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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)

**ISSUE OF SECOND TRANCHE DOMESTIC SHORT TERM NOTES
IN THE PRC BY MODERN FARMING (GROUP) CO., LTD.*,
A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY**

This announcement is made by the board of directors (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).

**ISSUANCE OF SECOND TRANCHE DOMESTIC SHORT TERM NOTES IN
THE PRC**

Reference is made to the announcements of the Company dated 11 March 2013 and 28 March 2013 regarding the approval obtained by Modern Farming (Group) Co., Ltd.* (the “**Issuer**”), a non-wholly owned subsidiary of the Company, from the National Association of Financial Market Institutional Investors to issue domestic short term notes of an aggregate principal amount up to RMB1.4 billion in the People’s Republic of China (the “**PRC**”^{note}); and the issue of the first tranche of the domestic short term notes with an aggregate principal amount of RMB0.7 billion, respectively. The first tranche of the domestic short term notes has been subsequently repaid on 28 March 2014.

Note: For the purposes of this announcement, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

The Issuer has resolved to issue the second tranche of the domestic short term notes in the PRC with an aggregate principal amount of RMB0.7 billion on 24 April 2014. The second tranche of the short term notes has a term of 1 year with interest rate of 6.0% per annum which was determined at the end of the subscription period through bookbuilding and placing processes. The net proceeds of the second tranche of the domestic short term notes will be used for repayment of the bank loans and other borrowings.

The short term notes will be issued to domestic institutional investors in the PRC (other than those who are restricted from participating in such offering in accordance with the laws and regulations of the PRC). China Merchants Bank Co. Limited (招商銀行股份有限公司) is the lead underwriter for the issue of the second tranche of the short term notes. The short term notes will be underwritten by a group of financial institutions in the PRC.

The principal terms of the Short Term Notes to be issued are as follows:

Issuer:	Modern Farming (Group) Co. Ltd.* (現代牧業(集團)有限公司)
Second tranche of the Short Term Notes:	RMB 0.7 billion
Place of issue:	the Inter-bank bond market in the PRC
Maturity:	24 April 2015
Credit rating:	As assessed by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世紀資信評估投資服務有限公司), the second tranche of the Short Term Notes have been given an A-1 rating and the Issuer has been given an AA rating.
Interest rate:	6.0% per annum
Use of proceeds:	The net proceeds from the second tranche of the Short Term Notes will be used for repayment of bank loans and other borrowings.
Trading arrangements:	The second tranche of the short term notes will be traded on the Inter-bank Bond Market in the PRC from 24 April 2014.

In accordance with the relevant laws and regulations in the PRC, relevant documents in relation to the Issuer and the short term notes will be published on the websites of Shanghai Clearing House (<http://www.shclearing.com.cn>) and China Foreign Exchange Trade System (www.chinamoney.com.cn). Shareholders and potential investors are reminded that such documents were prepared in accordance with the requirements in the PRC and are limited solely to the Issuer, and the information contained therein does not provide a full picture of the operation status of the Group.

For and on behalf of the Board
China Modern Dairy Holdings Ltd.
Yu Xubo
Chairman

Hong Kong, 25 April 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. DING Sheng, the independent non-executive Directors are Prof. LI Shengli, Mr. LEE Kong Wai Conway, Mr. LIU Fuchun and Mr. KANG Yan.

** For identification purposes only*