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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 MEDIUM 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 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).

The Board is pleased to announce that the Issuer, a non-wholly owned subsidiary of the Company incorporated in the PRC, has completed the issuance of the first tranche of Medium Term Notes of an aggregate principal amount of RMB0.2 billion with a term of three year from 11 February 2015.

The net proceeds from the first tranche of the Medium Term Notes will be used for repayment of bank loans and as general working capital of the Issuer and its subsidiaries.

An approval was obtained by the Issuer from the Association to issue Medium Term Notes of an aggregate principal amount up to RMB1.8 billion in the PRC.

The Board is pleased to announce that the Issuer has obtained approval by the Association to issue Medium Term Notes of an aggregate principal amount up to RMB1.8 billion in the PRC. The Issuer has completed the issuance of the first tranche of Medium Term Notes of an aggregate principal amount of RMB0.2 billion on 11 February 2015 with a term of three year from the date of issuance. The interest rate of the first tranche of the Medium Term Notes is 6.00% per annum.

The Medium Term Notes have been 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 Construction Bank Co. Limited (中國建設銀行股份有限公司) and China Merchants Bank Co. Limited (招商銀行股份有限公司) are the lead underwriter and the co-lead underwriter for the issue of the first tranche of the Medium Term Notes, respectively.

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

Issuer:	Modern Farming (Group) Co. Ltd.* (現代牧業(集團)有限公司)
First tranche of the Medium Term Notes	RMB0.2 billion
Place of issue:	the Inter-bank bond market in the PRC
Maturity:	11 February 2018
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 first tranche of the Medium Term Notes have been given an AA rating and the Issuer has been given an AA rating.
Interest rate:	6.00% per annum
Interest calculation and payment:	The interest of the first tranche of the Medium Term Notes is calculated at a fixed interest rate 6.00% by the way of simple interest from the date of the issuance and to be paid on an annual basis.
Use of proceeds:	The net proceeds from the first tranche of the Medium Term Notes will be used for repayment of bank loans and as general working capital of the Issuer and its subsidiaries.
Trading arrangements:	The first tranche of the Medium Term Notes will be traded on the Inter-bank Bond Market in the PRC from 12 February 2015.

In accordance with the relevant laws and regulations in the PRC, relevant documents in relation to the Issuer and the Medium Term Notes will be published on the websites of Shanghai Clearing House (www.shclearing.com) 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.

After the issuance of the first tranche of the Medium Term Notes, the Issuer may issue further tranche(s) of Medium Term Notes within a period of two years from the date of the approval of the Association on 18 June 2014 up to the maximum principal amount of RMB1.6 billion of the Medium Term Notes, subject to filing with the Association and issuing new issue documents for the Medium Term Notes.

The issue of the Medium Term Notes is a significant step of the Group in gaining recognition in the PRC finance market and it will provide the Group with an additional source of funding at a reasonable financial cost for its operation and business development. The Board considers that the issuance of the Medium Term Notes is in the interest of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context otherwise requires:

“Association”	the National Association of Financial Market Institutional Investors, a self-regulation organization supervising issuance of corporate bonds and notes amongst banks in the PRC
“Board”	the board of directors of the Company;
“Company”	China Modern Dairy Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Director(s)”	the director(s) of Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;

“Issuer”	Modern Farming (Group) Co., Ltd*. (現代牧業(集團)有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“PRC”	the People’s Republic of China and, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	shareholder(s) of the Company;
“Medium Term Notes”	the medium term notes up to an aggregate principal amount of RMB1.8 billion to be issued by the Issuer in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited .

On behalf of the Board
China Modern Dairy Holdings Ltd.
Ms. GAO Lina

*Deputy Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 11 February 2015

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