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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)

**DISCONTINUATION WITH THE PROPOSED GRANT OF OPTIONS UNDER
THE SHARE OPTION SCHEME**

The Board announces that it wishes to discontinue with the proposed grant of an aggregate of 88,800,000 Options to subscribe for Shares under the Share Option Scheme.

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**).

Reference is made to the announcement of China Mengniu Dairy Company Limited (the **Company**) dated 9 July 2009 regarding the proposed grant of an aggregate of 88,800,000 share options (the **Options**) to employees and directors of the Company (the **Proposed Grantees**), subject to acceptance by the Proposed Grantees, to subscribe for ordinary shares of HK\$0.10 each in the capital of the Company (the **Shares**) under its share option scheme adopted on 28 June 2005 (the **Share Option Scheme**) (the **Announcement**), which was made pursuant to Rule 17.06A of the Listing Rules.

The board (the **Board**) of directors of the Company wishes to clarify that, pursuant to the rules of the Share Option Scheme, the proposed grant of the Options is subject to issue of relevant letters of grant and acceptance by the relevant Proposed Grantees. In this regard, the letters of grant for the Options have, as at the date of this announcement, not been issued to any of the Proposed Grantees and accordingly the legal procedure for effecting the grant of Options has therefore not completed. No Option has been formally granted as a result.

Subsequent to the Announcement, the Board has received feedback from various interested parties and accordingly further discussions regarding the proposed grant of Options were made and the Board has resolved not to proceed further with the implementation of the proposed grant of Options. Notwithstanding this, the Board will continue to consider granting options under the Share Option Scheme from time to time on such terms as it deems appropriate and any such grant of options, if made, will be made in compliance with the Listing Rules.

By Order of the Board
Kwok Wai Cheong, Chris
Company Secretary

Hong Kong, 17 July 2009

As at the date of this announcement, the Board comprises: Mr. Niu Gensheng, Mr. Yang Wenjun, Mr. Sun Yubin, Mr. Yao Tongshan and Mr. Bai Ying as executive directors, Mr. Jiao Shuge (alias Jiao Zhen) and Mr. Julian Juul Wolhardt as non-executive directors Mr. Zhang Julin, Mr. Liu Fuchun and Mr. Zhang Xiaoya as independent non-executive directors.

* For identification purposes only