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**MODERN FARMING**  
**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)**

**ISSUANCE OF EXCHANGEABLE BONDS BY CHINA MENGNIU DAIRY  
COMPANY LIMITED EXCHANGEABLE INTO  
ORDINARY SHARES 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)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

\* for identification only

The Company has been informed by China Mengniu Dairy Company Limited (“**Mengniu Dairy**”) that Mengniu Dairy entered into a subscription agreement dated 17 June 2020 with BOCI Asia Limited and Guotai Junan Securities (Hong Kong) Limited (collectively, the “**Managers**”), in connection with the issue of bonds due 2023 in the aggregate principal amount of US\$100,000,000 by Mengniu Dairy (the “**Bond(s)**”) which are exchangeable into ordinary shares of par value of HK\$0.10 each in the share capital of the Company (“**Share(s)**”).

The Bonds will be issued at 100% of the principal amount. The Bonds bear interest on their outstanding principal amount from and including 24 June 2020 at the rate of 1.50% per annum payable semi-annually in arrears in equal instalments of US\$750 per calculation amount (being US\$100,000 in principal amount of the Bonds) on 24 June and 24 December in each year, beginning on 24 December 2020.

The Bonds are exchangeable into Shares owned by Mengniu Dairy (subject to the right of Mengniu Dairy to make a cash election as described below). Assuming the Bonds are fully exchanged into Shares at the initial notional exchange price of HK\$1.2625 per Share, the Bonds will be exchangeable into 613,877,227 Shares (subject to adjustment), representing approximately 9.58% of the issued share capital of the Company as at the date of this announcement. Subject to the right of Mengniu Dairy to make a cash election, each holder of the Bonds (“**Bondholder(s)**”) will have the right, subject to any applicable laws and regulations and in the manner described in the terms and conditions of the Bonds, to exchange a Bond at any time during the exchange period referred to below for Shares owned by Mengniu Dairy. Upon the exercise of exchange rights by a Bondholder on or after 24 June 2022, Mengniu Dairy may make an election by giving notice to the relevant Bondholders to satisfy the exercise of their exchange rights, in whole or in part, by making payment, or procuring that payment is made, to the relevant Bondholder of a cash alternative amount instead of delivering Shares.

Subject to the terms and conditions of the Bonds, the exchange period will be from 4 August 2020 to the date falling ten business days prior to 24 June 2023.

The Bonds will only be offered outside the United States in compliance with Regulation S under the Securities Act, and none of the Bonds will be offered to the public in Hong Kong.

**No new Shares will be issued as a result of or in connection with the issue of the Bonds or upon any exchange of the Bonds.**

For and on behalf of the Board  
**China Modern Dairy Holdings Ltd.**  
**LU Minfang**  
*Chairman*

Hong Kong, 18 June 2020

*As of the date of this announcement, the executive directors are Ms. GAO Lina and Mr. SUN Yugang, the non-executive directors are Mr. LU Minfang (Chairman), Mr. ZHANG Ping, Mr. ZHAO Jiejun and Ms. GAN Lu, and the independent non-executive directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. WOLHARDT Julian Juul.*