

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

The Stock Exchange of Hong Kong Limited takes 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.

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

COMPLETION OF THE SUBSCRIPTION OF SHARES IN INNER MONGOLIA MENGNIU MILK INDUSTRY (GROUP) CO., LTD.

The board of directors (the “Board”) of China Mengniu Dairy Company Limited (the “Company”) is pleased to announce that the subscription by China Dairy (Mauritius) Limited (“MauritiusCo”), a wholly-owned subsidiary of the Company, of further shares in Inner Mongolia Mengniu Milk Industry (Group) Co., Ltd. (“Mengniu”), the Company’s subsidiary has been completed. After such completion, MauritiusCo currently holds 84.3% of the shareholding of Mengniu.

Reference is made to the prospectus of the Company dated 1 June 2004 (the “Prospectus”). Pursuant to a subscription agreement dated 14 May 2004 (the “Subscription Agreement”), MauritiusCo will subscribe for further shares in Mengniu (the “Subscription”) based on the terms as set out in the Prospectus. As disclosed in the Prospectus, further announcement will be made upon the completion of the Subscription.

The Board is pleased to announce that the Subscription has been completed on 19 October 2004 in accordance with the terms of the Subscription Agreement. After such completion, the shareholding of MauritiusCo in Mengniu has increased from 81.1% to 84.3%.

As disclosed in the Prospectus, Mengniu is a non wholly-owned subsidiary of the Company and four executive directors of the Company (who are connected persons of the Company) and another five Founding Individuals (who are connected persons of the Company) together are entitled to exercise more than 10% of the voting power of Mengniu. Subsequent to the Subscription, these individuals continue to be entitled to exercise more than 10% of the voting power of Mengniu. Accordingly, pursuant to Rule 14A.11(5) of the Listing Rules, Mengniu is a connected person of the Company.

Subsequent to the Subscription, the percentage of voting power in Mengniu of each of the four executive directors and other five Founding Individuals are as follows:

Name	Voting power in Mengniu %
Niu Gensheng	8.2
Lu Jun	0.3
Sun Yubin	0.7
Yang Wenjun	0.4
Deng Jiuqiang	0.7
Hou Jiangbin	0.6
Qiu Lianjun	0.6
Pang Kaitai	0.2
Sun Xianhong	<u>0.3</u>
Total	<u><u>12</u></u>

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

Hong Kong, 19 October 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)