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CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

**GRANT OF RESTRICTED SHARES
UNDER RESTRICTED SHARE AWARD SCHEME
AND
GRANT OF SHARE OPTIONS UNDER SHARE OPTION SCHEME**

GRANT OF RESTRICTED SHARES

On 13 July 2017, the Company approved a grant of Restricted Shares under the RSA Scheme, pursuant to which 6,998,575 Restricted Shares, representing approximately 0.2% (after adjustment of bonus issue) of the issued share capital of the Company as at the Adoption Date, were approved to be granted to the Selected Participants.

The Company also approved to extend the validity period of the RSA Scheme for approximately another five (5) years to 26 March 2023.

GRANT OF SHARE OPTIONS

On 13 July 2017, the Company offered to grant an aggregate of 10,930,005 Options to eligible grantees under its Share Option Scheme.

BACKGROUND

China Mengniu Dairy Company Limited (the “Company”) has generally been on a steady path of development over the years since its listing in 2004 and established a proven track record of performance. In order to provide incentives to the core management team to devote to the future continuous growth of the Company with the aim to achieve an enhanced level of performance and lead the Company into a new era of development and to re-inforce the management team’s commitment to long term services for the Company, the Company has approved to make grants of a combination of restricted shares under its restricted share award scheme adopted on 26 March 2013 (the “RSA Scheme”) and share options under its share option scheme adopted on 3 June 2016 (the “Share Option Scheme”).

GRANT OF RESTRICTED SHARES

Reference is made to the announcement of the Company dated 26 March 2013 (the “RSA Announcement”), in relation to the adoption of the RSA Scheme. Unless otherwise defined herein, capitalized terms used in this section of the announcement shall have the same meanings given to them in the RSA Announcement.

On 13 July 2017, the Company approved the grant of 6,998,575 Restricted Shares under the RSA Scheme, details of which are set out as follows:

1. Grant Date: 13 July 2017.
2. 6,998,575 Restricted Shares, representing approximately 0.2% (after adjustment of bonus issue) of the issued share capital of the Company as at the Adoption Date, to be granted to the Selected Participants (the “RSA Grant”). The Selected Participants include the directors of the Company (the “Directors”), senior management, managers of departments and other employees of the Group, who contributed directly to the overall business performance and will contribute to the sustainable development of the Group.

Among the Restricted Shares granted above, 234,400 Restricted Shares were granted to Directors, details of which are as follows:

Name of Director	Position(s) held with the Company	Number of Restricted Shares granted
Mr. Jeffrey, Minfang Lu	Chief Executive Officer and executive Director	164,100
Ms. WU Wenting	Executive Director	70,300

3. The Restricted Shares to be granted under the RSA Grant shall vest in two equal batches on the first and second anniversaries of the date of grant in accordance with other vesting conditions (including the Group’s performance targets) as specified under the relevant grant letters and the rules of the RSA Scheme.

The directors and the remuneration committee of the Company consider that the RSA Grant is fair and reasonable, and is in the best interests of the Company and its shareholders as a whole.

The grant of Restricted Shares to the Directors forms part of the remuneration packages of the Directors under their respective letters of appointment with the Group and accordingly, is exempt from the reporting, announcement and independent shareholders’ approval requirements under Rules 14A.73(6) and 14A.95 of the Rules (the “Listing Rules”) governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Extension of the validity period of the RSA Scheme

The Company also approved to extend the validity period of the RSA Scheme for approximately another five (5) years to 26 March 2023.

GRANT OF SHARE OPTIONS

This section of the announcement is made pursuant to Rule 17.06A of the Listing Rules.

On 13 July 2017, the Company offered to grant an aggregate of 10,930,005 share options (the “Options”) to eligible grantees (the “Option Grantees”), subject to acceptance by the Option Grantees, to subscribe for ordinary shares of HK\$0.10 each in the capital of the Company (the “Shares”) under its Share Option Scheme.

The following are the details of the Options granted:-

Grant Date:	13 July 2017
Exercise price of the Options granted:	HK\$14.812, which is the highest of (i) HK\$0.10, being the nominal value of the Shares; (ii) HK\$14.62, being the closing price per Share as stated in the Stock Exchange’s daily quotations sheet on the Grant Date; and (iii) HK\$14.812, being the average closing price per Share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the Grant Date.
Number of Options granted:	10,930,005
Validity period of the Options:	Five (5) years commencing from the Grant Date, subject to vesting.
Vesting period of the Options:	Subject to the fulfillment of the relevant vesting conditions, the Options will be vested in two equal batches on the first and second anniversaries of the Grant Date.

Among the Options granted above, 1,103,300 Options were granted to Directors, details of which are as follows:

Name of Director	Position(s) held with the Company	Number of Options granted
Mr. Jeffrey, Minfang Lu	Chief Executive Officer and executive Director	865,000
Ms. WU Wenting	Executive Director	238,300

The grant of Options to the Directors was approved by the independent non-executive Directors in compliance with Rule 17.04(1) of the Listing Rules. Save as disclosed above, the Company confirms none of the Option Grantees is a Director, chief executive or a substantial shareholder (as defined in the Listing Rules) of the Company, or an associate (as defined in the Listing Rules) of any of them.

By order of the Board
China Mengniu Dairy Company Limited
Kwok Wai Cheong
Company Secretary

Hong Kong, 13 July 2017

As at the date of this announcement, the Board comprises: Mr. Jeffrey, Minfang Lu, Mr. Bai Ying and Ms. Wu Wenting as executive directors, Mr. Ma Jianping, Mr. Niu Gensheng, Mr. Tim Ø rting Jørgensen and Mr. Filip Kegels as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi as independent non-executive directors.

** For identification purpose only*