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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)

ADOPTION OF SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Share Award Scheme on 26 March 2018. The purpose of the Share Award Scheme is to recognize and motivate the contribution of certain members of management of the Group and to provide incentives and help the Group in retaining its existing members of management and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The Board is pleased to announce that it has approved the adoption of the Share Award Scheme on 26 March 2018. A summary of the principal terms of the Share Award Scheme is set out in this announcement.

THE SHARE AWARD SCHEME

Purpose and Objectives

The purpose of the Share Award Scheme is to recognize and motivate the contribution of certain members of management of the Group and to provide incentives and help the Group in retaining its existing members of management and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

Duration

The Share Award Scheme shall be effective from the Adoption Date and shall continue in full force and effect for an initial term of ten (10) years commencing on the Adoption Date.

Administration

The Share Award Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules and the Trust Deed. The Trustee is an independent third party (within the meaning under the Listing Rules) to the Company.

Operation of the Share Award Scheme

Contribution of funds to the Trust

The Company may from time to time cause to be paid a Contributed Amount to the Trust by way of settlement or otherwise contributed by the Company and such other person as directed by the Company, for the purchase of Shares.

The Company may from time to time instruct the Trustee to purchase Shares by itself or through any directly or indirectly wholly-owned subsidiary(ies) of the Trustee in the open market on the Stock Exchange or through private placement (other than from any Connected Person of the Company) without issuance or allotment of new Shares. Once purchased, such Shares shall be allocated to, and will be held directly or indirectly by the Trustee on trust for the benefit of, the designated Selected Participants in such number as determined by the Board at its absolute discretion. In determining the number of Awarded Shares to be granted to any Selected Participant, the Board shall take into consideration matters including, but without limitation to, the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan, and any other matter which the Board considers relevant. The Selected Participants must be selected by the Board from the Eligible Participants.

The Board is entitled to impose any conditions (including a period of continued service within the Group after the Award) as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares on the Selected Participant.

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. The Trustee shall not exercise the voting rights in respect of any Awarded Shares.

Eligible Participants

The Eligible Participants include all members of the middle and senior management of any member of the Group. Except for Ms. Gao Lina, Mr. Han Chunlin and Mr. Dong Xianli, none of the Eligible Participants is a Connected Person of the Company.

Where any grant of Awarded Shares is proposed to be made to any person who is a Connected Person of the Company, the Company shall comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement, circular and/or shareholders' approval requirements, unless otherwise exempted under the Listing Rules.

Vesting of Awarded Shares

Subject to the terms and condition of the Share Award Scheme and the fulfillment of all vesting conditions (if any) to the vesting of the Awarded Shares on such Selected Participant as specified in the Scheme Rules and the grant notice (as the case may be), the respective Awarded Shares held by the Trustee on behalf of the Selected Participant pursuant to the provision of the Scheme Rules shall vest in such Selected Participant on such date(s) determined in accordance with the vesting schedule as set out in the grant notice or otherwise as communicated by the Company to the Selected Participant, and the Trustee shall cause the Awarded Shares to be transferred to such Selected Participant (or his nominee) on the Vesting Date.

Prior to the Vesting Date, any Award made pursuant to the Scheme Rules shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the Awarded Shares referable to him pursuant to such Award.

Lock-up

- (a) Within the 12 months following the Vesting Date (the "**Lock-up Period**"), a Selected Participant may only dispose of up to fifty percent (50%) of the Awarded Shares vested to such Selected Participant on the Vesting Date (the "**Vested Shares**"); and

- (b) Subject to (a), a Selected Participant may dispose of his/her remaining Vested Shares at any time following the expiry of Lock-Up Period.

Restrictions under the Scheme Rules

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the Trustee under the Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time. Without limiting the generality of the foregoing, no such instruction is to be given and no such grant is to be made:

- (a) after any inside information has come to the Company's knowledge until it has been publicly announced;
- (b) during the period of 60 days immediately preceding the publication date of the annual results for any financial period of the Company or, if shorter, the period from the end of the relevant financial period up to the publication date of the results;
- (c) during the period of 30 days immediately preceding the publication date of the interim results for any financial period of the Company or, if shorter, the period from the end of the relevant half-year period of the financial period up to the publication date of the results; or
- (d) in any circumstance which is prohibited under the Listing Rules, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

Limit of the Share Award Scheme

The maximum number of Shares which may be purchased by the Trustee is set at no more than 1% of the number of issued ordinary shares of the Company at the preceding annual general meeting.

Termination

The Share Award Scheme shall terminate on the earlier of:

- (a) the expiration of the term of the Share Award Scheme; and
- (b) such date of early termination of the Share Award Scheme as determined by the Board by a resolution of the Board,

provided that such termination shall not affect any subsisting rights of any Selected Participant.

Other Information

The Share Award Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Adoption Date”	26 March 2018, being the date on which the Share Award Scheme is adopted by the Company;
“Award”	an award of Awarded Shares by the Board to a Selected Participant;
“Awarded Share(s)”	in respect of a Selected Participant, such number of Shares awarded by the Board;
“Board”	the board of directors of the Company;
“Business Day”	a day (other than Saturday, Sunday or a public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Company”	China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司), a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 1117);
“Connected Person”	has the meaning ascribed to such term in the Listing Rules;
“Contributed Amount”	cash paid or made available to the Trust by way of settlement or otherwise contributed by the Company and such other person to the Trust as directed by the Company from time to time;
“Director(s)”	the director(s) of the Company;

“Eligible Participant”	all members of the middle and senior management of any member of the Group;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange;
“Group”	the Company and its Subsidiaries from time to time, and “member of the Group” means any or a specific one of them;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Scheme Rules”	the rules to the Share Award Scheme adopted by the Board;
“Selected Participant(s)”	Eligible Participant(s) selected by the Board for participation in the Share Award Scheme;
“Shares”	ordinary shares with nominal value of HK\$0.10 each in the capital of the Company;
“Share Award Scheme”	the share award scheme of the Company adopted by the Directors on the Adoption Date, the principal terms of which are set out in this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	has the meaning ascribed to such term in the Listing Rules;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time);

“Trustee” Dairy Fortune (PTC) Limited, a private trust company incorporated under the laws of the British Virgin Islands, and any additional or replacement trustees, being the trustee or trustees for the time being of the trust declared in the Trust Deed; and

“Vesting Date” in respect of a Selected Participant, the date on which his entitlement to the Awarded Shares is vested in such Selected Participant.

For and on behalf of the Board
China Modern Dairy Holdings Ltd.
Ms. GAO Lina
*Deputy Chairman, Chief Executive officer and
Executive Director*

Hong Kong, 26 March 2018

As of the date of this announcement, the executive directors are Ms. GAO Lina and Mr. HAN Chunlin, the non-executive directors are Mr. LU Minfang , Mr. WOLHARDT Julian Juul, Mr. ZHANG Ping and Mr. WEN Yongping, the independent non-executive directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. KANG Yan.