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**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)**

**GRANT OF SHARE OPTIONS UNDER THE SHARE OPTION SCHEME  
AND  
TERMINATION OF THE SHARE OPTION SCHEME**

**Grant of Share Options Under the Share Option Scheme**

This announcement is made pursuant to Rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The board of directors (the “**Board**”) of China Modern Dairy Holdings Limited (the “**Company**”) hereby announces that on September 9, 2016, 9,033,327 share options (the “**Share Options**”) to subscribe for the ordinary shares of HK\$0.10 each of the Company (the “**Shares**”) were granted (the “**Grant**”), subject to acceptance of the grantee(s) (the “**Grantee(s)**”), under the share option scheme adopted by the Company on June 5, 2014 (the “**Share Option Scheme**”).

The Share Options shall entitle the Grantees to subscribe for an aggregate of 9,033,327 new Shares upon the exercise of the Share Options in full at an exercise price of HK\$1.52 per Share, which represents the highest of (i) the closing price of HK\$1.51 on the date of grant of the Share Options, i.e., September 9, 2016 (the “**Date of Grant**”); (ii) the average closing price of HK\$1.52 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Date of Grant and (iii) the nominal value of the Share, which is HK\$0.10.

The following are the details of the Share Options granted:-

Date of grant:	September 9, 2016
Exercise price of the Share Options granted:	HK\$1.52
Number of Share Options granted:	9,033,327, with each Share Option entitling the relevant Grantee to subscribe for one Share
Closing price of the Shares on the Date of Grant	HK\$1.51
Validity period of the Share Options:	The Share Options are valid for a period of 5 years on the date when the Share Options became vested.

Pursuant to the rules of the Share Option Scheme, the Share Options granted to each Grantee (the “**Granted Options**”) are deemed to be divided into three tranches, each of which consists of one-third of the Granted Options and is associated with a performance target within a specific financial period (the “**Performance Target**”). The Performance Target has been determined by the Board and specified in the offer letter to each Grantee. The financial period for the first tranche is the financial year ended December 31, 2014; the financial period for the second tranche is the financial year ended December 31, 2015; and the financial period for the third tranche will be the financial year ending December 31, 2016. The corresponding tranche will accrue if the Performance Target set for the relevant financial period is met.

Since the financial results of the Company for the financial years ended December 31, 2014 and December 31, 2015 have been announced by the Company on March 23, 2015 and March 21, 2016, respectively, the Board had taken into account such financial results in determining the Share Options to be granted to each of the Grantees.

The Granted Options accrued in accordance with the above paragraph shall vest on an one-off basis within 30 days after the date of publication of the results announcement for the financial year ending 31 December 2016. Any Granted Options not accrued as a result of non-fulfillment of any Performance Target shall automatically lapse.

3,500,000 Share Options out of the aggregate of 9,033,327 Share Options were granted to the directors of the Company and details of which are as follows:

<i>Name of Directors</i>	<i>Number of Share Options</i>
<i>Executive Directors</i>	
Gao Lina (Deputy Chairman and Chief Executive Officer)	2,000,000
Han Chunlin (Chief Operation Officer)	1,500,000

Save as disclosed above, none of the Grantees is a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined in the Listing Rules).

The grant of the Share Options to the directors of the Company has been approved by the independent non-executive directors of the Company in compliance with Rule 17.04(1) of the Listing Rules.

#### **Termination of the Share Option Scheme**

The Board hereby announces that the Share Option Scheme was terminated on the Date of Grant upon the completion of the Grant with immediate effect, taking into account all share options that can be issued under the Share Option Scheme was duly granted. Prior to the termination of the Share Option Scheme, the Company had granted a total of 90,966,673 share options pursuant to the Share Option Scheme, and there were 82,854,634 outstanding share options of the Company granted and yet to be exercised under the Share Option Scheme. Upon termination of the Share Option Scheme, no further share option will be granted but in all other respects the rules of the Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of any share options granted and accepted prior thereto or otherwise as may be required in accordance with the rules of the Share Option Scheme, and share options which were granted and accepted prior to such termination are continued to be valid and exercisable in accordance with the rules of the Share Option Scheme and their terms of issue.

By order of the Board  
**China Modern Dairy Holdings Ltd.**  
**Ms. Gao Lina**  
*Deputy Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, September 11, 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.*