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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 NINE MONTHS ENDED 30 SEPTEMBER 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 11 February 2015 and 23 March 2016 in relation to the completion of the issuance by 现代牧业 (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 medium-term notes of principal amounts of RMB0.2 billion and RMB1.6 billion, respectively, and the announcements of the Company dated 25 January 2016, 16 June 2016 and 5 September 2016 in relation to the completion of the issuance by Modern Farm of the three tranches of the short-term debentures of principal amounts of RMB0.5 billion, RMB0.5 billion and RMB0.3 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 nine months ended 30 September 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 31 October 2016.

Unaudited consolidated financial information of Modern Farm for the nine months ended 30 September 2015 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.**

**Ms. GAO Lina**

*Deputy Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 24 October 2016

*As of the date of this announcement, the executive Directors are Ms. GAO Lina and Mr. HAN Chunlin, the non-executive Directors are Mr. YU Xubo, Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max, Mr. ZHANG Ping and Mr. SUN Yugang, 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.

Item	Nine months ended 30 September 2016 (Unaudited) RMB	Nine months ended 30 September 2015 (Unaudited) RMB
	I. Operating income	3,217,244,279.44
Less: Operating cost	2,228,273,989.91	2,293,540,841.80
Business taxes and surcharges	164,616.94	46,701.61
Selling expenses	241,408,015.29	116,185,408.91
Administrative expenses	180,857,296.79	162,233,621.15
Financial costs	234,676,328.28	187,435,122.51
Add: Gain arising from fair value movements (“-” represents losses)	-666,109,988.79	-249,017,696.43
Investment income	<u>7,215,418.40</u>	<u>1,432,527.15</u>
II. Operating profit (“-” represents losses)	-327,030,538.16	557,394,433.72
Add: Non-operating income	36,557,087.53	11,671,577.54
Less: Non-operating expenses	<u>19,799,035.19</u>	<u>2,863,801.35</u>
III. Total profit (“-” represents losses)	-310,272,485.82	566,202,209.91
Less: Income tax	<u>275,649.28</u>	<u>17,162,250.81</u>
IV. Net profit (“-” represents losses)	<u><u>-310,548,135.10</u></u>	<u><u>549,039,959.10</u></u>
Including: Net profit attributable to the owners of the Parent	-286,246,230.16	523,718,555.99
Non-controlling interests	<u>-24,301,904.94</u>	<u>25,321,403.11</u>

## Consolidated Balance Sheet

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

	<b>At 30 September 2016 (Unaudited) RMB</b>	<b>At 31 December 2015 (Audited) RMB</b>
<b>Assets</b>		
Current assets:		
Bank balances and cash	1,572,871,775.46	881,905,572.76
Notes receivables	—	23,152,662.08
Accounts receivables	1,114,399,568.09	870,247,180.23
Other receivables	35,916,399.61	119,815,292.90
Prepayments	96,452,046.87	67,159,273.33
Interests receivables	2,253,337.41	1,908,673.58
Inventories	<u>808,588,277.55</u>	<u>771,137,387.02</u>
Total current assets	<u>3,630,481,404.99</u>	<u>2,735,326,041.90</u>
Non-current assets:		
Long-term equity investment	—	25,075,808.68
Available-for-sale investments	24,954,840.00	—
Fixed assets	4,603,185,634.00	4,710,484,067.74
Construction in progress	103,951,954.68	159,268,600.30
Biological assets for production	6,960,596,247.69	6,985,862,000.00
Intangible assets	84,566,847.57	73,514,597.60
Long-term prepaid expenses	<u>6,754,475.77</u>	<u>5,116,329.98</u>
Total non-current assets	<u>11,784,009,999.71</u>	<u>11,959,321,404.30</u>
Total assets	<u><u>15,414,491,404.70</u></u>	<u><u>14,694,647,446.20</u></u>

<b>Liabilities and owners' equity</b>	<b>At 30 September 2016 (Unaudited) RMB</b>	<b>At 31 December 2015 (Audited) RMB</b>
Current liabilities:		
Short-term borrowings	2,471,231,108.49	1,916,380,987.53
Short-term debenture	1,300,000,000.00	400,000,000.00
Notes payable	168,306,727.24	310,267,963.22
Accounts payable	941,778,804.87	841,606,023.60
Advances payments	43,116,650.93	12,426,816.89
Staff remuneration payables	60,627,932.07	59,070,499.14
Interests payable	79,559,564.37	20,181,481.34
Taxes payable	963,283.76	1,141,427.12
Other payable	475,306,902.69	583,628,698.76
Non-current liabilities due within one year	<u>703,579,764.91</u>	<u>703,323,500.00</u>
Total current liabilities	<u>6,244,470,739.33</u>	<u>4,848,027,397.60</u>
Non-current liabilities:		
Long-term borrowings	1,290,959,755.06	3,505,686,000.00
Debenture payable	2,050,000,000.00	200,000,000.00
Deferred income	<u>143,880,124.14</u>	<u>143,804,426.37</u>
Total non-current liabilities	<u>3,484,839,879.20</u>	<u>3,849,490,426.37</u>
Total liabilities	<u>9,729,310,618.53</u>	<u>8,697,517,823.97</u>
Owners' equity:		
Paid-up capital (or share capital)	2,752,387,488.00	2,752,387,488.00
Capital reserve	342,144,941.90	319,245,642.86
Surplus reserve	12,005,303.86	12,005,303.86
Undistributed profit	<u>2,566,538,586.09</u>	<u>2,852,784,816.25</u>
Total equity attributable to the owners of the Parent	5,673,076,319.85	5,936,423,250.97
Non-controlling interest	<u>12,104,466.32</u>	<u>60,706,371.26</u>
Total owners' equity	<u>5,685,180,786.17</u>	<u>5,997,129,622.23</u>
Total liabilities and owners' equity	<u><u>15,414,491,404.70</u></u>	<u><u>14,694,647,446.20</u></u>

## Consolidated Cash Flow Statement

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

Item	Nine months ended 30 September 2016 (Unaudited) RMB	Nine months ended 30 September 2015 (Unaudited) RMB
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	2,973,091,891.58	3,328,356,563.58
Cash received relating to other operating activities	<u>68,286,018.10</u>	<u>69,518,410.60</u>
Sub-total of cash inflows	<u>3,041,377,909.68</u>	<u>3,397,874,974.18</u>
Cash paid for goods and services	1,998,892,019.82	1,910,815,388.52
Cash paid to and on behalf of employees	234,367,202.20	198,836,121.33
Cash paid for all types of taxes	4,369,324.62	18,932,786.27
Cash paid relating to other operating activities	<u>216,348,199.04</u>	<u>59,641,323.67</u>
Sub-total of cash outflows	<u>2,453,976,745.68</u>	<u>2,188,225,619.79</u>
Net cash generated from operating activities	<u>587,401,164.00</u>	<u>1,209,649,354.39</u>
II. Cash flows from investing activities:		
Net cash received on disposal of fixed assets, intangible assets and other long-term assets	<u>404,559,849.12</u>	<u>280,333,033.92</u>
Sub-total of cash inflows	<u>404,559,849.12</u>	<u>280,333,033.92</u>
Cash paid for acquiring fixed assets, intangible assets and other long term assets	291,421,778.16	644,063,823.44
Cash paid for breeding biological assets for production	<u>943,749,620.03</u>	<u>982,779,494.68</u>
Sub-total of cash outflows	<u>1,235,171,398.19</u>	<u>1,626,843,318.12</u>
Net cash used in investing activities	<u>-830,611,549.07</u>	<u>-1,346,510,284.20</u>

<b>Item</b>	<b>Nine months ended 30 September 2016 (Unaudited) RMB</b>	<b>Nine months ended 30 September 2015 (Unaudited) RMB</b>
III. Cash flows from financing activities:		
Cash received from acquiring investments	900,000.00	—
Cash received from borrowings	6,102,980,817.81	3,578,452,000.26
Cash received relating to other financing activities	<u>35,996,407.00</u>	<u>17,351,054.00</u>
Sub-total of cash inflows	<u>6,139,877,224.81</u>	<u>3,595,803,054.26</u>
Cash repayments of borrowings	5,012,600,676.88	3,477,981,360.63
Cash paid for distribution of dividends or profits and for interest expenses	<u>180,602,436.14</u>	<u>198,094,040.11</u>
Sub-total of cash outflows	<u>5,193,203,113.02</u>	<u>3,676,075,400.74</u>
Net cash generated from financing activities	<u>946,674,111.79</u>	<u>-80,272,346.48</u>
IV. Effect of changes in exchange rate on cash	<u>-12,497,524.02</u>	<u>-36,070,590.29</u>
V. Net cash and cash equivalents	690,966,202.70	-253,203,866.58
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>1,572,871,775.46</u></u>	<u><u>820,775,311.61</u></u>