

EQUITY TRANSFER AGREEMENT

Between

DANONE ASIA PACIFIC HOLDINGS PTE. LTD.

(as seller)

and

YASHILI INTERNATIONAL GROUP CO. LTD

(as purchaser)

Dated as of December 1, 2015

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This EQUITY TRANSFER AGREEMENT (this “Agreement”), dated as of December 1, 2015, is made between Danone Asia Pacific Holdings Pte. Ltd., a company incorporated in Singapore, with its registered address at 47 Scotts Road #10-00 Goldbell Tower, Singapore 228233 (the “Seller”) and Yashili International Group Co. Ltd, a company incorporated in Yashili Industrial Park, Chao’an Avenue, Chaozhou, Guangdong, the PRC (the “Purchaser”).

WHEREAS, the Seller owns all of the equity interest (the “Equity Interest”) in Dumex Baby Food Co., Ltd. (the “Company”), a wholly foreign-owned enterprise organized and existing under the laws of the PRC; and

WHEREAS, the Seller wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Seller, the Equity Interest, upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, and covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the Seller and the Purchaser hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. For purposes of this Agreement:

“Acquired Business” means the Equity Interest and the rights and privileges granted to the Company pursuant to the Ancillary Agreements.

“Action” means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

“Additional Registered Capital Contribution” means an amount to be contributed by the Seller to the registered capital of the Company which, in the reasonable judgment of the Seller, is required to achieve a Closing Date Net Debt Amount of zero.

“Affiliate” means, with respect to any specified Person, any other Person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

“AIC” means the Shanghai AIC or the appropriate district level Administration for Industry and Commerce to which the Shanghai AIC has delegated authority.

“Ancillary Agreements” means the Patent License Agreement, the Trademark Assignment Agreement and the Trademark License Agreement.

“Anti-Trust Clearance Authority” means the anti-trust department of MOFCOM at the central level;

“Anti-Trust Submission Documents” means this Agreement and other documents required by the Anti-Trust Clearance Authority for its review and clearance of the transactions contemplated by this Agreement pursuant to the PRC Anti-Monopoly Law;

“Approvals” means all approvals, consents, authorizations, permits, waivers, certifications, Government Orders and licenses of any sort from, and all registrations and filings of any sort with, any Government Authority.

“Articles of Association” means the articles of association (including all amendments thereto) of the Company in effect as of the date hereof.

“Business” means the business of the Company as conducted on the date of this Agreement.

“Business Day” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in Paris, Singapore, Beijing or Hong Kong.

“Closing Date Net Debt Amount” means an amount in RMB determined as follows:

A – B

where:

A = as of the Closing Date, the sum total of the Company’s

(a) long-term and short-term interest bearing obligations and relevant interest with banks or other financial institutions;

(b) inter-company loans and relevant interest;

(c) liabilities pertaining to severance payments to any employee laid-off or terminated prior to the Closing Date;

(d) liabilities pertaining to bonuses (including GPU) accrued prior to the Closing Date, excluding however:

- i. if the Closing Date occurs prior to or on May 31, 2016, any liability accrued in relation with bonuses for the financial year 2016 up to the Closing Date, which the Seller shall cause the Company to accrue in a manner consistent with past practice; and
- ii. any liability incurred in relation to the employee retention arrangements described in Section 5.12(e) of the Agreement;

B = as of the Closing Date, the sum total of the Company’s

(e) cash held by the Company and any cash balances credited to the account of the Company with banks or other financial institutions, reduced by an amount of RMB 23,610,669 for the removal of the EaZyPack Line; and

(f) cash deposits for leased properties as disclosed in Section 3.02(g) of the Seller Disclosure Schedule;

as prepared based on the consolidated financial information of the Company, following the methodology set out in Schedule B, and in accordance with PRC GAAP.

“Closing Date Net Working Capital Amount” means, as of Closing Date, an amount in RMB determined following the methodology defined in Schedule C, prepared based on the consolidated financial information of the Company, and in accordance with PRC GAAP.

“Company’s Auditors” means Ernst & Young or any other Big Four accounting firm jointly designated by the parties.

“Competing Business” means the business of selling and distributing locally produced infant milk formula finished goods in the Territory. For the avoidance of doubt, this does not include the sale or distribution of (i) imported infant milk formula finished goods or (ii) products for people with specific nutritional needs to support and maintain physical or mental health and/or to prevent illness, or for sick and/or malnourished infants, amino acid-based products and products containing extensively hydrolysed protein.

“Condition” means any of the conditions set out in Section 6.01 or Section 6.02 as the case may be.

“Confidential Information” means any and all information relating to the Seller, the Purchaser, the Business, the Company or any of their respective Representatives delivered by a disclosing party or its Representatives to the recipient and/or its Representatives in connection with the transactions contemplated under this Agreement, and, with respect to the Seller as from the Closing Date, all information relating to the Business and the Company, whether or not delivered in connection with the transactions contemplated hereunder, whether oral or written, and regardless of the manner or form in which it is furnished, including any information, analyses, compilations, notes, studies, memoranda or other documents derived from, containing or reflecting such information. The term “Confidential Information” shall not include information that: (i) is or becomes generally available to the public other than as a result of a disclosure by the recipient or any of its Representatives in violation of this Agreement or (ii) was lawfully in the possession of the recipient or any of its Representatives on a nonconfidential basis prior to its disclosure by the disclosing party or its Representatives, free of any restriction as to its use or disclosure (as can be demonstrated by the recipient’s or its Representative’s written records or other reasonable evidence) or (iii) becomes available to the recipient or any of its Representatives thereafter, provided that at the time of receipt, the source of such information is not, to the recipient’s or its Representative’s knowledge after due inquiry, bound by a confidentiality agreement or other contractual, legal or fiduciary obligation of confidentiality with respect to such information.

“control” (including the terms “controlled by” and “under common control with”), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly, of (a) the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise, or (b) at least fifty percent (50%) of the issued share capital (partnership or other ownership capital), whether directly or pursuant to any option, warrant or other similar arrangement.

“EaZyPack Line” means the assets described in Section 1.01 of the Seller Disclosure Schedule.

“ELN China” means each of the following entities: Nutricia Early Life Nutrition (Shanghai) Co, Ltd., Danone Nutricia Early Life Nutrition (Hong Kong) Ltd. and Danone Nutricia Online Distribution Hong Kong Limited.

“Encumbrance” means any security interest, pledge, hypothecation, mortgage, charge, assignment, title retention, lien or encumbrance, or any agreement to create any of the above.

“Environmental Law” means any statute, law, ordinance, regulation, rule, code, order, consent decree or judgment, in each case as in effect as of the date hereof, of any Governmental Authority in the PRC relating to (a) pollution, contamination or the protection of the environment; or (b) human exposure to harmful or deleterious chemicals, materials or substances.

“Governmental Authority” means any government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial body of the PRC or any other country.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority in the PRC or any other country.

“Hong Kong” means the Hong Kong Special Administrative Region.

“Intellectual Property” means (a) patents and patent applications; (b) trademarks, service marks, trade names and trade dress, together with the goodwill associated exclusively therewith; (c) copyrights, including copyrights in computer software; (d) registrations and applications for registration of any of the foregoing in (a) – (c), and (e) trade secrets and know-how protected by applicable law.

“Kerry Parkside Lease Agreement” means the lease agreement between the Company and its Affiliates, as the tenant, and Shanghai Pudong Kerry City Properties Co., Ltd. (上海浦东嘉里城房地产有限公司), as the lessor, entered into on April 27, 2012, including all of its attachments or amendments.

“Kerry Parkside Leased Property” means the property leased to the Company pursuant to the Kerry Parkside Lease Agreement, namely Units 301A, 302, 304A and 304B.

“Law” means any statute, law, ordinance, regulation, rule, code, order, international treaty, other requirement or rule of law in the PRC.

“Leased Real Property” means the real property leased by the Company as tenant, together with, to the extent leased by the Company, all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems, equipment and items of personal property of the Company attached or appurtenant thereto and all easements, licenses, rights and appurtenances relating to the foregoing.

“Material Adverse Effect” means any event, circumstance, change in or effect on the Company that is materially adverse to the consolidated results of operations or the consolidated financial condition of the Company, taken as a whole; provided, however, that none of the following, either alone or in combination, shall be taken into account in determining whether there has been a “Material Adverse Effect” or a breach of a representation, warranty, covenant or agreement that is qualified by the term “Material Adverse Effect” (a) events, circumstances, changes or effects that generally affect the industries or segments thereof in which the Company operate (including legal and regulatory changes), other than events, circumstances, changes or effects that have an impact on the Company that is disproportionate to the effect on other companies operating in that industry or segments thereof; (b) general business, economic or political conditions (or changes therein), other than general business, economic or political conditions that have an impact on the Company that is disproportionate to the effect on other companies operating in that industry or segments thereof; (c) events, circumstances, changes or effects affecting the financial, credit or securities markets in the PRC or in any other country or region in the world, including changes in interest rates or foreign exchange rates, other than events, circumstances, changes or effects that have an impact on the Company that is disproportionate to the effect on other companies operating in that industry or segments thereof; (d) events, circumstances, changes or effects attributable to the announcement or existence of, or compliance (other than the obligation of the Seller to conduct business of the Company in the ordinary course) with this Agreement and the transactions contemplated hereby; (e) any event, circumstance, change or effect caused by acts of terrorism or war (whether or not declared), including any escalation or worsening thereof; (f) earthquakes, hurricanes, tsunamis, tornadoes, floods, mudslides or other natural disasters; (g) mandatorily applicable changes or modifications in the PRC general accepted accounting principles or applicable Law or the interpretation or enforcement thereof; (h) any event, circumstance, change or effect that results from any actions taken or not taken pursuant to or in accordance with this Agreement or at the request of the Purchaser; and (i) any event, circumstance, change or effect arising out of any matter set forth in the schedules and/or exhibits attached hereto, provided that such event, circumstance, change or effect could have reasonably been inferred from disclosures made in such schedules and/or exhibits.

“MOFCOM” means the PRC Ministry of Commerce or its authorized local counterpart(s).

“Patent License Agreement” means the patent license agreement entered into on the date hereof by and between NV Nutricia and the Company.

“Person” means any natural person, corporation, limited liability corporation, unincorporated organization, partnership, association, joint stock company, joint venture, trust or government, or any agency or political subdivision of any government, or any other entity.

“PRC” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan.

“PRC Anti-Monopoly Law” means Anti-Monopoly Law of the PRC promulgated by the National People's Congress on August 30, 2007 and implemented as of August 1, 2008.

“PRC GAAP” means generally accepted accounting principles as in effect in the PRC, applied on a consistent basis.

“Representative” means, in relation to any Person, the directors, officers, employees, agents, advisors or other representatives of such Person.

“Seller’s Knowledge”, “Knowledge of the Seller” or similar terms used in this Agreement mean the actual knowledge of the Persons identified on Schedule A as of the date of this Agreement, after reasonable inquiry.

“Seller Disclosure Schedule” means the Disclosure Schedule attached hereto, dated as of the date of this Agreement, delivered by the Seller to the Purchaser in connection with this Agreement.

“Shanghai AIC” means the Shanghai Administration for Industry and Commerce.

“Tax” or “Taxes” means all taxes, charges, duties, fees, levies or other assessments, including income, excise, property, sales or use, value added, profits, license, withholding, net worth, capital gains, transfer, stamp, imposed by any Governmental Authority, and including any interest, penalties and additions attributable thereto.

“Tax Returns” means any and all returns, reports and forms (including elections, declarations, amendments, schedules, information returns or attachments thereto) required to be filed with a Governmental Authority, or provided for under applicable Law, with respect to Taxes.

“Territory” means the PRC.

“Trademark Assignment Agreement” means the trademark assignment agreement entered into on the date hereof by and between International Nutrition Co. Ltd and the Company.

“Trademark License Agreement” means the trademark license agreement entered into on the date hereof by and among NV Nutricia, International Nutrition Co. Ltd and the Company.

“Yashili ListCo” means Yashili International Holdings Ltd., a company duly organised and existing under the laws of the British Virgin Islands and listed on The Stock Exchange of Hong Kong Limited.

SECTION 1.02. Definitions. The following terms have the meanings set forth in the Sections set forth below:

Definition	Location
“ <u>Agreement</u> ”	Preamble
“ <u>Amended FIE Certificate</u> ”	2.04(c)
“ <u>Anti-Trust Approval</u> ”	5.07
“ <u>Closing</u> ”	2.03
“ <u>Closing Date</u> ”	2.03
“ <u>Closing Date Employee Schedule</u> ”	5.12(a)
“ <u>Closing Date Employees</u> ”	5.12(a)
“ <u>Closing Date Statement</u> ”	2.07(a)
“ <u>Closing Date Net Working Capital Minimum Amount</u> ”	2.07(c)
“ <u>Company</u> ”	Recitals
“ <u>Corrected Certificate Deadline</u> ”	5.15(a)
“ <u>Corrected Title Certificates</u> ”	5.15(a)
“ <u>CP Satisfaction Deadline</u> ”	8.01(a)
“ <u>Dispute</u> ”	9.11(a)
“ <u>Dispute Notice</u> ”	9.11(b)
“ <u>Distribution Date</u> ”	5.12 (a)
“ <u>Draft Closing Date Net Debt Statement</u> ”	2.07(a)
“ <u>Draft Closing Date Statement</u> ”	2.07(a)
“ <u>Draft Closing Date Net Working Capital Statement</u> ”	2.07(a)
“ <u>Employee Retention Amount</u> ”	5.12(a)
“ <u>Equity Interest</u> ”	Recitals
“ <u>Financial Statements</u> ”	3.02(o)
“ <u>HKIAC</u> ”	9.11(b)
“ <u>HKIAC Rules</u> ”	9.11(b)
“ <u>Indemnified Party</u> ”	7.03
“ <u>Independent Appraiser</u> ”	5.15(b)
“ <u>Loss</u> ”	7.02
“ <u>MOFCOM Approval</u> ”	2.04(c)
“ <u>Notice of Acceptance</u> ”	2.07(a)
“ <u>Objection Notice</u> ”	2.07(a)
“ <u>Owned Real Property</u> ”	3.02(f)
“ <u>Purchaser Indemnified Party</u> ”	7.02
“ <u>Purchase Price</u> ”	2.02
“ <u>Purchaser</u> ”	Preamble
“ <u>Reduced Value Amount</u> ”	5.15(b)
“ <u>Reimbursement Determination Date</u> ”	2.07(a)
“ <u>Review Period</u> ”	2.07(a)
“ <u>Seller</u> ”	Preamble

Definition	Location
“ <u>Seller Indemnified Party</u> ”	7.03
“ <u>Tax Claim</u> ”	5.05(f)

SECTION 1.03. Interpretation and Rules of Construction.

(a) In this Agreement, except to the extent otherwise provided or that the context otherwise requires:

(i) when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or Schedule to, this Agreement;

(ii) the table of contents and headings for this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

(iii) whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation”;

(iv) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(v) the word “disclosed” when used in this Agreement in reference to the Seller Disclosure Schedule, means fairly disclosed in the Seller Disclosure Schedule;

(vi) all terms defined in this Agreement have the defined meanings when used in any certificate or other document delivered or made available pursuant hereto, unless otherwise defined therein;

(vii) the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

(viii) references to a Person are also to its successors and permitted assigns;

(ix) the use of “or” is not intended to be exclusive unless expressly indicated otherwise; and

(x) references to sums of money are expressed in lawful currency of the European Union or the PRC, and “€” refers to Euros and “RMB” refers to RenMinBi.

(b) Notwithstanding anything to the contrary contained in the Seller Disclosure Schedule or in this Agreement, the information and disclosures contained in any Section of the Seller Disclosure Schedule shall be deemed to be disclosed and incorporated by reference in any other Section of such Seller Disclosure Schedule as though fully set forth in such other Section to the extent the relevance of such information to such other Section is reasonably apparent. No reference to or disclosure of any item or other matter in any Section of this Agreement, including any Section of the Seller Disclosure Schedule, shall be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed in this Agreement. Without limiting the foregoing, no such reference to or disclosure of a possible breach or violation of any contract, Law or Governmental Order shall be construed as an admission or indication that a breach or violation exists or has actually occurred.

ARTICLE II

PURCHASE AND SALE

SECTION 2.01. Purchase and Sale of the Equity Interests. Upon the terms and subject to the conditions of this Agreement (including the Conditions applicable to the relevant party), at the Closing, the Seller shall sell to the Purchaser, and the Purchaser shall purchase from the Seller, all, but not less than all, of the Equity Interest and each right attaching to the Equity Interest.

SECTION 2.02. Purchase Price. The purchase price for the Acquired Business shall be €150 million (the "Purchase Price").

SECTION 2.03. Closing. Subject to the terms and conditions of this Agreement (including the Conditions applicable to the relevant party), the sale and purchase of the Equity Interest contemplated by this Agreement shall take place at a closing (the "Closing") to be held at Shearman & Sterling LLP, 12th Floor, East Tower, Twin Towers, B-12 Jianguomenwai Dajie, Beijing, PRC, at 10:00 A.M. Beijing time on a date as the Seller and the Purchaser have mutually agreed following the satisfaction or waiver in writing of all Conditions to the obligations of the Seller and the Purchaser set forth in Article VI or at such other place or at such other time or on such other date as the Seller and the Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

SECTION 2.04. Closing Deliveries by the Seller. At the Closing, the Seller shall deliver or cause to be delivered to the Purchaser:

- (a) a receipt for the Purchase Price executed by a duly authorized officer of the Seller;
- (b) a true and complete copy of the resolutions of the board of directors of the Seller evidencing its authorization and approval of the execution and delivery by the Seller of this Agreement and the consummation of the transactions contemplated hereby;
- (c) (i) a true and complete copy of the approval officially granted by the competent branch of MOFCOM in respect of the transfer of the Equity Interest (the

“MOFCOM Approval”), and (ii) a true and complete copy of the amended Approval Certificate for Foreign-Invested Enterprises issued by the competent branch of MOFCOM evidencing the completion of the transfer of the Equity Interest (the “Amended FIE Certificate”);

(d) a true and complete copy of the resignation of Bruno Chevot, Christophe Bombléd and Tang Fei, as legal representative and/or director(s) of the Company, effective immediately as of the Closing;

(e) the Closing Date Employee Schedule;

(f) a capital verification report issued by a duly licensed PRC accounting firm certifying to the due and sufficient contribution of the Additional Registered Capital Contribution by the Seller; and

(g) an updated business license for the Company issued by the AIC reflecting the completion of the Additional Registered Capital Contribution.

SECTION 2.05. Closing Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver to the Seller:

(a) the Purchase Price by wire transfer in immediately available funds to the bank account designated by the Seller in a written notice to the Purchaser delivered no later than ten (10) Business Days prior to the Closing Date; and

(b) a true and complete copy of the resolutions of the board of directors of the Purchaser evidencing its authorization and approval of the execution and delivery by the Purchaser of this Agreement and the consummation of the transactions contemplated hereby.

SECTION 2.06. New Business License. As soon as is reasonably practicable following the Closing Date, the Seller and the Purchaser shall cause the Company to take all actions necessary to obtain an amended business license evidencing the transfer of the Equity Interest to the Purchaser, including without limitation promptly filing all required documents with the AIC.

SECTION 2.07. Post-Closing Reimbursement.

(a) As soon as is reasonably practicable following the Closing Date, but in any event no later than the date forty-five (45) days following the Closing Date, the Purchaser shall procure that the Company prepare and deliver to the Seller and the Purchaser statements reviewed by, and reflecting the comments of, the Company’s Auditors, containing calculations of (i) the Closing Date Net Debt Amount (the “Draft Closing Date Net Debt Statement”) and (ii) the Closing Date Net Working Capital Amount (the “Draft Closing Date Net Working Capital Statement”, and together with the Draft Closing Date Net Debt Statement, the “Draft Closing Date Statement”). During the twenty five (25) day period (the “Review Period”) following the Seller’s receipt of the Draft Closing Date Statement, the Purchaser shall, and shall cause the Company to, make available to the Seller and its Representatives all documents and other

records of the Company relating to the Draft Closing Date Statement reasonably requested by the Seller. On or prior to the last date of the Review Period, each party shall deliver to the other party either a notice confirming that the notifying party accepts the Draft Closing Date Statement (a “Notice of Acceptance”) or a notice indicating its objections to the Draft Closing Date Statement (an “Objection Notice”). If each party delivers to the other party a Notice of Acceptance, or does not deliver to the other party an Objection Notice, on or prior to the last day of the Review Period, the Draft Closing Date Statement shall be deemed to be final and binding on both parties (such statement being the “Closing Date Statement”). If either party timely delivers an Objection Notice to the other party, the parties shall use their reasonable best efforts to reach an agreement with the Company’s Auditors as to the changes, if any, that need to be made to the Draft Closing Date Statement within twenty (20) days following the last date on which a timely Objection Notice was received; provided, however, that the Company’s Auditors shall have the right to make the final determination with respect to any objections raised by either party and such determination shall be final and binding on both parties. The parties shall use their reasonable best efforts to procure that the Company’s Auditors deliver to the Purchaser and the Seller a final and binding Closing Date Statement no later than the date twenty (20) days following the last date on which a timely Objection Notice was received (the date on which the Draft Closing Date Statement is deemed final and binding or the date in which the Closing Date Statement is delivered, as applicable, shall be referred to as the “Reimbursement Determination Date”). The Purchaser and the Seller shall jointly engage the Company’s Auditors to prepare the Closing Date Statement and each be responsible for half of the fees, costs and expenses of the Company’s Auditors relating thereto.

(b) Within ten (10) Business Days following the Reimbursement Determination Date, (i) if the Closing Date Net Debt Amount is a positive number, the Seller shall pay to the Purchaser an amount equal to the Closing Date Net Debt Amount by wire transfer in immediately available funds to the bank account designated by the Purchaser in a written notice to the Seller, and (ii) if the Closing Date Net Debt Amount is a negative number, the Purchaser shall pay to the Seller an amount equal to the absolute amount of the Closing Date Net Debt Amount by wire transfer in immediately available funds to the bank account designated by the Seller in a written notice to the Purchaser.

(c) Within ten (10) Business Days following the Reimbursement Determination Date, (i) if the Closing Date Net Working Capital Amount is inferior to RMB-36,000,000 (minus RMB thirty-six million) (the “Closing Date Net Working Capital Minimum Amount”), the Seller shall pay to the Purchaser an amount equal to the absolute value of the difference between the Closing Date Net Working Capital Amount and the Closing Date Net Working Capital Minimum Amount by wire transfer in immediately available funds to the bank account designated by the Purchaser in a written notice to the Seller, and (ii) if the Closing Date Net Working Capital Amount is equal to, or greater than, the Closing Date Net Working Capital Minimum Amount, the Seller shall issue a written notice that no further reimbursement in relation to this Section 2.07(c) is due to the Purchaser.

(d) If the Closing Date Net Debt Amount is a negative number, it can be partly or wholly credited against any payment due by the Seller to the Purchaser in relation to 2.07(c).

ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF THE SELLER

SECTION 3.01. General Warranties. The Seller hereby represents and warrants to the Purchaser, subject to such exceptions as disclosed in writing in the Seller Disclosure Schedule:

(a) The Seller is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(b) The Seller has the power and authority to execute and deliver this Agreement and to perform its obligations set out in and contemplated under this Agreement; the execution, delivery and performance of this Agreement by the Seller do not and will not require (i) any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority or (ii) any third party consent, approval, authorization or action on the part of the Seller, other than (x) as described in Section 3.01(b) of the Seller Disclosure Schedule, (y) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Seller of the transactions contemplated by this Agreement; or (z) as may be necessary as a result of any facts or circumstances relating solely to the Purchaser or any of its Affiliates.

(c) The Seller is not insolvent, in liquidation or receivership. The Seller has not taken any step to enter liquidation and there is no grounds on which a petition or application could be based for its winding up or receivership.

(d) This Agreement constitutes legal, valid and binding obligations of the Seller enforceable in accordance with its terms. Assuming that all consents, approvals, authorizations and other actions described in Section 3.01(b) of the Seller Disclosure Schedule have been obtained, all filings and notifications listed in Section 3.01(b) of Seller Disclosure Schedule have been made, any applicable waiting period has expired or been terminated and except as may result from any facts or circumstances relating solely to the Purchaser or its Affiliates, the execution, delivery and performance of this Agreement by the Seller do not and will not (i) violate, conflict with or result in the breach of any provision of the certificate of incorporation, bylaws, articles of association or similar organizational documents of the Seller or the Company or (ii) conflict with or violate any Law or Governmental Order applicable to the Seller or the Company; except, in the case of clause (ii), as would not (x) materially and adversely affect the ability of the Seller to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement or (y) otherwise have a Material Adverse Effect.

(e) This Agreement has been duly authorized, executed and delivered by the Seller.

(f) The execution by the Seller of this Agreement, and the performance by the Seller of its obligations under this Agreement, do not and will not result in the breach of, or constitute a default under, any contract to which the Seller, or any of its assets is bound, except as would not materially and adversely affect the ability of the Seller to carry out its obligations under, and to consummate the transactions contemplated by the Agreement.

SECTION 3.02. Company Warranties. The Seller hereby represents and warrants to the Purchaser:

(a) The Company is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation.

(b) The RMB 240,000,000 registered capital of the Company has been fully paid up as of the date hereof.

(c) The Equity Interest constitutes the entire shareholding and equity interest of the Company. At the Closing, the Seller will transfer and convey, and the Purchaser will acquire good and valid title to, the Equity Interest, free and clear of all Encumbrances. There are no options, warrants, convertible securities or other rights, agreements, arrangements (including any trust arrangements) or commitments relating to the registered capital or equity interests of the Company or obligating either the Seller or the Company to issue, sell or transfer any registered capital or other equity interests in the Company.

(d) There is no claim, litigation, arbitration, prosecution or other legal proceedings in progress or, pending or, to the Knowledge of Seller, threatened against the Company, which, individually or in the aggregate, have or would reasonably be expected to have a Material Adverse Effect.

(e) The Company has all necessary corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its Business as it has been and is currently conducted.

(f) Section 3.02(f) of the Seller Disclosure Schedule lists each parcel of land and the buildings thereupon used by the Company in connection with the Business other than Leased Real Property (the "Owned Real Property"). Except as would not have a Material Adverse Effect, the Company has obtained and maintains good and valid title to each such parcel of land and each building listed in Section 3.02(f) of the Seller Disclosure Schedule.

(g) Section 3.02(g) of the Seller Disclosure Schedule lists the street address of each parcel of Leased Real Property. Except as would not have a Material Adverse Effect, the Company is not in default under the terms of the lease agreement in respect of any such parcel. True and complete copies of each such lease agreement have been made available to the Purchaser.

(h) Except for matters that would not have a Material Adverse Effect, (a) all Tax Returns required to have been filed by or with respect to the Company have been

timely filed (taking into account by extension of time file granted or obtained) and such Tax Returns are true and accurate; (b) all Taxes shown to be payable on such Tax Returns have been paid or will be timely paid; (c) no deficiency for any material amount of Tax has been asserted or assessed by a Governmental Authority in writing against the Company that has not been satisfied by payment, settled or withdrawn; and (d) the Company has provided all information and maintained all records in relation to Tax as required under applicable Law.

(i) Except as would not have a Material Adverse Effect and except as disclosed in Section 3.02(i) of Seller Disclosure Schedule, to the Knowledge of the Seller, the use of the Intellectual Property by the Company in connection with the operation of the Business as currently conducted does not infringe, misappropriate or otherwise violate the Intellectual Property rights of any other Person.

(j) Except as would not have a Material Adverse Effect, the Company is in compliance in all material respects with all applicable Environmental Laws.

(k) Except as (i) set forth of Section 3.02(k) of the Seller Disclosure Schedule or (ii) would not have a Material Adverse Effect, as of the date hereof, the Company has complied in all material respects with all applicable Laws related to employment or labor relations, including without limitation, those relating to minimum wages, benefits, social insurance contributions, housing provident fund and conditions of service.

(l) Except as would not have a Material Adverse Effect, all subsidies received by the Company and all Tax rebates or other financial incentives granted to the Company by any Governmental Authority were granted in compliance with applicable Law and the Company has not made any misrepresentations to any Governmental Authority in connection with obtaining any such subsidies, rebates or incentives and to the Knowledge of the Seller, the Company currently has no obligation to repay any such subsidies, rebates or incentive amounts.

(m) Except as would not have a Material Adverse Effect, since its incorporation, the Company has complied with, and the Business of the Company has been conducted in compliance with, all requirements under applicable tax Law.

(n) Since its incorporation, the Company has complied in all material respects with, and the Business of the Company has been conducted in material compliance with, all requirements under applicable Law other than tax Law.

(o) The Company has maintained books of account and other financial and corporate records in compliance, in all material respects, with applicable Law.

(p) The Company owns the domain names described in Section 3.02(p) of the Seller Disclosure Schedule.

(q) The consolidated balance sheet of the Company as of December 31, 2014 and the consolidated income statement and the consolidated cash flow statement of the Company for the year ended December 31, 2014 gave a true and fair view of the assets

and liabilities and state of affairs of the Company as of December 31, 2014 and of the profits and losses, cash flows and changes in shareholder equity of the Company for the year ended December 31, 2014.

(r) The unaudited consolidated results of the Company for the nine (9) months ended September 30, 2015 were prepared in accordance with PRC GAAP on a consistent basis and fairly represent the assets, liabilities, profits and losses of the Company as of and for the period ended September 30, 2015 (such results, together with the financial statements described in paragraph (q) of this Section 3.02, the “Financial Statements”).

(s) Except as would not have a Material Adverse Effect, the Company has no liabilities (contingent or otherwise) that are not reflected in the Financial Statements other than liabilities incurred after September 30, 2015 in the ordinary course of business consistent with past practice.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

SECTION 4.01. General Warranties. The Purchaser hereby represents and warrants to the Seller, subject to such exceptions as disclosed in writing in Exhibit 4.01(b) this Agreement:

(a) The Purchaser is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation;

(b) The Purchaser has the power and authority to execute and deliver this Agreement and to perform its obligations set out in and contemplated under this Agreement; the execution, delivery and performance of this Agreement by the Purchaser do not and will not require (i) any consent, approval, authorization or other order of, action by, filing with or notification to, any Governmental Authority or (ii) any third party consent, approval, authorization or action on the part of the Purchaser or its shareholders, other than (x) as described in Exhibit 4.01(b) of this Agreement; (y) where failure to obtain such consent, approval, authorization or action, or to make such filing or notification, would not prevent or materially delay the consummation by the Purchaser of the transactions contemplated by this Agreement; or (z) as may be necessary as a result of any facts or circumstances relating solely to the Seller or any of its Affiliates.

(c) The Purchaser is not insolvent, in liquidation or receivership. It has not taken any step to enter liquidation and there is no grounds on which a petition or application could be based for its winding up or receivership.

(d) This Agreement constitutes legal, valid and binding obligations of the Purchaser enforceable in accordance with its terms. Assuming that all consents, approvals, authorizations and other actions described in Exhibit 4.01(b) of this Agreement have been obtained, all filings and notifications listed in Exhibit 4.01(b) of this Agreement have

been made, any applicable waiting period has expired or been terminated and except as may result from any facts or circumstances relating solely to the Seller or its Affiliates, the execution, delivery and performance of this Agreement by the Purchaser do not and will not (i) violate, conflict with or result in the breach of any provision of the certificate of incorporation, bylaws, articles of association or similar organizational documents of the Purchaser or (ii) conflict with or violate any Law or Governmental Order applicable to the Purchaser; except, in the case of clause (ii), as would not (x) materially and adversely affect the ability of the Purchaser to carry out its obligations under, and to consummate the transactions contemplated by, this Agreement or (y) otherwise have a Material Adverse Effect.

(e) This Agreement has been duly authorized, executed and delivered by the Purchaser.

ARTICLE V

ADDITIONAL AGREEMENTS

SECTION 5.01. Conduct of Business Prior to the Closing. The Seller covenants and agrees that, except as described in Section 5.01 of the Seller Disclosure Schedule, as contemplated, permitted or required by this Agreement or any of the Ancillary Agreements or as required by applicable Law, between the date hereof and the Closing, the Seller shall cause the Company to (i) conduct its business in the ordinary course in all material respects, including without limitation: (A) making or committing to appropriate capital expenditures in a timely manner, (B) maintaining marketing spending at levels consistent with past practice and (C) satisfying accounts payable and collecting accounts receivable in a manner consistent with past practice; and (ii) take all reasonable steps to preserve intact the business organization of the Company and to preserve and retain the goodwill of the Company and, in particular, of the trademarks used in the conduct of the Business. The Seller shall allow access, upon reasonable written notice and during normal business hours, by the Purchaser's representatives to such books and records of the Company as are reasonably necessary for the Purchaser to ascertain compliance by the Seller with the undertakings of the Seller set forth in this Agreement. The Seller shall, within five (5) Business Days following the date hereof, cause the Company to announce to its employees the appointment of the individuals listed in Section 5.01(h) of the Seller Disclosure Schedule as the new management team of the Company. Except as described in Section 5.01 of the Seller Disclosure Schedule, as contemplated, permitted or required by this Agreement or as required by applicable Law, the Seller covenants and agrees that, between the date hereof and the Closing, without the prior written consent of the Purchaser (such consent not to be unreasonably withheld, delayed or conditioned), the Company will not:

(a) issue or sell any interest in its registered capital (or any option, warrant or other right to acquire the same);

(b) amend or restate its Articles of Association (or similar organizational documents);

(c) change any method of accounting or accounting practice or policy used by it, other than such changes as are mandatorily required by generally accepted accounting principles in effect or a Governmental Authority in the PRC;

(d) fail to exercise any rights of renewal with respect to any of its material Leased Real Property, excluding the Kerry Parkside Leased Property, that by its terms would otherwise expire;

(e) settle or compromise any material claims in excess of RMB 500,000;

(f) conduct any transaction with the Seller or any Affiliate of the Seller other than in the ordinary course of business on an arms' length basis;

(g) sell, transfer, mortgage, encumber, lease, sublease, license or otherwise dispose of, in whole or in part, any material properties, rights or assets (including without limitation real or personal property, Intellectual Property or other intangible property or, leasehold interests) owned, used or operated by the Company, other than the sale of inventory in the ordinary course of business consistent with last practice;

(h) terminate other than for cause the employment of any of the individuals holding the positions described in Section 5.01(h) of the Seller Disclosure Schedule;

(i) waive any material receivables or offer or accept any discount in respect of such receivables other than discounts extended in the ordinary course and consistent with last practice; or

(j) enter into, extend, materially amend, cancel or terminate any Material Contract or agreement which if entered into prior to the date hereof would be a Material Contract, other than customer, supplier or other contracts entered into in the ordinary course of business consistent with its past practice; or

(k) agree to take any of the actions specified in Sections 5.01(a) – (j).

SECTION 5.02. Confidentiality.

(a) From and after the date hereof, each party hereto (i) shall, and shall cause its Affiliates and its and their respective Representatives, to the extent such Persons have received any Confidential Information, to maintain in strictest confidence any and all Confidential Information and (ii) shall not disclose, and shall cause its Representatives, its Affiliates and their respective Representatives not to disclose any Confidential Information to any other Person.

(b) Notwithstanding Section 5.02(a), a party hereto which receives Confidential Information may disclose such information (i) to its Affiliates or its or their respective Representatives whose function requires him/her to have such Confidential Information and who shall be subject to confidentiality obligations at least as protective as the terms set forth in this Section 5.02, (ii) to its professional advisors who are actively and directly participating in the transactions contemplated under this Agreement, and who shall be subject to

confidentiality obligations at least as protective as the terms set forth in this Section 5.02; and (iii) to the extent such disclosure is required by Law or legal process, in which event the party making such disclosure or whose Affiliates or Representatives are making such disclosure shall so notify the other party as promptly as practicable (and, if possible, prior to making such disclosure) in order to enable the disclosing party to seek an appropriate protective order or other remedy, to consult with the disclosing party with respect to the disclosing party taking steps to resist or narrow the scope of such request or legal process, or to waive compliance, in whole or in part, with the terms of this Section 5.02. In the event that such protective order or other remedy is not obtained, or that the disclosing party waives compliance, in whole or in part, with the terms of this Section 5.02, the receiving party or its Representative will disclose only that portion of the Confidential Information which the receiving party is advised by counsel is legally required to be disclosed.

SECTION 5.03. Regulatory and Other Authorizations; Notices and Consents.

Upon the terms and subject to the conditions of this Agreement, each of the Purchaser on the one hand and the Seller on the other, (a) agrees to file and submit (or cause to be filed and submitted) promptly after the date of this Agreement and to prosecute diligently any and all applications or notices required to be filed or submitted to any Governmental Authorities, and (b) agrees to use its commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws or otherwise to consummate the transactions contemplated by this Agreement, including using its commercially reasonable efforts to obtain all consents, approvals, authorizations, qualifications and orders of Governmental Authorities necessary for the consummation of the transactions contemplated by this Agreement. Each of the Purchaser on the one hand and the Seller on the other, shall promptly make available to the other such information as each of them may reasonably request as may be required by each of them to prepare and file or submit such applications and notices and any additional information requested by any Governmental Authority, and shall update by amendment or supplement any such information given in writing.

SECTION 5.04. Seller Disclosure Schedule. Prior to the Closing Date, each of the Purchaser and the Seller shall promptly notify the other party in writing of any fact, change, condition, circumstance or occurrence or nonoccurrence of any event, (i) in the case of the Purchaser, of which the Purchaser is aware, that will or is reasonably likely to result in any of the Conditions set forth in Section 6.01 of this Agreement becoming incapable of being satisfied; and (ii) in the case of the Seller, of which the Seller has Knowledge, that will or is reasonably likely to result in any of the Conditions set forth in Section 6.02 of this Agreement becoming incapable of being satisfied. The Seller may, prior to the Closing Date, deliver to the Purchaser modifications, changes or updates to the Seller Disclosure Schedule in order to disclose or take into account facts, matters or circumstances which would have been required to be set forth or described in such Seller Disclosure Schedule had they occurred prior to the date hereof. If, upon receipt of such supplement or amendment of any section of the Seller Disclosure Schedule, the Purchaser believes it has the right, and elects, to terminate this Agreement pursuant to Section 8.01(d), then such termination shall be the Purchaser's sole and exclusive remedy relating to matters set forth in amendments or supplements to any section of the Seller Disclosure Schedule. Unless the Purchaser delivers a notice to the Seller to terminate this Agreement pursuant to Section 8.01(d) within fifteen (15) Business Days following the Purchaser's receipt of any modifications, changes or updates to the Seller Disclosure Schedule from the Seller,

notwithstanding any other provision hereof to the contrary, the Seller Disclosure Schedule and the representations and warranties made by the Seller shall be deemed for all purposes to include and reflect such supplements and amendments as of the date hereof and at all times thereafter, including as of the Closing Date.

SECTION 5.05. Taxes.

(a) Each party agrees to pay its share of the Taxes that may be imposed upon it, or payable by it or collectible from it in connection with the sale of the Equity Interest pursuant to this Agreement as required by Law or any Governmental Authority.

(b) The Seller shall be responsible and liable for any Taxes the Seller or its Affiliates may be required to pay resulting from the sale of the Equity Interest or the performance of the Ancillary Agreements.

(c) The Seller and the Purchaser agree to cooperate in the execution and delivery of all instruments and certificates necessary to enable each party to comply with any post-Closing filing requirements.

(d) The Purchaser shall prepare, or cause to be prepared, all Tax Returns for the Company that are required to be filed after the Closing Date. The Purchaser shall prepare, or cause to be prepared, such Tax Returns consistently with the past practice of the Company in filing its Tax Returns. The Purchaser shall provide the Seller with a draft of any such Tax Return (including relevant work papers) that relates to a taxable period (or portion thereof) ending on or before the Closing Date at least twenty (20) days prior to the due date for the filing of such Tax Return. The Purchaser shall permit the Seller to review, comment on and approve in writing (such approval not to be unreasonably withheld, conditioned or delayed) each such Tax Return prior to finalizing such Tax Return. The Purchaser shall timely file, or cause to be timely filed, with the applicable Governmental Authority, each such Tax Return.

(e) Without the prior written consent of the Seller, unless expressly required by applicable Law, the Purchaser shall not (i) cause or permit any amendment of any Tax Return of the Company for any taxable period (or portion thereof) ending on or before the Closing Date or (ii) enter into any voluntary disclosure Tax program, agreement or arrangement with a Governmental Authority.

(f) The Purchaser shall promptly notify the Seller in writing upon receipt of any notice of any pending or threatened claim, audit, notice of deficiency, examination, assessment, or any other proceeding (collectively a "Tax Claim") which may affect any Tax liability for which the Seller may be liable pursuant to Section 7.02. The Seller shall have the right to (i) represent the interests of the Company in any Tax Claim for which the Seller will be solely liable and (ii) employ counsel of its choice in connection therewith; provided, however, that with respect to any such Tax Claim, (x) the Purchaser shall have the right, directly or through its designated representatives, to review in advance and comment upon all submissions made in the course of such Tax Claim and otherwise participate in such Tax Claim and (y) to the extent that the settlement of the Tax Claim may adversely impact the Tax liability of the Purchaser or the Company in a taxable period (or portion thereof) ending after the Closing Date,

such Tax Claim shall not be settled or otherwise disposed of without obtaining the prior written consent of the Purchaser, which shall not be unreasonably withheld, conditioned or delayed. The Purchaser shall control all other Tax Claims; provided, however, that to the extent that such Tax Claim relates to the portion of a taxable period ending on the Closing Date, the Seller shall have the right, directly or through its designated representatives, to review in advance and comment upon all submissions made in the course of such Tax Claim and otherwise participate at its own expense in such Tax Claim, and none of the Purchaser, the Company or any of their respective Affiliates shall settle or otherwise dispose of any such Tax Claim without obtaining the prior written consent of the Seller, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding anything to the contrary in this Agreement, this Section 5.05(f), shall control with respect to any Tax Claim.

SECTION 5.06. MOFCOM Approval. The Seller and the Purchaser acknowledge and agree that the closing of the transactions contemplated by this Agreement shall be subject to the receipt of the MOFCOM Approval and the Amended FIE Certificate. As soon as is reasonably practicable following the date of this Agreement, the Seller shall cause the Company to file all documents required by the relevant authorities in connection with the MOFCOM Approval and the Amended FIE Certificate. The Purchaser shall provide to the Seller such information and data within the Purchaser's possession, and provide all such assistance as is reasonably required by the Seller or the Company in connection with the efforts of the Company and the Seller to obtain the MOFCOM Approval and the Amended FIE Certificate.

SECTION 5.07. Antitrust Approval. The Seller and the Purchaser acknowledge that a filing to the Anti-Trust Clearance Authority pursuant to PRC Anti-Monopoly Law may be necessary in connection with the transactions contemplated by this Agreement (the "Anti-Trust Approval"). If the parties determine that the Anti-Trust Approval is required, the Purchaser shall promptly submit the Anti-Trust Submission Documents to the Anti-Trust Clearance Authority following the date of this Agreement. The Seller shall cause the Company to provide to the Purchaser such information and data within the Company's possession as is reasonably required by the Purchaser in connection with the Purchaser's efforts to obtain the Anti-Trust Approval.

SECTION 5.08. Recapitalization. The Seller agrees that it shall undertake a recapitalization of the Company prior to the Closing Date and/or implement such other measures as it deems reasonably necessary with an aim to achieve a Closing Date Net Debt Amount of zero at the Closing.

SECTION 5.09. Termination of the Kerry Parkside Lease Agreement. The Seller shall promptly following the date hereof deliver a termination notice in respect of the Kerry Parkside Lease Agreement and shall use all commercially reasonable efforts to reduce the amount of any applicable early termination fees and expenses payable by the Company thereunder. The Seller shall ensure that the Company pays in a timely manner all rent and related fees or expenses due in respect of the Kerry Parkside Leased Property for periods ending prior to the Closing. For the avoidance of doubt, the Seller shall not be responsible for (i) any early termination fees or penalties or (ii) any rent, fees or other expenses under or in relation to the Kerry Parkside Lease Agreement in respect of any period following the Closing.

SECTION 5.10. Further Action.

(a) The parties hereto shall, and shall cause their respective Affiliates to, use commercially reasonable efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under applicable Law, and to execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

(b) Each of the parties hereto shall, and shall cause its Affiliates to, use commercially reasonable efforts to obtain all necessary consents required to be obtained by it from third parties (other than Governmental Authorities) in connection with the transactions contemplated by this Agreement. Each of the parties hereto shall, and shall cause its Affiliates to, provide reasonable assistance to the other party in obtaining such consents, including (subject to applicable confidentiality restrictions) providing such financial and other information as shall be reasonably requested by such third parties.

SECTION 5.11. Non-Competition. During the period commencing on the Closing Date and ending on the earliest of (i) the fourth (4th) anniversary of the Closing Date, (ii) the date on which the Seller and its Affiliates own in the aggregate less than twenty percent (20%) of the issued and outstanding shares of Yashili ListCo and (iii) the date on which any Law requiring any production or processing of infant milk formula in the Territory as a condition to the sale within the Territory of such infant milk formula becomes effective, the Seller shall not, and shall cause its Affiliates not to, (i) conduct any Competing Business or (ii) acquire an interest of more than fifteen percent (15%) in a company that derived more than sixty percent (60%) of its revenue in the most recent fiscal year from Competing Business.

SECTION 5.12. Employee Retention.

(a) As requested by the Purchaser, the Seller shall ensure that as of the Closing Date, the Company shall not have any employees other than those employees described in Section 5.12(a) of the Seller Disclosure Schedule (the “Target Employees”); provided, however, that the Seller is not representing or covenanting that any of the Target Employees will remain employed by the Company as of the Closing Date; and provided further, that the Seller may cause the Company to hire new employees to replace any of the Target Employees who resign, subject to the prior written consent of the Purchaser (such consent not to be unreasonably withheld).

(b) The Seller shall ensure that the Company does not terminate any of the Target Employees prior to Closing other than for cause.

(c) During the period commencing on the date hereof and ending on the first anniversary of the Closing Date, the Seller shall not, and shall cause its Affiliates not to, employ or solicit for employment any of the Target Employees, excepting Target Employees seconded to the Company by the Seller or an Affiliate of the Seller, without the prior approval of the Purchaser.

(d) During the period commencing on the date hereof and ending on the first anniversary of the Closing Date, the Purchaser shall not, and shall cause its Affiliates not to, employ or solicit for employment any of the ELN China employees.

(e) For the purpose of encouraging employees of the Company to continue working with the Company following the Closing, (i) the Seller shall cause the Company to pay, prior to the Closing Date, to each of the employees of the Company set forth in a schedule (the “Closing Date Employee Schedule”) to be delivered by the Seller to the Purchaser at the Closing (the “Closing Date Employees”) the amount set forth opposite such Closing Date Employee’s name on such schedule (each such amount being the “Employee Retention Amount” in respect of such employee) and (ii) on the date (the “Distribution Date”) six months following the Closing Date (or the next Business Day thereafter if such date is not a Business Day), the Purchaser shall cause the Company to pay to each of the Closing Date Employees who remains in the employ of the Company as of the Distribution Date an amount equal to the Employee Retention Amount payment made by the Seller to such Closing Date Employee on or immediately prior to the Closing Date. The Seller shall reimburse the Company for any such payment made to the Closing Date Employees under (ii) above within ten (10) Business Days after delivery by the Company of evidence of payment of such amounts reasonably satisfactory to the Seller.

(f) The Purchaser shall pay, in the aggregate, an amount no less than the aggregate of all Employee Retention Amounts paid by or on behalf of the Seller pursuant to paragraph (e) of this Section 5.12, to certain employees of the Company above and beyond any salary and benefits to which such employees are entitled.

SECTION 5.13. Removal of the EaZyPack Line. The Purchaser and the Seller acknowledge that the Seller intends to remove the EaZyPack Line from the Company prior to the Closing. The Seller will be solely responsible for the costs of such removal, including any Taxes imposed on the Company with respect to such removal.

SECTION 5.14. Release of Claims. The Seller shall release and hold harmless, effective as of the Closing, the Company and the Company’s officers, directors, shareholders, Representatives, successors and assigns from any and all claims, causes of action or legal remedies, whether or not known or discovered, in existence as of the Closing Date arising out of, or in relation to, any breach or alleged breach by the Company of any of its obligations under any contract or agreement between the Company and the Seller or any Affiliate of the Seller.

SECTION 5.15. Title Certificates.

(a) Commencing on the date hereof, the Seller shall use all commercially reasonable efforts to obtain, prior to the date two (2) years following the Closing Date (the “Corrected Certificate Deadline”), one or more certificates issued by the appropriate Governmental Authorities evidencing that the Company has good and valid title to the factory floor space described in Section 5.15 of the Seller Disclosure Schedule (“Corrected Title Certificates”). The Purchaser shall use all commercially reasonable efforts to cooperate with, and facilitate the efforts of, and, following the Closing, to cause the Company to cooperate with, and facilitate the efforts of, the Seller to obtain Corrected Title Certificates, including without limitation causing the Company to make available to the Seller in a timely manner such

information and documentation within the Company's possession as may be reasonably required by the Seller.

(b) In the event that the Seller is unable to procure the issuance by the appropriate Governmental Authorities of the Corrected Title Certificates on or prior to the Corrected Certificate Deadline, the Purchaser and the Seller shall jointly designate an independent appraisal firm (the "Independent Appraiser"), which shall be one of the firms listed in Section 5.15(b) of the Seller Disclosure Schedule, to determine, as of the date on which the Independent Appraiser commences work, the excess of the fair market value of the Owned Real Property with Corrected Title Certificates over the fair market value of the Owned Real Property with such certificates of title as the Seller or the Company shall have obtained as of the date on which the Independent Appraiser commences work (the "Reduced Value Amount"). The Purchaser and the Seller shall each use all commercially reasonable efforts to (i) jointly designate the Independent Appraiser within thirty (30) days following the Corrected Certificate Deadline and (ii) procure that the Independent Appraiser issues a report in English and Chinese setting out the Reduced Value Amount, as well as the manner in which it calculated the Reduced Value Amount, no later than thirty (30) days following the date on which it commences work. Absent manifest error by the Independent Appraiser, the Independent Appraiser's report shall be final and binding on both parties.

(c) The Purchaser and the Seller agree, and shall instruct the Independent Appraiser, that the Independent Appraiser shall conduct its appraisal in accordance with applicable PRC Law regarding the appraisal of real estate and on the assumption that the purchaser of the Owned Real Property will use the Owned Real Property solely for industrial purposes.

(d) Within ten (10) Business Days following the receipt by the Seller of the final and binding Independent Appraiser's report, the Seller shall pay to the Purchaser by wire transfer in immediately available funds to the bank account designated by the Purchaser in a written notice to the Seller, an amount equal to the lower of (A) the Reduced Value Amount and (B) RMB 21,000,000.

(e) The limits on indemnification set forth in Section 7.04 shall not apply to Seller's obligations under this Section 5.15 and amounts paid in satisfaction of such obligations shall not be taken into account in calculating the aggregate amount of Losses which have been indemnified for purposes of determining whether the maximum indemnifiable amount set forth in Section 7.04 has been exceeded.

ARTICLE VI

CONDITIONS TO CLOSING

SECTION 6.01. Conditions to Obligations of the Seller. The obligations of the Seller to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or written waiver, at or prior to the Closing Date, of each of the following Conditions:

(a) Representations, Warranties and Covenants. (i) The representations and warranties of the Purchaser contained in this Agreement (A) that are not qualified by a “materiality” qualification shall be true and correct in all material respects as though such representations and warranties had been made on and as of the Closing Date; and (B) that are qualified by a “materiality” qualification shall be true and correct in all respects as so qualified as though such representations and warranties had been made on and as of the Closing Date (except to the extent such representations and warranties are made as of another date, in which case such representations and warranties shall be true and correct in the manner set forth in the foregoing clauses (A) or (B), as applicable, as of such other date); and (ii) the covenants and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects;

(b) Governmental Approvals. The MOFCOM Approval shall have been issued by the competent branch of MOFCOM;

(c) Consents and Approvals. The consents and approvals as described in Section 3.01(b) of the Seller Disclosure Schedule and Exhibit 4.01(b) of this Agreement, other than registration with the AIC, shall have been obtained; and

(d) No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Governmental Order that prohibits or makes illegal the purchase of the Equity Interest contemplated by this Agreement.

SECTION 6.02. Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or written waiver, at or prior to the Closing Date, of each of the following Conditions:

(a) Representations, Warranties and Covenants. (i) The representations and warranties of the Seller contained in this Agreement shall be true and correct in all respects as though such representations and warranties had been made on and as of the Closing Date (except, to the extent such representations and warranties are made as of another date, in which case such representations and warranties shall be true and correct in all respects as of such other date); except, in each case, for such failures to be true and correct as would not have, individually or in the aggregate, a Material Adverse Effect; and (ii) the covenants and agreements (including those set forth in Section 5.01) contained in this Agreement to be complied with by the Seller on or before the Closing shall have been complied with in all material respects;

(b) Governmental Approvals. The MOFCOM Approval shall have been issued by the competent branch of MOFCOM;

(c) Consents and Approvals. The consents and approvals as described in Section 3.01(b) of the Seller Disclosure Schedule and Exhibit 4.01(b) of this Agreement, other than registration with the AIC, shall have been obtained;

(d) Resignation of Directors. Each of Bruno Chevot, Christophe Bomble and Tang Fei shall have tendered his/her resignation, as legal representative and/or director(s) of the Company, effective immediately as of the Closing Date;

(e) No Order. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law or Governmental Order that prohibits or makes illegal the purchase of the Equity Interest contemplated by this Agreement; and

(f) Execution of Agreements. The Ancillary Agreements shall have been duly executed by the parties thereto.

ARTICLE VII

NON-SURVIVAL; REMEDIES

SECTION 7.01. Non-Survival of Representations and Warranties. The representations and warranties of the parties hereto contained in this Agreement shall survive the Closing for a period of eighteen (18) months after the Closing; provided, however, that any claim made with reasonable specificity by the party seeking to be indemnified within the time periods set forth in this Section 7.01 shall survive until such claim is finally resolved. None of the covenants or agreements contained in this Agreement shall survive the Closing other than those which by their terms contemplate performance after the Closing and such surviving covenants and agreements shall survive the Closing only until the expiration of the term of the undertaking set forth in such agreements and covenants. For all purposes of this Article VII, in determining whether any breach of any representation or warranty other than the representations and warranties set forth in paragraphs (h), (m) and (n) of Section 3.02 has occurred, the terms “material”, “Material Adverse Effect” and other similar qualifications based upon materiality shall be disregarded and given no effect.

SECTION 7.02. Indemnification by the Seller. The Purchaser and its Affiliates, officers, directors, employees and agents (each a “Purchaser Indemnified Party”) shall from and after the Closing be indemnified and held harmless by the Seller for and against all losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including reasonable attorneys’ and consultants’ fees and expenses) actually suffered or incurred by them (hereinafter a “Loss”), arising out of or resulting from (a) the breach of any representation or warranty made by the Seller contained in this Agreement; or (b) the breach of any covenant or agreement by the Seller contained in this Agreement.

SECTION 7.03. Indemnification by the Purchaser. The Seller and its Affiliates, officers, directors, employees and agents (each, a “Seller Indemnified Party”, collectively with the “Purchaser Indemnified Party”, an “Indemnified Party”) shall from and after the Closing be indemnified and held harmless by the Purchaser for and against any and all Losses, arising out of or resulting from: (a) the breach of any representation or warranty made by the Purchaser contained in this Agreement; (b) the breach of any covenant or agreement by the Purchaser contained in this Agreement; or (c) any claim or cause of action by any Person against any Seller Indemnified Party in connection with or relating to the operations of the Company or any of its Subsidiaries from and after the Closing, except to the extent the Seller is obligated to indemnify

the Purchaser Indemnified Parties pursuant to Section 7.02 in respect of such claim or cause of action.

SECTION 7.04. Limits on Indemnification.

(a) No claim may be asserted nor may any Action be commenced against a party hereto for breach of any representation, warranty, covenant or agreement contained herein, unless written notice of such claim or Action is received by such party describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or Action on or prior to the date on which the representation, warranty, covenant or agreement on which such claim or Action is based ceases to survive as set forth in Section 7.01.

(b) Notwithstanding anything to the contrary contained in this Agreement and except as provided in Sections 5.15 and 7.06: (i) the Seller shall not be liable for any Losses pursuant to Section 7.02, unless and until the aggregate amount of indemnifiable Losses which may be recovered from the Seller exceeds RMB 18,000,000, whereupon the Purchaser shall be entitled to indemnification for the amount of all such Losses; (ii) no Losses may be claimed under Section 7.02 or shall be reimbursable by or shall be included in calculating the aggregate Losses set forth in clause (i) above other than Losses in excess of RMB 250,000 resulting from any single claim or series of related claims arising out of the same facts, events or circumstances; (iii) the maximum amount of indemnifiable Losses which may be recovered from the Seller arising out of or resulting from the causes set forth in Section 7.02 shall be an amount equal to RMB 100,000,000; and (iv) no action or inaction by the Seller, its Affiliates or any of their respective Representatives shall be deemed to be a breach of any representation, warranty, covenant or agreement in this Agreement for any purpose hereunder, and none of the Purchaser, its Affiliates or their respective Representatives shall have any claim or recourse against the Seller, any of its Affiliates or any of their respective Representatives with respect to such action or inaction, under this Article VII or otherwise, if (A) the Seller was required or permitted to take such action or required or permitted not to take such action, in each case, pursuant to the terms of this Agreement or any Ancillary Agreement or if the Seller was required to take or not to take such action under applicable Law; or (B) the Purchaser or any of its Affiliates has directed or requested the Seller, any of its Affiliates or any of their respective Representatives to take or not take such action, as the case may be.

(c) Notwithstanding anything to the contrary contained in this Agreement, after the Closing, none of the parties hereto shall have any liability under any provision of this Agreement for any punitive, incidental, consequential, special or indirect damages, including loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, regardless of whether such damages were foreseeable.

(d) For all purposes of this Article VII, "Losses" shall be net of (i) any recovery or benefit (including insurance and indemnification) payable to the Indemnified Party or any of its Affiliates in connection with the facts giving rise to the right of indemnification and, if the Indemnified Party or any of its Affiliates receives such recovery or benefit after receipt of payment from the indemnifying party, then the amount of such recovery or benefit, net of reasonable expenses incurred in obtaining such recovery or benefit, shall be paid to the indemnifying party; (ii) any Tax benefit available to the Indemnified Party or any of its Affiliates

arising in connection with the accrual, incurrence or payment of any such Losses (including the net present value of any Tax benefit arising in subsequent taxable years); and (iii) any amount reserved on the Financial Statements with respect to such Loss.

(e) Each party hereto shall, and shall cause its respective Affiliates to, take all reasonable steps to mitigate its Losses upon and after becoming aware of any event that could reasonably be expected to give rise to any Losses.

SECTION 7.05. Notice of Loss; Third Party Claims

(a) An Indemnified Party shall give the indemnifying party notice in reasonable detail of any matter which an Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement, within 30 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises.

(b) If an Indemnified Party shall receive notice of any Action, audit, claim, demand or assessment against it (each, a “Third-Party Claim”), which may give rise to a claim for Loss under this Article VII, within 30 days of the receipt of such notice (or within such shorter period as may be required to permit the indemnifying party to respond to any such claim), the Indemnified Party shall give the indemnifying party notice of such Third-Party Claim together with copies of all notices and documents served on or received by the Indemnified Party in respect thereof. The indemnifying party shall be entitled to assume and control the defense of such Third-Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within 30 days of the receipt of such notice from the Indemnified Party. If the indemnifying party elects to undertake any such defense against a Third-Party Claim, the Indemnified Party may participate in such defense at its own expense. The Indemnified Party shall cooperate with the indemnifying party in such defense and make available to the indemnifying party, at the Indemnified Party’s expense, all witnesses, pertinent records, materials and information in the Indemnified Party’s possession or under the Indemnified Party’s control relating thereto (or in the possession or control of any of its Affiliates or its or their Representatives) as is reasonably requested by the indemnifying party or its counsel. If the indemnifying party elects to direct the defense of any such Third-Party Claim, the Indemnified Party shall not pay, or permit to be paid, any part of such Third-Party Claim unless the indemnifying party consents in writing to such payment or the indemnifying party withdraws from the defense of such Third-Party Claim or a final judgment from which no appeal may be taken by or on behalf of the indemnifying party is entered against the Indemnified Party for such Third-Party Claim. If the Indemnified Party assumes the defense of any such Third-Party Claim pursuant to this Section 7.05 and proposes to settle such Third-Party Claim prior to a final judgment thereon or to forgo any appeal with respect thereto, then the Indemnified Party shall give the indemnifying party prompt written notice thereof and the indemnifying party shall have the right to participate in the settlement or assume or reassume the defense of such Third-Party Claim. The Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge any Third-Party Claim without the indemnifying party’s prior written consent. The indemnifying party shall have the right to settle any Third-Party Claim for which it obtains a full release of the Indemnified Party in respect of such Third-Party Claim or to which

settlement the Indemnified Party consents in writing, such consent not to be unreasonably withheld or delayed.

SECTION 7.06. Breach of Reimbursement Payment Covenant. Each party shall indemnify and hold harmless the other party from any and all Losses arising from a breach of such party's obligations to pay the other party any amounts due under Section 2.07(b). The limits on indemnification set forth in Section 7.04 shall not apply to indemnification for breaches of a party's obligations under Section 2.07(b) and amounts paid in satisfaction of an indemnification obligation arising under this Section 7.06 shall not be taken into account in calculating the aggregate amount of Losses which have been indemnified for purposes of determining whether the maximum indemnifiable amount set forth in Section 7.04 has been exceeded.

SECTION 7.07. Remedies. Each of the parties hereto acknowledges and agrees that (a) (i) the indemnification provisions of this Article VII shall be the sole and exclusive remedy of the parties hereto for any breach of the representations and warranties contained in this Agreement and for any failure to perform and comply with any covenant or agreement in this Agreement; and (ii) any and all claims arising out of or in connection with the transactions contemplated by this Agreement must be brought under and in accordance with the terms of this Agreement; and (b) notwithstanding anything herein to the contrary, no breach of any representation, warranty, covenant or agreement contained herein shall give rise to any right on the part of any party hereto to rescind this Agreement or any of the transactions contemplated hereby.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

SECTION 8.01. Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by either the Seller or the Purchaser if any of the Conditions has not been fulfilled or otherwise waived in accordance with this Agreement by the first anniversary of the date hereof (the "CP Satisfaction Deadline"); provided, however, that the right to terminate this Agreement under this Section 8.01(a) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of such Conditions being fulfilled or otherwise waived on or prior to such date;

(b) by either the Seller or the Purchaser in the event that any Governmental Order enjoining or otherwise prohibiting the purchase of the Equity Interest contemplated by this Agreement shall have become final and nonappealable;

(c) by the Seller if a breach of any representation, warranty, covenant or agreement on the part of the Purchaser set forth in this Agreement shall have occurred that would, if occurring or continuing on the Closing Date, cause the Condition set forth in Section 6.01(a) not to be satisfied, and such breach is not cured, or is incapable of being cured, within thirty (30) days (but no later than the CP Satisfaction Deadline) of receipt of written notice by the Seller to

the Purchaser of such breach; provided, that the Seller is not then in breach of this Agreement so as to cause any of the Conditions set forth in Section 6.02 not to be satisfied;

(d) by the Purchaser if a breach of any representation, warranty, covenant or agreement on the part of the Seller set forth in this Agreement shall have occurred that would, if occurring or continuing on the Closing Date, cause the Condition set forth in Section 6.02(a) not to be satisfied, and such breach is not cured, or is incapable of being cured, within thirty (30) days (but no later than the CP Satisfaction Deadline) of receipt of written notice by the Purchaser to the Seller of such breach; provided, that the Purchaser is not then in breach of this Agreement so as to cause any of the Conditions set forth in Section 6.01 not to be satisfied; or

(e) by the mutual written consent of the Seller and the Purchaser.

SECTION 8.02. Effect of Termination.

(a) In the event of termination of this Agreement as provided in Section 8.01, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto except that (i) Section 5.01, this Section 8.02 and Article IX shall survive any termination; and (ii) nothing herein shall relieve any party hereto from liability for any intentional breach of this Agreement occurring prior to such termination and termination does not affect any party's accrued rights and obligations as at the date of termination.

(b) To the extent that any action contemplated to occur on the Closing Date has been consummated prior to the termination of this Agreement pursuant to Section 8.01, such action shall be rescinded and each party hereto shall be restored to its position immediately prior to the signing of this Agreement. As amplification of the foregoing, each of the Seller and the Purchaser further agrees that it shall, and shall cause its Affiliates to, use reasonable best efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under applicable Law, and to execute and deliver such documents and other papers, as may be required by any Governmental Authority or otherwise to unwind any action that may have been taken in furtherance of the transactions contemplated hereby and so that the Seller will have the same right, title and interest in and to the Equity Interest as it did immediately prior to the date hereof, including without limitations, any actions required to terminate the Agreement. All costs and expenses incurred in connection with any actions taken pursuant to this Section 8.02(b) shall be borne by the party incurring such costs; provided that (i) in the event this Agreement is terminated by the Purchaser pursuant to Section 8.01(d), all costs and expenses incurred in connection with any actions taken pursuant to this Section 8.02(b) shall be borne by the Seller; or (ii) in the event this Agreement is terminated by the Seller pursuant to Section 8.01(c), all costs and expenses incurred in connection with any actions taken pursuant to this Section 8.02(b) shall be borne by the Purchaser.

ARTICLE IX

GENERAL PROVISIONS

SECTION 9.01. Costs and Expenses. Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial

advisors and accountants, incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be borne by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

SECTION 9.02. Language. This Agreement is signed in both English and Chinese versions. Both versions shall be equally valid.

SECTION 9.03. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered in person, by an internationally recognized overnight courier service or by facsimile (with a copy simultaneously sent by overnight courier service) to the respective party hereto at the following addresses (or at such other address for a party hereto as shall be specified in a notice given in accordance with this Section 9.03):

(a) if to the Seller:

Danone Asia Pacific Holdings Pte. Ltd
Address: 47 Scotts Road #16, Goldbell Towers, Singapore 228233
Attention: General Counsel

Cc:

Danone SA
Address: 17 Boulevard Haussmann, Paris 75009, France
Attention: General counsel
Fax: +33 144 35 21 59

with a copy to:

Shearman & Sterling LLP
12th Floor East Tower, Twin Towers,
B-12 Jianguomenwai Dajie,
Beijing, China
Attention: Lee Edwards, Esq.

(b) if to the Purchaser:

Yashili International Group Co. Ltd 雅士利国际集团有限公司
Address: Nova Tower 12th Floor, No.185, South Yuexiu Road, Yuexiu
District, Guangzhou City, Guangdong Province, China (P.C:510057)
中国广州市越秀区越秀南路 185 号创举商务大厦 12 楼(邮编: 510057)

Attention: Legal Director 法务总监

with a copy to:

Zhong Lun Law Firm
37F, SK Tower,
A-6 Jianguomenwai Avenue,
Chaoyang, Beijing, China
Attention: Huang Xingyu

SECTION 9.04. Public Announcements. Neither party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated by this Agreement or otherwise communicate with any news media regarding this Agreement or the transactions contemplated hereby without the prior written consent of the other party unless such press release or public announcement is otherwise required by Law or applicable stock exchange regulation, in which case, the parties to this Agreement shall to the extent practicable, consult with each other as to the timing and contents of any such press release, public announcement or communication.

SECTION 9.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the greatest extent possible.

SECTION 9.06. Assignment. This Agreement may not be assigned by operation of Law or otherwise without the express prior written consent of the Seller and the Purchaser (which consent may be granted or withheld in the sole discretion of the Seller or the Purchaser), as the case may be, and any attempted assignment without such consent shall be null and void.

SECTION 9.07. Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the Seller and the Purchaser that expressly references the Section of this Agreement to be amended; or (b) by a waiver in accordance with Section 9.08.

SECTION 9.08. Waiver. Any party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party; (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant to this Agreement; or (c) waive compliance with any of the agreements of the other party or conditions to such obligations contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the parties to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of any party hereto to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

SECTION 9.09. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

SECTION 9.10. Governing Law. This Agreement, the rights and obligations of the Parties hereto and any claims or disputes relating thereto, shall be governed by, and construed in accordance with, the laws of the PRC.

SECTION 9.11. Dispute Resolution.

(a) Any dispute, controversy or claim between the Seller and the Purchaser arising out of or in connection with this Agreement, including any question regarding breach, validity or termination (“Dispute”) shall be finally resolved in accordance with the procedures set forth herein.

(b) In the event that a party notifies another of a Dispute in writing (“Dispute Notice”) and resolution of such Dispute cannot be reached through consultation within sixty (60) days after receipt by a party hereto of a Dispute Notice, then such Dispute shall be finally settled by arbitration in Hong Kong administered by the Hong Kong International Arbitration Centre (“HKIAC”) pursuant to HKIAC Administered Arbitration Rules (“HKIAC Rules”) in force at the time of commencement of the arbitration except as amended by this Agreement. The arbitration proceedings (including but not limited to the arbitral award) shall be conducted in both English and Chinese language.

(c) The number of arbitrators shall be three. The Seller and the Purchaser shall each be entitled to nominate one arbitrator in accordance with the HKIAC Rules. The third arbitrator, who shall act as the presiding arbitrator, shall be nominated by the two arbitrators nominated by the respective parties within twenty (20) days of the date of confirmation of the nomination of the second arbitrator. Any arbitrator not timely nominated shall be appointed by the chairman of HKIAC.

(d) The arbitral award shall be final and binding upon the parties and may be entered and enforced in and enforced by any court of competent jurisdiction.


(e) Any arbitration costs (including the fees and expenses of the HKIAC, the arbitrators and reasonable attorneys’ fees and expenses) shall be paid as directed and as fixed by the arbitral tribunal. If it becomes necessary for a party to enforce an arbitral award by legal action of any kind, the defaulting party shall pay all reasonable costs and expenses and legal fees, including any additional litigation or arbitration costs that are incurred by the party seeking enforcement of the award.

SECTION 9.12. Counterparts. This Agreement may be executed and delivered (including by facsimile or other means of electronic transmission, such as by electronic mail in “pdf” form) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first written above by its respective representative thereunto duly authorized.

DANONE ASIA PACIFIC HOLDINGS PTE. LTD.

By: 
Name: Charles de Panafieu
Title: Attorney

YASHILI INTERNATIONAL GROUP CO. LTD

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first written above by its respective representative thereunto duly authorized.

DANONE ASIA PACIFIC HOLDINGS
PTE. LTD.

By: _____

Name:

Title:

YASHILI INTERNATIONAL GROUP CO.
LTD

By: _____

Name:

Title:

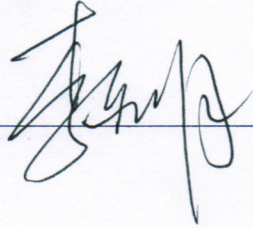


Exhibit 4.01(b)

Approval by Yashili ListCo's shareholder's meeting, the MOFCOM Approval, the Anti-Trust Approval, as well as registration with the AIC are required for the execution, delivery or performance of the Equity Transfer Agreement.

Schedule A
Seller's Knowledge

Jeffrey Lu
Bruno Chevot
Rosy Gu
Phoebe Tang
.

Schedule B
Schedule Related to Closing Date Net Debt Amount

For each of the components of (a), (b), (c), (e), (f), Company's finance department team shall take the following steps:

[1] Extract assets and liabilities from the Company's balance sheet established under PRC GAAP as of Closing Date as referenced under the SAP codes featured below;

[2] Compute the Closing Date Net Debt Amount based on the amounts extracted.

This process has been conducted on Company's balance sheet as of 30 September 2015 for illustrative purposes, in order to compute the Closing Date Net Debt Amount as if the Closing had been effected on 30 September 2015.

The same methodology shall be followed based on the balance sheet to be established as of Closing Date to determine the Closing Date Net Debt Amount.

Net debt components		Corresponding SAP code	Net debt amount	
			as of 30-Sept-15	as of Closing Date
Amounts in RMB		-	Illustrative analysis conducted on Company's 30-Sept-15 balance sheet	To be prepared by Company's finance department for the purpose of calculating the post-closing reimbursement (2.07(b))
(a)	Long-term and short-term interest bearing obligations and relevant interest with banks and other financial institutions		0	
(b)	Inter-company loans and relevant interest		1,563,648,841	
	Long term loan, intercompany	SAP 4200200	1,558,992,512	
	accruals, intercompany interest	SAP 3401500	4,656,329	
(c)	Liabilities pertaining to severance payments to any employee laid-off or terminated prior to Closing Date		32,322,403	
	Accruals, others	SAP 3400280	32,322,403	
(d)	Liabilities pertaining to any bonuses (including GPU) accrued prior to Closing Day, excluding however (i) if Closing Date occurs prior to or on 31 May 2016, any liability accrued in relation with bonuses for the financial year 2016 up to the Closing Date, which the Seller shall cause the Company to accrue in a manner consistent with past practice; and (ii) any liability incurred in relation to the employee retention arrangements described in Section 5.12(e) of the Agreement		43,615,472	
	Accruals, bonus	SAP 3400240	37,510,319	
	Provision GPU, Long Term	SAP 4510400	6,105,153	
A	= (a) + (b) + (c) + (d)		1,639,586,715	
(e)	Cash held by the Company and any cash balances credited to the account of the Company with banks or other financial institutions		8,406,000	
	Cash and cash equivalents	SAP 2810450, 2810471, 2810530, 2810540, 2810620, 2811410, 2811411, 2811530, 2811600	8,406,000	
	Deduction of cash for the removal of the EaZyPack Line		0	-23,610,669

Net debt components		Corresponding SAP code	Net debt amount	
			as of 30-Sept-15	as of Closing Date
Amounts in RMB		-		
(f)	Cash deposits for leased properties as disclosed in Section 3.02(g) of the Seller Disclosure Schedule		4,845,526	
	Deposits - Long Term (> 1 Year)	SAP 1850010	2,727,929	
	Deposits - Short Term (< 1 Year)	SAP 2600750	2,117,597	
B	= (e) + (f)		13,251,526	
Closing Date Net Debt Amount = A - B			1,626,335,189	

Schedule C
Schedule Related to Closing Date Net Working Capital Amount

For each of the components of (a), (b), (c), (e), (f), (g), (h), (i), (j) Company's finance department team shall take the following steps:

- [1] Extract assets and liabilities from the Company's balance sheet established under PRC GAAP as of Closing Date as referenced under the SAP codes featured below;
- [2] Compute the Closing Date Net Working Capital Amount based on the amounts extracted.

This process has been conducted on Company's balance sheet as of 30 September 2015 for illustrative purposes, in order to compute the Closing Date Net Working Capital Amount as if the Closing had been effected on 30 September 2015. The same methodology shall be followed based on the balance sheet to be established as of Closing Date to determine the Closing Date Net Working Capital Amount.

If a new SAP code has been created by the Company between 30 September 2015 and the Closing Date, and a party has reason to believe that the amount accounted under this new SAP code should be admitted into the determination of the Closing Date Working Capital Amount, then both parties shall discuss in good faith promptly after the Closing Date on the treatment of such amount. In case an agreement cannot be reached within fifteen (15) days following the Closing Date, the Company Auditor's final decision shall be sought.

Net Working Capital components RMB	Corresponding SAP Code	Net Working Capital Amount As of 30-Sept-15	Net Working Capital Amount As of Closing Date
		Illustrative analysis conducted on Company's 30-Sept-15 balance sheet	To be prepared by Company's finance department for the purpose of computing the post- closing reimbursement (2.07(c))
(a) Inventory		68,389,540	
Inventory, raw material	2000100	27,252,692	
Inventory - SemiFinished Goods Own Production	2000160	8,887,957	
Inventory, consumables	2000200	465,762	
Inventory, packaging materials	2000300	2,260,846	
Inventory, premiums (A&P items)	2000350	4,270,712	
Inventory, spare parts	2000380	6,726,251	
Finished goods	2100100	57,147,438	
Dented stock or damaged goods	2100200	29,117	
Provisions obsolete stocks - Raw/Pack	2100800	-46,589,530	
GR/IR, raw material, reclass	2101000	1,300,992	
GR/IR, finished goods, reclass	2101200	6,637,302	
(b) Trade receivables		22,846,170	
Trade accounts receivable	2310100	22,846,170	
(c) Advance to suppliers (Prepayments)		14,052,224	
Capitalized down pymt for assets Clrg	1500120	-3,367,306	
Downpayment *	2600750	17,581,929	
Accruals, custom	3400115	-162,399	
* Downpayment to exclude short term (< 1 year) deposits for leased properties as disclosed in Section 3.02(g) of the Seller Disclosure Schedule			
(d) Other receivables		35,701,664	
Short Term intercompany receivable	2400100	6,175,998	
S-T. interco. rec., unreal. exchange gain/loss	2400200	251,933	
S-T. rec. assoc., unreal. exchange gain/loss	2500200	-	

Net Working Capital components		Corresponding SAP	Net Working Capital Amount	
RMB		Code	As of 30-Sept-15	As of Closing Date
	Staff debtors, staff advance	2501140	92,000	
	Recoverable, intercompany	2530300	28,733,410	
	GR/IR- A&P, Reclass	2580400	408,107	
	GR/IR- rebates and trade support, Reclass	2580410	40,215	
	Other current receivables	2580100	-	
(e) Prepaid expenses			271,845	
	Prepaid, insurance	2600200	271,845	
	Prepaid, others	2600800	-	
(f) Accounts Payable			-38,715,123	
	Trade payables, intercompany	3100100	-8,996,309	
	Trade pay., interco., unreal. exchange gain/loss	3100300	1,602	
	Trade accounts payables	3110100	-10,044,446	
	Trade payables, capex	3110150	-1,686,399	
	Trade payables, customer deposits/prepayments	3110250	-7,107,915	
	Trade payables, unrealised exchange gain/loss	3110300	-	
	GR/IR, raw materials	3110400	-3,672,857	
	GR/IR, raw material, reclass	3110450	-1,300,992	
	GR/IR, packaging materials	3110500	-1,761,335	
	GR/IR, finished goods	3110600	257,778	
	GR/IR, finished goods, reclass	3110650	-257,778	
	GRIR, Inventory unrealized gain/loss (@ P rate)	3110660	-0	
	GR/IR, assets (capex payable)	3110900	-848,344	
	Free Of Charge, Clearing	3110990	-1	
	Rebates and trade support payables	3120310	-2,640,925	
	GR/IR, consumables	3120400	-473,142	
	GR/IR, premium	3120600	-	
	GR/IR, spare parts	3120700	-184,062	
	GRIR, A&P unrealized gain/loss (@ P rate)	3110760	-	
	GR/IR - LVA	3111002	-	
	Capex payable, unrealized exchange gain/loss	3110350	-	
	GR/IR, semifinished materials	3110470	-	
	GR/IR, semifinished, reclass	3110480	-	

Net Working Capital components RMB	Corresponding SAP Code	Net Working Capital Amount	
		As of 30-Sept-15	As of Closing Date
GR/IR, packaging materials, reclass	3110550	-	
Rebates and trade support payables, reclass to rec	3120320	-	
Rebates and trade support payables, unreal. exchan	3120330	-	
GR/IR, consumables, reclass	3120450	-	
GR/IR, premium, reclass	3120650	-	
(g) Salaries payable*		-12,021,242	
Staff payables, staff welfare*	3310200	-6,360,666	
Salaries, direct payable (debit)*	3370200	2,262,173,970	
Salaries, direct payable (credit)*	3370300	-2,262,173,970	
Staff payables, staff creditors*	3310100	-353,470	
Salaries, AMF Contribution*	3370500	-5,307,106	
Staff payables, unreal. exchange gain/loss*	3310900	-	
* Salaries and other staff payable to exclude (x) liabilities pertaining to severance payment to any employee laid-off or terminated prior to Closing Date; and (y) any liability incurred in relation to the employee retention arrangements described in Section 5.12(e) of the Agreement			
(h) Tax payable		-3,965,576	
Net VAT/GST due to authorities	3350400	-1,232,910	
Income tax payable, employee related	3360100	-1,426,016	
Business tax payable	3360300	-23,170	
Other local taxes based on sales	3370100	-104,074	
Withholding tax	3600200	-1,179,405	
Corporate income tax	3600100	-	
Amount due to public authorities, short term	3360200	-	
(i) Dividends Payable		-	
Dividends Payable	3390600	-	
(j) Other Payables		-56,236,329	
Short Term intercompany payables	3200100	-9,524,637	
S-T. interco. pay, unreal. exchange gain/loss	3200300	-0	
Sundry creditors	3390100	-17,608,551	
Sundry creditors, unreal. exchange gain/loss	3390300	784	

Net Working Capital components RMB	Corresponding SAP Code	Net Working Capital Amount	
		As of 30-Sept-15	As of Closing Date
Other payables, A&P	3120100	-29,103,926	
Other payables, A&P, reclass to receivable	3120200	-	
Other payables, A&P, unreal. exchange gain/loss	3120300	-	
Other current payable, reclass to/from rec.	3390200	-	
(k) Accrued expenses		-235,658,310	
Trade discounts to pay - Distributor incentives	2310123	-10,030,944	
Trade rec., Notes/Bill of exchange	2310500	-16,123,662	
GR/IR, others	3390360	-10,162,644	
Accruals, variable production costs (Raw Milk)	3400100	-13,949,114	
Accruals, port charges and handling	3400110	27,938	
Accruals, royalty	3400200	-	
Accruals, freight	3400260	394,164	
Accruals, insurance, outward	3400270	-7,024	
Accruals, others	3400280	-32,322,403	
Accruals, A&P GR/IR	3400300	-24,815,531	
Accruals- A&P GR/IR Reclass	3400305	-408,107	
Accruals, rebates & trade support GR/IR	3400306	-122,265,657	
Accruals, rebates & trade support GR/IR Reclass	3400307	-40,215	
Accruals, advertising	3400310	-2,642,848	
Accruals, travel & entertainment	3400410	-102,574	
Accruals, IT, outside assistance, others	3400440	-3,209,689	
Trade discounts to pay - Discount	2310120	-	
GR/IR, others, reclass	3390370	-	
Accruals, insurance, inward	3400120	-	
Accruals, extended sales force	3400220	-	
Accruals, promotion	3400320	-	
Accruals, property, rent, insurance, r&m	3400420	-	
Accrued Intercompany charges	3100400	-	
Total Net Working Capital Amount = (a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k)		-205,335,138	