 3, 2012 meeting of our board of directors because of the potential conflicts of interest arising from their roles as directors of the Company and their interest in the transactions contemplated under the merger agreement, including the merger, based on the fact that they were members of the buyer group whose current equity interest in the Company would be rolled over for an indirect equity interest in the surviving company in the merger. Please see "Special Factors — Interests of Certain Persons in the Merger" beginning on page 64 for additional information.

In the course of reaching their respective determinations regarding the fairness of the merger to the unaffiliated security holders and their decisions to recommend that our shareholders approve the merger agreement, the special committee and our board of directors consulted with and received the advice of legal and financial advisors, and discussed certain issues with the Company's senior management team, and also considered the following substantive factors and potential benefits of the merger, each of which the special committee and our board of directors believed supported their respective decisions, but which are not listed in any relative order of importance:

- *the current and historical market prices of the shares of Company common stock, including the fact that the \$7.40 per share merger consideration represents (i) a 21.3% premium over the closing price of \$6.10 per share of Company common stock as quoted by the NYSE on October 2, 2012, (ii) a 23.5% premium to the volume-weighted average price of the Company common stock during the 30 trading days prior to October 2, 2012, (iii) a 22.7% premium to the volume-weighted average price of the Company common stock during the 90 trading days prior to October 2, 2012, and (iv) a 44.1% premium to the volume-weighted average price of the Company common stock during the last 180 trading days prior to October 2, 2012 (October 2, 2012 being the last trading day prior to the Company's announcement of the receipt of the Going Private Proposal);*
- *the negotiations with respect to the per share merger consideration and the special committee's determination that, following extensive negotiations with the buyer group, \$7.40 per share was the highest price that the buyer group would offer, with the special committee basing its belief on a number of factors, including the duration and tenor of negotiations and the experience of the special committee and its advisors;*
- *the financial analyses reviewed and discussed with the special committee by representatives from Oppenheimer, as well as the oral opinion of Oppenheimer that the \$7.40 per share merger consideration was fair, from a financial point of view, to the holders of the shares of Company common stock (other than holders of excluded shares), as of March 3, 2013, based upon and subject to the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered by Oppenheimer in preparing its opinion;*

- *the fact that the \$7.40 per share merger consideration would be paid in all cash, which will allow the Company's unaffiliated shareholders to immediately realize liquidity for their investment and provide them with certainty of the value of their shares of Company common stock;*
- *the possibility that it could take a considerable period of time before the trading price of the shares of Company common stock would reach and sustain at the \$7.40 per share merger consideration, as adjusted for present value;*
- *the limited trading volume of the Company common stock on the NYSE;*
- *the business, competitive position, strategy and prospects of the Company, the risk that it will not success fully implement its strategy and achieve its prospects, the competitive position of current and likely competitors in the industry in which the Company competes, and current industry, economic, and market conditions;*
- *as a privately-held entity, the Company's management may have greater flexibility to focus on improving the Company's financial performance without the constraints caused by the public equity market's valuation of the Company and emphasis on short-term period-to-period performance;*
- *as a SEC-reporting company, the Company is required to disclose a considerable amount of business information to the public, some of which could be considered proprietary and would not be disclosed by a non-reporting company and as a result, the Company's actual or potential competitors, customers, lenders and vendors all have ready access to this information which may help them compete against the Company and make it more difficult for the Company to negotiate favorable terms with them, as the case may be;*
- *the annual costs of remaining a public company, including the cost of consulting and auditing services associated with compliance with the Sarbanes-Oxley Act of 2002 and other U.S. federal securities laws and fees and expenses of the Company's securities counsel, and these costs are ongoing and difficult to reduce;*
- *estimated forecasts of the Company's future financial performance prepared by the Company's management, together with the management's view of the Company's financial condition, results of operations, business, prospects and competitive position;*
- *the possible alternatives to the merger (including the possibility of remaining a publicly traded company), and the special committee's and our board of directors' assessment that none of these alternatives were reasonably likely to present superior opportunities for the Company or to create greater value for its unaffiliated shareholders than the merger, taking into account risks of execution as well as business, competitive, industry and market risks;*

- *the special committee's belief that it was unlikely that any transaction with a third party could be completed at this time given the Rollover Holders' beneficial ownership of approximately 41.8% of the total outstanding shares of Company common stock (including, for purposes of this calculation, shares of Company common stock issuable upon the exercise of Company options held by them that are exercisable within 60 days from the date of this proxy statement) and the express intention of Mr. You-Bin Leng not to sell his shares of Company common stock to any third party and would not work with any partner other than the Sponsor;*
- *the fact that no prospective other buyers had approached the Company, the special committee or their advisors and indicated their interest in pursuing an alternative transaction with the Company since the announcement of the Going Private Proposal;*
- *the fact that the merger agreement is subject to both (a) the approval of shareholders holding at least a majority of all the outstanding shares of Company common stock and (b) the approval of the unaffiliated shareholders;*
- *the availability of dissenters' rights under Utah law to the shareholders of the Company who comply with all of the required procedures under the Utah law for exercising dissenters' rights, which allow such shareholders to demand payment for the fair value of their shares in accordance with applicable Utah law, as may be determined ultimately by a court;*
- *the likelihood that the merger would be completed based on, among other things (not in any relative order of importance):*
 - *the absence of a financing condition in the merger agreement;*
 - *the likelihood and anticipated timing of completing the proposed merger in light of the scope of the limited conditions to completion, including the absence of any significant required regulatory approvals;*
 - *the Company's ability to seek specific performance to cause Holdco, Parent and Merger Sub to draw down the equity financing and to consummate the merger subject to the availability of debt financing;*
 - *the fact the merger agreement provides that, in the event of a failure of the merger to be completed under certain circumstances, Parent will pay the Company a termination fee of \$3,650,000 (which represents approximately 2.5% of the equity value of the Company calculated based on the \$7.40 per share merger consideration), the payment of which is guaranteed by the Sponsor and Mr. You-Bin Leng; and*

- *the fact that Holdco and Parent had obtained debt and equity financing commitments for the merger, the limited number and nature of the conditions to the debt and equity financing, the reputation of the financing sources and the obligations of Holdco, Parent and Merger Sub to use their reasonable best efforts to obtain the debt financing, each of which, in the reasonable judgment of the special committee, increases the likelihood of such financing being completed;*
- *the other terms of the merger agreement and related agreements, including:*
 - *the Company's ability under the merger agreement to conduct a 30-day go-shop process after the signing of the merger agreement on March 3, 2013 to initiate, solicit and encourage alternative acquisition proposals from third parties;*
 - *the Company's ability, at any time from and after the end of the go-shop period but prior to the time the Company shareholders approve the merger agreement, to consider and respond to an unsolicited written acquisition proposal, to furnish confidential information to the person making such a proposal and to engage in discussions or negotiations with the person making such a proposal, if the special committee, prior to taking any such actions, determines in good faith that such acquisition proposal constitutes or could reasonably be expected to result in a superior proposal; and*
 - *our board of directors' ability (acting upon the recommendation of the special committee), under certain circumstances, to change its recommendation that shareholders vote to approve the merger agreement;*
 - *our board of directors' ability to terminate the merger agreement and enter into an alternative acquisition agreement with respect to a superior proposal on the condition that the Company shall pay Parent a termination fee of \$2,200,000 or \$1,500,000, as applicable, which represents approximately 1.5% or 1.0% of the equity value of the Company calculated based on the \$7.40 per share merger consideration, respectively;*
- *the consideration and negotiation of the merger agreement was conducted entirely under the control and supervision of the special committee, which consists of three independent directors who are unaffiliated with the buyer group or any of the management members of the Company, and that no limitations were placed on the special committee's authority;*
- *the terms and conditions of the merger agreement were the product of extensive negotiations between the special committee and its advisors, on the one hand, and the buyer group and its advisors, on the other hand; and*
- *the special committee's and our board of directors' belief that the terms of the merger agreement, including the parties' representations, warranties and covenants, and the conditions to their respective obligations, are reasonable."*