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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

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 8 November, 2016, 146,650,000 share options (the “**Share Options**”) to subscribe for the ordinary shares of HK\$0.10 each of the Company (the “**Shares**”) were granted, subject to acceptance of the grantee(s) (the “**Grantee(s)**”), under the share option scheme adopted by the Company on 30 September 2016 (the “**Share Option Scheme**”).

The Share Options shall entitle the Grantees to subscribe for an aggregate of 146,650,000 new Shares upon the exercise of the Share Options in full at an exercise price of HK\$1.71 per Share, which represents the highest of (i) the closing price of HK\$1.71 on the date of grant of the Share Options, i.e., 8 November, 2016 (the “**Date of Grant**”); (ii) the average closing price of HK\$1.696 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:	8 November, 2016
Exercise price of the Share Options granted:	HK\$1.71
Number of Share Options granted:	146,650,000, with each Share Option entitling the relevant Grantee to subscribe for one Share
Closing price of the Shares on the date of the Share Options:	HK\$1.71
Validity period of the Share Options:	The Options are valid for a period of 5 years on the date when the 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 will be the financial year ending 31 December 2016; the financial period for the second tranche will be the financial year ending 31 December 2017; and the financial period for the third tranche will be the financial year ending 31 December 2018. The corresponding tranche will be cancelled if less than 80% of the Performance Target set for the relevant financial period is met. The corresponding tranche will accrue on a pro-rata basis if 80% or more of the Performance Target set for the relevant period is met. The corresponding tranche will accrue in full if 100% of the Performance Target set for the relevant financial period is met..

The Granted Options accrued in accordance with the above paragraph shall vest on a one-off basis within 30 days after the date of publication of the results announcement for the financial year ending 31 December 2018. Any Granted Options not accrued as a result of non-fulfillment of any Performance Target shall automatically lapse.

18,000,000 Share Options out of the aggregate of 146,650,000 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)	12,000,000
Han Chunlin (Chief Operation Officer)	6,000,000

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

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

Hong Kong, 8 November, 2016

As of the date of this announcement, the executive Directors are Ms. GAO Lina and Mr. HAN Chunlin, the non-executive Directors are Mr. YU Xubo, Mr. WOLHARDT Julian Juul, Mr. HUI Chi Kin Max, Mr. ZHANG Ping and Mr. SUN Yugang, the independent non-executive Directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway, Mr. KANG Yan and Mr. ZOU Fei.