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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 and the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on the Stock Exchange) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Board is pleased to announce that on 23 March 2016, the Issuer, a non-wholly owned subsidiary of the Company incorporated in the PRC, completed the issuance of the 2016 first tranche of Medium Term Notes of an aggregate principal amount of RMB1.6 billion, comprising of RMB1.0 billion with a term of two years and RMB0.6 billion with a term of three years.

The net proceeds from the 2016 first tranche of the Medium Term Notes will be used for repayment of loans, improvement of debt structures, 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 Issuer completed the issuance of the 2015 first tranche of the Medium Term Notes of an aggregate principal amount of RMB0.2 billion with a term of three years on 11 February 2015.

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 Board is pleased to announce that on 23 March 2016, the Issuer completed the issuance of the 2016 first tranche of Medium Term Notes of an aggregate principal amount of RMB1.0 billion with a term of two years and an aggregate principal amount of RMB0.6 billion with a term of three years from the date of issuance. The interest rates of the 2016 first tranche of the Medium Term Notes is 4.60% per annum for the two-year maturity portion and 4.75% per annum for the three-year maturity portion.

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 2016 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)
2016 first tranche of the Medium Term Notes:	RMB1.6 billion
Place of issue:	the Inter-bank bond market in the PRC
Maturity:	23 March 2018 and 23 March 2019
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 2016 first tranche of the Medium Term Notes have been given an AA rating and the Issuer has been given an AA rating.
Interest rate:	4.60% per annum for the two-year maturity portion and 4.75% per annum for the three-year maturity portion
Interest calculation and payment:	The interest of the 2016 first tranche of the Medium Term Notes is calculated at a fixed interest rate 4.60% and 4.75% 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 2016 first tranche of the Medium Term Notes will be used for repayment of loans, improvement of debt structures, and as general working capital of the Issuer and its subsidiaries.

Trading arrangements: The 2016 first tranche of the Medium Term Notes will be traded on the Inter-bank Bond Market in the PRC from 24 March 2016.

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 2016 first tranche of the Medium Term Notes, the Issuer has fully completed the issuance of the RMB1.8 billion Medium Term Notes approved by the Association for the Issuer to issue in the Inter-bank bond market in the PRC.

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, 23 March 2016

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