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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)

CLARIFICATION ANNOUNCEMENT

The board of directors (the “**Board**”) of China Modern Dairy Holdings Ltd. (the “**Company**”, together with its subsidiaries the “**Group**”) noted there were articles (the “**Articles**”) published by media recently regarding the sale of 94 dairy cows by Modern Farming (Baoji) Co., Ltd. (“**Baoji Farm**”), a subsidiary of the Company, to an independent third party through auction process. The Articles alleged that, among such dairy cows sold by Baoji Farm, several had a positive result to bovine tuberculosis screening test and a small number had a positive result to brucellosis antibody serum test.

In relation to the Articles, the Company is aware that the relevant government authority is currently investigating in this incident. The Company has fully cooperated with the relevant government authority on such investigation by providing all the relevant information and records as required. The Group has always attached great importance to the health management of our dairy cows. The Group has implemented stringent disease control practices and risk management policies throughout all of our farms and has complied with the applicable laws.

Based on the current assessment of the Board, the incident will not have a material effect on the financial condition or the operation of the Group.

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, 12 November 2014

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; and the independent non-executive Directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway, Mr. ZOU Fei and Mr. KANG Yan.