

THE CORPORATE PLACING WITH MENGNIU

We have entered into a cornerstone investment agreement with Mengniu (being one of our customers) on 6 November 2013, which Mengniu has agreed to subscribe for such number of Shares which may be acquired with an aggregate amount of US\$60 million (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee) at the Offer Price.

The number of Shares to be subscribed by Mengniu based on the assumption of the following Offer Price is set out below:

Offer Price (HK\$)	Number of Shares to be subscribed	Approximate percentage of the total issued Shares of the Company immediately upon completion of the Global Offering and Capitalization Issue (assuming that no Shares have been issued for any options that may be granted under the Share Option Scheme)	Approximate percentage of the Offer Shares under the Global Offering
2.49 (the minimum Offer Price)	186,804,819	4.78%	15.29%
2.84 (mid-point of the Offer Price range set forth in this Prospectus)	163,783,098	4.19%	13.41%
3.18 (the maximum Offer Price)	146,271,698	3.74%	11.97%

The cornerstone placing forms part of the International Offering and Mengniu, being such a cornerstone investor, will subscribe for any Offer Share under the Global Offering. The Shares to be subscribed for by Mengniu will not be affected by any reallocation of the Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section entitled “Structure of the Global Offering — The Hong Kong Public Offering” in this Prospectus. Details of the allocations to Mengniu will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or about 25 November 2013.

The subscription obligation of Mengniu, being our cornerstone investor, is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective terms) by no later than the respective time and date specified therein;
- (2) the Offer Price having been agreed upon between the Company and the Joint Bookrunners (for themselves and on behalf of the Hong Kong Underwriters and the International Underwriters);
- (3) neither of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been terminated;

- (4) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares (including the Shares to be subscribed by Mengniu) and such approval or permission not having been revoked;
- (5) no laws having been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction having the effect of precluding or prohibiting consummation of such transactions; and
- (6) the respective representations, warranties, undertakings and confirmations of Mengniu, being our cornerstone investor, being accurate and true in all material respects and there being no material breach of the cornerstone investment agreement on the part of Mengniu.

Information of Mengniu

Mengniu's shares are listed on the Stock Exchange (stock code: 2319). Mengniu Group manufactures and distributes quality dairy products in China. It is one of the leading dairy product manufacturers in China. Mengniu Group's diversified products range includes liquid milk products, such as UHT milk, milk beverages and yogurt, ice cream and other dairy products such as milk powder and cheese. The investment by Mengniu in the Company is part of the continuing development of our strategic partnership with Mengniu Group. In the future, Mengniu Group expects to enter into collaboration arrangements to use our high-quality raw milk to develop high-end dairy products of Mengniu Group with an aim to promote our continuous supply of premium raw milk. Capitalizing on and leveraging the industry experience and resources, Mengniu Group and its associates also can cooperate with us for future business expansion, such as development of new dairy farms for the purpose of ensuring continuous supply of raw milk, and seamless supply chain cooperation with Mengniu's processing and manufacture capabilities. We consider that such cooperation can take advantage of our industry expertise, talent pool and local connections as well as Mengniu's capital resources, distribution channels and robust downstream product sales. Accordingly, we believe that we will benefit from Mengniu Group's investment in our Group as it will facilitate us to secure additional off-take for our raw milk and further improve our results of operations.

To the best knowledge of the Company, Mengniu is an independent third party of the Company (other than Mengniu being one of our customers), independent of each other, not a connected person of the Company, and not an existing Shareholder of the Company. Accordingly, the shareholdings of Mengniu in the Company will be counted towards the public float of our Shares. Immediately following completion of the Global Offering, Mengniu will not have any board representation in the Company, nor will it become a substantial shareholder of the Company.

RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

Mengniu has agreed that, without the prior written consent of the Company and the Joint Bookrunners, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Shares subscribed for by it pursuant to the cornerstone investment agreement (save that Mengniu is permitted to transfer the Shares that it will be issued in the International Offering to its wholly-owned subsidiary(ies) during such six-month lock-up period).