

[Press Release]



## ***Mengniu Unveils World's First Fully Intelligent Dairy Factory***

**(Hong Kong, 2 June 2023)** On May 28th, **China Mengniu Dairy Company Limited (“Mengniu” or the “Group”, HKEX: 2319)** announced that the world's first fully intelligent dairy factory, the Mengniu Ningxia factory, was officially completed and commenced operation. The new facility is the largest single liquid milk factory in the world. Operating at full capacity, the factory can achieve "three one-hundreds", meaning that 100 employees can produce 1 million tons of dairy products annually, with a production value of RMB10 billion. This represents the highest annual labour efficiency ratio of any dairy factory in the world, injecting new impetus into the digitalization of the global dairy industry.



(The Opening Ceremony of the Mengniu Ningxia factory)

**Mengniu's CEO, Jeffrey, Minfang LU**, stated that the factory is a product of Mengniu's 20 years of accumulated expertise in the fields of automation, digitization, and intelligence, and takes the industry to new heights by combining leading-edge technologies from around the globe, allowing the Chinese dairy industry to seize the opportunity to lead the world in intelligent dairy manufacturing.

### **Intelligence Meets Production: The Spectacular Debut of the Mengniu 4.0 Super Factory Ushers in the Future of Smart Manufacturing**

The Mengniu Ningxia factory embodies “full intelligence” in its top-level design, featuring system-wide, chain-wide, and process-wide digitization and automation.



The production operations of the Ningxia factory can be initiated with a single click, and the entire process is automated through an "autopilot" system that automatically converts customer orders into production instructions and sends them to the production line, replacing traditional human decision-making based on experience. The factory maximizes efficiency and capacity by automatically routing production instructions to the most suitable equipment, circulating production materials along the best path, executing optimal energy usage scheduling, and adhering to the highest quality control standards.

### **Super Factory's Advanced Self-Optimization Capabilities Empower the Entire Production Chain**



Driven by "people-oriented" values, the factory design team created a multi-scenario digital application service to generate greater value for customers and consumers. The

Ningxia factory achieves centralized control of production line equipment through an intelligent control platform, and utilizes an intelligent production system to realize closed-loop control of the production process, ensuring traceability of products throughout the entire chain and lifecycle. The factory's quality traceability process has been made significantly more efficient, with tracing time shortened from 2 hours to 2 minutes, ensuring that every single drop of dairy product meets the highest quality standards.

"Green, low-carbon, and sustainable development" is also a core aspect of the factory's construction. The intelligent energy system automatically evaluates the alignment between production and energy, optimizing the efficiency of equipment usage based on production conditions to achieve energy savings and meet emissions reduction goals. The factory has been awarded the LEED Gold Certification for green building by the U.S. Green Building Council.

The Mengniu Ningxia factory can self-iterate and self-optimize through its integrated management and control system. Utilizing AI algorithms, the factory implements closed-loop analysis and rolling optimization for production scheduling, enabling online monitoring and control of equipment and decision-making. Predictive maintenance and upkeep strategies have been implemented based on equipment status and data analysis, ensuring stable operations system-wide.

"We have collaborated with 39 top global partners and adopted 1,270 leading technologies from around the world to jointly create the world's first fully intelligent dairy factory," stated the head of the Mengniu Ningxia factory. The factory was built and put into operation in just a year and a half, once again setting a new speed record for Mengniu.

### **Empowering the Whole Ecosystem: Super Factory Leads the Way in Setting New Industry Standards**

As an industry leader, Mengniu embraces challenge and change, continuously exploring ways to implement fully intelligent practices. By creating a fully intelligent factory, the Company has once again demonstrated its commitment to its responsibilities as the "national team" in the dairy industry.



Mengniu adheres to the principle that “consumers are at the heart of all our decisions” and utilizes digital means to connect the market, factory, distributors, stores, and consumers in an end-to-end chain. This generates insights into consumer demands, promotes efficient collaboration among the market, factory, and supply chain, and satisfies consumers’ desire for a better life. The Mengniu Ningxia intelligent factory is not only a pioneer and leader in intelligent manufacturing in the global dairy industry but also a catalyst for the intelligent transformation of process manufacturing factories, contributing greater value to the future of a digital China.

The completion of the Mengniu Ningxia factory has created over 3,000 job opportunities across the local industrial chain, forming a series of industrial clusters for raw materials, auxiliary materials, and more. This has accelerated the high-quality development of the local dairy industry chain, driven regional economic and social development, and helped revitalize the national dairy industry.

The construction of the Mengniu Ningxia factory is an important initiative for the Group to promote the strategic goal of “Creating a new Mengniu” and achieve intelligent transformation and upgrading. By combining “invisible technologies” with “visible industrial chains,” Mengniu is seizing the opportunity of the new wave of digital revolution and industrial transformation in China’s dairy industry, opening up a new path for the high-quality development of the Chinese dairy industry.

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#### **About China Mengniu Dairy Company Limited**

China Mengniu Dairy Company Limited and its subsidiaries mainly manufacture and distribute quality dairy products in China. It is one of the leading dairy product manufacturers in China, with MENGNIU as its core brand. Mengniu offers diversified products including liquid milk products, ice cream, milk formula and cheese. Mengniu ranked 7th in the 2022 “Global Dairy Top 20” list published by Rabobank. As at the end of 2022, the Group’s annual dairy production

capacity reached 12.91 million tons. In March 2014, Mengniu became a Hang Seng Index constituent, making it the first blue chip Chinese dairy product manufacturer. In 2022, Mengniu's MSCI ESG rating improved to an A grade, the highest rating in the Chinese food industry, and it was included as a constituent stock in sustainable development indexes such as the Hang Seng Corporate Sustainability Index Series. For more information, please visit [www.mengniu.com](http://www.mengniu.com).

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