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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 THE 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”).

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 create further long-term growth for 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 board (the “Board”) of directors of the Company announces that on 10 October 2011, the Company offered to grant an aggregate of 65,000,000 share options (the “Options”) to eligible grantees, who are core management of the Company (the “Grantees”), subject to acceptance by the 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 Options granted will only be vested if and when the relatively higher pre-set performance targets of the Group, the division(s) of the Grantee and the individual Grantee are achieved and the vesting period of the Options granted is longer than other share options previously granted by the Company.

The following are the details of the Options granted:-

Date of grant:	10 October 2011
Exercise price of the Options granted:	HK\$24.1
Number of Options granted:	65,000,000

Closing price of the Shares on the date of grant: HK\$24.1
Validity period of the Options: The Options are valid for a period of 7 years commencing from the date of grant of the Options.

The Options will be vested in two equal batches with 50% of the Options granted vesting on, respectively, the fourth and fifth anniversaries of the date of grant of the Options. Unless all of the aforesaid performance targets are achieved, the Options granted will lapse.

Among the Options granted above, 17,800,000 Options were granted to directors of the Company, details of which are as follows:

Name of Director	Position(s) held with the Company	Number of Options
Yang Wenjun	Chief Executive Officer and Executive Director	9,000,000
Bai Ying	Executive Director	3,200,000
Wu Jingshui	Executive Director	2,400,000
Ding Sheng	Executive Director	3,200,000

The grant of 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, 11 October 2011

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

** For identification purpose only*