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MODERN FARMING
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)

POSITIVE PROFIT ALERT

This announcement is made by China Modern Dairy Holdings Ltd. (the “**Company**” and together with its subsidiaries, collectively referred to as the “**Group**”) pursuant to Rule 13.09(2)(a) 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 under 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 the shareholders of the Company and potential investors that, based on a preliminary review of the information currently available to the Board (including the unaudited consolidated management accounts and other operational data of the Group) and as a result of (i) a near double-digit growth in both the Group’s raw milk production and sales volume as compared to the same period in 2019; (ii) continued decline in costs; and (iii) the average market price of raw milk remaining stable with a slight increase as compared to the corresponding period in 2019, during the first half of 2020, it is expected that the Group will record a profit of not less than RMB190 million (including a one-off disposal gain of approximately RMB67 million resulting from the Company’s injection of energy-producing assets into a joint venture) in its unaudited consolidated interim results for the six months ended 30 June 2020 (the “**Reporting Period**”), representing a year-on-year increase of not less than 40% (the profit for the same period in 2019 amounted to approximately RMB133 million, including a one-off reversal of impairment recognized in respect of trade receivables of approximately RMB109 million). Excluding the abovementioned one-off gains of the two relevant reporting periods, there will be a substantial year-on-year increase in profit for the Reporting Period of over 400%.

* for identification only

During the outbreak of the coronavirus disease (COVID-19) (the “**Outbreak**”), the Group stringently adopted various response measures to prevent the possible impact of the Outbreak. Since the Outbreak, except for a slight impact on transportation and logistics during the early stage thereof, the overall operation of the Group’s farms has remained normal and production and sales volume of raw milk have been stable, and neither the Group’s cows nor employees have been substantially affected. The Group will continue to adhere to the fundamental principles of safe and quality production, provide each of its dairy cows with the best living environment, use the most natural scientific breeding methods and feeding techniques to allow its dairy cows to produce the highest quality milk, and give back to consumers.

The information contained in this announcement is based solely on the preliminary assessment by the Group with reference to the information available to the Board as at the date of this announcement, and has not been reviewed or audited by the Company’s auditors. The actual results of the Group for the Reporting Period may differ from the information contained in this announcement. Details will be set out in the interim results announcement of the Company for the Reporting Period which is expected to be published by the end of August 2020.

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

For and on behalf of the Board
China Modern Dairy Holdings Ltd.
LU Minfang
Chairman

Hong Kong, 5 July 2020

As of the date of this announcement, the executive directors are Ms. GAO Lina and Mr. SUN Yugang, the non-executive directors are Mr. LU Minfang (Chairman), Mr. ZHANG Ping, Mr. ZHAO Jiejun and Ms. GAN Lu, and the independent non-executive directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. WOLHARDT Julian Juul.