

CHINA DAIRY CORPORATION LIMITED

Results for Announcement to the Market

China Dairy Corporation Limited

ARBN 607 996 449

APPENDIX 4E

PRELIMINARY FINAL REPORT

for the year ended 30 June 2017

ASX ANNOUNCEMENT

31 August 2017

About this Appendix 4E Report

The Directors of China Dairy Corporation Limited (“**CDC**” or the “**Company**”) and its controlled entities (the “**Group**”) hereby present the Company’s first Appendix 4E – Preliminary Final Report.

China Modern Agricultural Information Inc. (“**CMCI**”) is listed on OTC Markets Group (“**OTC**”) in the US and through its wholly owned subsidiary, Hope Dairy Holdings Ltd., is the majority shareholder in CDC.

CMCI’s results have been adjusted to represent the financial position of CDC for the 12 months ended 30 June 2017. The financial information presented has been prepared under US GAAP and is currently being audited by Wei, Wei & Co., LLP, the Company’s independent registered public accounting firm.

About China Dairy Corporation Limited

China Dairy Corporation Limited (ASX: CDC) is a company primarily engaged in the production and wholesale of raw milk and the rearing, breeding and sale of dairy cows in Heilongjiang province, China.

CDC generates revenue through two primary business models;

- the sale of raw milk from cows that are owned by the company (“**company owned cows**”); and
- milk sale commissions on the sale of raw milk from cows the company has sold to farmers (“**sales commission cows**”).

As at 30 June 2017, CDC owned 31,531 cows and partnered with farmers with an additional 22,719 cows from which CDC makes a sales commission on the milk sold.

1. Details of the reporting period

Current period: 1 July 2016 to 30 June 2017

Previous corresponding period*: 1 July 2015 to 30 June 2016

**CDC was incorporated in Hong Kong on 12 January 2015 and registered in Australia as a foreign company on 2 September 2015. In August 2015, CDC acquired the operating entities in the Group. Comparisons to the previous corresponding period are comparisons to the historical financial information extracted from the financial report of the CMCI group of companies for the year ended 30 June 2016 which were audited by Wei, Wei & Co., LLP, the Company's independent registered public accounting firm who issued an unmodified audit opinion for the 2016 financial year. The numbers used for the previous corresponding period have been adjusted to reflect the financial position had CDC acquired the operating assets of the Group prior to August 2016.*

2. Results for announcement to the market

Comparison to previous corresponding period	Increase/Decrease	Change %	US\$'000
2.1 Revenues	Increase	18.5%	18,723
2.2 Net income after income taxes	Increase	19.1%	6,787
2.3 Net income attributable to controlling interests	Increase	19.2%	6,771

2.4 Final dividend

The directors do not propose to pay a final dividend for the year ended 30 June 2017. The Company is currently reviewing its capital requirements, investment and other growth opportunities. The Company will reassess dividend payment decision again when announcing its future results.

2.5 Explanation of results

Revenues

Sales revenue in FY2017 rose by US\$18.72 million compared to FY2016 representing a year-on year percentage growth of 18.5%. Whilst revenue from milk sales increased by US\$20.21 million (24.76%), revenue from sales commissions decreased by US\$1.49 million (7.6%) in FY2017. The overall strong growth is due to a number of reason including:

- Improving the terms at which it sells milk through higher contracted fees with many of its customers; and
- Decrease in the number of its total company-owned cows by 10.06% to 31,531 heads, which included an increase in its milkable company-owned cows by 5.1% to 21,156 heads.
- The number of cows the company makes sales commissions from increasing by 6,385, from 16,334 cows at 30 June 2016 to 22,719 cows at 30 June 2017. However, the commission rate has been reduced from 30% to 20% in the renewed customer contracts since November 2016. Thus, as at 30 June 2017, CDC still has a right to 30% of the milks sales revenue generated from 11,761

heads. 10,958 heads that has been renewed in the customer contract that CDC has a right to 20% of the milk sales revenue generated from those cows. Due to these reasons, the revenue has decreased from milk sales commissions in FY2017 by 7.6%.

Gross Profit

Gross profit increased by US\$2.09 million or 4.8% due to an increase in milk sales.

Operating expenses

Operating expenses decreased by US\$0.65 million representing a reduce of 10.95%, which is due to part of the ASX listing related expenditures has recorded in FY2016 and they are one-off transactions.

Net income attributable to controlling interests

Net income attributable to controlling interests increased by US\$6.77 million or 19.18% in FY2017 compared with FY 2016 due to the above factors.

3. Consolidated Profit and Loss for the year ended 30 June 2017 presented in US\$

(This statement is based on accounts, which are in the process of being audited)

Consolidated Profit and Loss	Year ended 30 June 2017	Year ended 30 June 2016
Revenues		
Milk sales	101,816,625	81,604,871
Sales commissions	17,998,410	19,486,432
Total revenues	119,815,035	101,091,303
Cost of goods sold	(74,262,475)	(57,626,223)
Gross profit	45,552,560	43,465,080
Operating expenses		
Research and development	(869,648)	(306,616)
Selling and marketing	(1,085,297)	(1,889,864)
General and administrative	(3,259,009)	(3,659,087)
Total operating expenses	(5,213,954)	(5,855,567)
Operating income	40,338,606	37,609,513
Other income and expenses		
Interest income on notes receivable	974,051	588,822
Other non-operating income	3,794,455	174,802
Other non-operating expenses	(2,723,807)	(373,108)
Total other income	2,044,699	390,516
Income before provision for income taxes	42,383,305	38,000,029
Provision for income taxes	-	(2,403,996)
Net income before non-controlling interests	42,383,305	35,596,033
Non-controlling interests	(309,479)	(293,542)
Net income attributable to controlling interests	42,073,826	35,302,491
Other comprehensive income		
Foreign currency translation adjustment	(2,402,987)	(11,570,506)
Total comprehensive income	39,670,839	23,731,985

4. Consolidated Balance Sheet as at 30 June 2017 presented in US\$

(This statement is based on accounts, which are in the process of being audited)

Consolidated Balance Sheet	30 June 2017	30 June 2016
Assets		
Current Assets		
Cash	46,745,369	27,713,067
Accounts receivable	26,170,771	24,783,720
Inventories	1,042,171	1,122,843
Prepayments	1,374,693	1,216,963
Interest receivable	1,023,769	474,803
Loan to related party	28,980	-
Notes receivable	4,661,775	2,097,363
Total Current Assets	81,047,528	57,408,759
Non-Current Assets		
Property, plant and equipment	26,622,562	34,327,757
Notes receivable	19,193,347	4,943,622
Prepaid leases and construction	39,165,460	45,483,513
Biological assets	73,112,101	64,136,851
Total Non-Current Assets	158,093,470	148,891,743
Total Assets	239,140,998	206,300,502
Liabilities		
Current Liabilities		
Accrued expenses and other payables	765,271	401,436
Dividend payable	-	3,116,969
Related party loans	1,522,341	1,430,707
Total Current Liabilities	2,287,612	4,949,106
Non-Current Liabilities		
Deferred income taxes	40,066,873	40,876,903
Total Non-Current Liabilities	40,066,873	40,876,903
Total Liabilities	42,354,485	45,826,009
Net Assets	196,786,513	160,474,493
Equity		
Issued and paid-up capital	51,522,467	51,522,467
Reserves	792,174	792,174
Retained earnings	151,885,470	113,387,170
Non-controlling interests	1,787,022	1,570,315
Foreign currency translation adjustment	(9,200,620)	(6,797,633)
Total Equity	196,786,513	160,474,493

CHINA DAIRY CORPORATION LIMITED

ARBN: 607 996 449

Hong Kong Company Registration Number: 2190508

Level 36, Gateway Tower, 1 Macquarie Place, Sydney NSW 2000



5. Consolidated Statement of Changes in Equity for the year ended 30 June 2017 presented in US\$

(This statement is based on accounts, which are in the process of being audited)

Consolidated Statement of Changes in Equity	Issued and paid up capital	Retained Earnings	Statutory Reserve Fund	Non-controlling interests	Other Income / (expense)	Total
Balance as at 30 June 2016	51,522,467	113,387,170	792,174	1,570,315	(6,797,633)	160,474,493
Dividend distribution	-	(3,575,526)	-	(92,772)	-	(3,668,298)
Net income	-	42,073,826	-	309,479	-	42,383,305
Other comprehensive income / (expense)	-	-	-	-	(2,402,987)	(2,402,987)
Balance as at 30 June 2017	51,522,467	151,885,470	792,174	1,787,022	(9,200,620)	196,786,513

6. Consolidated Statement of Cash Flows for the year ended 30 June 2017 presented in US\$

(This statement is based on accounts, which are in the process of being audited)

Consolidated Statement of Cash Flows	Year ended 30 June 2017	Year ended 30 June 2016
Cash flows from operating activities		
Net (loss) / income	42,383,305	35,596,033
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	7,191,346	4,828,085
Amortization for prepaid land lease	1,684,865	1,789,248
Deferred income taxes	-	2,403,996
Losses from disposal of biological assets	(2,130,881)	215,997
Changes in operating assets and liabilities		
(Increase) in accounts receivable	(1,909,789)	(18,408,219)
Decrease / (Increase) in inventories	80,672	(436,162)
Decrease / (Increase) in prepaid expenses	3,259,990	(179,941)
Decrease / (Increase) in interest receivable	(556,104)	(316,576)
Increase in accrued expenses and other payables	370,220	463,871
Net cash provided by operating activities	50,373,624	25,956,332
Cash flows from investing activities		
Collection of notes receivables	2,996,733	2,090,254
Proceeds from sales of biological assets	8,091,913	955,494
Purchase of property, plant and equipment	(2,510,227)	(28,009,904)
(Increase) in biological assets	(16,973,353)	(17,898,729)
Proceeds from disposal of CIP	7,094,536	-
Purchase of biological assets	(23,577,450)	(15,623,459)
Net cash (used in) investing activities	(24,877,848)	(58,486,344)
Cash flows from financing activities		
Dividend paid	(6,785,267)	-
Proceeds from sales of shares	-	12,553,267
Proceeds from shareholder loans	111,957	-
Repayment of shareholder loans	(20,935)	-
Repayment of inter-group loans	(28,451)	(3,166,963)
Net cash provided by financing activities	(6,722,696)	9,386,304
Effect of exchange rate changes on cash	259,222	(3,289,006)
Net increase / (decrease) in cash	19,032,302	(26,432,714)
Cash at beginning of year	27,713,067	54,145,781
Cash at end of year	46,745,369	27,713,067

CHINA DAIRY CORPORATION LIMITED

ARBN: 607 996 449

Hong Kong Company Registration Number: 2190508

Level 36, Gateway Tower, 1 Macquarie Place, Sydney NSW 2000

7. Dividend Payment Information

N/A

8. Dividend/distribution reinvestment plan

N/A

9. Net tangible assets per CHESS Depository Interest

	30 June 2017 (AUD cents ¹)	30 June 2016 (AUD cents)
Net tangible assets per CHESS Depository Interest	34.87	29.44

- The net tangible assets have been converted from US\$ to A\$ using the spot exchange rate at 30 June 2017 of 1 US\$ = A\$1.3024.

10. Details of entities over which control has been gained or lost during the period

N/A

11. Details of associate and joint venture entities

N/A

12. Other significant information

There are no other significant events or information not otherwise disclosed in these reports needed by an investor to make an informed assessment of the entity's financial performance and financial position.

13. Accounting standards

US GAAP have been used in compiling the information in this Appendix 4E.

14. Review of operations

For the year ended 30 June 2017, CDC is pleased to report that it generated US\$119.8 million in revenue and net income attributable to controlling interests of US\$42.4 million. As at 30 June 2017, the Company had a strong cash position totalling US\$46.7 million. Also, see explanation of results set out in section 2.5.

15. Auditing Status

This report is based on accounts, which are in the process of being audited.

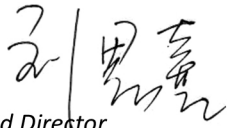
16. Audit disputes or qualifications

This report is based on accounts, which are in the process of being audited.

For and on behalf of China Dairy Corporation Limited,

Enjia Liu

Chairman and Director



Phone: +61-419-797-305

Email: liuenjia@chinadairyco.com