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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)



Yashili International Holdings Ltd

雅士利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1230)

Star Future Investment Company Limited

星萊投資有限公司

(Incorporated in Hong Kong with limited liability)

JOINT ANNOUNCEMENT

**(1) PRE-CONDITIONAL PRIVATIZATION OF YASHILI BY
STAR FUTURE INVESTMENT COMPANY LIMITED BY WAY
OF A SCHEME OF ARRANGEMENT (UNDER SECTION 86 OF THE
COMPANIES ACT) AND PROPOSED WITHDRAWAL OF
LISTING OF YASHILI**

AND

**(2) THE DISPOSAL OF DANONE SHANGHAI'S ENTIRE
INTEREST IN THE CHILLED BUSINESS JVs TO INNER
MONGOLIA MENGNIU, THE DISPOSAL OF DUMEX CHINA
BY YASHILI GUANGDONG TO DANONE APAC AND THE
DISPOSAL OF DANONE NUTRITION'S ENTIRE INTERESTS
IN YASHILI TO MENGNIU**

**POLL RESULTS OF THE EXTRAORDINARY GENERAL
MEETING HELD ON AUGUST 16, 2022**

AND

**UPDATE ON THE SCHEME PRE-CONDITIONS AND THE
SCHEME CONDITION**

Financial Adviser to the Offeror and Mengniu



The Hongkong and Shanghai Banking Corporation Limited

References are made to (i) the announcement dated May 6, 2022 jointly issued by China Mengniu Dairy Company Limited (“**Mengniu**”), Star Future Investment Company Limited (the “**Offeror**”) and Yashili International Holdings Ltd (“**Yashili**”), in relation to, among other things, the Proposed Transactions and the Privatization Proposal (the “**Joint Announcement**”), the announcement jointly issued by Mengniu, the Offeror and Yashili dated May 27, 2022 in relation to the extension of time for despatch of the Scheme Document, and the announcements dated June 27, 2022 and July 27, 2022 jointly issued by Mengniu, the Offeror and Yashili in relation to updates on the Privatization Proposal; and (ii) the circular dated July 29, 2022 issued by Yashili in relation to the Proposed Transactions (the “**Special Deals Circular**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Special Deals Circular and the Joint Announcement.

POLL RESULTS OF THE EGM

At the EGM of Yashili held at 11/F, East Tower, Poly Development Plaza, 832 Yuejiang Road Central, Haizhu District, Guangzhou City, Guangdong Province, the PRC on Tuesday, August 16, 2022 at 10:00 a.m., the voting on the proposed resolutions as set out in the notice of the EGM dated July 29, 2022 was taken by poll. The poll results are as follows:

Ordinary Resolutions		Number of Votes (%)	
		For	Against
1.	“THAT the Chilled Business JVs Acquisition (which constitutes a special deal) pursuant to the Chilled Business SPA, the transactions contemplated thereunder, and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to the Chilled Business SPA, be and are hereby approved; and any one director of the Company or any two directors of the Company, if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to do all such things and exercise all powers which he/they consider(s) necessary, desirable or expedient in connection with, or to implement or give effect to, the Chilled Business SPA and the transactions contemplated thereunder, including, without limitation, the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”	711,062,709 (100.00%)	0 (0.00%)

Ordinary Resolutions		Number of Votes (%)	
		For	Against
2.	<p>“THAT the Dumex China Disposal (which constitutes a major and connected transaction of the Company under the Listing Rules and a special deal) pursuant to the Dumex China SPA, the transactions contemplated thereunder, and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to the Dumex China SPA, be and are hereby approved; and any one director of the Company or any two directors of the Company, if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to do all such things and exercise all powers which he/they consider(s) necessary, desirable or expedient in connection with, or to implement or give effect to, the Dumex China SPA and the transactions contemplated thereunder, including, without limitation, the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”</p>	<p>711,062,709 (100.00%)</p>	<p>0 (0.00%)</p>
3.	<p>“THAT the 25% Yashili Acquisition (which constitutes a special deal) pursuant to the 25% Yashili Acquisition SPA, the transactions contemplated thereunder, and all actions taken or to be taken by the Company and/or its subsidiaries pursuant to or incidental to the 25% Yashili Acquisition SPA, be and are hereby approved; and any one director of the Company or any two directors of the Company, if the affixation of the common seal is necessary, be and is/are hereby authorized for and on behalf of the Company to do all such things and exercise all powers which he/they consider(s) necessary, desirable or expedient in connection with, or to implement or give effect to, the 25% Yashili Acquisition SPA and the transactions contemplated thereunder, including, without limitation, the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”</p>	<p>711,062,709 (100.00%)</p>	<p>0 (0.00%)</p>

As a majority of the votes were cast in favor of each of the resolutions numbered 1 to 3, all resolutions were duly passed as ordinary resolutions.

As at the date of the EGM, the total number of Shares of Yashili was 4,745,560,296 Shares. As disclosed in the Special Deals Circular, Mengniu International and Danone Nutrition, substantial shareholders of Yashili holding 2,422,117,713 and 1,186,390,074 Shares respectively (representing approximately 51.04% and 25.00% of Shares respectively), were required to, and did, abstain from voting on all of the resolutions above at the EGM in accordance with the Listing Rules and the Takeovers Code. Members of the HSBC Group which are required to abstain from voting have abstained from voting at the EGM on the above resolutions. The total number of Shares entitling the Independent Shareholders to attend and vote for or against the resolutions above at the EGM was 1,137,032,509 Shares, representing approximately 23.96% of Shares, which included the Shares owned by exempt principal traders within the HSBC Group, who did not exercise the voting rights attached to the Shares held by them in respect of the resolutions above at the EGM, in accordance with the requirements of Rule 35.4 of the Takeovers Code. Save as disclosed above, no other shareholder of Yashili was required under the Listing Rules and the Takeovers Code to abstain from voting at the EGM.

No shareholder of Yashili was entitled to attend and abstain from voting in favor of the resolutions at the EGM as set out in Rule 13.40 of the Listing Rules, nor did any shareholder of Yashili state their intention in the Special Deals Circular to vote against the resolutions at the EGM.

The attendance of Yashili Directors at the EGM is as follows:

- (a). The EGM was chaired by Mr. Lee Kong Wai Conway, an independent non-executive director of Yashili, who attended the EGM in person;
- (b). Mr. Yan Zhiyuan and Mr. Gu Peiji (alias Philip Gu) attended the EGM in person; and
- (c). all other members of the Yashili Board attended the EGM by electronic means.

Yashili's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, acted as the scrutineer for the poll at the EGM.

FULFILLMENT OF THE SCHEME PRE-CONDITIONS

As stated in the Joint Announcement, the making of the Privatization Proposal is, and the implementation of the Privatization Proposal and the Scheme will be, conditional upon the Scheme Pre-Conditions having been satisfied on or before the Pre-Conditions Long Stop Date.

On August 11, 2022, the Executive has conditionally granted its consent to each of the Proposed Transactions (i.e. the Chilled Business JVs Acquisition, the Dumex China Disposal, and the 25% Yashili Acquisition), subject to each of the Proposed Transactions being approved by a vote of the independent shareholders of Yashili at a special general meeting of Yashili.

As approval by the Independent Shareholders in respect of each of the Proposed Transactions has been obtained at the EGM, Scheme Pre-Conditions (a) and (c) have been fulfilled. As of the date of this announcement, the remaining Scheme Pre-Condition (b) of completion of the 25% Yashili Acquisition has not been fulfilled. Mengniu and Danone will continue to work towards satisfaction of the remaining Scheme Pre-Condition (b).

Further announcement(s) in relation to the status of the Privatization Proposal and the Scheme will be made in accordance with the Listing Rules and the Takeovers Code.

AMENDMENT TO THE SCHEME CONDITION

With reference to Scheme Condition (a), the Companies (Amendment) Act, 2021 (the “**Amendment Act**”) was gazetted in the Cayman Islands on December 16, 2021. Pursuant to the Amendment Act, a new section 86(2A) of the Companies Act will apply to members’ schemes (for instance the Scheme) and will provide that:

“If seventy-five per cent in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the Court, be binding on all the members or class of members, as the case may be, and also on the company or, where a company is in the course of being wound up, on the liquidator and contributories of the company.”

Pursuant to the Companies (Amendment) Act, 2021 (Commencement) Order, 2022 gazetted in the Cayman Islands on July 29, 2022, the Amendment Act shall come into effect on August 31, 2022, including the new section 86(2A) of the Companies Act in the form described above. Accordingly, the Scheme will only require the approval of not less than 75% in value of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting which is to be held after August 31, 2022. The approval of a majority in number of the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, which is to be held after August 31, 2022, as stated in Scheme Condition (a) in the Joint Announcement will no longer be required.

Therefore, Scheme Condition (a) shall be amended accordingly and the amended Scheme Condition (a) is set out as follows:

“the approval of the Scheme (by way of poll) by the Scheme Shareholders representing not less than 75% in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting, provided that: (1) the Scheme is approved (by way of poll) by the Disinterested Scheme Shareholders holding at least 75% of the votes attaching to the Disinterested Scheme Shares held by Disinterested Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and (2) the number of votes cast (by way of poll) by the Disinterested Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Disinterested Scheme Shares”

UPDATE ON THE CHILLED BUSINESS JVS ACQUISITION

On August 12, 2022, Mengniu received the approval of the SAMR for the Chilled Business JVs Acquisition. Therefore, the condition (a) to the Chilled Business Completion has been fulfilled. The closing of the Chilled Business JVs Acquisition is expected to take place on August 26, 2022. Further announcement(s) in relation to the status of the Chilled Business JVs Acquisition will be made in accordance with the Listing Rules.

WARNING: The respective shareholders and potential investors of Yashili and Mengniu should be aware that completion of the Proposed Transactions is subject to the respective conditions precedent as set out under the sections headed “2.1 Chilled Business JVs Acquisition”, “2.2 Dumex China Disposal” and “2.3 25% Yashili Acquisition” of the Joint Announcement being satisfied or waived, as applicable, respectively and therefore the Proposed Transactions may or may not be completed.

In addition, the making of the Privatization Proposal is subject to the Scheme Pre-Conditions, and therefore the Privatization Proposal is a possibility only and may or may not be made. Furthermore, completion of the Privatization Proposal and the Scheme is subject to the Scheme Pre-Conditions and the Scheme Conditions as set out in the Joint Announcement and as amended in this announcement being satisfied (or, where applicable, waived) and therefore the Privatization Proposal and the Scheme may or may not become unconditional and may or may not be completed.

Therefore, the respective shareholders and potential investors of Yashili and Mengniu should exercise caution when dealing in the securities of Yashili and Mengniu. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By order of the board of directors of
CHINA MENGNIU DAIRY COMPANY LIMITED
中國蒙牛乳業有限公司*
Jeffrey, Minfang Lu
*Chief Executive Officer and
Executive Director*

By order of the board of directors of
Yashili International Holdings Ltd
雅士利國際控股有限公司
Yan Zhiyuan
*Chief Executive Officer and
Executive Director*

By order of the board of directors of
Star Future Investment Company Limited
星萊投資有限公司
Kwok Wai Cheong
Director

Hong Kong, August 16, 2022

As at the date of this announcement, the Mengniu 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.

The Mengniu Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Yashili Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Yashili Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the board of directors of the Offeror comprises: Mr. Kwok Wai Cheong and Mr. Fung Kwun Sum.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Mengniu Group, except for that relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Mengniu Directors and the Yashili Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Yashili Board comprises: Mr. Jeffrey, Minfang Lu (Chairman of Yashili), Mr. Qin Peng, Mr. Zhang Ping and Mr. Gu Peiji (alias Philip Gu) as non-executive directors; Mr. Yan Zhiyuan as executive director; and Mr. Mok Wai Bun Ben, Mr. Cheng Shoutai and Mr. Lee Kong Wai Conway as independent non-executive directors.

The Yashili Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Mengniu Group, except for that relating to the Yashili Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Mengniu Directors and the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** For identification purpose only*