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**MODERN FARMING**  
**现代牧业**

**China Modern Dairy Holdings Ltd.**

**中國現代牧業控股有限公司**

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

**(Stock Code: 1117)**

**CONTINUING CONNECTED TRANSACTION  
INTELLIGENT IOT SOFTWARE AND HARDWARE PROCUREMENT  
AND SUPPLY FRAMEWORK AGREEMENT WITH  
YUNYANGNIU TECHNOLOGY**

The Board announced that Modern Farming, an indirect non-wholly owned subsidiary of the Company, and Yunyangniu Technology, a connected person of the Company, entered into the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement on July 7, 2022 (after trading hours) in relation to the supply of intelligent IoT software and hardware and the provision of supporting services by Yunyangniu Technology Group to Modern Farming Group during the term from July 7, 2022 to December 31, 2022.

As at the date of this announcement, Yunyangniu Technology is owned by Modern Farming as to 48% and Inner Mongolia Mengniu as to 20%, which in turn is a subsidiary of Mengniu, a substantial shareholder and connected person of the Company. Therefore, Yunyangniu Technology is an associate of Mengniu and a connected person of the Company. Accordingly, the transactions contemplated under the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement exceed 0.1% but are less than 5%, the entry into the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board announced that Modern Farming, an indirect non-wholly owned subsidiary of the Company, and Yunyangniu Technology, a connected person of the Company, entered into the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement on July 7, 2022 (after trading hours) in relation to the supply of intelligent IoT software and hardware and the provision of supporting services by Yunyangniu Technology Group to Modern Farming Group during the term from July 7, 2022 to December 31, 2022.

## **INTELLIGENT IOT SOFTWARE AND HARDWARE PROCUREMENT AND SUPPLY FRAMEWORK AGREEMENT**

The principal terms of the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement are as follows:

**Date:** July 7, 2022

**Parties:** (1) Modern Farming (as the purchaser); and  
(2) Yunyangniu Technology (as the supplier).

**Duration:** For a term commencing from July 7, 2022 to December 31, 2022.

**Subject matter:** Modern Farming Group agrees to purchase, and Yunyangniu Technology Group agrees to supply and deliver to the designated farms of Modern Farming Group, the intelligent IoT software and hardware which shall meet the relevant specifications, along with supporting services.

**Specifications:**

The intelligent IoT software and hardware supplied by Yunyangniu Technology Group shall (i) satisfy the quality standards as specified in the purchase orders; and (ii) comply with national and local laws and regulations of the PRC.

**Price:**

The price payable by Modern Farming Group to Yunyangniu Technology Group shall be determined by way of price inquiry and comparison, and with reference to the lowest quotation that Modern Farming Group could obtain from independent suppliers (whether domestic or foreign) for the intelligent IoT software and hardware with the same standards and specifications and similar quality. Yunyangniu Technology Group will assist Modern Farming Group to estimate its specific needs of relevant software and hardware according to the relevant business needs and requirements (including, but not limited to, standards, quantities, specifications and quality). Modern Farming Group will seek price quotation from at least three independent sizeable suppliers with relevant qualifications, and will determine the purchase price through price consultation with suppliers to ensure that the price and terms of the provision of software and hardware equipment by Yunyangniu Technology Group to Modern Farming Group are no less favorable than those offered by other independent suppliers. The price mentioned above refer to the on-site price.

Modern Farming Group will review the technical development within the industry and market standards of the relevant software and hardware from time to time to ensure that the relevant software and hardware are in line with the Group's use and achieve the expected benefits.

Moreover, to ensure the fairness and reasonableness of the transaction terms, the internal control department of Modern Farming will review all reports and related files (including, but not limited to, the quotations and agreed terms of the invited suppliers) to ensure the fairness of the pricing of the connected transaction.

## **MAXIMUM TRANSACTION AMOUNT AND BASIS OF DETERMINATION**

The maximum transaction amount in respect of the transactions contemplated under the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement commencing from July 7, 2022 to December 31, 2022 is RMB30,000,000.

The maximum transaction amount was determined with reference to (i) the average market price of intelligent IoT software and hardware; and (ii) the expected demand for intelligent IoT software and hardware of Modern Farming Group. As there is neither any government-prescribed price nor official guidance price in respect of the intelligent IoT software and hardware, the average market price is determined with reference to the publicly available information in the market.

## **REASONS FOR AND BENEFITS OF ENTRY INTO THE INTELLIGENT IOT SOFTWARE AND HARDWARE PROCUREMENT AND SUPPLY FRAMEWORK AGREEMENT**

Yunyangniu Technology is a technology company dedicated to the development of software and hardware in agriculture and animal husbandry and providing AIOT intelligent solutions, so as to solve bottlenecks through innovative breakthroughs for the industry.

In terms of industry technical strength, Yunyangniu Technology cooperates with a number of authoritative technical experts in the agriculture and animal husbandry industry, and the technicians it employs possess many years of experience in farm management and the ability to analyze and predict industry development. In terms of software product development, the development team of Yunyangniu Technology has many years of experiences in the development of platforms for industries such as agriculture and animal husbandry, as well as a deep understanding of the pasture breeding business, and provides comprehensive software and hardware supporting intelligent solutions to the farms.

As a leading dairy farming enterprise in the PRC, Modern Farming advocates the mission and vision of “raise healthy cows, safeguard each and every drop of quality milk, deploy the whole industry chain, innovate with digital intelligence, and be a global dairy farming leader”. Modern Farming believes that digitalized management will be an important means for enterprises to save costs, increase efficiency and implement lean management in the future, and it is also an important grip for the Group to turn into a global dairy farming leader. Modern Farming has many years of experiences in dairy farming, while Yunyangniu Technology has information construction capabilities. Both parties are committed to building the most advanced farm management platform in the PRC.

Modern Farming believes that the cooperation with Yunyangniu Technology will help Modern Farming realize its strategic vision of digitalization in the future, build smart farms innovatively with digital intelligence and become an industry pioneer with its forward-looking vision, thus improving its core competitiveness while advancing with the times.

The Directors (including the independent non-executive Directors) consider that the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As at the date of this announcement, (i) Mr. LU Minfang, a non-executive Director and the chairman of the Board, is also an executive director and the chief executive officer of Mengniu; (ii) Mr. ZHAO Jiejun, a non-executive Director, is also a vice president and the head of milk sourcing and supply chain business unit of Mengniu and the chairman of the board of directors of Aiyangniu Technology; (iii) Mr. ZHANG Ping, a non-executive Director, is also an executive director and the chief financial officer of Mengniu. Accordingly, each of Mr. LU Minfang, Mr. ZHAO Jiejun and Mr. ZHANG Ping is considered to have a material interest in the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement and has abstained from voting on the relevant resolutions of the Board approving the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement.

## **INFORMATION ON THE PARTIES**

### **(1) The Group**

The Group is a leading dairy farm operator and fresh raw milk producer in the PRC. As of December 31, 2021, the Group operated 33 dairy farming companies in the PRC with over 350,000 dairy cows and an annual milk yield of over 2 million tons.

### **(2) Modern Farming**

Modern Farming is an indirect non-wholly owned subsidiary of the Company and is principally engaged in operating dairy farms, production and sale of raw milk in the PRC. As at the date of this announcement, the Company indirectly owns approximately 98.35% of equity interest in Modern Farming.

### **(3) Yunyangniu Technology**

Yunyangniu Technology was established in the PRC in 2022 and is principally engaged in software research and development, hardware research and development and providing AIOT intelligent solutions for agriculture and animal husbandry. As at the date of this announcement, Yunyangniu Technology is owned by Modern Farming as to 48% and is indirectly owned by Mengniu as to 20%.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Yunyangniu Technology is owned by Modern Farming as to 48% and Inner Mongolia Mengniu as to 20%, which in turn is a subsidiary of Mengniu, a substantial shareholder and a connected person of the Company. Therefore, Yunyangniu Technology is an associate of Mengniu and a connected person of the Company. Accordingly, the transactions contemplated under the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the transactions contemplated under the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement exceed 0.1% but are less than 5%, the entry into the Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“associate(s)”, “connected person(s)”, “percentage ratio(s)”, “subsidiary(ies)”, “substantial shareholder(s)”	each has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Inner Mongolia Mengniu”	Inner Mongolia Mengniu Dairy (Group) Co., Ltd.* (內蒙古蒙牛乳業(集團)股份有限公司), a company established in the PRC with limited liabilities, a 99.99% owned subsidiary of Mengniu as of the date of this announcement
“Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement”	the framework agreement dated July 7, 2022, entered into between Modern Farming and Yunyangniu Technology in relation to the supply of intelligent IoT software and hardware by Yunyangniu Technology Group to Modern Farming Group, further details of which are disclosed in the section headed “Intelligent IoT Software and Hardware Procurement and Supply Framework Agreement” in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mengniu”	China Mengniu Dairy Company Limited (中國蒙牛乳業有限公司*), 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: 2319), and a substantial shareholder of the Company
“Modern Farming”	Modern Farming (Group) Co., Ltd.* (現代牧業(集團)有限公司), a sino-foreign investment enterprise established in the PRC and an indirect non-wholly owned subsidiary of the Company
“Modern Farming Group”	Modern Farming and its subsidiaries
“PRC”	the People’s Republic of China which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yunyangniu Technology”	Hainan Yunyangniu Technology Co., Ltd.* (海南雲養牛科技有限公 司), a company incorporated in the PRC with limited liabilities which is owned by Modern Farming as to 48% and is indirectly owned by Mengniu as to 20% as of the date of this announcement

“Yunyangniu  
Technology Group”

Yunyangniu Technology and its subsidiaries

“%”

per cent.

For and on behalf of the Board  
**China Modern Dairy Holdings Ltd.**  
**LU Minfang**  
*Chairman*

\* *For identification purpose only*

Hong Kong, July 7, 2022

*As of the date of this announcement, the executive Directors are Mr. SUN Yugang and Mr. ZHU Xiaohui, the non-executive Directors are Mr. LU Minfang (Chairman), Mr. ZHAO Jiejun, Mr. ZHANG Ping, and Ms. GAN Lu, the independent non-executive Directors are Mr. LI Shengli, Mr. LEE Kong Wai Conway and Mr. CHOW Ming Sang.*