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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)

**(1) JOINT ANNOUNCEMENT PURSUANT TO
RULE 3.7 OF THE TAKEOVERS CODE AND
RULE 13.09 OF THE LISTING RULES AND
INSIDE INFORMATION PROVISIONS UNDER PART XIVA
OF THE SECURITIES AND FUTURES ORDINANCE
AND
(2) RESUMPTION OF TRADING**

This announcement is made jointly by China Mengniu Dairy Company Limited (“**Mengniu**”) and Yashili International Holdings Ltd (“**Yashili**”) pursuant to Rule 3.7 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) and by Yashili pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

POTENTIAL TRANSACTIONS

Yashili was informed by Mengniu, its controlling shareholder, that Mengniu is in discussions regarding its holdings in Yashili and certain other business interests which may result in a number of potential transactions (the “**Potential Transactions**”), the structure and details of which are yet to be finalized but which may include a potential pre-conditional privatization offer for Yashili by Mengniu (or through its affiliate) (the “**Potential Offer**”).

As of the date of this announcement, no definitive agreement or arrangement in respect of any Potential Transaction has been entered into. Therefore, the Potential Transactions, including the Potential Offer, may or may not proceed. However, if the Potential Transactions, including the Potential Offer, do proceed, the Potential Offer would involve a cancellation price of HK\$1.20 per Yashili Share (as defined below) and also be subject

to satisfaction of pre-condition(s) and conditions, and the completion of other Potential Transactions would also be subject to an array of conditions. These pre-condition(s) and condition(s), the satisfaction of which may be time-consuming, may or may not be fulfilled.

The board of directors of Mengniu and Yashili have noted the recent increases in price and trading volume of the shares of Yashili (the “**Yashili Shares**”). Save for the Potential Transactions (including the Potential Offer), the directors of Mengniu and Yashili are not aware of any reasons for these price and volume movements or of any information which must be announced to avoid a false market in Yashili’s securities or of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance.

WARNING: Shareholders of Mengniu and Yashili and potential investors should be aware that the Potential Transactions, including the Potential Offer, may or may not proceed and so there is no assurance that the Potential Transactions, including the Potential Offer, will materialize or be consummated, eventually. Shareholders of Mengniu and Yashili and potential investors are therefore advised to exercise caution when dealing in the shares and/or other securities of Mengniu and Yashili.

Disclosure of relevant securities and dealings

As of the date of this announcement, Mengniu held 2,422,117,713 Yashili Shares (approximately 51.04% of Yashili Shares) through China Mengniu International Company Limited (“**Mengniu International**”), a 99.95%-owned direct subsidiary of Mengniu. As disclosed in the composite offer and response document issued by Mengniu, Mengniu International and Yashili dated 23 July 2013, each shareholder of Mengniu International (other than Mengniu) (“**Mengniu International Exchange Right Recipients**”) may require Mengniu International to exchange all (but not part only) of the shares of Mengniu International held by such shareholder with such shareholder’s proportionate interest in Yashili held through Mengniu International (the “**Mengniu International Exchange Right**”), subject to the then applicable laws and regulations and Mengniu International having the option to either issue or procure the issue of new Yashili Shares or transfer existing Yashili Shares held by Mengniu International for the purposes of such exchange. Mengniu International will transfer its Yashili Shares in compliance with the Takeovers Code to satisfy its obligations upon any exercise of the Mengniu International Exchange Right during the offer period. As of the date of this announcement, the Mengniu International Exchange Right Recipients hold 4,976,748 shares of Mengniu International (approximately 0.05% of the total issued shares of Mengniu International), which are exchangeable into 1,213,976 Yashili Shares held by Mengniu International.

In compliance with Rule 3.8 of the Takeovers Code, the relevant securities of Yashili in issue as at the date of this announcement comprise 4,745,560,296 Yashili Shares and 91,399,707 granted but not yet realized phantom shares (“**Phantom Shares**”). Save for the aforesaid, Yashili has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

As disclosed in the announcement of Yashili dated 16 July 2020, the phantom share incentive scheme of Yashili (the “**Phantom Share Incentive Scheme**”) was adopted on 15 July 2020 for certain key personnel of Yashili, and the holders of the Phantom Shares do not own any Yashili Shares nor enjoy voting rights or allotments rights of the Yashili Shares by virtue of holding the Phantom Shares. Also, the Phantom Shares are not securities convertible into the Yashili Shares. Under the Phantom Share Incentive Scheme, each Phantom Share entitles its holder to receive the corresponding proceeds to be paid by Yashili in cash, subject to the conditions and arrangements in relation to the grant and vesting of the Phantom Shares and realization of the proceeds. The amount of the proceeds in respect of the Phantom Shares is determined taking into account, among others, the average closing price of the Yashili Shares for certain trading days immediately preceding the grant and vesting day of the relevant Phantom Shares (inclusive of the relevant date).

For the purpose of the Takeovers Code, the offer period has commenced on the date of this announcement, being 16 March 2022.

The associates (within the meaning ascribed thereto under the Takeovers Code, including but not limited to any person holding 5% or more of a class of relevant securities) of Mengniu and Yashili are hereby reminded to disclose their dealings in the relevant securities of Yashili under Rule 22 of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million. This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved. Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Monthly Updates

In compliance with Rule 3.7 of the Takeovers Code, Mengniu and/or Yashili will make monthly announcement(s) setting out the progress of the Potential Transactions until an announcement of a firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by Mengniu and/or Yashili as and when appropriate or required in accordance with the Listing Rules and/or the Takeovers Code (as the case may be).

TRADING RESUMPTION

At the request of Yashili, trading in the Yashili Shares has been halted with effect from 10:33 a.m. on 14 March 2022. An application has been made by Yashili to the Stock Exchange for the resumption of trading in the Yashili Shares on the Stock Exchange with effect from 9:00 a.m. on 17 March 2022.

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*

Hong Kong, 16 March 2022

As at the date of this announcement, the board of directors of Mengniu 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, Mr. Li Michael Hankin and Mr. Ge Jun as independent non-executive directors.

The directors of Mengniu jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to Yashili) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by directors of Yashili) 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 Yashili comprises: Mr. Jeffrey, Minfang Lu (Chairman), 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 directors of Yashili jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to Mengniu) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by directors of Mengniu) 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 purposes only*