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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), it is expected that the Group will record a profit of not less than RMB700 million (including a one-off disposal gain of approximately RMB72 million resulting from the Company’s injection of energy-producing assets into a joint venture) for the year ended 31 December 2020 (the “**Current Reporting Year**”), representing a year-on-year increase of not less than 100% (the profit for the year ended 31 December 2019 (the “**Last Reporting Year**”) amounted to approximately RMB350 million, including a one-off reversal of impairment recognized in respect of trade receivables of approximately RMB161 million).

* for identification only

The Board expects that there will be a substantial year-on-year increase in profit for the Current Reporting Year of over 230%, excluding the abovementioned one-off gains of the two relevant reporting years. The expected growth of profit for the Current Reporting Year is mainly attributable to (i) a high single-digit growth in both the Group's raw milk production and sales volume; (ii) effective cost control; and (iii) the average sales price of raw milk recorded a growth of approximately 2%, as compare to the Last Reporting Year.

During the second half of 2020, the market prices of the main feed, such as corns and soybean meals, had been increasing. Nevertheless, the Group was able to mitigate the impact of the price increase of the main feed on cost by, among others, procuring sufficient silage at the end of the Last Reporting Year as feed reserve for the Current Reporting Year, locking orders timely in accordance with price patterns and direct purchases from manufactures to cut down intermediaries. At the same time, the Company continued to promote the strategy of reducing cost and increasing efficiency. The increase in production further diluted the unit sales cost of milk per kilogram.

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 Current Reporting Year may differ from the information contained in this announcement. Details of the actual results will be set out in the final results announcement of the Company for the Current Reporting Year which is expected to be published by the end of March 2021.

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, 18 January 2021

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.