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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)

PROFIT WARNING

This announcement is made by the board (the “**Board**”) of directors of China Mengniu Dairy Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

The Company wishes to inform its shareholders (the “**Shareholders**”) and potential investors that, based on information currently available to the Group’s management, it is expected that the profit attributable to owners of the Company will record a substantial loss for the year ending 31 December 2016, which is mainly attributable to the following factors: (i) Yashili International Holdings Ltd (“**Yashili**”), a subsidiary of the Group, is expected to record a loss for the year ending 31 December 2016, and after giving due consideration to the operating condition and financial performance of Yashili in recent years, the Group will recognize an impairment provision against the goodwill recorded in the related milk powder products business in this year; (ii) for the purpose of working capital management, the Group has been striving to optimize its raw milk powder inventory level by various measures, including selling excessive quantity at market price, thereby resulting in a loss; and (iii) a significant associated company of the Company is expected to record a loss for the year ending 31 December 2016 and the Company will correspondingly record a share of losses from associated companies.

The information contained in this announcement is only based on a preliminary assessment by the Company based on information currently available to it, including the latest unaudited consolidated management accounts of the Group, which have not yet been confirmed or reviewed by the Company’s auditors or the audit committee of the Company or finalized as at the date of this announcement. Shareholders and potential investors are advised to refer to the details of the audited consolidated financial information of the Group for the year ending 31 December 2016 which is expected to be released before the end of March 2017 in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Mengniu Dairy Company Limited
Kwok Wai Cheong, Chris
Company Secretary

Hong Kong, 15 December 2016

As at the date of this announcement, the Board comprises: Mr. Jeffrey, Minfang Lu, Mr. Bai Ying and Ms. Wu Wenting as executive directors, Mr. Ma Jianping, Mr. Niu Gensheng, Mr. Tim Ø rting Jørgensen and Mr. Filip Kegels as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi as independent non-executive directors.

** For identification purpose only*