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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)

ANNOUNCEMENT

The board of directors (the “**Board**”) of China Modern Dairy Holdings Ltd. (the “**Company**”) wishes to inform shareholders of the Company and potential investors that, based on the unaudited consolidated management accounts of the Company and its subsidiaries (the “**Group**”), the Group’s cash EBITDA (being earnings before interest expenses, taxation, depreciation, amortization and gain/loss arising from changes in fair value less cost of sales of dairy cows) for the year ended 30 June 2013 are expected to increase by about 50% to approximately RMB670 million as compared to RMB442 million for the corresponding year ended 30 June 2012.

Based on the preliminary valuation carried out by the independent valuer (the “**Valuer**”) of the biological assets of the Group, the Group will likely record an accounting loss of approximately RMB40 million arising from changes in fair value less cost of sales of dairy cows of the Group for the year ended 30 June 2013. Such unexpected loss arising from changes in fair value less cost of sales of dairy cows is primarily due to adjustments in a number of principal valuation assumptions adopted by the Valuer when determining the fair value of the dairy cows of the Group as at 30 June 2013. The Board was informed by the Valuer that such adjustments are made so as to take into account the current prevailing market and industry conditions.

As a result, the consolidated profit and total comprehensive income of the Group for the year ended 30 June 2013 is currently estimated to be approximately RMB330 million.

As the Company is in the process of finalizing the unaudited consolidated financial results of the Group for the year ended 30 June 2013, the information in this announcement is based on a preliminary assessment by the Company's management according to the unaudited consolidated management accounts of the Group for the period ended 30 June 2013 which has neither been confirmed nor reviewed by the Company's auditors or audit committee. Details of the audited financial information of the Group will be disclosed in the Company's announcement of financial results for the year ended 30 June 2013 and the annual report for 2012/2013 to be published in due course.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
China Modern Dairy Holdings Ltd.
Mr. YU Xubo
Chairman

Hong Kong, 13 August 2013

As of the date of this announcement, the executive Directors are Ms. GAO Lina, Mr. HAN Chunlin and Mr. SUN Yugang, the non-executive Directors are Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max, Mr. LEI Yongsheng, Mr. Yu Xubo and Mr. Ding Sheng, the independent non-executive Directors are Prof. LI Shengli, Mr. LEE Kong Wai Conway, Mr. Liu Fuchun and Mr. Kang Yan.