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*Unless otherwise defined herein, terms defined in the Continuing Connected Transactions and Financial Assistance Circular dated 27 May 2005 (the “CT Circular”) issued by China Mengniu Dairy Company Limited shall have the same meanings when used in this announcement.*



## CHINA MENGNIU DAIRY COMPANY LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2319)**

### ANNOUNCEMENT

At the AGM, Resolution No. 9 was passed by way of a show of hands in lieu of by poll (as required by Rule 13.39(4) and Rule 14A.52 of the Listing Rules) as a result of an inadvertent administrative mistake. Such resolution is in relation to the Mengniu Maanshan Intra-Group Transactions, the Guarantee Agreements and the restated caps for the year 2005 and 2006 in relation to a continuing connected transaction as described in the CT Circular, the details of which have been set out in the CT Circular and in the section headed “Notice of Annual General Meeting” of the GM Circular. After discovering this inadvertent administrative mistake, the Company immediately reported to the Stock Exchange and applied to the Stock Exchange for a waiver from strict compliance with Rule 13.39(4) and Rule 14A.52 of the Listing Rules.

Six out of the 11 Shareholders who attended the AGM voted in favor of Resolution No. 9 and none of the Shareholders present at the AGM voted against Resolution No. 9 by hand. Based on the information available to the Company, had the actual voting been carried out by way of poll in lieu of by a show of hands, Resolution No. 9 would have been duly passed.

The Stock Exchange has granted a waiver to the Company from strict compliance with Rule 13.39(4) and Rule 14A.52 of the Listing Rules.

The Company regards compliance of all laws and regulations and the Listing Rules of utmost importance. The Company hereby expresses its deepest regret to its Shareholders and the Stock Exchange in its failure in strictly complying with the Listing Rules as a result of an administrative mistake. In order to prevent such incident from occurring in the future, the Company Secretary shall pay special attention and prepare a detailed procedural agenda setting out the steps to be taken for convening and conducting a shareholders’ meeting and the duties and responsibilities of all the directors of the Company in such meetings.

### BACKGROUND

China Mengniu Dairy Company Limited (the “**Company**”) has issued two circulars to its shareholders (“**Shareholders**”) on 27 May 2005: (1) a circular on General Mandates to Repurchase Shares and the Notice of Annual General Meeting (the “**GM Circular**”); and (2) a circular on Continuing Connected Transactions and Financial Assistance (the “**CT Circular**”). The CT Circular was issued in relation to the Mengniu Maanshan Intra-Group Transactions, the Guarantee Agreements and the restated caps for the year 2005 and 2006 in relation to a continuing connected transaction as described in the CT Circular. Such connected transactions are being entered into between subsidiaries of the Company in the ordinary course of business of the Company. They constitute connected transactions of the Company due to the fact that a number of connected persons of the Company (as defined under Rule 14A.11(1) to (4) of the Rules

Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) hold in excess of 10% of the equity interest in such subsidiaries of the Company. Pursuant to Rule 13.39(4) and Rule 14A.52 of the Listing Rules and as envisaged on page 17 of the CT Circular, any vote of shareholders to approve connected transactions must be taken by poll. In this connection, an annual general meeting (“**AGM**”) was convened by the Company on 28 June 2005 to consider and to approve (if appropriate), among other things, the aforesaid connected transactions.

Unfortunately, contrary to the requirements under the Listing Rules and as a result of an inadvertent administrative mistake, an ordinary resolution in approving the aforesaid connected transactions, namely resolution number 9 (as set out in the section headed “Notice of Annual General Meeting” of the GM Circular (“**Resolution No. 9**”), details of which had been set out in the CT Circular) was considered and passed at the AGM by way of a show of hands in lieu of by poll. The Company discovered such mistake after the AGM and immediately reported the matter to the Stock Exchange and applied to the Stock Exchange for a waiver from strict compliance with Rule 13.39(4) and Rule 14A.52 of the Listing Rules.

## **AGM**

As at the date of the AGM, a total of 1,368,416,473 Shares were issued by the Company.

At the AGM, the following persons attended the meeting: (1) all of the directors of the Company (including the independent non-executive directors of the Company, namely Mr. Wang Huaibao, Mr. Zhang Julin and Mr. Li Jianxin); (2) Company Secretary; (3) the Independent Financial Adviser to the independent shareholders in respect of such connected transactions, Watterson Asia Limited; (4) the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited; and (5) 11 Shareholders, including Jinniu Milk Industry Limited (“**Jinniu**”), Yinniu Milk Industry Limited (“**Yinniu**”) and Mr. Niu Gensheng who held a total of 1,366,423,463 shares of the Company (“**Shares**”), representing 99.9% of the entire issued share capital of the Company.

Pursuant to Rule 13.39(4)(d) of the Listing Rules, shareholders who have a material interest in such connected transactions are required to abstain from voting. As such, Jinniu, Yinniu and Mr. Niu Gensheng, who are connected persons of the Company (within the meaning of the Listing Rules) holding in aggregate 480,795,338 Shares, representing approximately 35.1% of the issued share capital of the Company, abstained from voting on Resolution No. 9 at the AGM. Accordingly, the number of votes entitling the holders to attend and vote for or against such resolution would be 887,621,135 Shares.

Six out of the 11 Shareholders who attended the AGM voted in favor of Resolution No. 9 (the “**Six Shareholders**”), all of whom are independent shareholders of the Company (“**Independent Shareholders**”). Amongst the Six Shareholders, one of the Shareholders had appointed a proxy to vote in favor of such resolution. None of the Shareholders present at the AGM voted against Resolution No. 9 by hand. The other five Shareholders who attended the AGM abstained from voting. Based on the information available to the Company, had the actual voting been carried out by way of poll in lieu of by a show of hands, Resolution No. 9 would have been duly passed.

The Stock Exchange has granted a waiver to the Company from strict compliance with Rule 13.39(4) and Rule 14A.52 of the Listing Rules.

## **REMEDIAL ACTION TAKEN AND TO BE TAKEN BY THE COMPANY**

The Company regards compliance of all laws and regulations and the Listing Rules of utmost importance. As such, the Company has been withholding the connected transactions as described in Resolution No. 9 after having discovered the technical breach of the relevant requirements under the Listing Rules until the date of this announcement.

The Company hereby expresses its deepest regret to its Shareholders and the Stock Exchange in its failure in strictly complying with the Listing Rules as a result of an administrative mistake. In order to prevent such incident from occurring in the future, the Company Secretary shall pay special attention and prepare a detailed procedural agenda setting out the steps to be taken for convening and conducting a shareholders' meeting and the duties and responsibilities of the directors of the Company in such meetings. Whenever the Company holds an annual general meeting or an extraordinary general meeting, the chairman of such meetings shall, at the commencement of the meeting, endeavor to give an explanation to the shareholders attending the meeting of the procedures for demanding a poll by shareholders and the detailed procedures for conducting a poll.

By order of the Board  
**Lo Ka Wai, Claudia**  
*Company Secretary*

Hong Kong, 11 July 2005

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

*Please also refer to the published version of this announcement in the (**International Herald Tribune**)*