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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)**

**UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF  
MODERN FARMING (GROUP) CO., LTD.\*  
A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY  
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

This announcement is made by the board (the “**Board**”) of China Modern Dairy Holdings Ltd. (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of the Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 25 April 2014 in relation to the completion of the issuance by 現代牧業(集團)有限公司 (Modern Farming (Group) Co., Ltd.) (“**Modern Farm**”), a non-wholly owned subsidiary of the Company, of the second tranche of the short term notes of an aggregate principal amount of RMB0.7 billion.

Pursuant to applicable laws and regulations in the PRC, the unaudited consolidated financial information of Modern Farm for the three months ended 31 March 2014 prepared in accordance with the PRC Generally Accepted Accounting Principles (“**Modern Farm’s Unaudited Consolidated Financial Information**”) will be published on the websites of Shanghai Clearing House (<http://www.shclearing.com>) and China Foreign Exchange Trade System (<http://www.chinamoney.com.cn>) on or before 28 April 2014.

Unaudited consolidated financial information of Modern Farm for the three months ended 31 March 2014 is attached as Appendix to this announcement.

**The Unaudited Consolidated Financial Information of Modern Farm is prepared in accordance with the PRC Generally Accepted Accounting Principles, which may require adjustment during the course of auditing. In addition, the information contained therein is limited solely to Modern Farm and its subsidiaries, which does not provide a full picture of the operation status of the Group. Shareholders and potential investors should exercise caution when dealing in the shares of the Company and should not rely solely on such information.**

For and on behalf of the Board  
**China Modern Dairy Holdings Ltd.**  
**Yu Xubo**  
*Chairman*

Hong Kong, 28 April 2014

*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. YU Xubo, Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max 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.*

*\* For identification purposes only*

## Appendix

### Consolidated Income Statement

Prepared by: Modern Farming (Group)  
Co. Ltd.

	Three months ended 31 March 2014 (Unaudited) RMB	Three months ended 31 March 2013 (Unaudited) RMB
<b>Item</b>		
I. Operating income	1,238,549,645.60	666,972,963.28
Including: Raw milk income	1,080,683,889.11	614,249,629.89
Branded milk income	157,415,756.49	46,867,113.39
Less: Operating cost	800,185,206.26	516,097,543.17
Including: Raw milk cost	677,752,701.35	474,087,169.94
Branded milk cost	122,817,260.62	37,054,153.23
Business Taxes and surcharges	41,418.32	81,497.12
Selling expenses	31,648,128.74	10,782,090.05
Administrative expenses	41,642,428.84	31,294,809.12
Financial costs	73,390,446.81	41,119,934.40
Add: Gain arising from fair value movements (“-” represents losses)	<u>-60,545,990.05</u>	<u>6,512,894.11</u>
II. Operating profit (“-” represents losses)	231,096,026.58	74,109,983.53
Add: Non-operating income	3,505,244.12	13,708,461.42
Less: Non-operating expenses	<u>477,237.47</u>	<u>557,143.80</u>
III. Total profit (“-” represents losses)	234,124,033.23	87,261,301.15
Less: Income tax	<u>4,330,673.53</u>	<u>2,799,934.87</u>
IV. Net profit (“-” represents losses)	<u>229,793,359.70</u>	<u>84,461,366.28</u>
Including: Net profit attributable to the owners of the Parent	223,937,087.50	80,787,462.60
Non-controlling interests	<u>5,856,272.20</u>	<u>3,673,903.68</u>

## Consolidated Balance Sheet

Prepared by: Modern Farming  
(Group) Co. Ltd.

	<b>At 31 March 2014 (Unaudited) RMB</b>	<b>At 31 December 2013 (Audited) RMB</b>
<b>Assets</b>		
Current assets:		
Bank balances and cash	837,779,371.83	782,806,667.93
Accounts receivables	526,849,963.26	462,775,317.17
Other receivables	4,961,751.09	3,883,488.37
Prepayments	74,143,053.58	69,110,924.18
Interests receivables	12,222,132.72	8,189,633.56
Inventories	<u>572,424,335.86</u>	<u>691,107,691.92</u>
Total current assets	<u>2,028,380,608.34</u>	<u>2,017,873,723.13</u>
Non-current assets:		
Long-term equity investment	25,721,429.92	25,721,429.92
Fixed assets	3,885,859,525.71	3,928,378,966.71
Construction in progress	161,992,612.06	101,364,345.74
Biological assets for production	6,135,917,941.97	5,954,363,000.00
Intangible assets	68,861,555.56	70,027,968.22
Long-term prepaid expenses	<u>5,096,902.51</u>	<u>4,453,651.63</u>
Total non-current assets	<u>10,283,449,967.73</u>	<u>10,084,309,362.22</u>
Total assets	<u>12,311,830,576.07</u>	<u>12,102,183,085.35</u>

<b>Liabilities and owners' equity</b>	<b>At 31 March 2014 (Unaudited) RMB</b>	<b>At 31 December 2013 (Audited) RMB</b>
Current liabilities:		
Short-term borrowings	2,670,056,274.31	2,379,638,738.28
Bills payable	85,640,417.62	130,499,035.09
Accounts payable	608,904,543.08	688,394,962.53
Advances payments	46,301,232.40	55,949,106.47
Staff remuneration payables	37,508,811.51	45,271,015.62
Interests payable	18,227,726.71	35,446,662.25
Taxes payable	14,025,108.68	23,519,909.12
Other payables	367,080,429.77	500,923,240.15
Non-current liabilities due within one year	<u>759,599,540.87</u>	<u>623,540,036.87</u>
Total current liabilities	<u>4,607,344,084.95</u>	<u>4,483,182,706.38</u>
Non-current liabilities:		
Long-term borrowings	2,706,458,112.00	2,854,477,294.00
Other non-current liabilities	<u>117,661,078.28</u>	<u>113,949,143.83</u>
Total non-current liabilities	<u>2,824,119,190.28</u>	<u>2,968,426,437.83</u>
Total liabilities	<u>7,431,463,275.23</u>	<u>7,451,609,144.21</u>

<b>Liabilities and owners' equity</b>	<b>At 31 March 2014 (Unaudited) RMB</b>	<b>At 31 December 2013 (Audited) RMB</b>
Owners' equity:		
Paid-up capital (share capital)	563,301,046.00	563,301,046.00
Capital reserve	2,438,565,650.18	2,438,565,650.18
Undistributed profit	<u>1,833,653,862.27</u>	<u>1,609,716,774.77</u>
Total equity attributable to the owners of the Parent	4,835,520,558.45	4,611,583,470.95
Non-controlling interest	<u>44,846,742.39</u>	<u>38,990,470.19</u>
Total owners' equity	<u>4,880,367,300.84</u>	<u>4,650,573,941.14</u>
Total liabilities and owners' equity	<u><u>12,311,830,576.07</u></u>	<u><u>12,102,183,085.35</u></u>

## Consolidated Cash Flow Statement

Prepared by: Modern Farming (Group) Co., Ltd.

Item	Three months ended 31 March 2014 (Unaudited) RMB	Three months ended 31 March 2013 (Unaudited) RMB
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	1,200,565,205.97	671,376,941.95
Cash received relating to other operating activities	<u>12,188,489.41</u>	<u>24,450,157.39</u>
Sub-total of cash inflows	<u>1,212,753,695.38</u>	<u>695,827,099.34</u>
Cash paid for goods and services	790,456,391.96	434,673,795.05
Cash paid to and on behalf of employees	71,357,231.59	54,354,010.11
Cash paid for all types of taxes	5,679,516.75	2,057,394.07
Cash paid relating to other operating activities	<u>16,382,111.68</u>	<u>15,630,664.64</u>
Sub-total of cash outflows	<u>883,875,251.98</u>	<u>506,715,863.87</u>
Net cash generated from operating activities	<u>328,878,443.40</u>	<u>189,111,235.47</u>
II. Cash flows from investing activities:		
Net cash received on disposal of fixed assets, intangible assets and other long-term assets	<u>69,965,511.41</u>	<u>74,647,642.81</u>
Sub-total of cash inflows	<u>69,965,511.41</u>	<u>74,647,642.81</u>
Cash paid for acquiring fixed assets, intangible assets and other long term assets	239,636,507.38	263,367,262.13
Cash paid for acquiring biological assets for production	<u>286,527,026.76</u>	<u>324,097,528.51</u>
Sub-total of cash outflows	<u>526,163,534.14</u>	<u>587,464,790.64</u>
Net cash used in investing activities	<u>-456,198,022.73</u>	<u>-512,817,147.83</u>

<b>Item</b>	<b>Three months ended 31 March 2014 (Unaudited) RMB</b>	<b>Three months ended 31 March 2013 (Unaudited) RMB</b>
III. Cash flows from financing activities:		
Cash received from borrowings	1,248,620,528.23	1,397,065,488.00
Cash received relating to other financing activities	<u>7,046,000.00</u>	<u>4,400,000.00</u>
Sub-total of cash inflows	<u>1,255,666,528.23</u>	<u>1,401,465,488.00</u>
Cash repayments of borrowings	970,162,670.20	233,024,863.14
Cash paid for distribution of dividends or profits and for interest expenses	89,108,036.17	51,006,036.88
Cash paid relating to other financing activities	<u>—</u>	<u>2,800,000.00</u>
Sub-total of cash outflows	<u>1,059,270,706.37</u>	<u>286,830,900.02</u>
Net cash generated from financing activities	<u>196,395,821.86</u>	<u>1,114,634,587.98</u>
IV. Effect of changes in exchange rate on cash	<u>-14,103,538.63</u>	<u>4,587,976.71</u>
V. Net increase in cash and cash equivalents	54,972,703.90	795,516,652.33
Add: Cash and cash equivalents at beginning of period	<u>782,806,667.93</u>	<u>456,229,284.87</u>
VI. Cash and cash equivalents at end of period	<u><u>837,779,371.83</u></u>	<u><u>1,251,745,937.20</u></u>