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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)**

### **INTERNAL CONTROL FOLLOW-UP REVIEW**

Reference is made to the announcement of Yashili International Holdings Ltd (the “**Company**”) dated 11 December 2019 in relation to the review of the Company’s internal controls to ensure compliance with Chapter 14A of the Listing Rules. Unless otherwise defined, capitalized terms herein shall have the same meanings as those defined in the said announcement.

The Company has implemented all the recommendations of the Internal Control Consultant as set out in the report of the Review, and the Internal Control Consultant has conducted a follow-up review (the “**Follow-up Review**”) on the Company’s internal controls. The Follow-up Review has been completed on 23 January 2020, and the report of the Follow-up Review has been issued by the Internal Control Consultant on 23 January 2020 and submitted to the Stock Exchange on 24 January 2020.

### **METHOD AND PROCEDURES OF THE FOLLOW-UP REVIEW**

Procedures implemented by the Internal Control Consultant as part of the Follow-up Review include:

- (i) conducting follow-up review of the rectification measures implemented by the Company;
- (ii) discussing the procedures of the rectification measures with the relevant management personnel and staff of the Company; and
- (iii) conducting walk through testing on the rectified internal control processes and systems.

## **FINDINGS OF THE FOLLOW-UP REVIEW**

### **1. Issues regarding the Internal Rules on Connected Transactions currently in effect**

The Company has formulated the “Rules for Management of Connected Transactions” (《關連交易管理制度》) which has included the following areas as recommended by the Internal Control Consultant:

- maintenance of the list of connected persons and connected transactions;
- procedure for identifying connected transactions other than those with members of the Mengniu Group and Danone;
- procedure for aggregating connected transactions and managing the aggregated transaction amount; and
- setting up a mechanism to monitor the annual caps of continuing connected transactions.

The “Rules for Management of Connected Transactions” has been approved by the management of the Company and promulgated within the Group.

Accordingly, the rectification for such issue has been completed.

### **2. Issues regarding the procedure for identification of connected persons**

The Company has developed a template for the annual declaration by connected persons, and require its substantial shareholders, directors, chief executive and supervisors to complete the declaration to declare the relationship of themselves and their associates (namely, their immediate family members, trustees, family members and companies and subsidiaries in which they control a majority stake) with the Company and any transactions that may be conducted between them and the Company. In addition, such measure has been included in the “Rules for Reporting for Connected Transactions by Directors, Supervisors and Chief Executive” (《董監高關連交易申報制度》) and the “Rules for Management of Connected Transactions” (《關連交易管理制度》), which have been approved by the management of the Company and promulgated within the Group.

Accordingly, the rectification for such issue has been completed.

### **3. Issues regarding independent review of the List of Connected Persons**

The Company has stipulated the procedures of updating, review, confirmation and circulation of the List of Connected Persons in the “Rules for Management of Connected Transactions” (《關連交易管理制度》) which has been approved by the management of the Company and promulgated within the Group.

Accordingly, the rectification for such issue has been completed.

**4. Issues regarding written rules in relation to price enquiry procedures in connected transactions in supply transactions**

The Company has stipulated the price enquiry procedures that are currently implemented in connected transactions in supply transactions of the Company in the “Rules for Management of Connected Transactions” (《關連交易管理制度》) which has been approved by the management of the Company and promulgated within the Group.

Accordingly, the rectification for such issue has been completed.

Having considered the findings and results of the Follow-up Review, the Board concurs with the Internal Control Consultant’s view and are of the view that the Group’s internal controls to ensure compliance with Chapter 14A of the Listing Rules are sufficient to meet the obligations under the Listing Rules.

By order of the Board  
**Yashili International Holdings Ltd**  
雅士利國際控股有限公司  
**Kwok Wai Cheong, Chris**  
*Company Secretary*

Hong Kong, 7 February 2020

*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.*