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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)**

## **PROFIT WARNING**

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

The board of directors of the Company (the “**Board**”) wishes to inform shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts (the “**Management Accounts**”) of the Group for the eleven months ended 30 November 2015, the profit attributable to the owners of the Company for the financial year ending 31 December 2015 is expected to record a decrease as compared to the corresponding period in 2014 as a result of:

- (i) the selling price of raw milk in China decreased in the second half of 2015. The average selling price per ton of our raw milk for the five months ended 30 November 2015 decreased by 4.6% and 13.6% as compared to each of the six months ended 30 June 2015 and the financial year ended 31 December 2014, respectively. Although the gross profit margin of each of the Group’s dairy farming business and liquid milk products business is still generally higher than its peers, its 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 31 December 2015 is expected to decrease by approximately 15% as compared to RMB1,767.4 million for the corresponding period in 2014. However, the expected Cash EBITDA is still 47% higher as compared to the corresponding period in 2013; and

- (ii) the decline in the raw milk selling price in China in 2015. The Company expects a loss on changes in the fair value less costs to sell of dairy cows of the Group in the financial year ended 31 December 2015, which may be greater as compared to RMB329.1 million for the corresponding period in 2014.

The information contained in this announcement is only based on the management's preliminary assessment after reviewing the Management Accounts and is not based on any financial figures or information which have been audited or reviewed by the Company's auditor or valuer. A further announcement may be made if appropriate.

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

On behalf of the Board  
**China Modern Dairy Holdings Ltd.**  
**Ms. Gao Lina**  
*Deputy Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 21 December 2015

*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, Mr. WU Jingshui, the independent non-executive Directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway, Mr. Kang Yan and Mr. ZOU Fei.*