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Unless the context requires otherwise, the use of capitalised terms here shall have the same meanings as defined in the prospectus (the “Prospectus”) of China Mengniu Dairy Company Limited (the “Company”) dated 1 June 2004.

This announcement is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

In connection with the Global Offering, Morgan Stanley Dean Witter Asia Limited, as stabilizing manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications in the Hong Kong Public Offering. This stabilizing activity may include exercising the Over-allotment Option, stock borrowing, making market purchases of Shares in the secondary market or selling Shares to liquidate a position held as a result of those purchases. Any such market purchases will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Morgan Stanley Dean Witter Asia Limited or any person acting for it to do this. Such stabilization, if commenced, will be conducted at the absolute discretion of Morgan Stanley Dean Witter Asia Limited or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications in the Hong Kong Public Offering. The details of the intended stabilization and how it will be regulated under the Securities and Futures Ordinance are contained in the Prospectus. The number of Shares being offered in the Global Offering may be increased by up to an aggregate of 52,500,000 Shares through the exercise of the Over-allotment Option granted to the International Underwriters by the Selling Shareholders exercisable by the Joint Global Coordinators on behalf of the International Underwriters to cover over-allocations (if any) in the International Offering, which option is exercisable at any time from the day on which trading of the Shares commences on the Hong Kong Stock Exchange until 30 days after the last day for lodging applications under the Hong Kong Public Offering.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and Hong Kong Securities Clearing Company Limited (“HKSCC”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



China Mengniu Dairy Company Limited

中國蒙牛乳業有限公司*

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	: 350,000,000 (subject to adjustment and the Over-allotment Option)
Number of Hong Kong Offer Shares	: 35,000,000 Shares (subject to adjustment)
Number of New Placing Shares	: 215,000,000 Shares (subject to adjustment)
Number of Sale Shares	: 100,000,000 (subject to adjustment and the Over-allotment Option)
Maximum offer price	: not more than HK\$3.925 per Offer Share, plus 1% brokerage, a SFC transaction levy of 0.005%, an investor compensation levy of 0.002% and a Stock Exchange trading fee of 0.005% (payable in full on application subject to refund on final pricing)
Par value	: HK\$0.10 per Share
Stock code	: 2319

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BNP PARIBAS PEREGRINE

Sponsor

Morgan Stanley

BNP PARIBAS PEREGRINE

Co-sponsor

Morgan Stanley

Application has been made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in the Prospectus and the Application Forms relating thereto. Dealings in the Shares on the Stock Exchange are expected to commence at 9:30 a.m. on Thursday, 10 June 2004. Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System (“CCASS”) with effect from the commencement date of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

The Global Offering comprises the Hong Kong Public Offering of initially 35,000,000 Offer Shares in Hong Kong and the International Offering of initially 315,000,000 Offer Shares (a) in the United States, to QIBs in reliance on Rule 144A under the U.S. Securities Act; and (b) outside the United States, in reliance on Regulation S under the U.S. Securities Act. For allocation purposes only, the number of the Hong Kong Offer Shares initially available for subscription under the Hong Kong Public Offering, will be divided equally into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis only to applicants who have validly applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the SFC transaction levy, the Stock Exchange trading fee and the investor compensation levy payable thereon) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis only to applicants who have validly applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the SFC transaction levy, the Stock Exchange trading fee and the investor compensation levy payable thereon) and up to the total value of pool B. Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools is undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. Applicants can only receive an allocation of the Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the 35,000,000 Hong Kong Offer Shares initially included in the Hong Kong Public Offering (that is, 17,500,000 Hong Kong Offer Shares) will be rejected and only one application on a **WHITE** or **YELLOW** Application Form or by way of giving **electronic application instructions** to HKSCC may be made for the benefit of any person. In addition, applicants are required to undertake and confirm that they or the relevant beneficial owner(s) have not indicated and will not indicate an interest for, and have not received or been placed or allotted (including conditionally and/or provisionally) with, any International Offering Shares under the International Offering. Applications where cheques or banker’s cashier orders are dishonoured upon first presentation will be rejected.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners, on behalf of the Underwriters, the Company and the Selling Shareholders on or around 5 June 2004 and, in any event, not later than 6 June 2004. Investors applying for Shares under the Hong Kong Public Offering must pay, on application, the maximum offer price of HK\$3.925 for each Share together with a brokerage of 1%, SFC transaction levy of 0.005%, investor compensation levy of 0.002% and Hong Kong Stock Exchange trading fee of 0.005% on each Share. The Joint Bookrunners, on behalf of the Underwriters, may with the consent of the Company reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below that

stated in the Prospectus (which is HK\$3.125 to HK\$3.925 per Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Offer Shares and/or the indicative offer price range will be published in the South China Morning Post and the Hong Kong Economic Times at any time prior to the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If applications pursuant to the Hong Kong Public Offering have been submitted before the last day for lodging applications under the Hong Kong Public Offering, then even if the number of Offer Shares and/or the offer price range is so reduced, such applications cannot be subsequently withdrawn. If, for any reason, the Offer Price is not agreed between the Company, the Selling Shareholders and the Joint Bookrunners (on behalf of the Underwriters), the Global Offering will not proceed.

The Global Offering is conditional upon fulfillment of the conditions as stated under “Conditions of the Global Offering” in the section headed “Structure of the Global Offering” in the Prospectus. If the conditions are not fulfilled or waived prior to the times and dates specified, all application money received from applicants under the Hong Kong Public Offering will be refunded, WITHOUT INTEREST, on the terms set out under the heading “Refund of your application money” on the Application Forms.

Applicants who would like to be allotted the Hong Kong Offer Shares in their own names should complete and sign the **WHITE** Application Forms. Applicants who would like to have the allotted Hong Kong Offer Shares issued in the name of HKSCC Nominees Limited and deposited directly into CCASS for the credit of their investor participant stock accounts or the stock accounts of their designated CCASS Participants maintained in CCASS should (i) complete and sign the **YELLOW** Application Forms, copies of which, together with copies of the Prospectus, may be obtained during normal business hours from 9:00 a.m. on Tuesday, 1 June 2004 until 12:00 noon on Friday, 4 June 2004 at the depository counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong or the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128–140 Queen’s Road Central, Hong Kong; or (ii) give **electronic application instructions** to HKSCC via CCASS.

Copies of the Prospectus, together with the **WHITE** Application Forms, may be obtained during normal business hours in the same period from:

1. **Any participant of the Stock Exchange;**
2. **BNP Paribas Peregrine Capital Limited**, 36th Floor, Asia Pacific Finance Tower, 3 Garden Road, Central, Hong Kong;
3. **Morgan Stanley Dean Witter Asia Limited**, 30th Floor, Three Exchange Square, Central, Hong Kong;
4. **Cazenove Asia Limited**, 5001, One Exchange Square, 8 Connaught Place, Central, Hong Kong;
5. **China Everbright Capital Limited**, 40th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
6. **China International Capital Corporation (Hong Kong) Limited**, Suite 2307, 23/F, One International Finance Center, 1 Harbour View Street, Central, Hong Kong;
7. **Daiwa Securities SMBC Hong Kong Limited**, Level 26, One Pacific Place, 88 Queensway, Hong Kong;

8. **CCB International Capital Limited**, 5/F, Tower One, Lippo Centre, 89 Queensway, Hong Kong;
9. **First Shanghai Securities**, 19/F Wing On House, 71 Des Voeux Road, Central, Hong Kong;
10. **Fuhwa Securities (Hong Kong) Co., Limited**, Suite 3507–8, Tower 1, Lippo Centre, 89 Queensway Road, Hong Kong;
11. **Guotai Junan Securities (Hong Kong) Limited**, 27/F, Low Block, Grand Millennium Plaza, 181 Queen’s Road Central, Hong Kong;
12. **South China Securities Limited**, 28/F., Bank of China Tower, No. 1 Garden Road, Central, Hong Kong;
13. **Wintech Securities Ltd**, 1701 Hang Seng Building, 77 Des Voeux Road, Central, Hong Kong.

or any of the following branches of **Bank of China (Hong Kong) Limited**:

Hong Kong Island:

Bank of China Tower Branch	3/F, 1 Garden Road
Central District (Wing On House) Branch	71 Des Voeux Road Central
409 Hennessy Road Branch	409–415 Hennessy Road, Wan Chai
North Point Branch	G/F., Roca Centre, 464 King’s Road, North Point
United Centre Branch	Shop 1021, 1/F, United Centre, 95 Queensway
Shek Tong Tsui Branch	534 Queen’s Road West, Shek Tong Tsui

Kowloon:

Hoi Yuen Road Branch	55 Hoi Yuen Road, Kwun Tong
Tsim Sha Tsui East Branch	Shop G02–03, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui
Canton Road Branch	60 Canton Road, Tsim Sha Tsui
Kowloon Plaza Branch	Unit 1, Kowloon Plaza, 485 Castle Peak Road, Kowloon
Mong Kok Branch	589 Nathan Road, Mong Kok
Diamond Hill Branch	G107, G/F., Plaza Hollywood, Diamond Hill

New Territories:

Castle Peak Road (Tsuen Wan) Branch	167 Castle Peak Road, Tsuen Wan
Lucky Plaza Branch	G/F., Lucky Plaza, Wang Pok Street, Shatin
Castle Peak Road (Yuen Long) Branch	162 Castle Peak Road, Yuen Long

Completed **WHITE** and **YELLOW** Application Forms (to which cheques or banker's cashier orders should be securely stapled) should be deposited in the special collection boxes provided at any of the branches of **Bank of China (Hong Kong) Limited** referred to above at the following times on the following dates:

Tuesday, 1 June 2004 — 9:00 a.m. to 4:00 p.m.
Wednesday, 2 June 2004 — 9:00 a.m. to 4:00 p.m.
Thursday, 3 June 2004 — 9:00 a.m. to 4:00 p.m.
Friday, 4 June 2004 — 9:00 a.m. to 12:00 noon

Applications by giving electronic application instructions to HKSCC

Investors can apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC as follows:

1. CCASS Investor Participants can give **electronic application instructions** to HKSCC through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System ([https:// ip.ccass.com](https://ip.ccass.com)) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for CCASS Investor Participants on their behalf if they go to the Customer Service Centre of HKSCC at Upper Ground Floor, V-Heun Building, 128–140 Queen's Road Central, Hong Kong and complete an input request form. Prospectuses are also available for collection at the Customer Service Centre of HKSCC; and
2. those who are not CCASS Investor Participants can instruct their brokers or custodians who are CCASS Broker Participants or CCASS Custodian Participants to give **electronic application instructions** to HKSCC via CCASS terminals to apply for Hong Kong Offer Shares on their behalf.

CCASS participants can input **electronic application instructions** at the following times on the following dates:

Tuesday, 1 June 2004 — 9:00 a.m. to 7:00 p.m.⁽¹⁾
Wednesday, 2 June 2004 — 9:00 a.m. to 7:00 p.m.⁽¹⁾
Thursday, 3 June 2004 — 9:00 a.m. to 7:00 p.m.⁽¹⁾
Friday, 4 June 2004 — 9:00 a.m. to 12:00 noon

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Participants.

Subject to the terms and conditions set out in the Prospectus and the Application Forms, completed **WHITE** and **YELLOW** Application Forms or **electronic application instructions** to HKSCC must be received by no later than 12:00 noon on Friday, 4 June 2004 (or such later date as may apply in the case of a tropical cyclone warning signal No. 8 or above or a "black" rainstorm warning being in force in Hong Kong as described under "Effect of bad weather on the opening of the application lists" in the section headed "How to Apply for Hong Kong Offer Shares" in the Prospectus). Announcement of the offer price, indication of the level of interest in the International Offering and the application results and basis of allocation of the Hong Kong Offer Shares (with successful applicants' identification document numbers) will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on Tuesday, 8 June 2004.

If you are applying for 1,000,000 Hong Kong Offer Shares or more on a **WHITE** or **YELLOW** Application Form and have indicated your intention on your Application Form to collect your refund cheque(s) (where applicable) and/or (for applicants using **WHITE** Application Forms) share certificate(s) (where applicable) from the Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, and have provided all information required by your Application Form, you may collect the same from Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 8 June 2004 or any other date notified by the Company in the newspapers as the date of despatch of the same. If you do not collect your refund cheque(s) and share certificate(s), they will be despatched promptly to you by ordinary post to the address as specified in your Application Form at your own risk.

If you apply for Hong Kong Offer Shares using a **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and your application is wholly or partially successful, your share certificates will be issued in the name of HKSCC Nominees Limited and deposited into CCASS for credit to your investor participant stock account or the stock account of any designated CCASS Participant as instructed by you in your Application Form or **electronic application instructions** at the close of business on Tuesday, 8 June 2004, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited. You should check the number of Hong Kong Offer Shares allotted to you with your designated CCASS Participant if you are applying through a designated CCASS Participant, or in the announcement to be published by the Company on Tuesday, 8 June 2004. If you are applying as CCASS Investor Participants, you can check your new account balance via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Tuesday, 8 June 2004, (if you are applying by giving **electronic application instruction** to HKSCC), or on Wednesday, 9 June 2004, (if you are applying using **YELLOW** Application Form). HKSCC will also make available to CCASS Investor Participants an activity statement showing the number of Hong Kong Offer Shares credited to your account.

If your application is wholly or partially unsuccessful, the Company will refund (in whole or in part, as applicable) your application money, including relevant brokerage fee, the SFC transaction levy, the Stock Exchange trading fee and the investor compensation levy to you **WITHOUT INTEREST**. For applicants using **WHITE** or **YELLOW** Application Forms, all refunds will be made by a cheque crossed “Account payee only”, and made out to you or, if you are joint applicants, to the first-named applicant on your Application Form on the terms set out under “Refund of your application money“ on the Application Form. The refund cheque will be sent to the address on your Application Form or if you are joint applicants, to the address of the first-named applicant on your Applicant Form by ordinary post and at your own risk on Tuesday, 8 June 2004. If you have given **electronic application instructions** to HKSCC via CCASS, your refunds (if any) will be credited to your designated bank account or the designated bank account of the designated CCASS Participant through which you are applying on Tuesday, 8 June 2004.

The information contained herein does not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States unless they are registered under applicable law or exempt from registration. No public offering of securities will be made in the United States.

By Order of the Board
Niu Gensheng
Chairman

Hong Kong, Tuesday, 1 June 2004

* *For identification purposes only*

Please also refer to the published version of this announcement in the (South China Morning Post)