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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 SHARE OPTIONS UNDER SHARE OPTION SCHEME

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (the “**Board**”) of directors of China Mengniu Dairy Company Limited (the “**Company**”) announces that the Company has on 23 November 2009 offered to grant to eligible grantees (the “**Grantees**”), subject to acceptance by the Grantees, 89,025,000 share options (the “**Share Options**”) 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**”), comprising of the following:

- (1) 20,116,500 share options (the “**New Options**”) in exchange for, and replacement of, the cancellation of outstanding share options previously granted on 9 November 2007 (the “**2007 Share Options**”); and
- (2) 68,908,500 additional share options.

The objectives of the Share Option Scheme are to provide incentives for management and employees, and to offer valuable incentive to attract and retain quality personnel in order to enhance the value of the Shares and the Company. The Company has offered to grant, subject to acceptance by the Grantees, the New Options in exchange for, and replacement of, the cancellation of the 2007 Share Options in order to better achieve the objectives of the Share Option Scheme.

The Share Options will be issued under the refreshed share option mandate limit (the “**Refreshed Mandate Limit**”) of the Share Option Scheme as granted by the Company’s shareholders to the Company’s directors on 10 June 2009. The Refreshed Mandate Limit will hence be reduced by the total number of Share Options to be granted as set out above.

The details of the grant of the Share Options are set out below:

Date of grant:	23 November 2009
Exercise price of Share Options granted:	HK\$24.4 per Share
Number of Share Options granted:	89,025,000 (each Share Option shall entitle the holder thereof to subscribe for one Share)

Closing price of the Shares on the date of grant of the Share Options: HK\$24.4 per Share

Validity period of the Share Options: The Share Options are valid for a period of 6 years commencing from the date of grant of the Share Options

The Share Options will be vested in three batches with 20%, 40% and 40% of the Share Options granted vesting on, respectively, the second, third and fourth anniversaries of the date of grant of the Share Options. In addition, the Share Options will only be vested if and when the pre-set performance targets of the Group, the division of the Grantee and the individual Grantee are achieved. Unless all of the said targets are met, the Share Options granted will lapse.

Among the Share Options granted above, 10,810,000 Share Options were granted to directors of the Company, details of which are as follows:

<b>Name of Director</b>	<b>Position(s) held with the Company</b>	<b>Number of Share Options</b>
Yang Wenjun	Chief Executive Officer and Executive Director	6,600,000 (comprising (i) 4,319,500 Share Options and (ii) 2,280,500 New Options to replace 2007 Share Options)
Yau Tongshan	Chief Financial Officer and Executive Director	1,000,000 (comprising (i) 170,500 Share Options and (ii) 829,500 New Options to replace 2007 Share Options)
Bai Ying	Executive Director	3,210,000 (comprising (i) 2,071,500 Share Options and (ii) 1,138,500 New Options to replace 2007 Share Options)

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 Mengniu Dairy Company Limited**  
**Kwok Wai Cheong, Chris**  
*Company Secretary*

Hong Kong, 24 November 2009

*As at the date of this announcement, the Board comprises: Mr. Niu Gensheng, Mr. Yang Wenjun, Mr. Yao Tongshan and Mr. Bai Ying as executive directors, Mr. Ning Gaoning, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Yu Xubo, Mr. Ma Jianping, Mr. Fang Fenglei as non-executive directors, Mr. Zhang Julin, Mr. Liu Fuchun and Mr. Zhang Xiaoya as independent non-executive directors.*

\* *For identification purposes only*