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*This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Yashili.*



**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)**

**China Mengniu International Company Limited**

*(Incorporated in the British Virgin Islands with limited liability)*

**Financial advisers to China Mengniu Dairy Company Limited**



## **JOINT ANNOUNCEMENT**

### **SALE OF EXISTING YASHILI SHARES AND RESUMPTION OF TRADING OF THE YASHILI SHARES**

#### **SALE OF EXISTING YASHILI SHARES**

At or around 6:00 a.m. today, November 11, 2013, China Mengniu International entered into sale and purchase agreements with each of the Purchasers pursuant to which China Mengniu International has agreed to sell, and the Purchasers have agreed to purchase, in aggregate 471,135,389 Yashili Shares held by China Mengniu International at a price of HK\$3.50 per Yashili Share. The aggregate purchase price for all the Sale Shares shall be HK\$1,648,973,862. The Sales shall be completed simultaneously, otherwise neither China Mengniu International nor any of the Purchasers shall have any obligation to proceed to completion of the Sales. The Sales shall become unconditional immediately after the resumption of trading of the Yashili Share which shall take effect from 9:00 a.m. on the date of this joint announcement. Upon the Sales becoming unconditional, Yashili confirms that its public float will be restored to the level above the Prescribed Minimum Public Float Percentage.

\* For the purpose of identification only

Upon completion of the Sales, China Mengniu International will hold 2,725,612,556 Yashili Shares, representing approximately 76.58% of the existing issued share capital of Yashili and as a result, the public float of Yashili will be restored to the level above the Prescribed Minimum Public Float Percentage.

### **RESUMPTION OF TRADING OF THE YASHILI SHARES**

An application has been made by Yashili to the Stock Exchange for resumption of trading in the Yashili Shares on the Stock Exchange with effect from 9:00 a.m. today, November 11, 2013.

Reference is made to the announcement jointly issued by Yashili International Holdings Ltd (“**Yashili**”), China Mengniu Dairy Company Limited (the “**China Mengniu Dairy**”) and China Mengniu International Company Limited (the “**China Mengniu International**”) dated August 13, 2013 in relation to (1) Close of the Offers, (2) Settlement of the Offers, (3) Waiver of Public Float Requirement, (4) Suspension of Trading, (5) Resignations of Directors and (6) Change of Members of Audit Committee (the “**Announcement**”) and the clarification announcement jointly issued by Yashili, China Mengniu Dairy and China Mengniu International dated August 15, 2013 in relation to the date of suspension of trading in the Yashili Shares. Unless otherwise defined herein, capitalised terms used in this joint announcement shall have the same meanings as those defined in the Announcement.

### **SALE OF EXISTING YASHILI SHARES**

At or around 6:00 a.m. today, November 11, 2013, China Mengniu International entered into sale and purchase agreements with each of Dunearn Investments (Mauritius) Pte Ltd, VITEL Group Limited, Diverse Profits Limited, Lead Rich International Limited and Wincon Capital Investment Limited (each, a “**Purchaser**” and together, the “**Purchasers**”) (each, a “**Sale and Purchase Agreement**” and together, the “**Sale and Purchase Agreements**”) pursuant to which China Mengniu International has agreed to sell and the Purchasers have agreed to purchase in aggregate 471,135,389 Yashili Shares held by China Mengniu International (the “**Sale Shares**”) at a price of HK\$3.50 per Yashili Share (each, a “**Sale**” and together, the “**Sales**”). Each of the Sale and Purchase Agreements constitutes a legal, valid and binding obligation of China Mengniu International and the relevant Purchaser. The Sales shall become unconditional immediately after the resumption of trading of the Yashili Shares which shall take effect from 9:00 a.m. on the date of this joint announcement. Immediately after the signing of the Sale and Purchase Agreements, each of the Purchasers is free to on-sell the relevant Sale Shares. The aggregate purchase price for all the Sale Shares shall be HK\$1,648,973,862. The Sales shall be completed at the same time in order to ensure the public float of Yashili will be restored to the level above the Prescribed Minimum Public Float Percentage. Upon the Sales becoming unconditional, Yashili confirms that its public float will be restored to the level above the Prescribed Minimum Public Float Percentage.

Dunearn Investments (Mauritius) Pte Ltd is an indirect wholly-owned subsidiary of Singapore-based investment company Temasek. VITEL Group Limited is a company incorporated in the British Virgin Islands, which is indirectly and wholly-owned by Hopu fund, one of the leading private equity firms focusing on China-related investment opportunities. Diverse Profits Limited, Lead Rich International Limited and Wincon Capital Investment Limited are investment holding companies incorporated in the British Virgin Islands and are ultimately owned by individual investors, all of whom are independent from and not connected with each other.

To the best of the knowledge of China Mengniu Dairy, China Mengniu International and Yashili, none of the Purchasers is a connected person (as such term is defined in the Listing Rules) of Yashili.

## **SALE AND PURCHASE AGREEMENTS**

### **Date**

November 11, 2013

### **The Sales**

Pursuant to the respective Sale and Purchase Agreements, China Mengniu International has agreed to sell, and each of the Purchasers has agreed to purchase, such number of Yashili Shares as listed below that are held by China Mengniu International at a price of HK\$3.50 per Yashili Share:

<b>Name of Purchaser</b>	<b>Number of Yashili Shares to be sold by China Mengniu International and purchased by the relevant Purchaser</b>
Dunearn Investments (Mauritius) Pte Ltd	220,225,000
VITEL Group Limited	177,410,389
Diverse Profits Limited	13,000,000
Lead Rich International Limited	24,500,000
Wincon Capital Investment Limited	36,000,000
<b>Aggregate Total:</b>	<b>471,135,389</b>

### **Conditions Precedent of the Sales**

Completion of each of the Sales is conditional only upon the simultaneous signing of the Sale and Purchase Agreements. Such condition has been fulfilled as at 6:00 a.m. on the date of this joint announcement.

## **Restrictions on the Purchasers**

Each of the Purchasers agrees and undertakes, save with the prior written consent of Yashili, not to make any purchase of Yashili Shares which would result in its aggregate holding (direct and indirect) in the total issued share capital of Yashili being 10% or more of Yashili's entire issued share capital at any time, except where (i) such acquisition will not result in Yashili failing to comply with the Prescribed Minimum Public Float Percentage; or (ii) such acquisition relates to or will result in any general offer to be made by such Purchaser or in conjunction with other investors pursuant to the requirements under the Hong Kong Code on Takeovers and Mergers, provided that such undertaking shall not be binding on such Purchaser upon (a) China Mengniu International ceasing to be a controlling shareholder (as such term is defined in the Listing Rules) of Yashili or (b) such Purchaser ceasing to be a shareholder of Yashili.

## **Lock-Up**

For a period of 90 days following November 13, 2013, other than the exercise by the shareholders of China Mengniu International (other than China Mengniu Dairy) of their right to exchange their shares in China Mengniu International into Yashili Shares, China Mengniu International shall not dispose of any Yashili Shares (or securities convertible or exchangeable into Yashili Shares) held by it as at the date of this joint announcement at a price lower than HK\$3.50, without the prior consent of the Purchasers.

## **Representations and Warranties of the Purchasers**

Pursuant to each of the Sale and Purchase Agreements, each of the Purchasers represents and warrants to China Mengniu International that, among others:

- (a) it is not (and will not become as a result of the consummation of the relevant Sale) a connected person (as such term is defined in the Listing Rules) of Yashili and it does not have any actual knowledge that it will be deemed a connected person of Yashili pursuant to Rule 14A.11(4) of the Listing Rules as at the date of the relevant Sale and Purchase Agreement;
- (b) it is not financing the acquisition of the relevant Sale Shares directly or indirectly by a connected person (as such term is defined in the Listing Rules) of Yashili; and
- (c) it is not accustomed to taking instructions from a connected person (as such term is defined in the Listing Rules) of Yashili in relation to the acquisition, disposal, voting or other disposition of securities of Yashili registered in its name or otherwise held by it.

## **Completion**

The Sales are to be reported to the Stock Exchange as a crossing on the Stock Exchange on November 11, 2013 (the “**Trade Date**”) and settlement of the Sales shall take place on November 13, 2013. The reporting to the Stock Exchange as a crossing on the Stock Exchange is an administrative procedure to ensure the Sales can be reported to and recorded on the Stock Exchange. For the avoidance of doubt, if the Trade Date is delayed in the event of a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal being in force in Hong Kong at any time between 9:00 a.m. and 12:00, then the date for settlement shall take place two business days (as such term is defined in the Listing Rules) following the new Trade Date.

## **Termination**

During the period between the signing of the Sale and Purchase Agreements until the resumption of trading of the Yashili Shares that is expected to take effect at 9:00 a.m. on the date of this joint announcement, each of the Purchasers may terminate the relevant Sale and Purchase Agreement if or upon, among other things, (i) the Stock Exchange definitively rules, orders or otherwise declares that it will not grant permission for the resumption of trading of the Yashili Shares, (ii) the Stock Exchange has not given permission for the resumption of trading in the Yashili Shares as evidenced by (A) the publication of this joint announcement on the Stock Exchange’s website and Yashili’s website, and (B) the resumption of trading of the Yashili Shares having taken effect in accordance with this joint announcement, or (iii) the occurrence of customary termination events relating to (A) any material breach of any of the representations, warranties or undertakings in the relevant Sale and Purchase Agreement by China Mengniu International; (B) the coming into effect of any laws, rules, regulations, among others, which prohibit the consummation of the transaction contemplated under the relevant Sale and Purchase Agreement; or (C) financial, political or economic events or changes in currency exchange rate or exchange controls which would materially affect Hong Kong, New York or London capital markets and would reasonably be expected to result in either the transaction contemplated under the relevant Sale and Purchase Agreement becoming impractical, inadvisable or inexpedient to proceed, the relevant Sale and Purchase Agreement becoming incapable of performance in accordance with its terms or China Mengniu International becoming unable to consummate the transaction or perform its material obligations under the relevant Sale and Purchase Agreement.

China Mengniu International may terminate the relevant Sale and Purchase Agreement if there is a material breach by the relevant Purchaser of the representations and warranties set out in the section headed “Representations and Warranties of the Purchasers” above.

## EFFECTS ON SHAREHOLDING STRUCTURE OF YASHILI

Upon completion of the Sales, the public float of Yashili will be restored to the level above the Prescribed Minimum Public Float Percentage. The shareholding structure of Yashili as at the date of this joint announcement and immediately after the completion of the Sales is as follows:

Holder	(i) As at the date of this joint announcement		(ii) Immediately after the completion of the Sales	
	Number of Yashili Shares	%	Number of Yashili Shares	%
China Mengniu International Dunearn Investments (Mauritius) Pte Ltd	3,196,747,945	89.82%	2,725,612,556	76.58%
VITEL Group Limited	0	0%	220,225,000	6.19%
Diverse Profits Limited	0	0%	177,410,389	4.98%
Lead Rich International Limited	0	0%	13,000,000	0.37%
Wincon Capital Investment Limited	0	0%	24,500,000	0.69%
Public Shareholders	0	0%	36,000,000	1.01%
	362,422,277	10.18%	362,422,277	10.18%*
<b>Total</b>	<b>3,559,170,222</b>	<b>100.00%</b>	<b>3,559,170,222</b>	<b>100.00%</b>

\* The percentage held by the public shareholders should be aggregated with the percentages to be held by the Purchasers in order to calculate the percentage of the shareholding held by the “public” immediately after the completion of the Sales. Hence, the percentage of the shareholding held by the “public” immediately after the completion of the Sales is 23.42% which complies with the Prescribed Minimum Public Float Percentage.

## USE OF PROCEEDS

The board of directors of China Mengniu International has resolved to distribute the net proceeds from the Sales to its shareholders in accordance with its articles of association, including, among others, China Mengniu Dairy and Zhang International Investment Ltd.. China Mengniu Dairy intends to use such net proceeds distributed to it to repay part of its indebtedness under the facility agreement dated June 17, 2013 among China Mengniu Dairy as borrower, China Mengniu International as offeror, The Hongkong and Shanghai Banking Corporation Limited (“HSBC”) and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers, and HSBC as facility agent and as security agent.

## RESUMPTION OF TRADING OF THE YASHILI SHARES

Yashili has applied to the Stock Exchange for resumption of trading in the Yashili Shares on the Stock Exchange with effect from 9:00 a.m. today, November 11, 2013. The Stock Exchange has accepted such application. Accordingly, trading of the Yashili Shares on the Stock Exchange will resume with effect from 9:00 a.m. today, November 11, 2013.

By order of the board of directors of  
**China Mengniu Dairy Company Limited**  
中國蒙牛乳業有限公司

**Sun Yiping**

*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

**Sun Yiping**

*Chairman*

By order of the board of directors of  
**China Mengniu International Company Limited**

**Wu Jingshui**

*Director*

Hong Kong, November 11, 2013

*As at the date of this joint announcement, the board of directors of China Mengniu Dairy comprises: Ms. Sun Yiping, Mr. Bai Ying and Mr. Wu Jingshui as executive directors, Mr. Ning Gaoning, Mr. Yu Xubo, Mr. Niu Gensheng, Mr. Ma Jianping, Mr. Finn S. Hansen, Ms. Liu Ding and Mr. Christian Neu as non-executive directors, Mr. Jiao Shuge (alias Jiao Zhen), Mr. Julian Juul Wolhardt, Mr. Liu Fuchun, Mr. Zhang Xiaoya, Mr. Andrew Y. Yan and Mr. Wu Kwok Keung Andrew as independent non-executive directors.*

*As at the date of this joint announcement, the board of directors of China Mengniu International comprises: Mr. Wu Jingshui, Mr. Kwok Wai Cheong and Mr. Zhang Yanpeng.*

*As at the date of this joint announcement, the board of directors of Yashili comprises: Ms. Sun Yiping (Chairman), Mr. Ding Sheng and Mr. Wu Jingshui as non-executive directors; Mr. Li Dongming, Mr. Zhang Lidian and Mr. Zhang Yanpeng as executive directors; and Mr. Yu Shimao, Mr. Samuel King On Wong and Mr. Liu Jinting as independent non-executive directors.*

*The English text of this joint announcement shall prevail over its Chinese text.*