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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)

ISSUANCE OF US\$500,000,000 3.50% BONDS DUE 2018

Reference is made to the announcement of the Company dated 15 November 2013 in respect of the Bonds Issue.

On 21 November 2013, the Company entered into the Subscription Agreement with Standard Chartered Bank, Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited and Barclays Bank PLC, in connection with the issue of US\$500,000,000 3.50% Bonds due 2018.

The estimated net proceeds of the Bonds Issue, after deduction of the underwriting discounts and commission and other estimated expenses, will amount to approximately US\$493 million. The Company intends to use the net proceeds to refinance outstanding indebtedness of the Group, including certain loan facilities to which some joint bookrunners are lenders.

* For identification purpose only

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the merits of the Bonds or the Company.

THE SUBSCRIPTION AGREEMENT

Date: 21 November 2013

Parties to the Subscription Agreement

- a) the Company as the issuer; and
- b) Standard Chartered Bank, Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited and Barclays Bank PLC, as the managers.

The Bonds Issue will only be offered outside the United States, in compliance with Regulation S under the Securities Act. None of the Bonds will be offered to the public in Hong Kong and none of the Bonds will be placed to any connected persons of the Company.

PRINCIPAL TERMS OF THE BONDS

Bonds Offered

Subject to certain conditions to completion, the Company will issue the Bonds in the aggregate principal amount of US\$500,000,000 which will mature on 27 November 2018, unless earlier redeemed pursuant to the terms thereof.

Offer Price

The Offer Price of the Bonds will be 99.456% of the principal amount of the Bonds.

Interest

The Bonds will bear interest from and including 27 November 2013 at the rate of 3.50% per annum, payable semi-annually in arrear.

Ranking of the Bonds

The Bonds are direct, unconditional, unsubordinated and unsecured obligations of the Company which will at all times rank at least *pari passu* without preference among themselves and rank at least equally with the other present and future unsecured and unsubordinated obligations of the Company.

Events of Default

The events of default under the Bonds include, among other things:

(a) non-payment: the Company fails to pay (i) the principal of the Bonds when due or (ii) any interest on any of the Bonds within 21 days of the due date; (b) breach of other obligations: the Company does not perform or comply with any one or more of its other obligations in the Bonds which default is incapable of remedy or if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the fiscal agent; (c) cross-default: (i) any other present or future indebtedness of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity, (ii) any such indebtedness is not paid when due, or (iii) the Company or any of its subsidiaries fails to pay any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in (c) have occurred equals or exceeds U.S.\$50,000,000; (d) enforcement proceedings: a distress, attachment, execution after final judgment by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Company or certain of its subsidiaries and is not discharged or stayed within 30 days; (e) security enforced: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Company or certain of its subsidiaries over a substantial part of the assets of the Company or the relevant subsidiaries, as the case may be becomes enforceable pursuant to a final judgment by a court of competent jurisdiction and any step is taken to enforce it and such judgment is not discharged within 45 days; (f) insolvency: the Company or certain of its subsidiaries is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of the debts of the Company or certain of its subsidiaries; (g) winding-up: an order is made by any court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution of the Company or certain of its subsidiaries, or the Company ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an extraordinary resolution of the bondholders, or (ii) in the case certain of its subsidiaries, whereby the undertaking and assets of such subsidiaries are transferred to or otherwise vested in the Company or another of such subsidiaries on a pro rata basis in accordance with such subsidiary's shareholding; (h) authorisation and consents: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company to lawfully to enter into, exercise their respective rights and perform and comply with its obligations under the Bonds, the fiscal agency agreement and the deed of covenant, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the fiscal agency agreement and the deed of covenant admissible in evidence in the courts of England is not taken, fulfilled or done; (i) illegality: it is or will become unlawful for any of the Company to perform or comply with any one or more of its material obligations

under any of the Bonds, the fiscal agency agreement or the deed of covenant; or (j) analogous events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs (f) and (g).

Negative Pledge

The Bonds will limit the Company's ability and the ability of certain of its subsidiaries to create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure any relevant indebtedness or to secure any guarantee or indemnity in respect of any relevant indebtedness, guarantee or indemnity, without at the same time or prior thereto according to the Bonds.

Redemption

The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with interest accrued to the date of redemption, at the option of the Company at any time in the event of certain changes affecting taxes of the Cayman Islands or the PRC. At any time following the occurrence of a put event in the Company, the holder of any Bonds will have the right, at such holder's option, to require the Company to redeem all but not some only of that holder's Bonds on the put date at 101% of their principal amount, together with accrued but unpaid interest. The Bonds are also subject to redemption, in whole but not in part, at the make whole price, together with accrued and unpaid interest, at the option of the Company.

USE OF PROCEEDS OF THE BONDS

The net proceeds of the Bonds Issue will be used by the Company to refinance outstanding indebtedness of the Group, including certain loan facilities to which some joint bookrunners are lenders.

LISTING AND RATING

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the merits of the Bonds or the Company.

The Bonds have been provisionally rated "A-" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., and "Baa1" by Moody's Investors Service, Inc.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of directors of the Company
“Bonds”	the 3.50% Bonds due 2018 in the principal amount of US\$500,000,000 to be issued by the Company
“Bonds Issue”	the issue of the Bonds by the Company
“China” or “PRC”	the People’s Republic of China excluding except where the context otherwise requires, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region of China and Taiwan
“Company”	China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司), an exempted company incorporated in the Cayman Islands with limited liability the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	99.456% of the principal amount of the Bonds, the price at which the Bonds will be sold
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 21 November 2013 entered into among the Company, Standard Chartered Bank, Deutsche Bank AG, Singapore Branch, The Hongkong and Shanghai Banking Corporation Limited and Barclays Bank PLC in relation to the Bonds Issue

“US\$” United States dollars

“%” per cent

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

Hong Kong, 22 November 2013

As at the date of this announcement, the Board comprises: Ms. Sun Yiping, Mr. Bai Ying and Mr. Wu Jingshui as executive directors, Mr. Ning Gaoning, Mr. Yu Xubo, Mr. Niu Gensheng, Mr. Ma Jianping, Mr. Finn S. Hansen, Ms. Liu Ding and Mr. Christian Neu as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Liu Fuchun, Mr. Zhang Xiaoya, Mr. Andrew Y. Yan and Mr. Wu Kwok Keung Andrew as independent non-executive directors.