

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take 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.*



**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)**

**ANNOUNCEMENT  
STRATEGIC COOPERATION WITH ARLA FOODS**

The Board is pleased to announce that on 15 June 2012, Mengniu has entered into the Strategic Cooperation Agreements with Arla Foods relating to a long-term strategic cooperation relationship in the dairy sector in certain geographical areas. Arla Foods is principally engaged in the business of manufacturing of dairy products and has been a joint-venture partner of the Group since 2006.

The Board is also pleased to announce that on 15 June 2012, Mengniu has been appointed by the Ministry of Agriculture of the People's Republic of China to participate in the strategic cooperation with the Ministry of Food, Agriculture and Fisheries of the Kingdom of Denmark, whom has appointed Arla Foods, to establish the China-Denmark Milk Technology and Cooperation Center. with the objectives to promote cooperation in the dairy sector by facilitating the sharing of relevant experiences, best practices, product development between China and Denmark and to introduce dairy management systems used in Europe into China.

Mengniu and Arla Foods will make further arrangements to implement the Strategic Cooperation.

\* *For identification purpose only*

## **STRATEGIC COOPERATION WITH ARLA FOODS**

### **Introduction**

The Board is pleased to announce that on 15 June 2012, Mengniu has signed the Strategic Cooperation Agreements with Arla Foods pursuant to which Arla Foods and Mengniu will form a long-term strategic cooperation relationship in the dairy sector in certain geographical areas.

### **The Strategic Cooperation**

Pursuant to the Strategic Cooperation Agreements, Mengniu will be the exclusive strategic partner for Arla Foods in China and Mengniu will develop certain consumer dairy products bearing Arla Foods' brands in China and various other selected countries whereas Arla Foods will be the exclusive source of supply of, and will supply to Mengniu with priorities, various consumer products to be imported by Mengniu into China and various other selected countries. Arla Foods will also provide technical, management, marketing and innovation advice to Mengniu in such territories.

The Parties have also agreed to cooperate in sourcing of ingredients for consumer products from each other and in investments, co-investing or the pursuit of business opportunities in the dairy sector in Europe and China.

The Board is also pleased to announce that on 15 June 2012, Mengniu has been appointed by the Ministry of Agriculture of the People's Republic of China to participate in the strategic cooperation with the Ministry of Food, Agriculture and Fisheries of the Kingdom of Denmark, whom has appointed Arla Foods, to establish the China-Denmark Milk Technology and Cooperation Center. with the objectives to promote cooperation in the dairy sector by facilitating the sharing of relevant experiences, best practices, product developments between China and Denmark and to introduce dairy management systems used in Europe into China. The Company will cooperate with Arla Foods to establish the China-Denmark Milk Technology and Cooperation Center.

### **Ancillary Documents**

In connection with the Strategic Cooperation, Mengniu and Arla Foods intend to enter into a number of ancillary contracts in relation to the, inter alia, the long term supply of products, provision of brand licences, management assistance, technology and know-how support assistance by Arla Foods to Mengniu. Mengniu and Arla Foods will also make further arrangements, to be approved by the relevant governmental authorities, to implement the strategic cooperation in relation to the China-Denmark Milk Technology and Cooperation Center.

### **Reasons for and benefits of the Strategic Cooperation**

The Board believes that Arla Foods has a strong reputation in Europe for quality production of dairy product and is experienced in building premium international brands for dairy products of stable high quality. The Board considers that the Strategic Cooperation represents a good

opportunity for the Group to leverage on the synergies of Arla Foods' and the Group to develop the Group's dairy business by securing for the Group a supply of a broad assortment of imported consumer products in China, which is strategically important for the development of the Group's business, and by introducing operations, technologies and quality systems used by Arla Foods into the Group's productions. The Board also envisages that the Strategic Cooperation will enhance the Group's reputation as a producer for quality consumer products.

### **Information about the Parties**

Mengniu is one of the leading dairy product manufacturers in China. Its product range includes liquid milk products, (such as UHT milk, milk beverages and yogurt), ice cream, and other dairy products (such as milk powder and cheese).

Arla Foods is a cooperative with limited liability established in Denmark and is principally engaged in the business of manufacturing of dairy products. Arla Foods has been a joint-venture partner of the Group since 2006.

**As the Strategic Cooperation is subject to conditions, the Strategic Cooperation may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares in the Company.**

### **DEFINITIONS**

In this announcement, the following expressions have the following meanings, unless the context requires otherwise:

“Arla Foods”	Arla Foods Amba
“Board”	the board of directors of the Company
“Company”	China Mengniu Dairy Company Limited
“Group”	the Company and its subsidiaries
“Inner Mongolia Mengniu”	Inner Mongolia Mengniu Dairy (Group) Co., Ltd, a main operating subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mengniu”	the Company or the Company and Inner Mongolia Mengniu
“Parties”	Mengniu and Arla Foods
“Strategic Cooperation”	the long term strategic cooperation in the dairy sector in certain geographical area between the Parties as set out in the paragraph headed “Strategic Cooperation” in this announcement

“Strategic Cooperation  
Agreements”

a strategic cooperation agreement entered into by Inner Mongolia Mengniu, the Company and Arla Foods and deed of cooperation entered into by the Company and Arla Foods setting out details of their coordination and co-investment arrangements

By order of the Board  
**China Mengniu Dairy Company Limited**  
**Sun Yiping**  
*Executive Director and Chief Executive Officer*

Hong Kong, 15 June 2012

*As at the date of this announcement, the Board comprises: Ms. Sun Yiping, Mr. Yang Wenjun, Mr. Bai Ying, Mr. Wu Jingshui and Mr. Ding Sheng as executive directors, Mr. Ning Gaoning, Mr. Niu Gensheng, Mr. Yu Xubo, Mr. Ma Jianping and Mr. Fang Fenglei as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Liu Fuchun, Mr. Zhang Xiaoya and Mr. Xie Tao as independent non-executive directors.*