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Unless otherwise defined herein, terms defined in the prospectus dated 1 June 2004 (the “Prospectus”) issued by China Mengniu Dairy Company Limited (the “Company”) shall have the same meanings this announcement.



China Mengniu Dairy Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

ANNOUNCEMENT EXERCISE OF THE OVER-ALLOTMENT OPTION

- The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by BNP Paribas Peregrine Capital Limited and Morgan Stanley Dean Witter Asia Limited on behalf of the International Underwriters on 21 June 2004 in respect of 52,500,000 additional Shares (the “Over-allotment Shares”), solely to cover over-allocations in the International Offering.
- 52,500,000 Over-allotment Shares will be sold by CDH China Fund, L.P., CGU-CDC China Investment Company Limited, and MS Dairy Holdings at HK\$3.925 per Shares (before deduction of brokerage, SFC transaction levy, investor compensation levy, and Stock Exchange trading fee) being the Offer Price per Share in connection with the International Offering.

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by BNP Paribas Peregrine Capital Limited and Morgan Stanley Dean Witter Asia Limited on behalf of the International Underwriters on 21 June 2004 in respect of the Over-allotment Shares (representing approximately 15% of Shares initially offered under the Global Offering), solely to cover over-allocations in the International Offering. An aggregate of 52,500,000 Over-allotment Shares will be sold by MS Dairy Holdings (“MS Dairy”), CDH China Fund, L.P. (“CDH”) and CGU-CDC China Investment Company Limited (“CIC”) at HK\$3.925 per Shares (before deduction of brokerage, SFC transaction levy, investor compensation levy, and Stock Exchange trading fee) being the Offer Price per Share in connection with the International Offering. The Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has already granted the listing of and permission to deal in the Over-allotment Shares.

The shareholding structure of the Company immediately before and after the sale by each of MS Dairy, CDH and CIC of the Over-allotment Shares is as follows:

	Before the sale of the Over-allotment Shares		After the sale of the Over-allotment Shares	
	Number of Shares	Approximate percentage of issued share capital	Number of Shares	Approximate percentage of issued share capital
Shareholders				
Yinniu Milk Industry Limited	335,937,391	33.6%	335,937,391	33.6%
Jinniu Milk Industry Limited	158,344,007	15.8%	158,344,007	15.8%
MS Dairy	73,546,936 ¹	7.4%	38,512,198	3.9%
Mr. Niu Gensheng	45,505,172	4.6%	45,505,172	4.6%
CDH	23,338,433 ²	2.3%	12,221,678	1.2%
CIC	13,328,061 ³	1.3%	6,979,554	0.7%
Public shareholders	350,000,000	35.0%	402,500,000	40.3%
Total number of Shares 100.0%	1,000,000,000	100.0%	1,000,000,000	100.0%

Notes:

1. Includes 35,034,738 Shares lent by MS Dairy to an affiliate of Morgan Stanley Dean Witter Asia Limited pursuant to a stock borrowing agreement that provides MS Dairy with the right to recall the Shares lent. These shares will be returned to MS Dairy on or before 24 June 2004.
2. Includes 11,116,755 Shares lent by CDH to an affiliate of Morgan Stanley Dean Witter Asia Limited pursuant to a stock borrowing agreement that provides CDH with the right to recall the Shares lent. These shares will be returned to CDH on or before 24 June 2004.
3. Includes 6,348,507 Shares lent by CIC to an affiliate of Morgan Stanley Dean Witter Asia Limited pursuant to a stock borrowing agreement that provides CIC with the right to recall the Shares lent. These shares will be returned to CIC Dairy on or before 24 June 2004.

By order of the Board
Wong Hoi Yan, Audrey
Company Secretary

Hong Kong, 21 June 2004

As at the date of this announcement, the Executive Directors are Mr. Niu Gensheng, Ms. Lu Jun, Mr. Sun Yubin and Mr. Yang Wenjun. The Non-executive Directors are Mr. Jiao Shuge (alias Jiao Zhen), Ms. Jin Yujuan, Lily and Mr. Liu Haifeng, David. The Independent non-executive Directors are Mr. Li Jianxin, Mr. Wang Huaibao and Mr. Zhang Julin.

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