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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)

PROFIT WARNING

This announcement is made by China Modern Dairy Holdings Ltd. (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) pursuant to Rule 13.09(2) 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 in 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 shareholders of the Company and potential investors that, based on the assessment of the projected unaudited consolidated management accounts of the Group for the six months ending 30 June 2017 (the “**Management Accounts**”), it is expected that the Group will record a consolidated net loss attributable to the equity holders of the Company of not less than RMB500 million (unaudited consolidated net loss attributable to the equity holders of the Company for the six months ended 30 June 2016: approximately RMB566 million) for the six months ending 30 June 2017, mainly attributable to:

- (i) the market price for raw milk in China stayed at a relatively low level in the first half of 2017 comparing with same period last year. The selling price of raw milk of the Company reduced by approximately 11% in the first half of 2017 comparing with same period last year;
- (ii) a non-cash loss arising from the cancellation of share options granted by the Company to the management following the closing of the mandatory cash offer made by China Mengniu Dairy Company Limited to acquire all the issued shares, and to cancel all the outstanding options in the Company on 21 March 2017; and
- (iii) allowance for doubtful debts in relation to the trade receivables of the Group.

The information contained in this announcement is based on the management's preliminary assessment after reviewing the Management Accounts and is not based on any financial figures or information which have been audited or reviewed by the Company's auditor or valuer.

On behalf of the Board
China Modern Dairy Holdings Ltd.
LU Minfang
Chairman

Hong Kong, 23 June 2017

As of the date of this announcement, the executive directors are Ms. GAO Lina and Mr. HAN Chunlin, the non-executive directors are Mr. LU Minfang, Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping and Mr. WEN Yongping, the independent non-executive directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. KANG Yan.

* *For identification purposes only*