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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
FURTHER EXTENSION OF THE 2014 MASTER SALE AND
PURCHASE AGREEMENT
WITH COFCO CORPORATION**

**FURTHER EXTENSION OF THE 2014 MASTER SALE AND PURCHASE
AGREEMENT**

In view of the anticipated expiration of the extended term of the 2014 Master Sale and Purchase Agreement on 31 December 2023, the Company has delivered an Extension Notice to COFCO Corporation to exercise its right to extend the term of the 2014 Master Sale and Purchase Agreement for a further three years. The Company received a confirmation from COFCO Corporation on 28 December 2023 acknowledging receipt of the 2023 Extension Notice. Following the extension of the term of the 2014 Master Sale and Purchase Agreement, the Group will continue to purchase (subject to the Group's regular review and at the Group's option) white sugar, edible oil, other raw materials and related products from COFCO Corporation Group Companies, and CMD will continue to purchase feedstuffs and other related materials from COFCO Corporation Group Companies, for a term commencing from 1 January 2024 and ending on 31 December 2026.

LISTING RULES IMPLICATIONS

As COFCO Corporation indirectly holds an approximately 24.14% 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 by the 2023 Extension Notice) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transaction value under the 2014 Master Sale and Purchase Agreement (as extended by the 2023 Extension Notice) are on an annual basis more than 0.1% but less than 5%, the continuing connected transactions under the 2014 Master Sale and Purchase Agreement (as extended by the 2023 Extension Notice) 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.

FURTHER EXTENSION OF THE 2014 MASTER SALE AND PURCHASE AGREEMENT

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 the 2014 Master Sale and Purchase Agreement, the Company may extend the term of the 2014 Master Sale and Purchase Agreement for a further period of not more than three continuous years on the same terms as set forth in the 2014 Master Sale and Purchase Agreement by written notice, subject to compliance with any relevant requirements under the Listing Rules.

Reference is also made to the announcement of the Company dated 22 December 2020 in relation to the extension of the 2014 Master Sale and Purchase Agreement for a term of three years. Pursuant to the 2014 Master Sale and Purchase Agreement, the Company had delivered in 2020 an Extension Notice to exercise its right to extend the term of the 2014 Master Sale and Purchase Agreement for a further three years. The Company received a confirmation from COFCO Corporation on 22 December 2020 acknowledging receipt of the 2020 Extension Notice. Following the extension, the 2014 Master Sale and Purchase Agreement was extended for a term commencing on 1 January 2021 and ending on 31 December 2023.

In view of the anticipated expiration of the extended term of the 2014 Master Sale and Purchase Agreement on 31 December 2023, the Company has delivered an Extension Notice to COFCO Corporation to exercise its right to extend the term of the 2014 Master Sale and Purchase Agreement for a further three years. The Company received a confirmation from COFCO Corporation on 28 December 2023 acknowledging receipt of the 2023 Extension Notice. Following the further extension of the term of the 2014 Master Sale and Purchase Agreement, the Group will continue to purchase (subject to the Group's regular review and at the Group's option) white sugar, edible oil, other raw materials and related products from COFCO Corporation Group Companies for a term commencing from 1 January 2024 and ending on 31 December 2026.

Save for the extension of the term, all other terms of the 2014 Master Sale and Purchase Agreement remain unchanged.

THE 2014 MASTER SALE AND PURCHASE AGREEMENT

Key terms of the 2014 Master Sale and Purchase Agreement are summarized below.

Date	31 December 2014
Parties	The Company COFCO Corporation
Extended Term	1 January 2024 to 31 December 2026
Description of Transactions	Purchase (subject to the Group's regular review and at the Group's option) of white sugar, edible oil, other raw materials and related products by the Group from COFCO Corporation Group Companies
Pricing Basis and Payment Terms	The price payable and other payment terms by the Group Company to COFCO Corporation Group Companies shall be fair and reasonable, and shall be fixed by reference to the reasonable market price at which the relevant Group Company could obtain the same type of supplies from independent third parties. The terms and conditions of the supply of white sugar, edible oil, other raw materials and related products by COFCO Corporation Group Companies to the Group shall not be less favourable than those available to the Group from independent third parties.

The 2014 Master Sale and Purchase Agreement is a framework agreement which sets out the principles upon which detailed terms (including payment terms) are to be determined by and agreed between the parties in the specific sale and purchase agreements and purchase orders. The terms of the 2014 Master Sale and Purchase Agreement were determined after arm's length negotiations and represent normal commercial terms. CMD has purchased feedstuffs and other related materials from COFCO Corporation Group Companies in the past and will continue to purchase feedstuffs and other related materials from COFCO Corporation Group Companies commencing from 1 January 2024. Such purchases fall within the scope of the 2014 Master Sale and Purchase Agreement and hence are subject to the terms and conditions thereof, including the annual cap.

HISTORICAL FIGURES AND ANNUAL CAP

Below sets forth (i) the transaction amount between the Group and COFCO Corporation Group Companies (excluding the CMD Transactions) under the 2014 Master Sale and Purchase Agreement (as extended by the 2020 Extension Notice), for each of the two years ended 31 December 2021 and 2022 and for the nine months ended 30 September 2023; (ii) the transaction amount under the CMD Transactions, i.e. between CMD and COFCO Corporation Group Companies under the 2014 Master Sale and Purchase Agreement (as extended by the 2020 Extension Notice), for each of the two years ended 31 December 2021 and 2022 and for the nine months ended 30 September 2023; and (iii) the annual cap of the transaction amount under the 2014 Master Sale and Purchase Agreement for each of the three years ending 31 December 2024, 2025 and 2026.

Historical Figures

The transaction amount between the Group and COFCO Corporation Group Companies (excluding the CMD Transactions) under the 2014 Master Sale and Purchase Agreement (as extended by the 2020 Extension Notice) for the two years ended 31 December 2021 and 2022 was RMB568,159,000 (equivalent to approximately HK\$624,974,900) and RMB600,131,000 (equivalent to approximately HK\$660,144,100) respectively, and the transaction amount for the nine months ended 30 September 2023 was approximately RMB623,967,000 (equivalent to approximately HK\$686,363,700).

The transaction amount under the CMD Transactions, i.e. between CMD and COFCO Corporation Group Companies under the 2014 Master Sale and Purchase Agreement (as extended by the 2020 Extension Notice) for the two years ended 31 December 2021 and 2022 was RMB677,775,000 (equivalent to approximately HK\$745,552,500) and RMB1,161,046,000 (equivalent to approximately HK\$1,277,150,600) respectively, and the transaction amount for the nine months ended 30 September 2023 was approximately RMB1,081,561,000 (equivalent to approximately HK\$1,189,717,100), as provided by CMD.

Annual Cap

The annual transaction amount under the 2014 Master Sale and Purchase Agreement (as extended by the 2023 Extension Notice) for each of the three years ending 31 December 2024, 2025 and 2026 is not expected to exceed RMB3,500,000,000 (equivalent to approximately HK\$3,850,000,000). The above annual cap amount is determined by reference to (i) historical value of transactions between each of the Group and CMD (on one hand) with COFCO Corporation Group Companies (on the other hand), or other customers or suppliers in relation to similar product types; (ii) average market prices of the relevant products; (iii) anticipated growth in the market demand for such products taking into account of the typical life cycle of white sugar, edible oil and other raw materials production and sales; (iv) the purchase plan of each of the Group and CMD for each of the three years ending 31 December 2024, 2025 and 2026; and (v) the possible increase of the volume and percentage of products to be purchased from COFCO Corporation Group Companies.

REASONS FOR AND BENEFITS OF THE 2014 MASTER SALE AND PURCHASE AGREEMENT AND THE EXTENSION OF ITS TERM

The core business of the Company is to manufacture and distribute quality dairy products. COFCO Corporation is one of the largest sugar beet and edible oil producers and distributors in the PRC and COFCO Corporation Group Companies have been reliable suppliers of white sugar, edible oil and other raw materials of the Group. The Board believes that it is for the benefit of the Group to continue sourcing white sugar, edible oil, other raw materials and related products from COFCO Corporation Group Companies. The extension of the term of the 2014 Master Sale and Purchase Agreement will enable the Company to have continuous and stable supply of quality raw materials at a competitive price which is essential to the Group's production of quality dairy products.

The Directors (including the independent non-executive Directors but excluding Mr. Chen Lang, Mr. Wang Xi and Ms. Wang Yan) consider that the terms of the 2014 Master Sale and Purchase Agreement (as extended by the 2023 Extension Notice), 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 CORPORATION

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 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 and Mr. Wang Xi are directors of certain COFCO Corporation Group Companies. Ms. Wang Yan previously held a senior position in COFCO Corporation. None of the Directors have a material interest in the transactions under the 2014 Master Sale and Purchase Agreement. However, Mr. Chen Lang, Mr. Wang Xi and Ms. Wang Yan have voluntarily abstained from voting on the board resolutions for approving the 2023 Extension Notice and the annual cap.

LISTING RULES IMPLICATIONS

As COFCO Corporation indirectly holds an approximately 24.14% 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 by the 2023 Extension Notice) therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transaction value under the 2014 Master Sale and Purchase Agreement (as extended by the 2023 Extension Notice) for each of the three years ending 31 December 2024, 2025 and 2026 are on an annual basis more than 0.1% but less than 5%, the continuing connected transactions under the 2014 Master Sale and Purchase Agreement (as extended by the 2023 Extension Notice) 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

“2014 Master Sale and Purchase Agreement”	the master sale and purchase agreement entered into between the Company and COFCO Corporation on 31 December 2014 in relation to the sales and purchase of white sugar, edible oil, other raw materials and related products, which has an original term commencing from 1 January 2015 and ending on 31 December 2017, as disclosed in the announcement of the Company dated 31 December 2014
“2020 Extension Notice”	the written notice delivered by the Company to COFCO Corporation and acknowledged and confirmed by COFCO Corporation, extending the 2014 Master Sale and Purchase Agreement for a term commencing 1 January 2021 and ending on 31 December 2023, as disclosed in the announcement of the Company dated 22 December 2020

“2023 Extension Notice”	the written notice delivered by the Company to COFCO Corporation and acknowledged and confirmed by COFCO Corporation, extending the 2014 Master Sale and Purchase Agreement for a term commencing 1 January 2024 and ending on 31 December 2026
“Board”	the board of directors of the Company
“CMD”	China Modern Dairy Holdings Ltd., a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 1117)
“CMD Transactions”	the purchase of feedstuffs and other related materials by CMD from COFCO Corporation Group Companies
“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
“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)
“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\$1.1. 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, 28 December 2023

As at the date of this announcement, the Board comprises: Mr. Jeffrey, Minfang Lu, Ms. Wang Yan and Mr. Zhang Ping as executive directors; Mr. Chen Lang, Mr. Wang Xi and Mr. Simon Dominic Stevens as non-executive directors; and Mr. Yih Dieter (alias Yih Lai Tak, Dieter), Mr. Li Michael Hankin and Mr. Ge Jun as independent non-executive directors.

* *For identification purposes only*