



Paris, May 20th 2013

COFCO, Mengniu and Danone Join Forces to Accelerate the Development of Fresh Dairy Products in China

COFCO, the State-owned largest food company in China, has signed an agreement with Danone, pursuant to which the two parties will form a joint-venture. COFCO has agreed to sell 148,014,022 shares in China Mengniu (a Hong-Kong listed company) to the joint-venture. COFCO and Danone will own 51% and 49% respectively in the newly formed company. After the transaction, COFCO will continue to be the single largest shareholder in Mengniu.

Danone will become a strategic shareholder in Mengniu, owning an indirect interest of approximately 4% at the initial stage, with an aim to increase the interest in Mengniu based on market conditions in the future.

In addition, Danone and Mengniu today signed a framework agreement to establish a joint-venture for the production and sales of chilled yogurt products in China, combining their respective assets in this category for a total 2012 proforma net sales of about 500 million euros, with an estimate market share around 21% and 13 factories across China. This joint-venture will benefit from the complementarity of Danone and Mengniu brands. It will achieve synergies by introducing Danone's undisputed worldwide expertise in quality and product innovation, while fully leveraging Mengniu's leadership and distribution capability in China's yogurt category. Danone will own 20% and Mengniu 80% of the new joint-venture in China. Danone will assign experienced senior executives to join the top management team, assisting Mengniu to further upgrade its management capability.

Danone will invest approximately 325 million euros as a result of the two above cooperation projects. The cooperation will help Mengniu to leverage Danone's leading product innovation and management capability in the Fresh Dairy category. Danone's BIO (Activia) brand will put the new fresh dairy business in a solid position to build its strong leadership in the active health sector.

"COFCO welcomes Danone. As the largest state owned company in the food sector, COFCO has the responsibility to further develop dairy products in China. I hope COFCO and

Danone will take today's cooperation in dairy sector as a starting point, and explore more cooperation opportunities in the future by leveraging respective advantages in marketing, channels, product and management, in order to jointly develop the Chinese market." declared Frank Ning, Chairman of COFCO.

"Joining the strengths of Danone, COFCO and Mengniu will create the winning combination to unlock the potential of the Fresh Dairy Products category in China. Backed by COFCO's extensive expertise in the Chinese food industry and by Mengniu's nation-wide leading platform in the Dairy sector, our brands will benefit from significantly wider reach to the largest number of Chinese consumers", said Franck Riboud, Danone Chairman and CEO.

"Following the successful international cooperation with one of the largest European dairy companies Arla Foods, Mengniu is very pleased to partner with the world's leading Fresh Dairy company Danone, introducing its international expertise in product research and development, brand management and sales and marketing, which will strengthen our technical innovation capacity in the Fresh Dairy Product market and help us to deliver products of wider range and higher quality to consumers." declared Elaine Sun, CEO of Mengniu.

COFCO's and Mengniu's strategic partnership with Arla Foods is unaffected by the agreement. "Arla welcomes Danone as Mengniu's partner in the locally produced chilled yogurt category. Together with our ongoing initiatives in the Arla/Mengniu milk technology center in Beijing, we are confident that Danone's engagement in Mengniu will increase consumers' trust in locally produced dairy products - for the benefit of all players in the Chinese dairy market," says Executive Vice President in Arla Foods and member of Mengniu's Board of Directors, Finn S. Hansen.

These transactions are subject to the approval of the relevant authorities and are expected to be finalized in the coming months.

About COFCO

COFCO is the largest supplier of diversified products and services in the agricultural products and food industry in China. It is devoted to utilizing renewable natural resources to provide healthy and nutritious food, high quality lifestyle and services, as well as contributing to improve people's living standards, social prosperity and stability. In recent years, COFCO has undertaken a thorough series of transformation from the output- and scale-oriented strategy to the customer- and efficiency-oriented strategy. The corporation not only aligns, integrates and enriches its specific businesses in accordance with its development strategy, but also emphasizes to position itself in the industrial value chain so as to build up its core competitiveness.

Holding the belief that "Nature Shows Us the Way", COFCO strives to promote its cooperation with global partners in the course of transformation and development. By building a "Fully Integrated Agri-food Company", COFCO will provide real and long-standing value for its customers, shareholders, employees and other stakeholders.

About China Mengniu Dairy Company Limited

China Mengniu Dairy Company Limited and its subsidiaries manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with MENGNIU as its core brand. The Group's diversified products range includes liquid milk products, such as UHT milk, milk beverages and yogurt, ice cream and other dairy products such as milk powder. Mengniu's liquid milk products ranked first, in terms of sales volume and sales value, among similar products in China in 2012, according to China Industrial Information Issuing Centre.

About Danone

Danone is an international company present on all 5 continents. The group holds top positions in healthy food through four businesses: Fresh Dairy Products, Baby Nutrition, Waters, and Medical Nutrition. Its mission is to bring health through food to as many people as possible.

Danone counts over 190 production plants and around 102,000 employees. In 2012, the company generated sales of over €20 billion, of which more than 50% were in emerging countries.

Listed on Euronext Paris, Danone is a component stock of leading social responsibility indexes including the Dow Jones Sustainability Indexes, ASPI Eurozone and the Ethibel Sustainability Index.

About Arla Foods

Arla Foods is an international dairy company owned by 12,000 farmers from Denmark, Sweden, the UK, Germany, Belgium and Luxemburg. Arla Foods is one of the strongest players in the international dairy arena, thanks to a wide range of dairy products of the highest quality, with a turnover of €10 billion. Arla Foods is also the world's largest manufacturer of organic products.