
Exemption

Read this exemption carefully - you must comply with all the conditions.

Exemption

Decision date	29 January 2025
Case	202400556
Exemption	<p>Yashili International Group Limited (Yashili International) is exempt from the requirement to obtain consent for the acquisition of the Asset subject to the conditions below.</p> <p>This exemption only applies if, at the date of acquisition, Yashili International comprises of the Existing Structure or a Permitted Structure.</p>
Asset	Up to 100% of the shares in Yashili New Zealand Dairy Co., Limited (company number 3922659)
Expiry	This exemption expires on 29 January 2029.

Definitions

Act means Overseas Investment Act 2005.

Existing Structure means Yashili International's ownership and control structure in place on the Decision date.

Permitted Structure means an ownership and control structure for Yashili International in which no person has given effect to an overseas investment transaction involving a direct or indirect ownership or control interest in Yashili International after the Decision date, that would have required consent under the Act if it had been given effect before the Decision date.

LINZ means Toitū Te Whenua Land Information New Zealand. LINZ is also referred to as 'us' or 'we'.

Regulations means Overseas Investment Regulations 2005.

Any term or expression that is defined in the Act or Regulations and used, but not defined, in this Consent has the same meaning as in the Act or Regulations.

Conditions

This Exemption is subject to the conditions set out below. These must be complied with. The Overseas Investment Act 2005 (**Act**) provides for civil and criminal sanctions for breaching the Act, failing to comply with conditions of exemption and failing to provide information required by LINZ. LINZ has an obligation to investigate and act upon alleged and suspected breaches of the Act.

The conditions of consent in cases 201220086, 201320039 and 202400412 continue to apply as if they were conditions of this Exemption.

Details	Required date:
Condition 1: National Interest	
Yashili International must not, in relation to the Asset and at all times, act or omit to act with a purpose or an intention of adversely affecting national security or public order.	At all times
Condition 2: Manner of Acquisition	
<p>If Yashili International acquires the Asset using a Permitted Structure, Yashili International must notify us of any overseas person with a 10% or greater ownership interest in:</p> <ul style="list-style-type: none"> a) Yashili International; and b) any of the owners of Yashili International, including parent companies, <p>unless that overseas person held that interest under the Existing Structure.</p>	Within 20 working days of the acquisition
Condition 3: Tell us when of the reacquisition of the Asset	
Yashili International must tell us in writing when the Asset is reacquired.	Within 20 working days of the acquisition
Condition 4: Reporting Conditions	
If requested in writing by LINZ, Yashili International must provide a written report on any matter relating to its compliance with the conditions of the Exemption.	Within 40 working days (or such longer timeframe as specified)

Amendment or revocation of exemption

The Exemption and conditions of the Exemption may at any time be amended or revoked by LINZ in the same way as it may be made.

Reasons for exemption

The purpose of this Exemption is to exempt Yashili International's potential re-acquisition of up to 100% of the shares in Yashili New Zealand Dairy Co., Limited (**Yashili NZ**) from the requirement of consent for overseas investment in significant business assets.

Yashili NZ is a New Zealand registered company that manufactures and supplies nutritional formulated base powders and canning products with a manufacturing facility in Pōkeno, Waikato Region. Its products are prepared primarily for global export, mainly to China.

Yashili NZ is currently owned by Yashili International but is being sold to The a2 Milk Company (**a2 Milk**), an ASX and NZX-listed dairy nutritional company selling infant nutrition and other dairy products.

Even if the sale proceeds, the sale can still be cancelled and unwound at a2 Milk's election if a2 Milk fails to obtain approval from the Chinese Government to bring the two existing China label infant formula milk powder products that a2 Milk is acquiring under a2 Milks' brand. If such approval is not granted, a2 Milk may elect to unwind the sale, in which case Yashili International would re-acquire Yashili NZ.

Without the Exemption, any re-acquisition would require consent under the Act because it would involve an overseas person acquiring an interest in significant business assets.

We consider that there are circumstances that mean it is necessary, appropriate, or desirable to provide an exemption. Specifically:

- a. Yashili International and its related entities already hold consents¹ under the Act for the assets concerned. They and their investments had already been assessed against the applicable tests under the Act, including their suitability to own and control sensitive New Zealand assets.
- b. The sale and the re-acquisition are a result of a purely commercial and arm's length transaction between a2 Milk and Yashili International made in order to comply with Chinese law. The transactions are not being structured this way to circumvent the Act.

To manage the risk of having a new non-New Zealand government investor owner within the period between the sale and the re-acquisition, we have imposed a condition requiring Yashili International to re-acquire the Asset using only its ownership and control structure in place at the time the Exemption is granted, or a structure where no owner or person in control would require consent under the Act. We are also requiring Yashili International to notify us of any shareholder obtaining a 10% or greater ownership interest in Yashili International or any of its parent companies. If these conditions are not met, Yashili International will need to seek a separate consent to re-acquire the assets, at which time the implications of the changes of shareholding can be fully considered under the provisions of the Act.

¹ Consent numbers 201220086, 201320039 and 202400412.

We consider that the extent of the exemption is not broader than reasonably necessary to address these circumstances given that the period is limited to four years from the date of the Exemption and limited only to the Asset.