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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 DOMESTIC CORPORATE BONDS 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 on 28 March 2017, the Issuer, a non-wholly owned subsidiary of the Company incorporated in the PRC, completed the issuance of the first tranche of the 2017 Domestic Corporate Bonds in the PRC of an aggregate principal amount of RMB800 million with a term of three years (the issuer has the right to adjust the interest rate while the investors can exercise their sell-back options at the end of the second year for the duration of this tranche of bonds).

The net proceeds from the first tranche of the Domestic Corporate Bonds in the PRC will be used for repayment of loans of the Issuer, and as general working capital of the Issuer and its subsidiaries.

An approval was obtained by the Issuer from the China Securities Regulatory Commission to issue the Domestic Corporate Bonds in the PRC of an aggregate principal amount up to RMB2.0 billion in the PRC.

The Board is pleased to announce that an approval was obtained by the Issuer from the China Securities Regulatory Commission to issue the Domestic Corporate Bonds in the PRC of an aggregate principal amount up to RMB2.0 billion in the PRC. On 28 March 2017, the Issuer completed the issuance of the first tranche of the 2017 Domestic Corporate Bonds in the PRC of an aggregate principal amount of RMB800 million with a term of three years from the date of issuance (the issuer has the right to adjust the interest rate while the investors can exercise their sell-back options at the end of the second year for the duration of this tranche of bonds). The fixed interest rate of the first tranche of the 2017 Domestic Corporate Bonds in the PRC is 5.49% per annum.

The first tranche of the Domestic Corporate Bonds in the PRC have been issued to qualified investors. China Securities Co., Ltd. is the lead underwriter and the trustee for the first tranche of the Domestic Corporate Bonds in the PRC.

The principal terms of the issued first tranche of the Domestic Corporate Bonds in the PRC are as follows:

Issuer:	Modern Farming (Group) Co. Ltd. (現代牧業(集團)有限公司)
First tranche of the Domestic Corporate Bonds in the PRC:	RMB800 million
Maturity:	28 March 2020 (in the case that the investors have exercised their sell-back options, the maturity of the bonds sold back shall be 28 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 Issuer has been given an AA rating and the Domestic Corporate Bonds in the PRC have been given an AA rating.
Interest rate:	5.49% per annum
Interest calculation and payment:	The interest rate of the first tranche of the Domestic Corporate Bonds in the PRC is calculated at a fixed interest rate 5.49% per annum by the way of simple interest from 28 March 2017 and the interest payment date will be 28 March from 2017 to 2020.

Use of proceeds: The net proceeds from the first tranche of the 2017 Domestic Corporate Bonds in the PRC will be used for repayment of loans of the Issuer, and as general working capital of the Issuer and its subsidiaries.

Trading arrangements: The first tranche of the 2017 Domestic Corporate Bonds in the PRC will be traded on the Shanghai Stock Exchange in the PRC

In accordance with the relevant laws and regulations in the PRC, relevant documents in relation to the Issuer and the first tranche of the Domestic Corporate Bonds in the PRC have been published on the websites of Shanghai Stock Exchange in the PRC (www.sse.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 Domestic Corporate Bonds in the PRC, the Issuer can separately issue a new tranche of Domestic Corporate Bonds in the PRC of an aggregate principal amount up to RMB950 million within two years after 27 June 2016 as approved by the China Securities Regulatory Commission.

The issue of the Domestic Corporate Bonds in the PRC is a significant step of the Group in gaining recognition in the PRC's financial 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 Domestic Corporate Bonds in the PRC 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:

- “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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the board of directors
China Modern Dairy Holdings Ltd.
Ms. GAO Lina
Deputy Chairman,
Chief Executive Officer and
Executive Director

Hong Kong, 29 March 2017

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. WEN Yongping, Mr. LU Minfang and Mr. ZHANG Ping, the independent non-executive directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. KANG Yan.