

*This announcement is for information purposes only and does not constitute an invitation or offer of securities for sale in the United States. The securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933 or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling shareholders.*



## CHINA MENGNIU DAIRY COMPANY LIMITED

中國蒙牛乳業有限公司\*

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

**(Stock code: 2319)**

### PLACING OF EXISTING SHARES BY SHAREHOLDERS

The Company has been informed by the Selling Shareholders on 1 August 2008 that they have entered into Placing Agreements with the Placing Agent pursuant to which the Placing Agent will purchase or procure the acquisition of, and the Selling Shareholders will sell, in aggregate, 57,000,000 Shares to investors at an aggregated net consideration of HK\$1,255,140,000 (equivalent to a Net Placing Price of HK\$22.02 per Placing Share). The Placing Shares represent approximately 3.65% of the issued share capital of the Company. Upon completion of the Placing, Jinniu and Yinniu will respectively hold 123,892,145 and 132,607,821 Shares, representing approximately 7.93% and 8.49% of the issued share capital of the Company respectively.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

### PLACING

The Company was informed by the Selling Shareholders (as defined below) on 1 August 2008 that each of Jinniu Milk Industry Limited (“**Jinniu**”) and Yinniu Milk Industry Limited (“**Yinniu**”) (Jinniu and Yinniu are collectively referred to as the “**Selling Shareholders**”) has entered into a share placing agreement dated the same date (each a “**Placing Agreement**”, and together, the “**Placing Agreements**”) with Morgan Stanley & Co. International Plc (the “**Placing Agent**”) for the placing of respectively 13,503,691 and 43,496,309 existing ordinary shares in the Company with a par value HK\$0.10 each (the “**Shares**”) at an aggregated net consideration of HK\$1,255,140,000, on a fully-underwritten basis (the “**Placing**”). The Shares to be placed (the “**Placing Shares**”) in aggregate represent approximately 3.65% of the issued share capital of the Company. Save for the number of respective Shares of Jinniu and Yinniu to be placed, the material terms of each of the Placing Agreements are identical.

### PARTIES

Jinniu and Yinniu have each entered into a separate Placing Agreement with the Placing Agent. The Placing Agreements are interconditional.

## **NUMBER OF PLACING SHARES**

Jinniu : 13,503,691 Shares; and

Yinniu : 43,496,309 Shares.

## **PLACING PRICE**

The aggregated net consideration to be received by the Selling Shareholders pursuant to the Placing is HK\$1,255,140,000, which is equivalent to a net placing price of HK\$22.02 per Placing Share (the “**Net Placing Price**”). Such net consideration is net of all fees and expenses in relating to the Placing, including the commissions payable to the Placing Agent, Hong Kong stamp duty, brokerages, SFC transaction levy and Stock Exchange trading fee. The Net Placing Price represents a discount of approximately 6.69% to the closing price of HK\$23.60 per Share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 1 August 2008 and a discount of approximately 5.94% to the average closing price of HK\$23.41 for the month commencing 2 July 2008 and ending 1 August 2008 (both dates inclusive).

## **PLACEES**

The Placing Agent has undertaken to each of the Selling Shareholders to use its best endeavours to ensure that the placees of the Placing are investors who are independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **PLACING AGENT**

The Placing Agent is independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

## **CONDITIONS OF THE PLACING**

The Placing is conditional upon, inter alia, there having been no material breach of any of the representations, warranties or undertakings by each of the Selling Shareholders referred to in the respective Placing Agreements and no occurrence of an event of force majeure.

## COMPLETION OF THE PLACING

Completion of the Placing is expected to take place on 6 August 2008, or such other date as may be agreed by each of the Selling Shareholders and the Placing Agent.

The change in the shareholding structure of the Company pursuant to the Placing is set out below:

	<u>Before Placing</u>		<u>After Placing</u>	
	<b>Number of Shares held beneficially prior to Placing</b>	<b>% in share capital</b>	<b>Number of Shares held beneficially upon completion of Placing</b>	<b>% in share capital</b>
Yinniu ( <i>Notes 1 and 4</i> )	176,104,130	11.28	132,607,821	8.49
Jinniu ( <i>Notes 2 and 4</i> )	137,395,836	8.80	123,892,145	7.93
Mr. Niu Gensheng ( <i>Notes 3 and 4</i> )	68,781,022	4.40	68,781,022	4.40
Other parties acting in concert with the Selling Shareholders ( <i>Note 4</i> )	57,768,613	3.70	57,768,613	3.70
Laoni Association ( <i>Note 5</i> )	54,283,792	3.48	54,283,792	3.48
Public shareholders	<u>1,067,303,445</u>	<u>68.34</u>	<u>1,124,303,445</u>	<u>72.00</u>
Total number of Shares	<u><u>1,561,636,838</u></u>	<u><u>100.00</u></u>	<u><u>1,561,636,838</u></u>	<u><u>100.00</u></u>

*Note 1:* Yinniu is a limited liability company incorporated under the laws of the British Virgin Islands and a substantial shareholder of the Company.

*Note 2:* Jinniu is a limited liability company incorporated under the laws of the British Virgin Islands and a substantial shareholder of the Company.

*Note 3:* Mr. Niu Gensheng is an executive director and the Chief Executive Officer of the Company.

*Note 4:* Pursuant to a concert party agreement dated 24 July 2008, each of Yinniu, Jinniu, Xin Niu International Limited, Mr Niu Gensheng and other 21 beneficial owners of the Shares has agreed to act in concert with each other in respect of voting rights attaching to the Shares held by them.

*Note 5:* Inner Mongolia Laoni Community Welfare Development Association (內蒙古老牛公益事業發展促進會) (“Laoni Association”) is a non-profit making social organization established in Inner Mongolia, the PRC and under the administration of the civil affairs department of the government of Inner Mongolia Autonomous Region, which engages in charity work in the local community.

## **LOCK-UP**

Pursuant to the Placing Agreements entered into by each of the Selling Shareholders, the Selling Shareholders have agreed that they shall not, from the date of the Placing Agreements until the expiry of 90 days from such date, dispose of any Shares by way of offer, pledge, option, right, warrant, lending or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein or announce any intention of the above.

By Order of the Board  
**Kwok Wai Cheong, Chris**  
*Company Secretary*

Hong Kong, 4 August 2008

*As at the date of this announcement, the Board comprises five executive directors namely, Niu Gensheng, Yang Wenjun, Sun Yubin, Yao Tongshan and Bai Ying; two non-executive directors being, Jiao Shuge (alias Jiao Zhen) and Julian Juul Wolhardt and three independent non-executive directors namely, Wang Huaibao, Zhang Julin and Li Jianxin.*

\* *For identification purpose only*