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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)

**CONNECTED TRANSACTION
DISPOSAL OF INTEREST IN
A SUBSIDIARY**



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)

**DISCLOSEABLE AND CONNECTED
TRANSACTION
DISPOSAL OF INTEREST IN
A SUBSIDIARY**

THE DISPOSAL AND THE SHARE PURCHASE AGREEMENT

The Mengniu Board and the Yashili Board are pleased to announce that on 14 December 2018, after trading hours, Yashili (HK) and the Purchaser entered into the Share Purchase Agreement, pursuant to which Yashili (HK) has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Share Interest for a consideration consisting of two tranches.

THE SHAREHOLDERS' AGREEMENT

The Mengniu Board and the Yashili Board are pleased to announce that on 14 December 2018, Yashili (HK), the Purchaser and Yashili New Zealand entered into the Shareholders' Agreement for the purpose of regulating the management of Yashili New Zealand, the relationship between Yashili (HK) and the Purchaser and their dealings in the shares of Yashili New Zealand post Completion.

LISTING RULES IMPLICATIONS

1. In relation to Yashili

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is over 5% but less than 25%, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a discloseable transaction of Yashili under Chapter 14 of the Listing Rules.

* For identification purposes only

As of the date of this announcement, Danone Asia has a 25.0% shareholding interest in Yashili. The Purchaser is an indirect wholly-owned subsidiary of Danone SA and a member of Danone. Therefore, the Purchaser is a connected person of Yashili under the Listing Rules. As Yashili (HK) is an indirect wholly-owned subsidiary of Yashili, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a connected transaction of Yashili under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) (other than the profits ratio) in respect of the Disposal is more than 5% and the total consideration thereof is not less than HK\$10,000,000, the Share Purchase Agreement, the Shareholders' Agreement and the Transactions are subject to the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

In addition, upon Completion, Yashili New Zealand will be held as to 51% and 49% by Yashili (HK) and the Purchaser, respectively, therefore becoming a connected subsidiary of Yashili. As a result, continuing transactions between the Yashili Group and Yashili New Zealand will become continuing connected transactions of Yashili upon Completion.

2. In relation to Mengniu Dairy

As at the date of this joint announcement, Yashili is a 51.04%-owned subsidiary of Mengniu Dairy. Since Danone Asia has 25.0% shareholding interest in Yashili, Danone Asia is a connected person of Mengniu Dairy at the subsidiary level under the Listing Rules. As the Purchaser is an indirect wholly-owned subsidiary of Danone SA and a member of Danone, it is therefore a connected person of Yashili and a connected person at the subsidiary level of Mengniu Dairy under the Listing Rules. Accordingly, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a connected transaction of Mengniu Dairy under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratio (as defined under the Listing Rules) (other than the profits ratio) in respect of the Disposal exceeds 1% but is less than 5% for Mengniu Dairy, the Share Purchase Agreement, the Shareholders' Agreement and the Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened by Yashili during which, among others, an ordinary resolution will be proposed to the Independent Yashili Shareholders to consider and, if thought fit, approve the Share Purchase Agreement, the Shareholders' Agreement, the Transactions and all other documents that are necessary to effect the Transactions. To the best of the Yashili Directors' knowledge, information and belief, having made all reasonable enquiry, other than Danone Asia and its associates, no other Yashili Shareholder will be required to abstain from voting on such resolution at the EGM.

Somerley Capital Limited has been appointed as the independent financial adviser in accordance with the Listing Rules to advise the independent board committee and Independent Yashili Shareholders as to whether the terms of the Share Purchase Agreement and the Shareholders' Agreement are fair and reasonable so far as the Independent Yashili Shareholders are concerned, and whether the Transactions are conducted on normal commercial terms, in the ordinary and usual course of business of the Yashili Group and in the interests of Yashili and the Yashili Shareholders as a whole, as well as how to vote on the Share Purchase Agreement, the Shareholders' Agreement and the Transactions.

DESPATCH OF CIRCULAR

Reference is made to the Announcements. As disclosed in the Announcements, a circular containing, among other things, (i) details of the Framework Agreement and the Extension; (ii) the advice from the independent board committee of Yashili; (iii) the advice from the independent financial adviser of Yashili to the independent board committee of Yashili and Independent Yashili Shareholder; (iv) other information as required under the Listing Rules; and (v) a notice to convene the relevant extraordinary general meeting, is expected to be despatched to the Yashili Shareholders on or before 14 December 2018.

As the parties to the Strategic Cooperation Supply Agreement are contemplating new arrangements in relation to the cooperation, the Extension will lapse and will not be included in the circular. At the same time, (1) further details of the Share Purchase Agreement, the Shareholders' Agreement and the Transactions, (2) the advice from the independent board committee of Yashili in respect of the Share Purchase Agreement, the Shareholders' Agreement and the Transactions, (3) the advice from the independent financial adviser of Yashili to the independent board committee of Yashili and independent Yashili Shareholders in respect of the Share Purchase Agreement, the Shareholders' Agreement and the Transactions, and (4) the notice convening the EGM will be included in the same circular. Accordingly, additional time is required for Yashili to prepare and finalise the information to be included in the circular, and the circular is expected to be despatched on or before 11 January 2019.

As completion of the Disposal is subject to the fulfilment of certain conditions set forth in the Share Purchase Agreement, the Disposal may or may not proceed. Investors should exercise caution when dealing in the shares of Mengniu Dairy and/or Yashili. If in doubt, investors are recommended to consult their professional adviser(s).

INTRODUCTION

The Mengniu Board and the Yashili Board are pleased to announce that on 14 December 2018, after trading hours, Yashili (HK) and the Purchaser entered into the Share Purchase Agreement, pursuant to which Yashili (HK) has conditionally agreed to dispose of, and the Purchaser has conditionally agreed to acquire, the Share Interest for a consideration consisting of two tranches.

Completion is subject to the fulfillment or written waiver (as the case may be) of the Conditions.

THE DISPOSAL AND THE SHARE PURCHASE AGREEMENT

Date

14 December 2018

Parties

Seller: Yashili (HK)

Purchaser: Danone Asia Pacific Holdings Pte. Ltd.

Subject of the Disposal

Pursuant to the Share Purchase Agreement, Yashili (HK) conditionally agreed to sell and the Purchaser conditionally agreed to acquire 49% of the issued share capital in Yashili New Zealand. The remaining 51% of the issued share capital in Yashili New Zealand continues to be held by the Yashili (HK). Further details of Yashili New Zealand are set forth in the section headed “Information on Yashili New Zealand” below.

Consideration

The consideration for the Disposal consists of two tranches.

The first tranche is the US\$ equivalent of 49% of NZ\$315,000,000 (equivalent to approximately HK\$1,686.8 million), which was determined on the basis of normal commercial terms and after arm’s length negotiation between Yashili (HK) and the Purchaser.

The second tranche is the sum of: (i) the US\$ equivalent of 49% of NZ\$2,937,716 (representing the net book value of the two land lots in New Zealand as set out in the Sale and Purchase Agreement); (ii) the US\$ equivalent of 49% of the Closing Date Total Comprehensive Profit Amount (if positive); and (iii) the US\$ equivalent of 51% of the Forfeited Tax Loss Amount. The first tranche and part (i) of the second tranche are payable in cash by the Purchaser to Yashili (HK) on the Completion Date, while part (ii) and (iii) of the second tranche are payable within ten business days after the Closing Date Statement is delivered.

Conditions

Completion of the Share Purchase Agreement is conditional upon the satisfaction or written waiver (as the case may be) of each of the following conditions:

- (i) No material adverse event has occurred on or prior to Completion;
- (ii) Yashili (HK) and the Purchaser have obtained consents and approvals as required under the Share Purchase Agreement;
- (iii) the approval of Overseas Investment Office of New Zealand has been issued by the competent branch of Overseas Investment Office of New Zealand, on terms acceptable to the Purchaser (acting reasonably);
- (iv) Antitrust Approval shall have been issued by competent authorities in the PRC unconditionally;
- (v) no governmental authority shall have enacted, issued, promulgated, enforced or entered any law or governmental order that prohibits or makes illegal the Disposal under the Share Purchase Agreement; and
- (vi) there shall be no receipt of notice of any change or intention to change the status of the Food Authorisations administered by the Ministry for Primary Industries of New Zealand or the China Food and Drug Administration as a result of the proposed change of ownership of Yashili New Zealand contemplated under the Share Purchase Agreement.

Completion

Completion will take place subject to the satisfaction or written waiver (as the case may be) of each of the Conditions.

Upon Completion, Yashili (HK) will hold 51% of the issued share capital in Yashili New Zealand, and Yashili New Zealand continues to be a subsidiary of Yashili.

THE SHAREHOLDERS' AGREEMENT

Upon Completion, Yashili (HK) and the Purchaser will hold 51% and 49%, respectively, of the issued share capital in Yashili New Zealand. On 14 December 2018, Yashili (HK), the Purchaser and Yashili New Zealand entered into a Shareholders' Agreement for the purpose of regulating the management of Yashili New Zealand, the relationship between Yashili (HK) and the Purchaser and their dealings in the shares of Yashili New Zealand post Completion. The principal terms of the Shareholders' Agreement are as follows:

Date

14 December 2018

Parties

- (1) Yashili (HK)
- (2) the Purchaser
- (3) Yashili New Zealand

Scope of Business

The principal business of Yashili New Zealand is to manufacture infant formula products, and under some circumstances, manufacture adult and baby nutrition products and other products of a similar kind or nature.

Dealing with shares in Yashili New Zealand

Each of Yashili (HK) and the Purchaser may transfer legal or beneficial ownership of all (but not some) of its shares in Yashili New Zealand (a) with the prior consent in writing of the other party; or (b) to its wholly owned subsidiary or any holding company.

In addition, if Yashili (HK) or the Purchaser has received an offer from a third party to acquire all its shares in Yashili New Zealand and it is willing to sell all of its shares in Yashili New Zealand, it shall notify the other party and Yashili New Zealand in writing of its intention to sell or transfer all of its shares in Yashili New Zealand to the third party. If Yashili (HK) or the Purchaser proposes to sell or transfer all of its shares in Yashili New Zealand, it must first offer those shares to the other party.

Shareholders' Meeting

Except for the reserved matters under the Shareholders' Agreement which will require the unanimous approval of all the shareholders of Yashili New Zealand, any decision to be made by the shareholders of Yashili New Zealand will be made by ordinary resolution of the shareholders of Yashili New Zealand entitled to vote and voting on that matter.

Board Composition

The board of Yashili New Zealand shall not be more than five directors. Yashili (HK) shall be entitled to appoint up to three directors and the Purchaser shall be entitled to appoint up to two directors of Yashili New Zealand.

Each director will hold one vote for resolutions in the board meetings of Yashili New Zealand. The quorum of such board meetings shall be a majority of directors, provided that such majority includes at least one director appointed by Yashili (HK) and one director appointed by the Purchaser. Except in relation to a few special majority board matters under the Shareholders' Agreement, a decision of the board of directors of Yashili New Zealand will be decided by a simple majority of the directors entitled to vote and voting on the matter.

Distribution of Dividends

Yashili New Zealand will distribute, by way of dividend paid in cash, its net after tax profits with imputation credits attached (if available), after taking into account any agreed capital expenditure relating to its business.

Termination

The Shareholders' Agreement shall be terminated immediately on the first occurrence of:

- (a) Completion does not take place;
- (b) any shareholder of Yashili New Zealand coming to hold all of the shares in Yashili New Zealand;
or
- (c) the unanimous written agreement of all parties to the termination of the Shareholders' Agreement;
- (d) the winding up of Yashili New Zealand;
- (e) at the time any shares are allotted or transferred under the terms of an initial public offering of Yashili New Zealand; or
- (f) upon the completion of an agreement to sell all of the shares in Yashili New Zealand to a person that is not a party to the Shareholders' Agreement.

Event of Default

If an event of default occurs in respect of a shareholder of Yashili New Zealand, the defaulting shareholder must, upon becoming aware of the occurrence of an event of default, immediately notify the other shareholders in writing. Immediately upon the occurrence of the events of default, the non-defaulting shareholder will be entitled to exercise a put option to sell all of its shares of Yashili New Zealand to the defaulting shareholder.

INFORMATION ON YASHILI NEW ZEALAND

Yashili New Zealand is a company incorporated in New Zealand and an indirect wholly-owned subsidiary of Yashili. As of the date of this announcement, Yashili (HK) holds 100% of the issued share capital of Yashili New Zealand.

According to the unaudited financial statements of Yashili New Zealand prepared in accordance with GAAP, the total assets and the total equity of Yashili New Zealand as at 30 June 2018 were approximately NZ\$319 million and NZ\$268 million, respectively.

According to the financial statements of Yashili New Zealand prepared in accordance with GAAP, the net profits before and after taxation and extraordinary items of Yashili New Zealand for the years ended 31 December 2016 and 2017 (audited) and the six months ended 30 June 2018 (unaudited) are as follows:

<i>NZ\$ (in thousands)</i>	2016	2017	The six months ended 30 June 2018
Profit before taxation and extraordinary items	(27,733)	(919)	4,927
Profit after taxation and extraordinary items	(19,988)	(877)	3,493

INFORMATION ON YASHILI, MENGNIU DAIRY, YASHILI (HK) AND THE PURCHASER

Yashili is an investment holding company, which, along with its subsidiaries, is primarily engaged in the manufacturing and sale of dairy and nourishment products. It operates in the following segments: (a) production and sale of milk powder products (including the development, manufacture and sale of milk powder products in the PRC and overseas); (b) sale of dissolvable products (including) the development, manufacture and sale of soymilk powder, rice flour and cereal products; and (c) other operations (mainly including the sale of surplus raw materials, the production and sale of base-powder and consigned processing operation).

Mengniu Dairy is a company incorporated in the Cayman Islands with limited liability. Mengniu Dairy (together with its subsidiaries) is one of the leading dairy product manufacturers in the PRC, principally engaged in manufacturing and distribution of quality dairy products including liquid milk, ice cream, milk formula and other products.

Yashili (HK) is a company established in Hong Kong and a wholly-owned subsidiary of Yashili. It is principally engaged in investment holdings.

The Purchaser is a company incorporated in Singapore and an indirect wholly-owned subsidiary of Danone SA. It is a holding company for Danone SA's specialized nutrition assets in Asia Pacific and the Middle East.

REASONS FOR AND BENEFITS OF THE SHARE PURCHASE AGREEMENT, THE DISPOSAL AND THE SHAREHOLDERS' AGREEMENT

The Mengniu Directors (including the independent non-executive Mengniu Directors) and the Yashili Directors (excluding the independent non-executive Yashili Directors (whose views will be set out in the letter from the independent board committee to be included in the circular to be despatched to the Yashili Shareholders)) are of the view that the Share Purchase Agreement, the Disposal and the Shareholders' Agreement would enable the Yashili Group to strengthen its strategic partnership with Danone and achieve greater synergies.

The Mengniu Directors (including the independent non-executive Mengniu Directors) and the Yashili Directors (excluding the independent non-executive Yashili Directors (whose views will be set out in the letter from the independent board committee to be included in the circular to be despatched to the Yashili Shareholders)) are of the view that the Transactions are conducted on arm's length basis and on normal commercial terms and that the terms of the Share Purchase Agreement and the Shareholders' Agreement are fair and reasonable and the Share Purchase Agreement, the Shareholders' Agreement and the Transactions are in the interest of Mengniu Dairy and the Mengniu Shareholders as a whole, and Yashili and the Yashili Shareholders as a whole, respectively.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

The net proceeds (after deducting the estimated expenses for the Disposal) arising from the Disposal are expected to be approximately NZ\$157.6 million (equivalent to approximately HK\$843.9 million). Yashili intends to utilize the net proceeds from the Disposal for brand building.

The expected net gain to be derived by Yashili from the Disposal will amount to approximately NZ\$25.3 million (equivalent to approximately HK\$135.5 million), which represents the difference between the net proceed and the estimated net equity as at Completion date. Such calculation is only an estimate provided for illustrative purpose and the accounting treatment of the Disposal will be further discussed with auditors of Yashili.

LISTING RULES IMPLICATIONS

1. In relation to Yashili

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is over 5% but less than 25%, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a discloseable transaction of Yashili under Chapter 14 of the Listing Rules.

As of the date of this announcement, Danone Asia has a 25.0% shareholding interest in Yashili. The Purchaser is an indirect wholly-owned subsidiary of Danone SA and a member of Danone. Therefore, the Purchaser is a connected person of Yashili under the Listing Rules. As Yashili (HK) is an indirect wholly-owned subsidiary of Yashili, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a connected transaction of Yashili under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) (other than the profits ratio) in respect of the Disposal is more than 5% and the total consideration thereof is not less than HK\$10,000,000, the Share Purchase Agreement, the Disposal and the Shareholders' Agreement and the Transactions are subject to the independent shareholders' approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Mr. Qin Peng and Ms. Lam Pik Po, Katty are nominated to the Board by Danone and currently hold positions within Danone. Each of Mr. Qin Peng and Ms. Lam Pik Po, Katty is considered to have a material interest in the Share Purchase Agreement, the Shareholders' Agreement and the Transactions, and accordingly, abstained from voting on the respective board resolutions approving the Share Purchase Agreement, the Shareholders' Agreement and the Transactions.

In addition, upon Completion, Yashili New Zealand will be held as to 51% and 49% by Yashili (HK) and the Purchaser, respectively, therefore becoming a connected subsidiary of Yashili. As a result, continuing transactions between the Yashili Group and Yashili New Zealand will become continuing connected transactions of Yashili upon Completion.

The principal terms of the agreements of the continuing transactions between the Yashili Group and Yashili New Zealand which will become continuing connected transactions upon Completion are set out below. Yashili will separately publish an announcement pursuant to Rule 14A.60 of the Listing Rules upon Completion.

(1) *Sales and Purchase Framework Contract between Newou and Yashili New Zealand*

Date	1 May 2018, amended on 27 August 2018
Parties	(1) Newou as purchaser (2) Yashili New Zealand as seller
Duration	1 May 2018 to 31 December 2020
Products	Infant formula products, adults powder products and base powder dairy products
Pricing Terms	The price of the products is determined based on a cost-plus approach, i.e. product costs plus a margin of 7%–10%
Payment Terms	Newou shall pay the purchase price of base powder and finished goods within 90 days and 45 days, respectively, upon receipt of the relevant invoice from Yashili New Zealand

(2) *Sales and Purchase Framework Contract between Yashili and Yashili New Zealand*

Date	19 September 2018
Parties	(1) Yashili as purchaser (2) Yashili New Zealand as seller
Duration	From the date of signing to 31 December 2023

Products	Infant formula products, adults powder products, base powder dairy products and nutrition products
Pricing Terms	The price of the products is determined based on a cost-plus approach, i.e. processing costs plus a margin of 15%
Payment Terms	Yashili shall pay the purchase price of base powder and finished goods within 90 days and 45 days, respectively, upon receipt of the relevant invoice from Yashili New Zealand

2. In relation to Mengniu Dairy

As at the date of this joint announcement, Yashili is a 51.04%-owned subsidiary of Mengniu Dairy. Since Danone Asia has 25.0% shareholding interest in Yashili, Danone Asia is a connected person of Mengniu Dairy at the subsidiary level under the Listing Rules. As the Purchaser is an indirect wholly-owned subsidiary of Danone SA and a member of Danone, it is therefore a connected person of Yashili and a connected person at the subsidiary level of Mengniu Dairy under the Listing Rules. Accordingly, the entering into the Share Purchase Agreement and the Shareholders' Agreement constitutes a connected transaction of Mengniu Dairy under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratio (other than the profits ratio) in respect of the Disposal exceeds 1% but is less than 5% for Mengniu Dairy, the Disposal is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pascal De Petrini holds executive positions in Danone and therefore is considered to have material interest in the Share Purchase Agreement, the Shareholders' Agreement and the Transactions, and accordingly, abstained from voting on the respective board resolutions approving the Share Purchase Agreement, the Shareholders' Agreement and the Transactions.

GENERAL

The EGM will be convened by Yashili during which, among others, an ordinary resolution will be proposed to the independent Yashili Shareholders to consider and, if thought fit, approve the Share Purchase Agreement, the Shareholders' Agreement, the Transactions and all other documents that are necessary to effect the Transactions. To the best of the Yashili Directors' knowledge, information and belief, having made all reasonable enquiry, other than Danone Asia and its associates, no other Yashili Shareholder will be required to abstain from voting on such resolution at the EGM.

The independent board committee comprising all the independent non-executive Yashili Directors has been established to consider the terms of the Share Purchase Agreement, the Shareholders' Agreement, and the Transactions and to advise and make recommendations to the independent Yashili Shareholders as to how to vote at the EGM on the resolutions in relation to the Share Purchase Agreement, the

Shareholders' Agreement and the Transactions. No member of the independent board committee has any material interest in the Share Purchase Agreement, the Shareholders' Agreement or the Transactions.

Somerley Capital Limited has been appointed as the independent financial adviser in accordance with the Listing Rules to advise the independent board committee and independent Yashili Shareholders as to whether the terms of the Share Purchase Agreement and the Shareholders' Agreement are fair and reasonable so far as the independent Yashili Shareholders are concerned, and whether the Transactions are conducted on normal commercial terms, in the ordinary and usual course of business of the Yashili Group and in the interests of Yashili and the Yashili Shareholders as a whole, as well as how to vote on the Share Purchase Agreement, the Shareholders' Agreement and the Transactions.

DESPATCH OF CIRCULAR

Reference is made to the Announcements.

As disclosed in the Announcements, a circular containing, among other things, (i) details of the Framework Agreement and the Extension; (ii) the advice from the independent board committee of Yashili; (iii) the advice from the independent financial adviser of Yashili to the independent board committee of Yashili and independent Yashili Shareholders; (iv) other information as required under the Listing Rules; and (v) a notice to convene the relevant extraordinary general meeting, is expected to be despatched to the Yashili Shareholders on or before 14 December 2018.

As the parties to the Strategic Cooperation Supply Agreement are contemplating new arrangements in relation to the cooperation, the Extension will lapse and will not be included in the circular. At the same time, (1) further details of the Share Purchase Agreement and the Shareholders' Agreement, and the Transactions, (2) the advice from the independent board committee of Yashili, (3) the advice from the independent financial adviser of Yashili to the independent board committee of Yashili and Independent Yashili Shareholders, and (4) the notice convening the EGM will be included in the same circular. Accordingly, additional time is required for Yashili to prepare and finalise the information to be included in the circular, and the circular is expected to be despatched on or before 11 January 2019.

As completion of the Disposal is subject to the fulfilment of certain conditions set forth in the Share Purchase Agreement, the Disposal may or may not proceed. Investors should exercise caution when dealing in the shares of Mengniu Dairy and/or Yashili. If in doubt, investors are recommended to consult their professional adviser(s).

DEFINITIONS

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

“Announcements”	the announcements issued by Yashili on 2 July 2018 in relation to, among others, the Framework Agreement and the Extension, the announcement issued by Yashili on 27 July 2018 in relation to the delay in despatch of the circular, as well as the announcement issued by Yashili on 24 August 2018 and 12 October 2018 in relation to the further delay in despatch of the circular
“Antitrust Approval”	to the extent required under the PRC Anti-Monopoly Law, (a) the PRC antitrust agent having declined jurisdiction over the contemplated transaction, (b) the PRC antitrust agent having granted clearance explicitly unconditionally, or (c) any applicable waiting periods in respect of the review of the contemplated transaction by the PRC antitrust agent having expired
“associate(s)”	has the meaning ascribed to it by the Listing Rules
“Closing Date Statement”	the statement reviewed by and reflecting the comments of the auditors of Yashili New Zealand which is prepared within 45 days upon Completion in accordance with the terms of the Share Purchase Agreement and which is binding on both parties in respect of the Disposal
“Closing Date Total Comprehensive Profit Amount”	the total comprehensive profit amount for Yashili New Zealand from 1 January 2018 to the Completion Date as set out in the Closing Date Statement
“Completion”	completion of the Disposal
“Completion Date”	the date on which the Completion takes place
“Conditions”	conditions to the Completion as disclosed in the sub-section headed “Conditions” in the section headed “THE SHARE PURCHASE AGREEMENT”
“connected person”	has the meaning ascribed to it under the Listing Rules
“Danone”	Danone SA and other companies directly or indirectly controlled by Danone SA

“Danone Asia”	Danone Asia Baby Nutrition Pte. Ltd., a company established and existing under the laws of Singapore and an indirect wholly-owned subsidiary of Danone SA. Danone Asia is a substantial shareholder of Yashili
“Danone SA”	Danone SA, a company incorporated under the laws of France, the ultimate controlling shareholder of Danone Asia and the Purchaser
“Danone Trading”	Danone Trading ELN B.V., a company incorporated under the laws of the Netherlands and an indirect wholly-owned subsidiary of Danone SA
“Disposal”	the sale of Share Interest in Yashili New Zealand by Yashili (HK) to the Purchaser pursuant to the Share Purchase Agreement
“EGM”	the extraordinary general meeting of Yashili to be convened to consider and, if thought fit, to approve, among others, the Framework Agreement, the Share Purchase Agreement, the Shareholders’ Agreement and the Transactions
“Extension”	the proposed extension of the term of the Strategic Cooperation Supply Agreement for one year beyond the initial term in accordance with the Strategic Cooperation Supply Agreement
“Framework Agreement”	the framework agreement dated 29 June 2018 between Yashili and Mengniu Dairy in relation to, among others, (i) purchase of goods by the Mengniu Group from the Yashili Group; (ii) purchase of goods by the Yashili Group from the Mengniu Group; (iii) provision of services by the Mengniu Group to the Yashili Group; and (iv) provision of services by the Yashili Group to the Mengniu Group
“Forfeited Tax Loss Amount”	the actual amount in tax losses forfeited by Yashili New Zealand as a direct result of the Disposal and as set out in the Closing Date Statement, which amount shall not exceed NZ\$1.3 million
“Food Authorisations”	food approvals, licences, consents, authorisations, certifications and permits that are required for Yashili New Zealand to lawfully conduct its business
“GAAP”	generally accepted accounting practice in New Zealand, as defined in section 8 of the Financial Reporting Act 2013 of New Zealand
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong Special Administrative Region of the PRC

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Yashili Shareholder(s)”	Yashili Shareholder(s) who do not have a material interest in the Transactions
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mengniu Board”	the board of directors of Mengniu Dairy
“Mengniu Dairy”	China Mengniu Dairy Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2319)
“Mengniu Directors”	the directors of Mengniu Dairy
“Mengniu Group”	Mengniu Dairy and its subsidiaries
“Mengniu Shareholder(s)”	person(s) whose name(s) appear on the register of members of Mengniu Dairy as registered holder(s) of the Share(s)
“Newou”	Newou Hong Kong International Co., Limited, a company established in Hong Kong and a wholly-owned subsidiary of Yashili
“NZ\$” or “N.Z. dollars”	New Zealand dollars, the lawful currency of the New Zealand
“PRC”	the People’s Republic of China
“Purchaser”	Danone Asia Pacific Holdings Pte. Ltd., a company incorporated in Singapore, an indirect wholly-owned subsidiary of Danone SA
“RMB”	Renminbi, the lawful currency of the PRC
“Sales and Purchase Framework Contract between Newou and Yashili New Zealand”	the sales and purchase framework contract dated 1 May 2018 and amended on 27 August 2018 between Newou and Yashili New Zealand in respect of the purchase of certain types of base powder and finished goods by Newou from Yashili New Zealand
“Sales and Purchase Framework Contract between Yashili and Yashili New Zealand”	the sales and purchase framework contract dated 19 September between Yashili and Yashili New Zealand in respect of the purchase of certain types of base powder and finished goods by Yashili from Yashili New Zealand
“Share Interest”	140,645,709 ordinary shares in Yashili New Zealand, representing 49% of the issued share capital of Yashili New Zealand as at Completion

“Shareholders’ Agreement”	the shareholders’ agreement dated 14 December 2018 entered into among Yashili (HK), the Purchaser and Yashili New Zealand, for the purpose of regulating the management of Yashili New Zealand, the relationship between Yashili (HK) and the Purchaser and their dealings in the shares of Yashili New Zealand with effect from the Completion Date
“Share Purchase Agreement”	the share purchase agreement entered into on 14 December 2018 between Yashili (HK) and the Purchaser in relation to the Disposal
“Strategic Cooperation Supply Agreement”	the strategic cooperation supply agreement dated 4 November 2016 between Yashili New Zealand, on the one hand, and the Purchaser and Danone Trading (on behalf of themselves and their affiliates), on the other hand, in respect of the supply of certain base powder products and dairy ingredients by Yashili New Zealand to the Purchaser and Danone Trading and their affiliates
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Disposal and all other transactions contemplated under the Share Purchase Agreement and the Shareholders’ Agreement
“US\$”	United States dollars, the lawful currency of the United States
“Yashili”	Yashili International Holdings Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 1230)
“Yashili (HK)”	Yashili International Group Limited, a company established in Hong Kong and a wholly-owned subsidiary of Yashili
“Yashili Board”	the board of directors of Yashili
“Yashili Directors”	the directors of Yashili
“Yashili Group”	Yashili and its subsidiaries
“Yashili New Zealand”	Yashili New Zealand Dairy Co., Limited, a company incorporated in New Zealand and an indirect wholly-owned subsidiary of Yashili
“Yashili Shareholder(s)”	person(s) whose name(s) appear on the register of members of Yashili as registered holder(s) of the Share(s)
“%”	per cent

* English names of the PRC entities are literal translation of their Chinese names and are included for identification purpose only.

This announcement contains translation between RMB and Hong Kong dollars at RMB1.00 to HK\$1.13604 and between NZ\$ to Hong Kong dollars at NZ\$1.00 to HK\$5.35496. The translation shall not be taken as representation that RMB or NZ\$ could actually be converted into Hong Kong dollars at that rate, or at all.

By order of the Mengniu 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

By order of the Yashili Board

Yashili International Holdings Ltd

雅士利國際控股有限公司

Chopin Zhang

Chief Executive Officer and Executive Director

Hong Kong, 14 December 2018

As at the date of this announcement, the Mengniu Board comprises: Mr. Jeffrey, Minfang Lu, and Ms. Wu Wenting as executive directors, Mr. Ma Jianping, Mr. Niu Gensheng, Mr. Tim Ørting Jørgensen and Mr. Pascal De Petrini as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Zhang Xiaoya and Mr. Yau Ka Chi as independent non-executive directors.

As at the date of this announcement, the Yashili Board comprises: Mr. Jeffrey, Minfang Lu (Chairman), Mr. Qin Peng, Mr. Zhang Ping and Ms. Lam Pik Po, Katty as non-executive directors; Mr. Chopin Zhang as executive director; and Mr. Mok Wai Bun Ben, Mr. Cheng Shoutai and Mr. Lee Kong Wai Conway as independent non-executive directors.