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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)

**A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY HAS
OBTAINED APPROVAL FROM THE NATIONAL ASSOCIATION OF
FINANCIAL MARKET INSTITUTIONAL INVESTORS TO ISSUE SHORT
TERM NOTES**

This announcement is issued by the board (the “**Board**”) of China Modern Dairy Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The Board is pleased to announce that 现代牧业(集团)有限公司 (Modern Farming (Group) Co., Ltd.) (“**Modern Farm**”), a non-wholly owned subsidiary of the Company, has obtained approval from the National Association of Financial Market Institutional Investors, a self-regulation organization supervising issuance of corporate bonds and notes amongst banks in the People’s Republic of China, to issue short term notes within two (2) years from the date of approval. The short term notes can be issued in tranches and the aggregate amount of the short term notes shall not exceed RMB1.4 billion.

The grant of the approval to issue the short term notes is a significant step of the Company in gaining recognition in the PRC finance market and it will provide the Group with an additional source of funding for its operation and business development. Based on the latest information provided by the National Association of Financial Market Institutional Investors, the annual interest rate of one-year notes issued by a company of similar grade as Modern Farm is currently estimated to be around 4.89%, which is lower than the lending cost for one-year term bank loan available to the Company and its subsidiaries. The Board may utilise the short term notes as an favourable alternative to bank loans based on the capital requirements of the Company and the financial costs of the short term notes.

The Company wishes to emphasize that whilst Modern Farm has obtained approval to issue short term notes, shareholders and potential investors of the Company should note that the possible issue of the short term notes may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

If the Company decides to proceed with the issuance, further announcement(s) will be made as and when required.

For and on behalf of the Board
China Modern Dairy Holdings Ltd.
WOLHARDT Julian Juul
Chairman

Hong Kong, March 11, 2013

As of the date of this announcement, the executive Directors are Ms. GAO Lina and Mr. HAN Chunlin, the non-executive Directors are Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max and Mr. LEI Yongsheng, the independent non-executive Directors are Prof. LI Shengli, Prof. GUO Lianheng and Mr. LEE Kong Wai Conway.