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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)

**CONTINUING CONNECTED TRANSACTIONS
STRATEGIC COLLABORATION AGREEMENT
WITH COFCO TRUST COMPANY LIMITED**

Strategic Collaboration Agreement with COFCO Trust Company Limited

On 23 December 2020, the Company entered into the Strategic Collaboration Agreement with COFCO Trust Company Limited, a connected person of the Company, pursuant to which the Group will, subject to the Group's regular review and at the Group's option, purchase various financial services and products from COFCO Trust Company Limited for a term commencing from 23 December 2020 and ending on 22 December 2023.

LISTING RULES IMPLICATIONS

COFCO Trust Company Limited is a subsidiary of COFCO Corporation. 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. As a subsidiary of COFCO Corporation, COFCO Trust Company Limited is an associate of a connected person of the Company, and thus also a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions under the Strategic Collaboration Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Cap for the transactions under the Strategic Collaboration Agreement are more than 0.1% but less than 5%, the continuing connected transactions under the Strategic Collaboration Agreement 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.

BACKGROUND

On 23 December 2020, the Company entered into the Strategic Collaboration Agreement with COFCO Trust Company Limited for a term of three years. Pursuant to the Strategic Collaboration Agreement, the Group will purchase (subject to the Group's regular review and at the Group's option) various financial services and products from COFCO Trust Company Limited, for a term commencing from 23 December 2020 and ending on 22 December 2023.

COFCO Trust Company Limited is a subsidiary of COFCO Corporation. 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. As a subsidiary of COFCO Corporation, COFCO Trust Company Limited is an associate of a connected person of the Company, and thus also a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions under the Strategic Collaboration Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

THE STRATEGIC COLLABORATION AGREEMENT

Date	23 December 2020
Parties	The Company COFCO Trust Company Limited, a connected person of the Company
Term	23 December 2020 to 22 December 2023
Description of Transactions	Purchase of various financial services, innovative financial products and integrated financial service plans (subject to the Group's regular review and at the Group's option) by the Group from COFCO Trust Company Limited
Pricing Basis and Payment Terms	The price payable by the Group Company to COFCO Trust Company Limited shall be fair and reasonable, and shall be fixed by reference to and by no means higher than the reasonable market price at which the Group could obtain the same type of supplies from independent third parties.

The terms of the Strategic Collaboration Agreement were determined after arm's length negotiations and the Directors are of the view that they are on normal commercial terms.

Pursuant to the Strategic Collaboration Agreement, the terms and conditions of the supply of various financial services and products by COFCO Trust Company Limited to the Group shall not be less favourable than those available to the Group from independent third parties.

ANNUAL CAP

The aggregated transaction amount under the Strategic Collaboration Agreement during any 12 months within its terms is not expected to exceed RMB 1,000,000,000 (equivalent to approximately HK\$1,186,000,000) (“Annual Cap”). The above Annual Cap is determined by reference to (i) the Group’s overall treasury policies and cash resources management and investment plan; (ii) historical value of transactions between the Group and other third parties in relation to similar product or services types; and (iii) any comparable market prices of the relevant products or services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRATEGIC COLLABORATION

The core business of the Company is to manufacture and distribute quality dairy products. COFCO Trust Company Limited is a subsidiary of COFCO Corporation and a provider of financial services and products. The Board believes that it is in the interest of the Group to purchase financial services and products to allow it to properly manage its cash resources and investments. The entering into of the Strategic Collaboration Agreement will enable the Group to have access to all-rounded and convenient financial services, which would be beneficial for the Group’s development.

The Directors (including the independent non-executive Directors but excluding Mr. Chen Lang and Mr. Meng Fanjie) consider that the terms of the Strategic Collaboration Agreement, the transactions thereunder and the Annual Cap are fair, 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.

INFORMATION ON THE GROUP AND COFCO TRUST COMPANY LIMITED

The Group is one of the leading dairy product manufacturers in China and is principally engaged in the manufacturing and distribution of quality dairy products including liquid milk, ice-cream and other dairy products.

COFCO Trust Company Limited is a company incorporated in the PRC with limited liability and is a subsidiary of COFCO Corporation. It engages in financial management services through financial equity investment management, agricultural financial service and wealth management platforms. The main businesses of COFCO Trust include: business operation financing, property trust, securities investment trust, real estate investment and financing, private equity investment trust, agricultural commodities investment trust, special agricultural finance trust, investment banking business and financial advisory services.

COFCO Corporation is a state-owned enterprise and one of the largest sugar beet and edible oil producers and distributors in the PRC, and is engaged in a wide array of businesses, including, amongst others, agricultural products trading and processing food and beverages in the PRC.

Mr. Chen Lang is a director of certain COFCO Corporation Group Companies. Mr. Meng Fanjie was previously a general manager of certain COFCO Corporation Group Companies. None of the Directors have a material interest in the transactions under the Strategic Collaboration Agreement. However, Mr. Chen Lang and Mr. Meng Fanjie have voluntarily abstained from voting on the board resolutions for approving the Strategic Collaboration Agreement and the Annual Cap.

LISTING RULES IMPLICATIONS

COFCO Trust Company Limited is a subsidiary of COFCO Corporation. 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. As a subsidiary of COFCO Corporation, COFCO Trust Company Limited is an associate of a connected person of the Company, and thus also a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions under the Strategic Collaboration Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Annual Cap for the transactions under the Strategic Collaboration Agreement are more than 0.1% but less than 5%, the continuing connected transactions under the Strategic Collaboration Agreement 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.

DEFINITIONS

“Board”	the board of directors of the Company
“COFCO Corporation”	COFCO Corporation (中糧集團有限公司), a wholly state-owned company incorporated in the PRC
“COFCO Corporation Group Companies”	COFCO Corporation, its direct and indirect subsidiaries from time to time and certain associated companies
“COFCO Trust Company Limited”	COFCO Trust Company Limited (中糧信託有限責任公司), a company incorporated in the PRC with limited liability and a subsidiary of COFCO Corporation
“Company”	China Mengniu Dairy Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 2319)

“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries, and “Group Company” shall be constructed accordingly
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Strategic Collaboration Agreement”	the strategic collaboration agreement entered into between the Company and COFCO Trust Company Limited on 23 December 2020 in relation to the purchase of various financial services and products, which has a term commencing from 23 December 2020 and ending on 22 December 2023
“PRC or China”	the People’s Republic of China, which for the purpose of this announcement, shall not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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, 23 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*