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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 2015**

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, 17 July 2015 and 23 September 2015 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 first tranche of the medium-term notes of an aggregate principal amount of RMB0.2 billion, the second tranche of the short-term debentures of an aggregate principal amount of RMB0.3 billion and the short-term debentures of an aggregate principal amount of RMB0.4 billion respectively.

Pursuant to applicable laws and regulations in the PRC, the unaudited consolidated financial information of Modern Farm for the nine months ended 30 September 2015 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 October 2015.

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, 29 October 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 and Mr. WU Jingshui, 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.

	Nine months ended 30 September 2015 (Unaudited) RMB	Nine months ended 30 September 2014 (Unaudited) RMB
Item		
I. Operating income	3,564,421,298.98	3,751,789,344.87
Including: Raw milk income	2,446,293,882.48	3,248,119,853.20
Branded milk income	1,118,127,416.50	501,983,743.67
Less: Operating cost	2,293,540,841.80	2,329,504,144.75
Including: Raw milk cost	1,486,005,073.00	1,921,397,214.87
Branded milk cost	807,535,768.80	406,976,854.47
Business Taxes and surcharges	46,701.61	473,042.61
Selling expenses	116,185,408.91	77,430,986.60
Administrative expenses	162,233,621.15	114,486,542.24
Financial costs	187,435,122.51	187,121,641.12
Add: Gain arising from fair value movements (“-” represents losses)	-249,017,696.43	-154,580,592.72
Investment income	<u>1,432,527.15</u>	<u>2,795,967.09</u>
II. Operating profit (“-” represents losses)	557,394,433.72	890,988,361.92
Add: Non-operating income	11,671,577.54	11,159,063.48
Less: Non-operating expenses	<u>2,863,801.35</u>	<u>4,663,319.76</u>
III. Total profit (“-” represents losses)	566,202,209.91	897,484,105.64
Less: Income tax	<u>17,162,250.81</u>	<u>8,346,406.68</u>
IV. Net profit (“-” represents losses)	<u>549,039,959.10</u>	<u>889,137,698.96</u>
Including: Net profit attributable to the owners of the Parent	523,718,555.99	878,450,549.06
Non-controlling interests	<u>25,321,403.11</u>	<u>10,687,149.90</u>

Consolidated Income Statement

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

Item	Three months from 1 July to 30 September 2015 (Unaudited) RMB	Three months from 1 July to 30 September 2014 (Unaudited) RMB
I. Operating income	1,127,101,546.69	1,214,888,920.24
Including: Raw milk income	798,467,491.70	997,544,352.67
Branded milk income	328,634,054.99	217,344,567.57
Less: Operating cost	745,115,227.09	798,509,954.08
Including: Raw milk cost	501,845,367.21	608,011,513.70
Branded milk cost	243,269,859.88	190,498,440.38
Business Taxes and surcharges	5,815.77	48,532.92
Selling expenses	48,537,891.01	28,638,216.72
Administrative expenses	57,391,605.34	37,690,578.28
Financial costs	80,466,915.64	48,210,122.25
Add: Gain arising from fair value movements (“-” represents losses)	<u>-49,748,387.82</u>	<u>-70,021,654.94</u>
II. Operating profit (“-” represents losses)	145,835,704.02	231,769,861.05
Add: Non-operating income	4,774,602.91	4,223,517.53
Less: Non-operating expenses	<u>1,409,296.65</u>	<u>1,184,860.75</u>
III. Total profit (“-” represents losses)	149,201,010.28	234,808,517.83
Less: Income tax	<u>2,562,460.90</u>	<u>1,748,186.38</u>
IV. Net profit (“-” represents losses)	<u>146,638,549.38</u>	<u>233,060,331.45</u>
Including: Net profit attributable to the owners of the Parent	141,801,604.36	230,789,772.95
Non-controlling interests	<u>4,836,945.02</u>	<u>2,270,558.50</u>

Consolidated Balance Sheet

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

	At 30 September 2015 (Unaudited) RMB	At 31 December 2014 (Audited) RMB
Assets		
Current assets:		
Bank balances and cash	820,775,311.61	1,073,979,178.19
Notes receivable	600,000.00	0.00
Accounts receivables	915,562,626.42	636,714,838.63
Other receivables	23,809,263.98	33,618,114.17
Prepayments	123,849,905.38	90,072,478.72
Interests receivables	2,174,278.42	22,850,317.69
Inventories	<u>700,593,022.77</u>	<u>648,466,686.93</u>
Total current assets	<u><u>2,587,364,408.58</u></u>	<u><u>2,505,701,614.33</u></u>
Non-current assets:		
Long-term equity investment	20,863,867.71	18,931,340.56
Fixed assets	4,227,430,051.75	4,331,679,751.03
Construction in progress	424,012,527.54	123,260,231.48
Biological assets for production	7,010,651,315.38	6,530,814,000.00
Intangible assets	74,668,050.63	68,062,522.02
Long-term prepaid expenses	<u>4,056,266.00</u>	<u>4,367,501.17</u>
Total non-current assets	<u><u>11,761,682,079.01</u></u>	<u><u>11,077,115,346.26</u></u>
Total assets	<u><u>14,349,046,487.59</u></u>	<u><u>13,582,816,960.59</u></u>

Liabilities and owners' equity	At 30 September 2015 (Unaudited) RMB	At 31 December 2014 (Audited) RMB
Current liabilities:		
Short-term borrowings	1,613,447,452.70	997,482,143.07
Short-term debenture	700,000,000.00	1,100,000,000.00
Non-current liabilities due within one year	723,456,600.00	910,647,550.00
Notes payable	173,432,094.40	104,827,199.82
Accounts payable	853,031,185.68	737,348,479.20
Advances payments	34,772,732.90	28,940,750.47
Staff remuneration payables	110,368,843.70	88,857,250.21
Interests payable	14,709,097.20	49,113,336.43
Taxes payable	4,946,160.39	3,406,720.65
Other payables	346,105,014.42	414,384,834.56
Deferred income	<u>12,348,845.28</u>	<u>11,493,177.18</u>
 Total current liabilities	 <u>4,586,618,026.67</u>	 <u>4,446,501,441.59</u>
Non-current liabilities:		
Long-term borrowings	3,338,645,080.00	3,466,948,800.00
Medium-term debenture	200,000,000.00	0.00
Deferred income	<u>117,772,188.49</u>	<u>112,395,485.67</u>
 Total non-current liabilities	 <u>3,656,417,268.49</u>	 <u>3,579,344,285.67</u>
 Total liabilities	 <u>8,243,035,295.16</u>	 <u>8,025,845,727.26</u>

Liabilities and owners' equity	At 30 September 2015 (Unaudited) RMB	At 31 December 2014 (Audited) RMB
Owners' equity:		
Paid-up capital (or share capital)	2,752,387,488.00	1,732,150,716.00
Capital reserve	249,479,208.18	1,269,715,980.18
Surplus reserve	8,080,558.98	8,080,558.98
Undistributed profit	<u>3,023,488,754.01</u>	<u>2,499,770,198.02</u>
Total equity attributable to the owners of the Parent	6,033,436,009.17	5,509,717,453.18
Non-controlling interest	<u>72,575,183.26</u>	<u>47,253,780.15</u>
Total owners' equity	<u>6,106,011,192.43</u>	<u>5,556,971,233.33</u>
Total liabilities and owners' equity	<u>14,349,046,487.59</u>	<u>13,582,816,960.59</u>

Consolidated Cash Flow Statement

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

Item	Nine months ended 30 September 2015 (Unaudited) RMB	Nine months ended 30 September 2014 (Unaudited) RMB
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	3,328,356,563.58	3,783,566,010.24
Cash received relating to other operating activities	<u>69,518,410.60</u>	<u>29,452,689.41</u>
Sub-total of cash inflows	<u>3,397,874,974.18</u>	<u>3,813,018,699.65</u>
Cash paid for goods and services	1,910,815,388.52	2,096,921,924.04
Cash paid to and on behalf of employees	198,836,121.33	185,606,567.81
Cash paid for all types of taxes	18,932,786.27	19,694,322.80
Cash paid relating to other operating activities	<u>59,641,323.67</u>	<u>44,560,238.74</u>
Sub-total of cash outflows	<u>2,188,225,619.79</u>	<u>2,346,783,053.39</u>
Net cash generated from operating activities	<u>1,209,649,354.39</u>	<u>1,466,235,646.26</u>
II. Cash flows from investing activities:		
Net cash received on disposal of fixed assets, intangible assets and other long-term assets	<u>280,333,033.92</u>	<u>240,256,758.86</u>
Sub-total of cash inflows	<u>280,333,033.92</u>	<u>240,256,758.86</u>
Cash paid for acquiring fixed assets, intangible assets and other long term assets	644,063,823.44	708,732,169.46
Cash paid for acquiring biological assets for production	<u>982,779,494.68</u>	<u>946,825,509.16</u>
Sub-total of cash outflows	<u>1,626,843,318.12</u>	<u>1,655,557,678.62</u>
Net cash used in investing activities	<u>-1,346,510,284.20</u>	<u>-1,415,300,919.76</u>

Item	Nine months ended 30 September 2015 (Unaudited) RMB	Nine months ended 30 September 2014 (Unaudited) RMB
III. Cash flows from financing activities:		
Cash received from borrowings	3,578,452,000.26	4,382,633,131.43
Cash received relating to other financing activities	<u>17,351,054.00</u>	<u>8,312,318.00</u>
Sub-total of cash inflows	<u>3,595,803,054.26</u>	<u>4,390,945,449.43</u>
Cash repayments of borrowings	3,477,981,360.63	4,114,395,007.81
Cash paid for distribution of dividends or profits and for interest expenses	<u>198,094,040.11</u>	<u>220,355,712.74</u>
Sub-total of cash outflows	<u>3,676,075,400.74</u>	<u>4,334,750,720.55</u>
Net cash generated from financing activities	<u>-80,272,346.48</u>	<u>56,194,728.88</u>
IV. Effect of changes in exchange rate on cash	<u>-36,070,590.29</u>	<u>-5,319,505.48</u>
V. Net cash and cash equivalents	-253,203,866.58	101,809,949.90
Add: Cash and cash equivalents at beginning of period	<u>1,073,979,178.19</u>	<u>782,806,667.93</u>
VI. Cash and cash equivalents at end of period	<u><u>820,775,311.61</u></u>	<u><u>884,616,617.83</u></u>