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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 1.875% BONDS DUE 2025

US\$300,000,000 2.500% BONDS DUE 2030

Reference is made to the announcement of the Company dated 10 June 2020 in respect of the Bonds Issue.

* For identification purpose only

On 10 June 2020 (after trading hours), the Company entered into the Subscription Agreement with the Joint Lead Managers and Joint Bookrunners in connection with the issue of US\$500,000,000 1.875% bonds due 2025 and US\$300,000,000 2.500% bonds due 2030 (collectively, the “**Bonds**”).

The Company intends to use the net proceeds of the Bonds Issue (after deducting the underwriting commissions and other estimated expenses payable in connection with the offering) for refinancing certain existing indebtedness of the Company and for general corporate purposes.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, each series of the Bonds by way of debt issue to professional investors (as defined in Chapter 37 of the Listing Rules and in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)) only. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Company.

Although the Subscription Agreement has been entered into, the Bonds Issue may or may not materialise. The completion of the Bonds Issue is subject to the satisfaction, or waiver, of the conditions precedent set forth in the Subscription Agreement and is subject to, among other things, market conditions and investors’ interest. In addition, the Subscription Agreement may be terminated by the Joint Lead Managers and Joint Bookrunners under certain circumstances. Investors and shareholders of the Company are urged to exercise caution when dealing in the securities of the Company.

THE SUBSCRIPTION AGREEMENT

Date

10 June 2020 (after trading hours)

Parties

- (i) the Company as the issuer; and
- (ii) the Joint Lead Managers and Joint Bookrunners, as joint lead managers and joint bookrunners of the Bonds Issue

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 2025 Bonds in the aggregate principal amount of US\$500,000,000 which will mature on 17 June 2025, unless earlier redeemed pursuant to the terms thereof.

Subject to certain conditions to completion, the Company will issue the 2030 Bonds in the aggregate principal amount of US\$300,000,000 which will mature on 17 June 2030, unless earlier redeemed pursuant to the terms thereof.

In this announcement, references to the “Bonds” are to the 2025 Bonds and the 2030 Bonds together, and references to a “series of the Bonds” or a “series” are to the 2025 Bonds or the 2030 Bonds.

Offer Price

The Offer Price of the 2025 Bonds will be 99.526% of the principal amount.

The Offer Price of the 2030 Bonds will be 99.587% of the principal amount.

Interest

The 2025 Bonds will bear interest from and including 17 June 2020 at the rate of 1.875% per annum, payable semi-annually in arrears.

The 2030 Bonds will bear interest from and including 17 June 2020 at the rate of 2.500% per annum, payable semi-annually in arrears.

Ranking of the Bonds

Each series of the Bonds are direct, unconditional, unsubordinated and (subject to Condition 4 (Covenants) of respective terms and conditions of each series of the Bonds) unsecured obligations of the Company, which will at all times rank *pari passu* and without preference among themselves and rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.

Events of Default

The events of default under each series of the Bonds include, among other things, with respect to such series:

(a) non-payment: the Company fails to pay (i) the principal of or any premium on any 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 under 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, as the case may be, within the applicable grace period, or (iii) the Company or any of its subsidiaries fails to pay when due, unless payment is made within the applicable grace period, 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 in this paragraph (c) have occurred equals or exceeds US\$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 subsidiaries of the Company 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 subsidiaries of the Company 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 provided that the aggregate amount of the relevant assets in respect of which the events mentioned in this paragraph (e) have occurred equals or exceeds US\$5,000,000; (f) insolvency: the Company or certain subsidiaries of the Company 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 subsidiaries of the Company; (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 subsidiaries of the Company, 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 of certain subsidiaries of the Company, whereby the undertaking and assets of such subsidiaries are transferred to or otherwise vested in the Company or another such subsidiary 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 subsidiaries of the Company to create or permit to exist, so long as any Bond remains outstanding, except for any issuance of debt or convertible securities or other similar transactions by the Company for the purpose of providing incentive to the management or employees of the Company or its subsidiaries, 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 either (a) the same security as is created or subsisting to secure any such relevant indebtedness, guarantee or indemnity or (b) such other security as shall be approved by an extraordinary resolution of the bondholders.

Redemption

Each series of 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 change of control of 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 settlement date at 101% of their principal amount, together with accrued interest.

The 2025 Bonds are subject to redemption, in whole but not in part, at any time prior to 17 May 2025, at the make whole price, together with accrued and unpaid interest, at the option of the Company. The 2025 Bonds are also subject to redemption, in whole but not in part, at any time from or after 17 May 2025, at a redemption price equal to 100% of the principal amount of the 2025 Bonds, together with accrued and unpaid interest, at the option of the Company.

The 2030 Bonds are subject to redemption, in whole but not in part, at any time prior to 17 March 2030, at the make whole price, together with accrued and unpaid interest, at the option of the Company. The 2030 Bonds are also subject to redemption, in whole but not in part, at any time from or after 17 March 2030, at a redemption price equal to 100% of the principal amount of the 2030 Bonds, together with accrued and unpaid interest, at the option of the Company.

USE OF PROCEEDS OF THE BONDS

The Company intends to use the net proceeds of the Bonds Issue (after deducting underwriting commissions and other estimated expenses payable in connection with the offering) for refinancing certain existing indebtedness of the Company and for general corporate purposes.

LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, each series of the Bonds by way of debt issue to professional investors (as defined in Chapter 37 of the Listing Rules and in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)) only. Listing of the Bonds on the Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Company.

RATING

Each series of the Bonds is expected to be assigned a rating of “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:

“2025 Bonds”	the 1.875% bonds due 2025 in the principal amount of US\$500,000,000 to be issued by the Company
“2030 Bonds”	the 2.500% bonds due 2030 in the principal amount of US\$300,000,000 to be issued by the Company
“Board”	the board of directors of the Company
“Bonds”	the 2025 Bonds and the 2030 Bonds
“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
“Joint Lead Managers and Joint Bookrunners”	Bank of China (Hong Kong) Limited, Barclays Bank PLC, Citigroup Global Markets Limited, DBS Bank Ltd., Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities plc, Mizuho Securities Asia Limited, Société Générale and Standard Chartered Bank
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	the price at which the Bonds will be sold, being 99.526% of the principal amount of the 2025 Bonds for the 2025 Bonds, and 99.587% of the principal amount of the 2030 Bonds for the 2030 Bonds
“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 10 June 2020 entered into among the Company and the Joint Lead Managers and Joint Bookrunners in relation to the Bonds Issue
“US\$”	United States dollars
“%”	per cent.

By order of the Board
China Mengniu Dairy Company Limited
Jeffrey, Minfang Lu
Chief Executive Officer and Executive Director

Hong Kong, 11 June 2020

As at the date of this notice, the executive directors of the Company are Mr. Jeffrey, Minfang Lu and Mr. Meng Fanjie; the non-executive directors of the Company are Mr. Chen Lang, Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini; and the independent non-executive directors of the Company are Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi.