



IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2023 ()

IN THE MATTER OF SECTION 86 OF THE COMPANIES ACT (2023 REVISION) (AS REVISED)

AND IN THE MATTER OF ORDER 102 OF THE GRAND COURT RULES 1995 (AS REVISED)

AND IN THE MATTER OF YASHILI INTERNATIONAL HOLDINGS LTD 雅士利國際控股有限公司

PETITION

To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION OF YASHILI INTERNATIONAL HOLDINGS LTD 雅士利國際控股有限公司, whose registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands shows the following:

Object of the Petition

1. The object of this Petition is to seek the sanction of the Court, pursuant to section 86 of the Companies Act (2023 Revision) (as revised) (the “**Companies Act**”), to a proposed scheme of arrangement (the “**Scheme**”) between the petitioner, Yashili International Holdings Ltd 雅士利國際控股有限公司 (“**Yashili**”) and the

Scheme Shareholders (as defined in the scheme document (the “**Scheme Document**”)) a draft of which is attached as Exhibit “YZY-1” to the first affirmation of Yan Zhiyuan made on 18 April, 2023.

Yashili

2. Yashili was incorporated under the name “Yashili International Holdings Ltd 雅士利國際控股有限公司” on 3 June, 2010 under the Companies Act as an exempted company with registration number CT-241511.
3. The registered office of Yashili is situated at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal places of business of Yashili are at 11/F, East Tower, Poly Development Plaza, 832 Yuejiang Road Central, Haizhu District, Guangzhou City, Guangdong Province, The People’s Republic of China and at Room A, 32nd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
4. The objects for which Yashili was established are unrestricted and include (a) to act and to perform all the functions of a holding company in all its branches, and (b) to act as an investment company. Yashili is otherwise capable of exercising all the functions of a natural person as provided by section 27(2) of the Companies Act. Yashili and its subsidiaries are primarily engaged in the manufacturing and sale of dairy and nourishment products.
5. As at the date of this Petition, Yashili has an authorised share capital of HK\$1,000,000,000 divided into 10,000,000,000 shares of par value HK\$0.10 each (the “**Yashili Shares**”), of which 4,745,560,296 have been issued and fully paid-up or credited as fully paid-up and the remainder are unissued.

6. The Yashili Shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

7. As at 17 April, 2023:
 - (a) Yashili has 4,745,560,296 Yashili Shares in issue;

 - (b) China Mengniu Dairy Company Limited (“**Mengniu**”) indirectly holds 3,608,507,787 Yashili Shares, comprising of:
 - (i) 2,422,117,713 Yashili Shares directly held by China Mengniu International Company Limited (“**Mengniu International**”), a 99.95% directly owned subsidiary of Mengniu, representing approximately 51.04% of the issued shares of Yashili; and

 - (ii) 1,186,390,074 Yashili Shares directly held by Star Future Investment Company Limited 星萊投資有限公司 (the “**Offeror**”), a direct wholly owned subsidiary of Mengniu, representing approximately 25.00% of the issued shares of Yashili; and

 - (c) the remaining 1,137,052,509 Yashili Shares, representing approximately 23.96% of the issued shares of Yashili, constitute the Scheme Shares (as defined in the Scheme Document).

8. Set out below is an illustrative table setting out the major shareholdings of Yashili as at 17 April, 2023:

Yashili Shareholders	As at 17 April, 2023	
	Number of Yashili Shares	Approximate % of total issued Yashili Shares
Mengniu International	2,422,117,713	51.04%
The Offeror	1,186,390,074	25.00%
Sub-total of Mengniu and its subsidiaries ("Mengniu Group")	3,608,507,787	76.04%
Directors of Mengniu	-	-
Directors of Yashili	-	-
Sub-total of party(ies) acting in concert with the Offeror	3,608,507,787	76.04%
Other public Yashili Shareholders (as defined in the Scheme Document)	1,137,052,509	23.96%
Disinterested Scheme Shareholders (as defined in the Scheme Document).....	1,137,052,509	23.96%
Scheme Shareholders	1,137,052,509	23.96%
Total number of Yashili Shares	4,745,560,296	100%

The following are the notes in respect of the table above:

- (i) The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**"), is the financial adviser to the Offeror and Mengniu in relation to the Privatization Proposal (as defined in the Scheme Document). Accordingly, HSBC and members of the HSBC Group (as defined in the Scheme Document) are presumed to be acting in concert with the Offeror and Mengniu in relation to Yashili by virtue of class (5) of the

definition of “acting in concert” under The Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”) (except in respect of the Yashili Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive (as defined in the Scheme Document) as such for the purpose of the Takeovers Code, and excluding Yashili Shares held on behalf of non-discretionary investment clients of the HSBC Group). Save as disclosed in note (ii) below, and except for any exempt principal trader recognised by the Executive, who is not presumed to be acting in concert with the Offeror and Mengniu for the purpose of the Takeovers Code in respect of Yashili Shares over which it has voting discretion, HSBC Group does not own, control or have discretion over any voting rights in Yashili or rights over Yashili Shares as at 17 April, 2023.

- (ii) INKA Internationale Kapitalanlagegesellschaft mbH (“**INKA**”) is a member of the HSBC Group and is neither an exempt principal trader nor an exempt fund manager, in each case recognised by the Executive as such for the purpose of the Takeovers Code. Accordingly, INKA is presumed to be acting in concert with the Offeror and Mengniu in relation to Yashili by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code. As at 17 April, 2023, INKA has voting discretion over nil Scheme Shares. The Disinterested Scheme Shareholders are therefore interested in 1,137,052,509 Scheme Shares in aggregate.

The Offeror and Mengniu Group

9. Mengniu is an exempted company incorporated in the Cayman Islands with limited liability and the shares of Mengniu are listed on the Main Board of the Stock Exchange. It is an investment holding company, which together with its subsidiaries, is principally engaged in the manufacturing and distribution of quality dairy products including liquid milk, ice-cream and other dairy products.

10. Mengniu International is a 99.95% directly owned subsidiary of Mengniu as at 17 April, 2023. It is a business company incorporated in the British Virgin Islands with limited liability and is principally engaged in the business of investment holding.
11. The Offeror is an investment holding company incorporated in Hong Kong with limited liability on 18 May 2021. Its registered office is situated at Room A, 32/F, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong. As at 17 April, 2023, the Offeror is a direct wholly owned subsidiary of Mengniu.
12. Mengniu and the Offeror will undertake to be bound by the terms of the Scheme.

Mengniu International Exchange Right; Mengniu Intra-group Transfer

Mengniu International Exchange Right

13. Each shareholder of Mengniu International (other than Mengniu) (the “**Mengniu International Exchange Right Recipient**”) 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**”).
14. As at 17 April, 2023, apart from Mengniu, Mengniu International has 44 shareholders, being HKSCC Nominees Limited and 43 individual shareholders. To the best of the knowledge of the Offeror, these 44 shareholders are not acting in concert with Mengniu or the Offeror.
15. Mengniu International will transfer its Yashili Shares to satisfy its obligations upon any exercise of the Mengniu International Exchange Right in compliance with the Takeovers Code during the offer period (under the Takeovers Code).

16. Any Mengniu International Exchange Right Recipient who exercises his/her Mengniu International Exchange Right and become a Scheme Shareholder as of the Scheme Record Date (as defined in the Scheme Document) will be entitled to the Cancellation Price (as defined below) under the Scheme as a Scheme Shareholder.
17. As at 17 April, 2023, the Mengniu International Exchange Right Recipients held in aggregate 4,976,748 shares of Mengniu International, which are exchangeable into an aggregate of 1,214,006 Yashili Shares held by Mengniu International (representing approximately 0.03% of the issued Yashili Shares).

Mengniu Intra-group Transfer

18. As at 17 April, 2023, the Offeror is a direct wholly owned subsidiary of Mengniu.
19. Mengniu proposes to transfer all of the shares of the Offeror held by it to Hainan Mengniu Technology Development Company Limited, a direct wholly owned subsidiary of Inner Mongolia Mengniu Dairy (Group) Company Limited (“**IM Mengniu**”), which in turn is the main operating subsidiary of the Mengniu Group (the “**Mengniu Intra-group Transfer**”). IM Mengniu is owned directly and indirectly by Mengniu as to approximately 99.9997%.
20. The completion date of the Mengniu Intra-group Transfer is yet to be determined and may or may not be completed prior to the Scheme Effective Date (as defined in the Scheme Document).

The Scheme

21. The purpose of the Scheme is to privatise Yashili and de-list Yashili from the Stock Exchange such that Mengniu International and the Offeror will together directly hold 100% of the issued shares of Yashili.

22. The Scheme involves:
- (a) the cancellation of all Scheme Shares in return for payment of a cancellation price of HK\$1.20 per Scheme Share (the “**Cancellation Price**”) by Mengniu;
 - (b) the issued share capital of Yashili being maintained at the same amount as immediately before the Scheme by the issue to the Offeror, simultaneously with the cancellation of the Scheme Shares, of an aggregate number of new Yashili Shares equal to the number of Scheme Shares cancelled; and
 - (c) Yashili applying the reserve created in its books of account as a result of the cancellation of the Scheme Shares in paying up in full such new Yashili Shares issued to the Offeror.
23. The Scheme provides the Scheme Shareholders with an opportunity to realise their investments at an attractive premium to the market price in light of the challenging market environment and significant market uncertainty. The Cancellation Price is fully explained in the Scheme Document together with the recommendation to the Yashili Independent Board Committee (as defined in the Scheme Document) from the Independent Financial Adviser (as defined in the Scheme Document) and the recommendation to the Disinterested Scheme Shareholders (as defined in the Scheme Document) from the Yashili Independent Board Committee.
24. After careful consideration, the board of directors of Yashili (with the interested directors abstaining) has determined that the Scheme is in the best interest of Yashili.

25. Under the Takeovers Code, unless permitted by the Securities and Futures Commission of Hong Kong, Scheme Shareholders who are acting in concert with the Offeror in relation to the implementation of the Scheme may not be counted for the purposes of satisfying the voting requirements of Rule 2.10 of the Takeovers Code but may be counted for the purposes of satisfying the voting requirements of section 86 of the Companies Act.
26. Yashili intends to make an application for directions, declarations and orders that, amongst other things:
- (a) all Scheme Shareholders form one class for the purpose of approving the Scheme and are identified as one class in the Scheme Document;
 - (b) Yashili be at liberty to convene a meeting of the Scheme Shareholders (the “**Court Meeting**”) for the purpose of considering and, if thought fit, approving the Scheme (with or without modification);
 - (c) directions as to the mode of delivery of the Scheme Document (including an explanatory memorandum) together with a proxy form to the Scheme Shareholders; and
 - (d) the appointment of a chairman of the Court Meeting and for the conduct of the Court Meeting generally.
27. Yashili proposes to convene the Court Meeting at which the following resolution (with such amendments as may be approved at the Court Meeting) will be considered:
- “THAT a scheme of arrangement (the “**Scheme of Arrangement**”) dated [31 May] 2023 between Yashili and the Scheme Shareholders (as defined in Scheme)*

in the form of the print thereof which has been produced to the meeting and, for the purpose of identification signed by the chairman of the meeting, or in such other form and on such terms and conditions or may be approved or imposed by the Grand Court of the Cayman Islands, be and is hereby approved.”

28. The Scheme Document exhibited as Exhibit “YZY-1” to the first affirmation of Yan Zhiyuan will be sent to all Scheme Shareholders (with the possible exception of overseas shareholders of Yashili (as explained in the Scheme Document)).

Extraordinary General Meeting

29. Yashili intends to hold an extraordinary general meeting immediately after the Court Meeting for the purposes of approving all resolutions necessary to give effect to the Privatization Proposal.

Effect of the Scheme on Issued Share Capital and Solvency

30. The issued share capital of Yashili will remain the same pre and post the Scheme.
31. The Scheme will not involve any diminution of liability in respect of any unpaid share capital or the payment to any member of Yashili of any paid up capital or other monies by Yashili or alteration of the underlying assets, business operations, management or financial position of Yashili and will have no effect on the creditors Yashili. Yashili will continue to be able to pay its debts as they fall due in the ordinary course of business.
32. Yashili therefore humbly prays as follows:

- (a) That the Scheme to be approved at the Court Meeting to be convened at the direction of this Honourable Court may be sanctioned by this Honourable Court.
- (b) That such further or other order be made as the Court shall see fit.

Dated this 18 day of April 2023

Conyers Dill & Pearman LLP

Conyers Dill & Pearman LLP
Attorneys-at-Law for the Petitioner herein

NOTE: It is intended to serve this Petition on Yashili International Holdings Ltd 雅士利國際控股有限公司 at its registered office located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

This Petition is presented by Conyers Dill & Pearman LLP, for and on behalf of the Petitioner, of Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Notice of Hearing

This Petition, having been presented to the Court on the day of
2023, will be heard at the Law Courts, George Town, Grand Cayman on the day
of 2023 at a.m. or as soon thereafter as the Petition can be heard.