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**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)**

**REVISION OF ANNUAL CAP OF CONTINUING  
CONNECTED TRANSACTIONS  
UNDER THE 2020 SUPPLY AGREEMENT  
WITH MEMBERS OF DANONE**

**INTRODUCTION**

Reference is made to the Announcements and the Circulars in respect of the 2020 Supply Agreement. As disclosed in the Announcements and the Circulars, the term of the 2020 Supply Agreement has been further extended for a period of one year from 1 January 2022 to 31 December 2022.

**REVISION OF ANNUAL CAP**

The Group expects that the Purchasers will increase their purchase amount of the Products under the 2020 Supply Agreement from the Yashili New Zealand during the year ending 31 December 2022 due to the expected increase in the Purchasers' demand for the Products.

Based on the actual transaction amount during the first five months ended 31 May 2022, and the anticipated increased demand from the Purchasers for the Products during the remaining seven months from June to December 2022, the Board would like to adjust upward the annual cap of the 2020 Supply Agreement for the year ending 31 December 2022 from RMB52 million to RMB150 million.

As at the date of this announcement, based on the Group's latest unaudited management accounts and operational data, the actual transaction amount of the continuing connected transaction under the 2020 Supply Agreement from 1 January 2022 to 17 June 2022 amounted to approximately RMB31 million (unaudited), and has not exceeded the original annual cap of RMB52 million for the year ending 31 December 2022.

Save for the Revised Annual Cap, all other terms of the 2020 Supply Agreement as disclosed in the Announcements and Circulars remain unchanged.

The Directors (including the independent non-executive Directors but excluding Mr. Qin Peng and Mr. Gu Peiji (alias Philip Gu)) believes that the 2020 Supply Agreement and the transactions thereunder (with the Revised Annual Cap) would enable Yashili New Zealand to further improve its utilisation rate, thereby achieving greater synergies between the Group and Danone.

The Directors (including the independent non-executive Directors but excluding Mr. Qin Peng and Mr. Gu Peiji (alias Philip Gu)) are of the view that the transactions under the 2020 Supply Agreement have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of 2020 Supply Agreement and the Revised Annual Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Qin Peng and Mr. Gu Peiji (alias Philip Gu) are Directors nominated by Danone and therefore are considered to have a material interest in the 2020 Supply Agreement and the transactions thereunder. As such, each of Mr. Qin Peng and Mr. Gu Peiji (alias Philip Gu) abstained from voting on the board resolution approving the Revised Annual Cap.

## **INFORMATION ON THE COMPANY, YASHILI NEW ZEALAND AND THE PURCHASERS**

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 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) other milk powder products (including the production and sale of base powder); (c) sale of dissolvable products (including the development, manufacture and sale of soymilk powder, rice flour and cereal products); and (d) other operations (mainly including the sale of surplus raw materials and consigned processing operation).

Yashili New Zealand is a company incorporated in New Zealand and an indirect wholly-owned subsidiary of the Company. It is primarily engaged in the production and sale of dairy products.

DAPH is a company incorporated in Singapore and an indirect wholly-owned subsidiary of Danone SA. It is primarily engaged in holding activities and trading of early life nutrition related products.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Danone Asia has a 25.0% shareholding interest in the Company. DAPH is a subsidiary of Danone SA and a member of Danone. Therefore, DAPH is a connected person of the Company under the Listing Rules. Yashili New Zealand is an indirect wholly-owned subsidiary of the Company. As such, the transactions under the 2020 Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) in respect of the 2020 Supply Agreement (with the Revised Annual Cap) exceeds 0.1% but is less than 5%, the transactions under the 2020 Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 19 November 2019, 31 December 2019, 13 November 2020, 23 December 2020 and 17 December 2021 in respect of the 2020 Supply Agreement
“Circulars”	the circulars of the Company dated 12 December 2019 and 4 December 2020 in respect of the 2020 Supply Agreement
“2020 Supply Agreement”	the supply agreement dated 19 November 2019 between Yashili New Zealand on the one hand, and DAPH, DanTrade and Danone ELN on the other hand, in relation to the supply of the Products by Yashili New Zealand to the Purchasers and Danone ELN, the term of which was extended for a period of one year from 1 January 2021 to 31 December 2021 and further extended for a period of one year from 1 January 2022 to 31 December 2022
“Affiliate(s)”	a company or companies of the Danone Specialized Nutrition division (a business division of Danone) that is wholly or partially owned or controlled by Danone SA
“Board”	the board of directors of the Company

“Company”	Yashili International Holdings Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 1230)
“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 ELN”	Danone Trading ELN BV, a company established and existing under the laws of the Netherlands and an indirect wholly-owned subsidiary of 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 the Company
“Danone SA”	Danone SA, a company incorporated under the laws of France, the ultimate controlling shareholder of Danone Asia, DAPH, DanTrade and Danone ELN
“DanTrade”	DanTrade B.V., a company established and existing under the laws of the Netherlands and an indirect wholly-owned 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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Products”	certain base powder products as defined in the 2020 Supply Agreement, as amended from time to time, and dairy ingredients
“Purchasers”	DAPH and Affiliates
“Revised Annual Cap”	the revised annual cap of the continuing connected transactions under 2020 Supply Agreement for the year ending 31 December 2022, being RMB150 million
“RMB”	Renminbi, the lawful currency of PRC
“Shareholder(s)”	person(s) whose name(s) appear on the register of members of the Company as registered holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yashili New Zealand”	Yashili New Zealand Dairy Co., Limited, a company incorporated in New Zealand and an indirect wholly-owned subsidiary of the Company
%	per cent

By order of the Board  
**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, 17 June 2022

*As at the date of this announcement, the Board 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.*