

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 01230)

**CONTINUING CONNECTED TRANSACTIONS
TRANSITION SERVICES AGREEMENTS
MANUFACTURING AND SUPPLY AGREEMENT
AND**

**RESEARCH AND DEVELOPMENT SUPPORT AND SERVICES AGREEMENT
WITH MEMBERS OF THE DANONE GROUP**

INTRODUCTION

References are made to the announcement of the Company dated 1 December 2015 (the “**Announcement**”) and the circular of the Company dated 3 May 2016 (the “**Circular**”) in relation to, among others, the acquisition of the entire equity interest in Dumex China by the Purchaser (the “**Proposed Acquisition**”).

As mentioned in the Announcement and the Circular, in connection with the Proposed Acquisition, several indicative term sheets were entered into on 1 December 2015 among the Danone Group, the Company and Dumex China in relation to (1) certain transition arrangements in relation to IT services, office leases, accounting services and procurement etc. in connection with the operations of Dumex China; (2) collaboration in researches relating to nutrition for infants from 0 to 3 years old; and (3) supply of products by the Danone Group to Dumex China. The Announcement and the Circular also provide that the Danone Group, the Company and Dumex China shall use their reasonable best efforts to enter into definitive agreements in respect of the aforementioned matters as soon as is reasonably practicable.

TRANSITION SERVICES AGREEMENTS

On 27 May 2016 (after trading hours), Dumex China entered into the Transition Services Agreements with members of the Danone Group, pursuant to which the relevant members of the Danone Group agreed to provide certain transitional services to Dumex China in respect of IT support, lab sharing, accounting service, procurement support and office sharing during the respective terms of the Transition Services Agreements.

MANUFACTURING AND SUPPLY AGREEMENT

On 27 May 2016 (after trading hours), Dumex China entered into a Manufacturing and Supply Agreement with Danone Trading, an indirect subsidiary of Danone SA, pursuant to which Dumex China agreed to purchase and Danone Trading agreed to sell certain products for infant nutrition from time to time during the term of the Manufacturing and Supply Agreement.

RESEARCH AND DEVELOPMENT SUPPORT AND SERVICES AGREEMENT

On 27 May 2016 (after trading hours), Dumex China, an indirect wholly-owned subsidiary of Danone SA, enters into a Research and Development Support and Services Agreement with Nutricia Research, an indirect subsidiary of Danone SA, pursuant to which Nutricia Research or its Affiliates will continue to (i) support existing projects of Dumex China that are already on-going; (ii) collaborate with Dumex China in certain projects, (iii) share with Dumex China certain data relating to nutrition studies, and (iv) provide certain training to the China R&D team of Dumex China, for a term of five years commencing from the Completion Date.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Danone Asia has a 25.0% shareholding interest in the Company. Each of Danone Trading, DAPM, NELN and DAPH is an indirect subsidiary of Danone SA and a member of the Danone Group. Therefore, each of Danone Trading, DAPM, NELN, DAPH and Nutricia Research is a connected person of the Company under the Listing Rules. Dumex China will become an indirect wholly-owned subsidiary of the Company upon the Completion Date. As such, each of the Transition Services Agreements, the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement and the transactions thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon the Completion Date.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps of (i) the aggregate amount of the consideration under the Transition Services Agreements and (ii) the consideration under the Manufacturing and Supply Agreement will be more than 0.1% but less than 5%, the Transition Services Agreements and the Manufacturing and Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the annual cap of the consideration under the Research and Development Support and Services Agreement is less than 0.1%, the Research and Development Support and Services Agreement and the transactions thereunder are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to the announcement of the Company dated 1 December 2015 and the circular of the Company dated 3 May 2016 in relation to, among others, the acquisition of the entire equity interest in Dumex China by the Purchaser.

As mentioned in the Announcement and the Circular, in connection with the Proposed Acquisition, several indicative term sheets were entered into on 1 December 2015 among the Danone Group, the Company and Dumex China in relation to (1) certain transition arrangements in relation to IT services, office leases, accounting services and procurement etc. in connection with the operations of Dumex China; (2) collaboration in researches relating to nutrition for infants from 0 to 3 years old; and (3) supply of products by the Danone Group to Dumex China. The Announcement and the Circular also provide that the Danone Group, the Company and Dumex China shall use their reasonable best efforts to enter into definitive agreements in respect of the aforementioned matters as soon as is reasonably practicable.

THE TRANSITION SERVICES AGREEMENTS

On 27 May 2016 (after trading hours), Dumex China entered into the Transition Services Agreements with members of the Danone Group, pursuant to which the relevant members of the Danone Group agreed to provide certain transitional services to Dumex China in respect of IT support, lab sharing, accounting service, procurement support and office sharing during the terms of the Transition Services Agreements.

A. IT Support Transition Services Agreement

Principal terms of the IT Support Transition Services Agreement are summarized below.

Parties	(1) DAPM (2) Dumex China
Duration	From the Completion Date until the date on which all of the individual transition periods for the services provided by DAPM under the IT Support Transition Services Agreement have expired.
Nature of Transaction	DAPM will provide, or cause to be provided (including subcontracting any of its Affiliates to provide) to Dumex China, certain IT services within the term of the IT Support Transition Services Agreement.

Consideration The consideration for the services shall be the aggregate amount of the cost of the services plus a 5% markup and the applicable value added tax at the time the written invoice from DAPM is issued to Dumex China.

Payment terms Payment shall be made by Dumex China in RMB within 30 days after the date of the relevant invoice.

Basis for determining the terms of the IT Support Transition Services Agreement

The terms of each of the transactions under the IT Support Transition Services Agreement were determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no more favourable to DAPM than those available to the Company from independent third parties.

Annual Cap

The annual cap in respect of the transactions under the IT Support Transition Services Agreement of is RMB5,000,000 (equivalent to approximately HK\$5,920,000).

B. Lab Sharing Transition Services Agreement

Principal terms of the Lab Sharing Transition Services Agreement are summarized below.

Parties (1) Dumex China
(2) NELN

Duration From the Completion Date to 31 December 2017

Nature of Transaction Dumex China will grant, or cause to be provided to NELN access to and use of the analytical laboratory and research and development laboratory equipment and the office space in Dumex China's Shanghai factory.

Consideration NELN will pay to Dumex China per lab test pursuant to the access granted, the office rental services, actual cost of any other services that it may request from Dumex China from time to time, and one-off cost of decoration and recovery.

Payment terms Payment shall be made by NELN in RMB within 30 days after the date of the relevant invoice.

Basis for determining the terms of the Lab Sharing Transition Services Agreement

The terms of each of the transactions under the Lab Sharing Transition Services Agreement were determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no more favourable to NELN than those available to the Company from independent third parties.

Annual Cap

The annual cap in respect of the transactions under the Lab Sharing Transition Services Agreement is RMB1,000,000 (equivalent to approximately HK\$1,184,000).

C. Accounting Service Transition Services Agreement

Principal terms of the Accounting Service Transition Services Agreement are summarized below.

Parties	(1) NELN (2) Dumex China
Duration	From the Completion Date until the date on which all of the individual transition periods for the services provided by NELN under the Accounting Service Transition Services Agreement have expired
Nature of Transaction	NELN will provide, or cause to be provided to Dumex China, tax services, treasury services and accounting services during each individual transition period within the term of the Accounting Service Transition Services Agreement.
Consideration	The consideration for the services provided pursuant to the Accounting Service Transition Services Agreement shall be the aggregate amount of the cost of the services plus a 5% markup and the applicable value added tax at the time the written invoice from NELN is issued to Dumex China.
Payment terms	Payment shall be made by Dumex China in RMB within 30 days after the date of the relevant invoice.

Basis for determining the terms of the Accounting Service Transition Services Agreement

The terms of each of the transactions under the Accounting Service Transition Services Agreement were determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no more favourable to NELN than those available to the Company from independent third parties.

Annual Cap

The annual cap in respect of the transactions under the Accounting Service Transition Services Agreement is RMB800,000 (equivalent to approximately HK\$947,200).

D. Procurement Support Transition Services Agreement

Principal terms of the Procurement Support Transition Services Agreement are summarized below.

Parties	(1) DAPH (2) Dumex China
Duration	From the Completion Date to 31 December 2016
Nature of Transaction	DAPH will provide, or cause to be provided to Dumex China procurement support with respect to certain ingredients/raw materials within the term of the Procurement Support Transition Services Agreement.
Consideration	The services will be charged at cost calculated at a man-hour basis. The consideration for the services provided pursuant to the Procurement Support Transition Services Agreement shall be the aggregate amount of the cost of the services plus a 5% markup and the applicable value added tax at the time the written invoice from DAPH is issued to Dumex China.
Payment terms	Payment shall be made by Dumex China in RMB within 30 days after the date of the relevant invoice.

Basis for determining the terms of the Procurement Support Transition Services Agreement

The terms of each of the transactions under the Procurement Support Transition Services Agreement were determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no more favourable to DAPH than those available to the Company from independent third parties.

Annual Cap

The annual cap in respect of the transactions under the Procurement Support Transition Services Agreement is RMB600,000 (equivalent to approximately HK\$710,400).

E. Office Sharing Transition Services Agreement

Principal terms of the Office Sharing Transition Services Agreement are summarized below.

Parties	(1) NELN (2) Dumex China
Duration	The Transition Services Agreement of Office Sharing shall become effective on the Completion Date and shall be effective until the date on which all of the individual transition periods for the services provided by NELN under the Office Sharing Transition Services Agreement have expired.
Nature of Transaction	NELN will provide, or cause to be provided to Dumex China access to certain offices during each individual transition period within the term of the Office Sharing Transition Services Agreement.
Consideration	The consideration for the services provided pursuant to the Office Sharing Transition Services Agreement shall be the aggregate amount of the cost of the offices plus a 5% markup and the applicable value added tax at the time the written invoice from NELN is issued to Dumex China.
Payment terms	Payment shall be made by Dumex China in RMB within 30 days after the date of the relevant invoice.

Basis for determining the terms of the Office Sharing Transition Services Agreement

The terms of each of the transactions under the Office Sharing Transition Services Agreement were determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no more favourable to NELN than those available to the Company from independent third parties.

Annual Cap

The annual cap in respect of the transactions under the Office Sharing Transition Services Agreement is RMB300,000 (equivalent to approximately HK\$355,200).

THE MANUFACTURING AND SUPPLY AGREEMENT

On 27 May 2016 (after trading hours), Dumex China entered into a Manufacturing and Supply Agreement with Danone Trading, an indirect subsidiary of Danone SA, pursuant to which Dumex China agreed to purchase and Danone Trading agreed to sell certain products for infant nutrition from time to time during the term of the Manufacturing and Supply Agreement. Principal terms of the Manufacturing and Supply Agreement are summarized below.

Date

27 May 2016

Parties

- (1) Danone Trading as seller
- (2) Dumex China as purchaser

Duration

The Manufacturing and Supply Agreement shall be effective from the Completion Date to 31 December 2027.

Nature of Transaction

Sale and purchase of certain products for infant nutrition. The actual quantity of infant nutrition products supplied by Danone Trading to Dumex China and the delivery date will be specified in individual purchase orders.

Pricing terms

The prices shall be negotiated each year prior to the start of the year and shall be calculated based on the cost of the relevant infant nutrition products supplied plus a markup of 10% and with reference to the volume forecasts provided by the Dumex China to Danone Trading.

Payment Terms

Payment shall be made by Dumex China by bank transfer within 30 days of the date of the relevant invoice.

Basis for determining the terms of the Manufacturing and Supply Agreement

The terms of each of the transactions under the Manufacturing and Supply Agreement were determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and no more favourable to Danone Trading than those available to the Company from independent third parties.

Annual Caps

The annual caps in respect of the transactions under the Manufacturing and Supply Agreement for (i) the period from the Completion Date to 31 December 2016; (ii) the year ending 31 December 2017; and (iii) the year ending 31 December 2018 and each of the years onwards are set out below.

	The period from the Completion Date to December 31, 2016	The year ending December 31, 2017	The year ending December 31, 2018 and each of the years onwards
Annual cap in respect of the transactions under the Manufacturing and Supply Agreement	RMB9,000,000 (equivalent to approximately HK\$10,656,000)	RMB11,000,000 (equivalent to approximately HK\$13,024,000)	RMB14,000,000 (equivalent to approximately HK\$16,576,000)

The annual caps were determined after taking into account (a) the unit price of the relevant infant nutrition products supplied under the Manufacturing and Supply Agreement; and (b) the expected purchase amounts of the relevant products during the term of the Manufacturing and Supply Agreement.

REASONS FOR AND BENEFITS OF THE TRANSITION SERVICES AGREEMENTS AND THE MANUFACTURING AND SUPPLY AGREEMENT

The Directors are of the view that the Transition Services Agreements ensure the smooth transition and operation of Dumex China following the completion of the Proposed Acquisition.

The Directors are of the view that the Manufacturing and Supply Agreement enables Dumex China to secure a long-term supply of four tailored nutrition products from the Danone Group, which would complement the existing product portfolio of the Yashili Group and enhance the bargaining power the Yashili Group in channel distribution.

The Directors (including the independent non-executive Directors but excluding Mr. Jeffrey, Minfang Lu and Mr. Qin Peng) are of the view that the Transition Services Agreements, the Manufacturing and Supply Agreement and the transactions thereunder are conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of business of the Company and that the terms of the Transition Services Agreements and the Manufacturing and Supply Agreement, including their annual caps, are fair and reasonable and the Transition Services Agreements, the Manufacturing and Supply Agreement and the transactions thereunder are in the interests of the Company and its shareholders as a whole.

RESEARCH AND DEVELOPMENT SUPPORT AND SERVICES AGREEMENT

On 27 May 2016 (after trading hours), Dumex China enters into a Research and Development Support and Services Agreement with Nutricia Research, a subsidiary of Danone SA, pursuant to which Nutricia Research or its Affiliates will continue to (i) support existing projects of Dumex China that are already on-going; (ii) collaborate with Dumex China in certain projects, (iii) share with Dumex China certain research results and data relating to nutrition studies, and (iv) provide certain training to the China R&D team of Dumex China, for a term of five years commencing from the Completion Date.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Danone Asia has a 25.0% shareholding interest in the Company. Each of Danone Trading, DAPM, NELN and DAPH is an indirect subsidiary of Danone SA and a member of the Danone Group. Therefore, each of Danone Trading, DAPM, NELN, DAPH and Nutricia Research is a connected person of the Company under the Listing Rules. Dumex China will become an indirect wholly-owned subsidiary of the Company upon the Completion Date. As such, each of the Transition Services Agreements, the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement and the transactions thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules upon the Completion Date.

As each of the applicable percentage ratios (as defined under the Listing Rules) in respect of the annual caps of (i) the aggregate amount of the consideration under the Transition Services Agreements and (ii) the consideration under the Manufacturing and Supply Agreement will be more than 0.1% but less than 5%, the Transition Services Agreements and the Manufacturing and Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Jeffrey, Minfang Lu and Mr. Qin Peng are Directors nominated by the Danone Group and therefore are considered to have a material interest in the Transition Services Agreements, the Manufacturing and Supply Agreement and the transactions thereunder. As such, each of Mr. Jeffrey, Minfang Lu and Mr. Qin Peng has abstained from voting on the board resolution approving the Transition Services Agreements, the Manufacturing and Supply Agreement and the transactions thereunder.

As the annual cap of the consideration under the Research and Development Support and Services Agreement is less than 0.1%, the Research and Development Support and Services Agreement and the transactions thereunder are fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VIEW FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE DURATION OF THE MANUFACTURING AND SUPPLY AGREEMENT AND THE RESEARCH AND DEVELOPMENT SUPPORT AND SERVICES AGREEMENT

As the duration of the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged Somerley as the independent financial adviser to explain why the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement requires to be of a longer period than three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons why the duration of the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement requires a period longer than three years, Somerley has taken into consideration the information set out in this announcement, and the following principal factors based on the information provided by, and discussion with, the management of the Company:

- (i) Dumex China has been selling the four tailored nutrition products for babies with special needs supplied by the Danone Group prior to completion of the Proposed Acquisition, and it will be of strategic importance to the Yashili Group for Dumex China to continue to sell such tailored nutrition products after completion of the Proposed Acquisition.
- (ii) The four tailored nutrition products will form an important type of product which is currently absent from the product portfolio of the Yashili Group. The Company's management is of the view that it is of paramount importance for Dumex China to be able to secure a long-term supply of such products to ensure stability to the continued business operations of Dumex China.
- (iii) Support from Nutricia Research or its Affiliates to Dumex China in research and development will enhance research and development capabilities of the Yashili Group after completion of the Proposed Acquisition. Considering the time generally needed for research and development of dairy and nourishment products, the Company's management is of the view that it is necessary and beneficial to the Yashili Group to have support from Nutricia Research or its Affiliates in research and development for a longer term.

In considering whether the duration of the Manufacturing and Supply Agreement is in line with normal business practice for agreements of this type, Somerley has reviewed a number of comparable agreements (the "**Supply Comparable Agreements**") with a nature similar to that of the Manufacturing and Supply Agreement, where (1) one of the parties (or its direct or indirect holding company) to such agreements is a company listed in Hong Kong and principally engaged in food and beverage businesses and has a closing market capitalisation of HK\$2 billion or above as at the date of this announcement; and (2) such Supply Comparable Agreements were entered into in the context of an acquisition of a business with details contained in the announcements published on the website of the Stock Exchange by the respective listed company involved during the period from 1 January 2011 and up to the date immediately prior to the date of this announcement. Based on information published on

the website of the Stock Exchange, Somerley notes that the durations of the Supply Comparable Agreements are approximately 39 years. The duration of the Manufacturing and Supply Agreement (being a duration from the Completion Date to 31 December 2027) is shorter than the duration of the Supply Comparable Agreements.

In considering whether the duration of the Research and Development Support and Services Agreement is in line with normal business practice for agreements of this type, Somerley has reviewed a number of comparable agreements (the “**Research and Development Comparable Agreements**”) with a nature similar to that of the Research and Development Support and Services Agreement, where (1) one of the parties (or its direct or indirect holding company) to such agreements is a company listed in Hong Kong and principally engaged in food and beverage businesses or pharmaceutical businesses and has a closing market capitalisation of HK\$2 billion or above as at the date of this announcement; and (2) such Research and Development Comparable Agreements are referred to in the latest two annual reports of the respective listed company involved as at the date immediately prior to the date of this announcement. Based on information published on the website of the Stock Exchange (i.e. the latest two annual reports, and/or other documents published by the respective listed company on the website of the Stock Exchange where details of the duration of the Research and Development Comparable Agreements are not shown in the latest two annual reports), Somerley notes that the Research and Development Comparable Agreements have durations ranging from approximately 10 months to 20 years, with an average of approximately 7.7 years. The duration of the Research and Development Support and Services Agreement (being for a period of 5 years) is within the range and shorter than the average of the durations of the Research and Development Comparable Agreements.

Based on the above considerations, and having considered the commercial justification of and benefits to be derived from the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement, in particular that the Manufacturing and Supply Agreement allows the Yashili Group to secure a stable and long-term supply of tailored nutrition products which will enlarge the Yashili Group’s existing product portfolio, Somerley is of the view that a period longer than three years is required for each of the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement and that it is normal business practice for agreements in the nature of the Manufacturing and Supply Agreement and the Research and Development Support and Services Agreement to have a duration of longer than three years.

INFORMATION ON THE COMPANY, DUMEX CHINA, DANONE TRADING, NELN, DAPH, DAPM AND NUTRICIA RESEARCH

The Company 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 four segments in the PRC: (i) Yashili pediatric milk formula products segment; (ii) Scient pediatric milk formula products segment; (iii) nutrition products segment and (iv) other segments, including the production and sale of packing materials and sale of surplus raw materials. The Company is a leading player in the PRC’s paediatric milk formula industry and also has a leading position in the soymilk powder market in the PRC.

Dumex China is a company incorporated in the PRC and is dedicated to the IMF business in the PRC. It is an indirect wholly-owned subsidiary of Danone SA as of the date of this announcement and an indirect wholly-owned subsidiary of the Company upon completion of the Proposed Acquisition. It is primarily engaged in the manufacture, sale and import of dairy products and other related nutrition products.

Danone Trading is a company incorporated under the laws of Netherlands and an indirect subsidiary of Danone SA. It is primarily engaged in trading in movable property and providing services to other companies.

NELN is a company incorporated in the PRC and an indirect subsidiary of Danone SA. It is primarily engaged in import and wholesale of dairy products for infants.

DAPH is a company incorporated in Singapore and an indirect subsidiary of Danone SA. It is primarily engaged in investment holding and trading of nutrition products for infants.

DAPM is a company incorporated in the PRC and an indirect subsidiary of Danone SA. It is primarily engaged in the provision of multi-functional consulting services to other companies.

Nutricia Research is a company organized and existing under the laws of the Netherlands and an indirect subsidiary of Danone SA. It is primarily engaged in performing research and development activities relating to infant nutrition.

DEFINITIONS

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

“Affiliate”	with respect to Nutricia Research, refers to any other entity working partially or totally on early life nutrition related activities to the exclusion of other divisions of Danone SA that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Nutricia Research
“Company”	Yashili International Holdings Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 1230)
“Completion Date”	the date of completion of the Proposed Acquisition
“connected person”	has the meaning ascribed to it under the Listing Rules
“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 the Company

“Danone Group”	Danone SA, Danone Asia and other companies directly or indirectly controlled by Danone SA
“Danone SA”	Danone SA, a company incorporated under the laws of France, the ultimate controlling shareholder of Danone Asia
“Danone Trading”	Danone Trading ELN BV, a company incorporated under the laws of the Netherlands and a subsidiary of Danone SA
“DAPH”	Danone Asia Pacific Holdings Pte. Ltd., a company incorporated in Singapore and an indirect wholly-owned subsidiary of Danone SA
“DAPM”	Danone Asia-Pacific Management Co. Ltd.* (達能亞太(上海)管理有限公司), a company incorporated in the PRC and an indirect subsidiary of Danone SA
“Directors”	the directors of the Company
“Dumex China”	Dumex Baby Food Co., Ltd.* (多美滋嬰幼兒食品有限公司), a wholly foreign-owned enterprise organized and existing under the laws of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manufacturing and Supply Agreement ”	the manufacturing and supply agreement dated 27 May 2016 between Danone Trading and Dumex China in respect of the purchase of certain products for infant nutrition by Dumex China from Danone Trading
“NELN”	Nutricia Early Life Nutrition (Shanghai) Co. Ltd.* (紐迪希亞生命早期營養品管理(上海)有限公司), a company incorporated in the PRC
“Nutricia Research”	Nutricia Research B.V., a company organized and existing under the laws of the Netherlands
“PRC”	The People’s Republic of China which, for the purpose of this announcement, exclude Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan
“Purchaser”	Yashili International Group Limited* (雅士利國際集團有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company

“Research and Development Support and Services Agreement”	the research and development support and services agreement dated 27 May 2016 between Nutricia Research and Dumex China in respect of the research and development services provided by Nutricia Research to Dumex China
“RMB”	Renminbi, the lawful currency of PRC
“Somerley” or “Independent Financial Adviser”	Somerley Capital Limited, the independent financial adviser in connection with the Manufacturing and Supply Agreement. Somerley is a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transition Services Agreements”	the IT Support Transition Services Agreement, the Lab Sharing Transition Services Agreement, the Accounting Service Transition Services Agreement, the Procurement Support Transition Services Agreement and the Office Sharing Transition Services Agreement
“Yashili Group”	the Company and its subsidiaries
“%”	per cent.

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

This announcement contains translation between Renminbi and Hong Kong dollars at RMB1 to HK\$1.184. The translation shall not be taken as representation that Renminbi could actually be converted into Hong Kong dollars at that rate, or at all.

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

Hong Kong, 27 May 2016

As at the date of this announcement, the board of directors of the Company comprises: Ms. Sun Yiping (Chairman), Mr. Qin Peng, Mr. Zhang Ping and Mr. Huang Xiaojun as non-executive directors; Mr. Jeffrey, Minfang Lu and Mr. Li Dongming as executive directors; and Mr. Mok Wai Bun Ben, Mr. Cheng Shoutai and Mr. Lee Kong Wai Conway as independent non-executive directors.