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蒙牛

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)

ADOPTION OF KEY MANAGEMENT RETENTION PLAN AND GRANT OF SHARE AWARDS TO EXECUTIVE DIRECTORS

The Board has resolved to adopt the Key Management Retention Plan to retain and reward the Group's key management personnel and employees with great potential and to drive the achievement of strategic objectives of the Company. The Company will contribute a maximum of RMB150 million for the execution of the Key Management Retention Plan. Share Award granted to a Selected Personnel shall be vested in two batches pursuant to the Key Management Retention Plan. Upon vesting, such number of Shares equivalent to the Share Award will be transferred from the Trustee(s) to the Selected Personnel.

The Board is pleased to announce that on 11 April 2016, the Board has approved the grant of Share Awards in an aggregate sum of RMB150 million to the Selected Personnel. Based on the Reference Price, i.e. HK\$12.42 (equivalent to RMB10.35) per Share, and assuming all Share Awards will be vested, a maximum of 14,492,753 Shares (equivalent to approximately 0.37% of the total issued share capital as of the date of this announcement) will be transferred from the Trustee(s) to the Selected Personnel upon vesting. Among the Share Awards granted, Ms. Sun and Mr. Bai, both are executive Directors, have been granted Share Awards in an aggregate sum of RMB16,095,000 and RMB4,828,500, respectively, equivalent to 1,555,072 Shares and 466,521 Shares, respectively (equivalent to approximately 0.04% and 0.01% of the total issued share capital as of the date of this announcement, respectively).

* For identification purposes only

ADOPTION OF KEY MANAGEMENT RETENTION PLAN

The Board has resolved to adopt the Key Management Retention Plan to retain and reward the Group's key management personnel and employees with great potential and to drive the achievement of strategic objectives of the Company.

Grant of Share Awards

The Board has determined the grant of Share Awards, including the identity of the Selected Personnel and the monetary value of the Share Award to be granted to each Selected Personnel.

Share Awards are granted to Selected Personnel based on their performance evaluation in 2015.

Operation and Maximum Limit

The Company will contribute a maximum of RMB150 million for the execution of the Key Management Retention Plan.

Pursuant to the Key Management Retention Plan, existing Shares will be purchased by the Trustee(s) and be held in trust for the relevant Selected Personnel.

The number of Shares to be awarded to the Selected Personnel in connection with the Key Management Retention Plan will be calculated by dividing the Share Award by the Reference Price.

Vesting and Lapse

The Share Award granted to a Selected Personnel shall be vested in two batches, whereby 40% and 60% of the Share Award shall be vested on 31 December 2016 and 31 December 2017, respectively. Upon vesting, such number of Shares equivalent to the Share Award will be transferred from the Trustee(s) to the Selected Personnel.

In addition, pursuant to the Key Management Retention Plan, no Share Award shall be vested in the Selected Personnel in the following situations:

- (a) on the Vesting Day (i) the Selected Personnel has resigned; or (ii) the Company has terminated the employment of the relevant Selected Personnel due to misconduct; or (iii) the Company has not renewed the employment contract of the Selected Personnel upon its expiration; or (iv) there exists such other personal reasons which result in the employment of the Selected Personnel being terminated or the term of such Selected Personnel's employment contract could not be completed in full;
- (b) the Selected Personnel receives unsatisfactory performance evaluation results for 2016 and 2017;

- (c) the Selected Personnel has committed a material violation of the Group's policies or has made a mis-judgement which result in material losses suffered by the Group; or
- (d) the Selected Personnel has breached any laws, rules and regulations of the People's Republic of China and being subject to criminal penalty during his term of employment.

In the event that any Share Award do not vest, the grant of such Share Award shall automatically lapse and no Shares will be transferred from the Trustee to the relevant Selected Personnel.

Voting Rights

The Trustee(s) shall not exercise the voting rights in respect of any Shares held under the Trust.

GRANT OF SHARE AWARD

The Board is pleased to announce that on 11 April 2016, the Board has approved the grant of Share Awards in an aggregate sum of RMB150 million to the Selected Personnel. Based on the Reference Price, i.e. HK\$12.42 (equivalent to RMB10.35) per Share, and assuming all Share Awards will be vested, a maximum of 14,492,753 Shares (equivalent to approximately 0.37% of the total issued share capital as of the date of this announcement) will be transferred from the Trustee(s) to the Selected Personnel upon vesting. Among the Share Awards granted, Ms. Sun and Mr. Bai, both are executive Directors, have been granted Share Awards in an aggregate sum of RMB16,095,000 and RMB4,828,500, respectively, equivalent to 1,555,072 Shares and 466,521 Shares, respectively (equivalent to approximately 0.04% and 0.01% of the total issued share capital as of the date of this announcement, respectively). The grant of the Share Awards to Ms. Sun and Mr. Bai are subject to the conditions (including vesting conditions) specified under the relevant grant letter and the rules of the Key Management Retention Plan.

LISTING RULES IMPLICATIONS

The Key Management Retention Plan does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. Therefore, no shareholders' approval is required to adopt the Key Management Retention Plan.

The Board considers that the grant of Share Awards to Ms. Sun and Mr. Bai are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

The grant of Share Awards to Ms. Sun and Mr. Bai form part of her/his respective remuneration package under her/his respective letter 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 Listing Rules.

DEFINITIONS

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“Board”	the board of directors of the Company, such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Key Management Retention Plan
“Company”	China Mengniu Dairy Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2319)
“Director(s)”	the directors of the Company
“Grant Date”	the date on which the Share Award(s) is/are granted to the Selected Personnel pursuant to the Key Management Retention Plan, i.e. 11 April 2016
“Group”	the Company and its subsidiaries
“Key Management Retention Plan”	the key management retention plan of the Company adopted by the Board whereby Share Awards may be granted to Selected Personnel (such Shares being purchased by the Trustee(s) from the market)
“Mr. Bai”	Mr. Bai Ying, an executive Director
“Ms. Sun”	Ms. Sun Yiping, an executive Director
“Reference Price”	the closing price per Share as quoted on the Stock Exchange on the Grant Date
“Selected Personnel”	any key management personnel or employee selected by the Board to receive Share Award(s) pursuant to the Key Management Retention Plan
“Share Award”	a monetary sum awarded to the Selected Personnel under the Key Management Retention Plan
“Share(s)”	share(s) with a par value of HK\$0.10 each (or such other nominal amount as shall result from a sub-division or a consolidation of such shares from time to time) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it by the Listing Rules
“Trust(s)”	the irrevocable trust(s) from which the Share Award may be granted to a Selected Personnel pursuant to the Key Management Retention Plan
“Trustee(s)”	professional trustee(s) (which is/are independent of and not connected with the Company) to be appointed by the Company for the administration of the Key Management Retention Plan
“Vesting Day”	the day when the Share Award(s) is/are vested

* *This announcement contains conversion between Renminbi and Hong Kong dollars at RMB0.83332 to HK\$1.00. The conversion shall not be taken as representation that the Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.*

By order of the Board
China Mengniu Dairy Company Limited
Sun Yiping
Executive Director and Chief Executive Officer

Hong Kong, 11 April 2016

As at the date of this announcement, the Board comprises: Ms. Sun Yiping and Mr. Bai Ying as executive directors, Mr. Ma Jianping, Mr. Yu Xubo, Mr. Niu Gensheng, Ms. Liu Ding, Mr. Tim Ørting Jørgensen and Mr. Filip Kegels as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya, Mr. Wu Kwok Keung Andrew and Dr. Liao Jianwen as independent non-executive directors.