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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)

**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 2016**

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 announcements of the Company dated 23 September 2015 and 25 January 2016 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 two tranches of the short term notes of an aggregate principal amount of RMB0.4 billion and RMB0.5 billion, respectively, and the announcements of the Company dated 11 February 2015 and 23 March 2016 in relation to the completion of the issuance by Modern Farm of the two tranches of the medium term notes of an aggregate principal amount of RMB0.2 billion and RMB1.6 billion, respectively.

Pursuant to applicable laws and regulations in the People’s Republic of China (the “**PRC**”), the unaudited consolidated financial information of Modern Farm for the three months ended 31 March 2016 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 30 April 2016.

Unaudited consolidated financial information of Modern Farm for the three months ended 31 March 2016 is attached as Appendix to this announcement.

Modern Farm's Unaudited Consolidated Financial Information 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 Company and its subsidiaries. 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.

GAO Lina

*Deputy Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 28 April 2016

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. ZHANG Ping, the independent non-executive Directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei.

** For identification purposes only*

Appendix

Consolidated Income Statement

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

	Three months ended 31 March 2016 (Unaudited) RMB	Three months ended 31 March 2015 (Unaudited) RMB
Item		
I. Operating income	1,106,637,746.00	1,233,209,421.68
Less: Operating cost	746,533,355.24	800,436,125.83
Business Taxes and surcharges	92,231.87	12,651.70
Selling expenses	44,868,819.66	33,203,201.08
Administrative expenses	61,547,423.97	42,371,774.53
Financial costs	56,655,177.91	69,302,145.38
Add: Gain arising from fair value movements (“-” represents losses)	<u>-142,785,009.14</u>	<u>-59,748,696.43</u>
II. Operating profit (“-” represents losses)	54,155,728.21	228,134,826.73
Add: Non-operating income	4,327,955.43	4,277,954.63
Less: Non-operating expenses	<u>1,946,049.56</u>	<u>322,916.38</u>
III. Total profit (“-” represents losses)	56,537,634.08	232,089,864.98
Less: Income tax	<u>842,574.39</u>	<u>12,550,508.46</u>
IV. Net profit (“-” represents losses)	<u>55,695,059.69</u>	<u>219,539,356.52</u>
Including: Net profit attributable to the owners of Modern Farm	55,177,089.08	208,245,367.10
Non-controlling interests	<u>517,970.61</u>	<u>11,293,989.42</u>
	<u>55,695,059.69</u>	<u>219,539,356.52</u>

Consolidated Balance Sheet

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

	At 31 March 2016 (Unaudited) RMB	At 31 December 2015 (Audited) RMB
Assets		
Current assets:		
Bank balances and cash	1,206,117,965.77	881,905,572.76
Bills receivables	18,961,650.23	23,152,662.08
Accounts receivables	950,504,064.34	870,247,180.23
Other receivables	132,946,033.53	119,815,292.90
Prepayments	74,880,698.59	67,159,273.33
Interest receivables	1,486,262.70	1,908,673.58
Inventories	<u>799,263,104.62</u>	<u>771,137,387.02</u>
Total current assets	<u>3,184,159,779.78</u>	<u>2,735,326,041.90</u>
Non-current assets:		
Long-term equity investment	25,075,808.68	25,075,808.68
Fixed assets	4,635,065,291.76	4,710,484,067.74
Construction in progress	174,969,160.33	159,268,600.30
Biological assets for production	7,069,193,874.63	6,985,862,000.00
Intangible assets	74,271,129.58	73,514,597.60
Long-term prepaid expenses	<u>6,346,397.74</u>	<u>5,116,329.98</u>
Total non-current assets	<u>11,984,921,662.72</u>	<u>11,959,321,404.30</u>
Total assets	<u><u>15,169,081,442.50</u></u>	<u><u>14,694,647,446.20</u></u>

Liabilities and owners' equity	At 31 March 2016 (Unaudited) RMB	At 31 December 2015 (Audited) RMB
Current liabilities:		
Short-term borrowings	2,163,000,000.00	1,916,380,987.53
Short-term debenture	900,000,000.00	400,000,000.00
Bills payables	311,922,879.61	310,267,963.22
Accounts payables	772,162,983.29	841,606,023.60
Advance payments	12,137,264.10	12,426,816.89
Staff remuneration payables	46,995,278.95	59,070,499.14
Interest payables	21,157,119.92	20,181,481.34
Tax payables	-7,984,550.58	1,141,427.12
Other payables	535,496,323.64	583,628,698.76
Non-current liabilities due within one year	<u>758,511,000.00</u>	<u>703,323,500.00</u>
Total current liabilities	<u>5,513,398,298.93</u>	<u>4,848,027,397.60</u>
Non-current liabilities:		
Long-term borrowings	1,654,862,400.00	3,505,686,000.00
Debenture payable	1,800,000,000.00	200,000,000.00
Deferred income	<u>140,362,961.97</u>	<u>143,804,426.37</u>
Total non-current liabilities	<u>3,595,225,361.97</u>	<u>3,849,490,426.37</u>
Total liabilities	<u>9,108,623,660.90</u>	<u>8,697,517,823.97</u>
Owners' equity:		
Paid-up capital (Share capital)	2,752,387,488.00	2,752,387,488.00
Capital reserve	326,878,742.54	319,245,642.86
Surplus reserve	12,005,303.86	12,005,303.86
Undistributed profit	<u>2,909,443,934.72</u>	<u>2,852,784,816.25</u>
Total equity attributable to the owners of Modern Farm	6,000,715,469.12	5,936,423,250.97
Non-controlling interests	<u>59,742,312.48</u>	<u>60,706,371.26</u>
Total owners' equity	<u>6,060,457,781.60</u>	<u>5,997,129,622.23</u>
Total liabilities and owners' equity	<u>15,169,081,442.50</u>	<u>14,694,647,446.20</u>

Consolidated Cash Flow Statement

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

Item	Three months ended 31 March 2016 (Unaudited) RMB	Three months ended 31 March 2015 (Unaudited) RMB
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	1,026,380,861.89	1,110,326,082.72
Cash received relating to other operating activities	<u>2,758,351.58</u>	<u>15,297,423.21</u>
Sub-total of cash inflows	<u>1,029,139,213.47</u>	<u>1,125,623,505.93</u>
Cash paid for goods and services	775,500,106.58	708,827,385.56
Cash paid to and on behalf of employees	85,593,347.87	79,838,556.49
Cash paid for all types of taxes	2,060,865.60	4,750,534.99
Cash paid relating to other operating activities	<u>12,609,080.57</u>	<u>7,158,324.23</u>
Sub-total of cash outflows	<u>875,763,400.62</u>	<u>800,574,801.27</u>
Net cash generated from operating activities	<u>153,375,812.85</u>	<u>325,048,704.66</u>
II. Cash flows from investing activities:		
Net cash received on disposal of fixed assets, intangible assets and other long-term assets	<u>103,888,449.45</u>	<u>72,422,150.40</u>
Sub-total of cash inflows	<u>103,888,449.45</u>	<u>72,422,150.40</u>
Cash paid for acquiring fixed assets, intangible assets and other long term assets	120,096,034.57	266,790,211.28
Cash paid for acquiring biological assets for production	<u>313,315,724.43</u>	<u>336,584,369.26</u>
Sub-total of cash outflows	<u>433,411,759.00</u>	<u>603,374,580.54</u>
Net cash used in investing activities	<u>-329,523,309.55</u>	<u>-530,952,430.14</u>

Item	Three months ended 31 March 2016 (Unaudited) RMB	Three months ended 31 March 2015 (Unaudited) RMB
III. Cash flows from financing activities:		
Cash received from borrowings	2,893,944,583.32	1,209,056,491.21
Cash received relating to other financing activities	<u>620,000.00</u>	<u>1,368,005.00</u>
Sub-total of cash inflows	<u>2,894,564,583.32</u>	<u>1,210,424,496.21</u>
Cash repayments of borrowings	2,342,961,670.85	603,583,606.48
Cash paid for distribution of dividends or profits and for interest expenses	<u>53,842,867.37</u>	<u>38,632,874.76</u>
Sub-total of cash outflows	<u>2,396,804,538.22</u>	<u>642,216,481.24</u>
Net cash generated from financing activities	<u>497,760,045.10</u>	<u>568,208,014.97</u>
IV. Effect of changes in exchange rate on cash	<u>2,599,844.61</u>	<u>4,653,784.41</u>
V. Net increase in cash and cash equivalents	324,212,393.01	366,958,073.90
Add: Cash and cash equivalents at beginning of period	<u>881,905,572.76</u>	<u>1,073,979,178.19</u>
VI. Cash and cash equivalents at end of period	<u><u>1,206,117,965.77</u></u>	<u><u>1,440,937,252.09</u></u>