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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 US\$500,000,000 2.125%
BONDS DUE 2026**

Reference is made to the announcement of the Company dated 5 July 2021 in respect of the Bonds Issue.

On 7 July 2021 (after trading hours), the Company entered into the Subscription Agreement with the Joint Lead Managers and Joint Bookrunners in connection with the issue of US\$500,000,000 2.125% bonds due 2026 (the “**Bonds**”).

The Company intends to use the proceeds of the Bonds Issue (after deducting the underwriting commissions and other estimated expenses payable in connection with the offering) for refinancing and general corporate purposes.

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Bonds by way of debt issue to professional investors only. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Company.

Although the Subscription Agreement has been entered into, the Bonds Issue may or may not materialise. The completion of the Bonds Issue is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement and is subject to, among other things, market conditions and investors' interest. In addition, the Subscription Agreement may be terminated by the Joint Lead Managers and Joint Bookrunners under certain circumstances. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date

7 July 2021 (after trading hours)

Parties

- (i) the Company as the issuer; and
- (ii) the Joint Lead Managers and Joint Bookrunners, as managers.

The Bonds Issue will only be offered outside the United States, in compliance with Regulation S under the Securities Act. None of the Bonds will be offered to the public in Hong Kong and none of the Bonds will be placed to any connected persons of the Company.

PRINCIPAL TERMS OF THE BONDS

Bonds Offered

Subject to certain conditions to completion, the Company will issue the Bonds in the aggregate principal amount of US\$500,000,000 which will mature on 14 July 2026, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Bonds will be 99.717% of the principal amount.

Interest

The Bonds will bear interest from and including 14 July 2021 at the rate of 2.125% per annum, payable semi-annually in arrears.

Ranking of the Bonds

The Bonds are direct, unconditional, unsubordinated and (subject to the terms and conditions of the Bonds) unsecured obligations of the Company, which will at all times rank *pari passu* and without preference among themselves and rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.

Events of Default

The events of default of the Bonds include, among other things:

(a) non-payment: the Company fails to pay (i) the principal of or any premium (if any) on any of the Bonds when due or (ii) any interest on any of the Bonds within 14 days of the due date; (b) breach of other obligations: the Company does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed which default is, in the opinion of the trustee, incapable of remedy or, if in the opinion of the trustee capable of remedy, is not in the opinion of trustee remedied within 30 days after notice of such default shall have been given to the Company by the trustee; (c) cross default: (i) any other present or future indebtedness of the Company or any of its subsidiaries as defined in the Trust Deed for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), (ii) any such indebtedness is not paid when due or, as the case may be, within the applicable grace period, or (iii) the Company or any of its subsidiaries fails to pay when due, unless payment is made within the applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or

raised provided that no event described in this paragraph (c) shall constitute an event of default unless the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in this paragraph (c) have occurred at any time equals or exceeds US\$25,000,000 or its equivalent; (d) enforcement proceedings: a distress, attachment, execution after final judgment by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Company or certain subsidiaries of the Company and is not discharged or stayed within 30 days; (e) security enforced: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or certain subsidiaries of the Company over a substantial part of the assets of the Company or the relevant subsidiaries, as the case may be, becomes enforceable pursuant to a final judgment by a court of competent jurisdiction and any step is taken to enforce it and such judgment is not discharged within 45 days provided that no event described in this paragraph (e) shall constitute an event of default unless the aggregate amount of the relevant assets in respect of which one or more of the events mentioned in this paragraph (e) have occurred at any time equals or exceeds US\$25,000,000 or its equivalent; (f) insolvency: the Company or certain subsidiaries of the Company is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of the debts of the Company or certain subsidiaries of the Company; (g) winding-up: an order is made by any court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution of the Company or certain subsidiaries of the Company, or the Company ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the trustee acting on an extraordinary resolution of the bondholders, or (ii) in the case of certain subsidiaries of the Company, whereby the undertaking and assets of such subsidiaries are transferred to or otherwise vested in the Company or another such subsidiary; (h) authorisation and consents: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company to lawfully to enter into, exercise their respective rights and perform and comply with its obligations under the Bonds and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of England is not taken, fulfilled or done; (i) illegality: it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under any of the Bonds and/or the Trust Deed; or (j) analogous events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (f) and (g).

Negative Pledge

The Bonds will limit the Company's ability and the ability of certain subsidiaries of the Company to create or permit to exist any Encumbrance, so long as any Bond remains outstanding, to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds either (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as (i) the trustee shall in its absolute discretion deem not materially less beneficial to the interest of the bondholders or (ii) shall be approved by an extraordinary resolution of the bondholders.

Redemption

The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of the Cayman Islands or the PRC. At any time following the occurrence of a change of control triggering event of the Company, the holder of any Bonds will have the right, at such holder's option, to require the Company to redeem all but not some only of that holder's Bonds on the put settlement date at 101% of their principal amount, together with accrued interest.

The Bonds are subject to redemption, in whole but not in part, at any time prior to 14 June 2026, at the make whole price, together with accrued and unpaid interest, at the option of the Company. The Bonds are also subject to redemption, in whole but not in part, at any time from or after 14 June 2026, at a redemption price equal to 100% of the principal amount of the Bonds, together with accrued and unpaid interest, at the option of the Company.

USE OF PROCEEDS OF THE BONDS

The Company intends to use the proceeds of the Bonds Issue (after deducting underwriting commissions and other estimated expenses payable in connection with the offering) for refinancing and general corporate purposes.

LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in the Bonds by way of debt issue to professional investors only. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Company.

RATING

The Bonds are expected to be assigned a rating of "BBB" by S&P Global Ratings.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“Bonds”	the 2.125% bonds due 2026 in the principal amount of US\$500,000,000 to be issued by the Company
“Bonds Issue”	the issue of the Bonds by the Company
“China” or “PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Company”	China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Encumbrance”	means, in relation to the Company, or certain subsidiaries of the Company or any other person, any mortgage, charge, lien, pledge or other security interest over the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of the Company, that certain subsidiary of the Company or that person (as applicable)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Lead Managers and Joint Bookrunners”	Barclays Bank PLC, Citigroup Global Markets Limited, DBS Bank Ltd., J.P. Morgan Securities plc, China International Capital Corporation Hong Kong Securities Limited, Coöperatieve Rabobank U.A., Hong Kong Branch and CMB International Capital Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Offer Price”	the price at which the Bonds will be sold, being 99.717% of the principal amount of the Bonds
“professional investors”	has the meaning defined in chapter 37 of the Listing Rules
“Relevant Indebtedness”	means any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or ordinarily traded on any stock exchange or over-the-counter or other securities market
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 7 July 2021 entered into among the Company and the Joint Lead Managers and Joint Bookrunners in relation to the Bonds Issue
“Trust Deed”	a trust deed to be entered into on or about 14 July 2021 between the Company and the trustee of the Bonds
“US\$”	United States dollars
“%”	per cent.

By order of the Board of
China Modern Dairy Holdings Ltd.
LU Minfang
Chairman

Hong Kong, 7 July 2021

As of the date of this announcement, the executive Director is Mr. SUN Yugang, the non-executive Directors are Mr. LU Minfang (Chairman), Mr. ZHAO Jiejun, Mr. ZHANG Ping, Mr. ZHU Xiaohui and Ms. GAN Lu, and the independent non-executive Directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. CHOW Ming Sang.