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## **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)**

### **REVISION OF ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

Reference is made to the announcement of the Company dated 31 December 2014 in relation to the entering into of the 2014 Master Sale and Purchase Agreement, pursuant to which, subject to the Group's regular review and at the Group's option, the Group shall purchase white sugar, edible oil, other raw materials and other related products (including packaging materials) from COFCO Corporation Group Companies from time to time during the term of the New Master Sale and Purchase Agreement.

Reference is also made to the announcement of the Company dated 28 December 2017 in relation to the extension of the 2014 Master Sale and Purchase Agreement for a term of three years commencing on 1 January 2018 and ending on 31 December 2020 (the "**2017 Announcement**"). Unless stipulated otherwise, terms used in this announcement have the same meanings given to them in the 2017 Announcement.

Save for those disclosed in this announcement, all other terms of the 2014 Master Sale and Purchase Agreement (as extended in 2017) as disclosed in the 2017 Announcement remain unchanged.

#### **REVISION OF ANNUAL TRANSACTION AMOUNT UNDER CMD TRANSACTIONS**

As disclosed in the 2017 Announcement, the annual transaction amount under the 2014 Master Sale and Purchase Agreement (as extended in 2017) for the year ending 31 December 2020 was not expected to exceed RMB1,500,000,000 (equivalent to approximately HK\$1,779,000,000) ("**Mengniu 2020 Transaction Amount**").

As further disclosed in the 2017 Announcement, CMD has been purchasing feedstuffs and other related materials from COFCO Corporation Group Companies and the annual transaction amount under the CMD Transactions for the year ending 31 December 2020 was not expected to exceed RMB500,000,000 (equivalent to approximately HK\$593,000,000)

(“**CMD 2020 Transaction Amount**”). As advised by CMD, it estimates that the CMD 2020 Transaction Amount is likely to exceed RMB500,000,000 (equivalent to approximately HK\$593,000,000) but within RMB600,000,000 (equivalent to approximately HK\$711,600,000). As further advised by CMD, the actual amount of the CMD 2020 Transaction Amount has not exceeded RMB 500,000,000 (equivalent to approximately HK\$593,000,000) as of the date of this announcement.

Despite the estimated increase in the CMD 2020 Transaction Amount, the board of directors of the Company expects that the aggregated actual transaction amount of (i) the transactions under the 2014 Master Sale and Purchase Agreement (as extended in 2017) and (ii) the CMD Transactions for the year ending 31 December 2020 will not exceed RMB2,000,000,000 (equivalent to approximately HK\$2,372,000,000), being the aggregate of the Mengniu 2020 Transaction Amount and the original CMD 2020 Transaction Amount as previously disclosed in the 2017 Announcement (the “**Total 2020 Transaction Amount**”).

The Total 2020 Transaction Amount has been determined based on primarily (i) the actual transaction amount between each of the Group and CMD (on the one hand) with COFCO Corporation Group Companies (on the other hand) occurred so far during the year ending 31 December 2020, and (ii) the purchase plan of each of the Group and CMD for the remaining period of the year ending 31 December 2020. On this basis, the Directors (including the independent non-executive Directors but excluding Mr. Chen Lang and Mr. Meng Fanjie) consider that the Total 2020 Transaction Amount is fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As COFCO Corporation indirectly holds an approximately 31.25% interest in the Company, COFCO Corporation is a substantial shareholder of the Company and thus a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions under the 2014 Master Sale and Purchase Agreement (as extended in 2017) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Total 2020 Transaction Amount are more than 0.1% but less than 5%, the continuing connected transactions under the 2014 Master Sale and Purchase Agreement (as extended in 2017) are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

*In this announcement, for the purpose of illustration only, RMB amounts have been translated into HK\$ at the following rate RMB1:HK\$1.186. Such translations should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

By order of the Board  
**China Mengniu Dairy Company Limited**  
中國蒙牛乳業有限公司\*  
**Jeffrey, Minfang Lu**  
*Chief Executive Officer and Executive Director*

Hong Kong, 17 December 2020

*As at the date of this announcement, the Board comprises: Mr. Jeffrey, Minfang Lu and Mr. Meng Fanjie as executive directors; Mr. Chen Lang, Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini as non-executive directors; and Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi as independent non-executive directors.*

*\* For identification purposes only*