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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 in this announcement.



China Mengniu Dairy Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2319)

ANNOUNCEMENT

STABILIZING ACTIONS AND END OF STABILIZATION PERIOD

- The Company announces that the stabilization period in connection with the Global Offering ended on 3 July 2004.
- The stabilizing actions undertaken during the stabilization period included: (i) the borrowing of an aggregate of 52,500,000 Shares from MS Dairy Holdings, CDH China Fund, L.P. and CGU-CDC China Investment Company Limited, solely to cover over-allocations in the International Offering; and (ii) the exercise in full of the Over-allotment Option referred to in the Prospectus in respect of 52,500,000 additional Shares. The Over-allotment Shares were used for the purposes of returning to MS Dairy Holdings, CDH China Fund, L.P. and CGU-CDC China Investment Company Limited the 52,500,000 Shares borrowed.

The Company announces that the stabilization period in connection with the Global Offering ended on 3 July 2004. During the stabilization period, the stabilizing actions undertaken included: (i) the borrowing of an aggregate of 52,500,000 Shares by Morgan Stanley & Co. International Limited from MS Dairy Holdings, CDH China Fund, L.P. and CGU-CDC China Investment Company Limited pursuant to securities lending agreements dated 5 June 2004, solely to cover over-allocations in the International Offering; and (ii) the exercise in full by the Joint Global Coordinators on behalf of the International Underwriters on 21 June 2004 of the Over-allotment Option referred to in the Prospectus in respect of 52,500,000 additional Shares at the Offer Price of

HK\$3.925. The Over-allotment Shares were used for the purposes of returning to MS Dairy Holdings, CDH China Fund, L.P. and CGU-CDC China Investment Company Limited the 52,500,000 Shares borrowed. Details of the exercise of the Over-allotment Option are more particularly described in the Company's announcement of 21 June 2004.

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

Hong Kong, 5 July 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)