

Dated 17 June 2020

CHINA MENGNIU DAIRY COMPANY LIMITED
and
BOCI ASIA LIMITED
and
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

SUBSCRIPTION AGREEMENT

relating to

US\$100,000,000 1.50 per cent. Exchangeable Bonds due 2023
exchangeable for ordinary shares of China Modern Dairy Holdings Ltd. (Stock code: 1117.HK)

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This Agreement is made on 17 June 2020, **between:**

- 1 CHINA MENGNIU DAIRY COMPANY LIMITED** as the issuer (the “**Issuer**”);
- 2 BOCI ASIA LIMITED** (the “**Sole Global Coordinator**”); and
- 3 GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED** (the “**Guotai Junan**”, and together with the Sole Global Coordinator, the “**Managers**” and each, a “**Manager**”).

The Issuer and the Managers wish to record the arrangements agreed between them in relation to an issue of US\$100,000,000 1.50 per cent. Exchangeable Bonds due 2023 (the “**Bonds**”, which expression shall, where the context so admits, include Bonds evidenced by a global certificate (the “**Global Certificate**”) representing the Bonds) which will be exchangeable into fully paid ordinary shares (the “**Shares**”) of China Modern Dairy Holdings Ltd. (Stock code: 1117.HK) (the “**Company**”). The Bonds will be in registered form in amounts of US\$200,000 and integral multiples of US\$100,000 in excess thereof. The exchange property will initially comprise 613,877,227 Shares.

The Bonds are being offered and sold in an institutional offering (the “**Offering**”) outside the United States in reliance on Regulation S (“**Regulation S**”) under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”).

1 Issue of the Bonds and Publicity

- 1.1 Agreement to Issue the Bonds:** The Issuer agrees to issue the Bonds on 24 June 2020, or such later date, not being later than 8 July 2020, as the Issuer and the Managers may agree (the “**Closing Date**”) to the Managers or as they may direct. The Bonds will be subscribed at a price equal to 100 per cent. of the principal amount of the Bonds (the “**Issue Price**”) subject to the adjustments referred to in Clauses 8 and 9.
- 1.2 The Contracts:** The Issuer will, not later than the Closing Date, enter into (and provide the Managers with a copy of) (1) a trust deed (the “**Trust Deed**”) with Citicorp International Limited as Trustee (the “**Trustee**”) and (2) a paying exchange and transfer agency agreement (the “**Agency Agreement**”) with Citibank, N.A., London Branch as the principal paying, transfer and exchange agent (the “**Principal Paying Agent**”), Citigroup Global Markets Europe AG as the registrar (the “**Registrar**”), the Trustee and the agents named in it, each substantially in such form as shall be agreed between the parties thereto. The Bonds will be issued in accordance with the terms of the Trust Deed and will be in the respective forms set out in its Schedules 1 and 2 therein. This Agreement, the Trust Deed and the Agency Agreement are together referred to as the “**Contracts**”.
- 1.3 Offering Circular:** The Issuer confirms that it has prepared an offering circular dated 17 June 2020 (the “**Final Offering Circular**”) for use in connection with the issue of the Bonds and the listing of the Bonds on the Stock Exchange (as defined hereunder) and hereby authorise the Managers and their respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act (“**Regulation D**”)) to distribute copies thereof in connection with the offering and sale of the Bonds subject to compliance by the Managers and such affiliates with the terms set out in Schedule 2, with copies of it in preliminary or proof form (the “**Preliminary Offering Circular**”, together with the Final Offering Circular, the “**Offering Circular**”) dated 17 June 2020 having already been distributed with the consent of the Issuer.

- 1.4 Publicity:** The Issuer confirms the arrangements made on its behalf by the Managers for announcements in respect of the Bonds to be published on such dates and in such publications as it may agree with the Managers.
- 1.5 Conditions:** The terms and conditions of the Bonds (the “**Terms and Conditions**”) shall be in the form set out in Schedule 1 to this Agreement, with such changes as may be agreed between the Issuer and the Managers. The Terms and Conditions shall be consistent with a term sheet dated 17 June 2020 which shall form part of Schedule 1.

2 Agreements by the Managers

- 2.1 Subscription:** Each of the Managers, severally and not jointly, agrees to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in the principal amounts set out in Schedule 5 opposite their respective names, at the Issue Price less the deductions referred to in Clauses 8 and 9 on the Closing Date on the terms of this Agreement.
- 2.2 Restrictions:** Each of the Managers severally and not jointly warrants and agrees that it has complied and will comply with the terms set forth in Schedule 2.
- 2.3 Agreement Among Managers:**

The execution of this Agreement by or on behalf of the Managers will constitute the acceptance by each Manager of the International Capital Market Association Standard Form Agreement Among Managers Version 1 (“**AAM**”). The Managers further agree that references in the AAM to the “**Lead Manager**”, the “**Joint Bookrunners**” and the “**Managers**” shall mean the Managers, references in the AAM and this Agreement to the “**Settlement Lead Manager**” shall mean Sole Global Coordinator and references in the AAM to the “**Stabilisation Coordinator**” shall mean the Sole Global Coordinator. The Managers agree as between themselves to amend the AAM as follows:

- 2.3.1** in clause 1 of the Agreement Among Managers, the phrase “**as agent of the Issuer**” shall be deemed to be deleted;
- 2.3.2** in Clause 3, the term “**Lead Manager**” shall be deemed to refer to the Settlement Lead Manager;
- 2.3.3** the following sentence shall be deemed to be added to the end of Clause 3(2);
- “In addition, any profits incurred by the Settlement Lead Manager as a result of any action taken pursuant to this Clause shall be shared among the non-defaulting Managers (including the Settlement Lead Manager) in proportion to their Commitments or on such other basis as the Settlement Lead Manager considers, in its absolute discretion, to be fair.”;
- 2.3.4** the following clause shall be deemed to be inserted into the Agreement Among Managers as a new Clause 6A:

“6A. OVERALLOTMENT

Each Manager acknowledges and agrees that, in order to assist in the orderly distribution of the Securities, one or more of the Managers (for the purposes of this Clause, the “**participating Managers**”) may agree to over-allot in arranging subscriptions, sales and purchases of the Securities and may subsequently make purchases and sales of the Securities, in addition to their respective underwriting

commitments, in the open market or otherwise, on such terms as the participating Managers deem advisable. Such overallotment positions may be allocated among all or some of the participating Managers equally or in such proportions as the participating Managers may agree. The participating Managers shall agree among themselves whether (i) each participating Manager is responsible for managing its own position and is liable for any loss or entitled to any profit arising from the management of such position or (ii) the positions should be aggregated with one or more participating Managers being responsible for managing the combined position and to aggregate profits and losses and share them among all or some of the participating Managers in such proportions as they may agree. All such purchases, sales and overallotments shall be made in accordance with applicable laws and regulations. Nothing in Clause 6(2) shall prohibit the purchases, sales and overallotments of Securities described in this Clause as such purchases, sales and overallotments shall not, for the purposes of the AAM, be treated as Stabilisation Transactions as defined in the AAM.”

2.3.5 Clause 7 shall be deemed to be deleted in its entirety and replaced with the following:

“The Managers agree that any fees and expenses that are the joint responsibility of the Managers and payable by the Managers, and any out-of-pocket expenses that are the joint responsibility of the Managers and reimbursable but not reimbursed by the Issuer, shall be aggregated and allocated among the Managers pro rata to their respective Commitments and each Manager authorises the Settlement Lead Manager to charge or credit each Manager’s account for its proportional share of such fees and expenses.”; and

2.3.6 Clause 8 shall be deemed to be deleted in its entirety;

2.3.7 the definition of “Commitments” shall be deleted in its entirety and replaced with the following:

“**Commitments**” means, (i) for the purposes of Clauses 3, 6 and 10, the fee allocation proportion paid or to be paid to each of the Managers under the Subscription Agreement and any related fee letters or, if such fee allocation is not known at the relevant time, the amounts severally underwritten by the Managers as set out in the Subscription Agreement, and (ii) for the purposes of all other clauses of this agreement, the amounts severally underwritten by the Managers as set out in the Subscription Agreement.”

Where there are any inconsistencies between this Agreement and the Agreement Among Managers, the terms of this Agreement shall prevail.

2.4 Defaulting Manager: The Issuer and the Managers agree that if any of the Managers shall fail to purchase and pay for or to procure subscribers to subscribe and pay for any of the Bonds agreed to be purchased by such Manager hereunder and such failure to purchase shall constitute a default in the performance of its obligations under this Agreement, the remaining Managers shall be obligated severally to take up and pay for (in the respective proportions which the principal amount of the Bonds set forth opposite their names in Schedule 5 hereto bears to the aggregate principal amount of Bonds set forth opposite the names of all the remaining Manager(s) the Bonds which the defaulting Manager agreed but failed to purchase; provided that, that in the event that the aggregate principal amount of Bonds which the defaulting Manager agreed but failed to purchase shall exceed 10 per

cent. of the aggregate principal amount of Bonds, the remaining Managers shall have the right to purchase all, but shall not be under any obligation to purchase any, of the Bonds, and if such non-defaulting Managers do not purchase all the Bonds, this Agreement will terminate without liability to any non-defaulting Manager or the Issuer. In the event of a default by a Manager, the Closing Date shall be postponed for such period, not exceeding five Business Days, as the non-defaulting Manager may determine. Nothing contained in this Agreement shall relieve any defaulting Manager of its liability, if any, to the Issuer or non-defaulting Manager for damages occasioned by its default hereunder. **“Business Day”** means a day, other than a Saturday or Sunday or a public holiday, on which banks are open for business in Hong Kong, Beijing and New York.

3 Listing

3.1 Application for Listing: The Issuer confirms that it will make or cause to be made an application on its behalf for the Bonds to be listed on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**).

3.2 Supply of Information: The Issuer agrees to deliver to the Stock Exchange copies of the Offering Circular and to take such other steps as may be reasonably required for the purpose of obtaining such listing, provided that if such listing has not been obtained by the Closing Date, the Issuer agrees that it shall use its reasonable endeavours to obtain a listing of the Bonds on the Stock Exchange or such other stock exchange mutually acceptable to the Managers and the Issuer as soon as practicable following the Closing Date, which shall include the preparation of listing particulars based on the Offering Circular and containing the relevant information required by the relevant stock exchange to obtain such listing.

3.3 Maintenance of Bond Listing: The Issuer will use its reasonable endeavours to obtain and maintain a listing of the Bonds for as long as any Bond is outstanding and pay all fees and supply any and all documents, information and undertakings and publish all announcements or other material that may be necessary or advisable for such purpose. If, however, it is unable to maintain such listing, having used such endeavours, or if the maintenance of such listing is unduly onerous (in the opinion of the Issuer acting reasonably), the Issuer will instead use its best endeavours promptly to obtain and thereafter to maintain a listing for the Bonds on such other stock exchange, as is commonly used for the quotation or listing of debt securities, prior to the Closing Date as it may (with the approval of the Managers which approval shall not be unreasonably withheld or delayed) decide or, failing such decision, as the Managers may reasonably determine and after the Closing Date in accordance with the terms of the Trust Deed.

3.4 Share Listing:

From the date of this Agreement and up to the Closing Date, Issuer will use its reasonable endeavours to cause the Company to maintain the listing of the Shares on the Stock Exchange, and to pay all fees and supply any and all documents, information and undertakings and publish all announcements or other material that may be necessary or advisable for such purpose. If, however, they are unable to maintain such listing, having used such endeavours, the Issuer will instead use its best endeavours promptly to obtain and thereafter to maintain a listing for the Shares on such other stock exchange as it may decide,

4 Representations, Warranties and Indemnity

4.1 The Issuer represents and warrants to each of the Managers that:

4.1.1 Incorporation:

each of the Issuer, the Company and their respective subsidiaries is (a) a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation, (b) is in compliance with all laws and regulations to which it is subject, (c) is not in liquidation or receivership, (d) is not subject to any winding-up proceedings, (e) has full power and authority to own its properties and to conduct its business and is lawfully qualified to do business in those jurisdictions in which business is conducted by it except in the case of (b) and (e) above only, as would not, individually or in the aggregate have a material adverse effect on the condition (financial or otherwise), prospects, results of operations, general affairs or properties of the Issuer, the Company and their respective subsidiaries (the “**Group**”) taken as a whole, or would adversely affect the ability of the Issuer to perform its obligations under the Contracts or the Bonds, or which are otherwise material in the context of the issue, offering and distribution of the Bonds (a “**Material Adverse Effect**”);

4.1.2 **Validity of Contracts:** the Issuer has full power and authority to enter into and perform its obligations under the Bonds and the Contracts, and this Agreement has been duly authorised, executed and delivered by the Issuer and constitutes, and the other Contracts have been duly authorised by the Issuer and upon execution and delivery prior to or on the Closing Date will constitute, valid and legally binding obligations of the Issuer, subject to applicable bankruptcy, insolvency or similar laws affecting creditors’ rights generally and general principles of equity;

4.1.3 **Validity:** the Bonds have been duly authorised by the Issuer and, when duly executed, authenticated, issued and delivered in accordance with the other Contracts, the Bonds will constitute valid and legally binding obligations of the Issuer, enforceable in accordance with their terms subject to applicable bankruptcy, insolvency or similar laws affecting creditors’ rights generally and general principles of equity;

4.1.4 Status:

(i) the Bonds (when issued) will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves and with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer other than those preferred by statute or applicable law, subject as described in the Terms and Conditions;

(ii) as at the date of this Agreement:

(a) the Issuer has good title to 3,036,330,630 Shares, of which 628,464,218 Shares are held directly by the Issuer and 2,407,866,412 Shares are held by the Issuer’s direct wholly-owned subsidiary, Future Discovery Limited, which are free and clear of all liens, charges, encumbrances, security interests or claims of third parties; and

- (b) 613,877,227 Shares are subject to the securities lending agreement entered into between the Issuer and BOCI Financial Products Limited dated on or about the date of this Agreement (the “**Securities Lending Agreement**”);
- (iii) as at the Closing Date, the Issuer has:
 - (a) good title to 3,111,892,185 Shares of which 704,025,773 Shares are held directly by the Issuer and 2,407,866,412 Shares are held by the Issuer’s direct wholly-owned subsidiary, Future Discovery Limited, which are free and clear of all liens, charges, encumbrances, security interests or claims of third parties; and
 - (b) has lent 613,877,227 Shares to BOCI Financial Products Limited pursuant to the terms of the Securities Lending Agreement.

4.1.5 Shares: the Shares, when delivered in the manner contemplated by the Bonds and the Trust Deed:

- (i) will have been duly and validly transferred, and are fully-paid and non-assessable;
- (ii) will conform to the description thereof as contained in the Offering Circular;
- (iii) will rank *pari passu* and carry the same rights and privileges in all respects as any other class of ordinary share capital of the Company and shall be entitled to all dividends and other distributions declared, paid or made thereon; and
- (iv) will be freely transferable, free and clear of all liens, charges, encumbrances, security interests or claims of third parties and will not be subject to calls for further funds.

4.1.6 Pre-emptive Rights and Options:

- (i) the Shares, when delivered in the manner contemplated by the Bonds and the Trust Deed, will not be subject to any pre-emptive or similar rights;
- (ii) there are no outstanding securities issued by the Issuer or its subsidiaries convertible into or exchangeable for, or warrants, rights or options, or agreements to grant warrants, rights or options, to purchase or to subscribe for Shares from the Issuer or its subsidiaries;
- (iii) there are no other or similar arrangements approved by the Board of Directors of the Issuer or the Company, or a general meeting of shareholders of the Issuer or the Company providing for the issue or purchase of Shares or the subscription for Shares other than the general mandate granted to the Company’s Board of Directors; and
- (iv) no unissued share capital of the Company is under option or agreed conditionally or unconditionally to be put under option, save for the management options and the employee share option schemes of the Company as disclosed in the Company’s annual report for the year ended 31 December 2019 published by the Company on the website of the Stock Exchange on 23 April 2020;

- 4.1.7 Restrictions:** there are no restrictions on transfers of the Bonds or the voting or transfer of any of the Shares or payments of dividends with respect to the Shares under Hong Kong laws or regulations, or pursuant to the Company's constitutional documents, or pursuant to any agreement (other than the regulations relating to the transfers of the Bonds as described in the Terms and Conditions) or other instrument to which the Issuer or the Company is a party or by which it may be bound;
- 4.1.8 Capitalisation:** the Issuer has authorised capitalisation as set forth in the Offering Circular under the heading "Capitalisation and Indebtedness"; and all the outstanding shares of capital stock or other equity interests of each subsidiary of the Issuer have been duly and validly authorised and issued, are fully paid and non-assessable, and all such equity interests are owned directly or indirectly by the Issuer, free and clear of all liens, charges, encumbrances, security interests, restrictions on voting or transfer or claims of any third party, except for any failure to comply with the above would not, individually or in aggregate, have a Material Adverse Effect;
- 4.1.9 Listing:** all of the currently issued Shares have been duly listed on the Stock Exchange;
- 4.1.10 Laws and Listing Rules:** each of the Issuer and the Company is in compliance with and will comply with all applicable laws and the applicable requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and other rules of the Stock Exchange with respect to the Shares and each of the Issuer and the Company will comply with all applicable laws in connection with the issue, offering and sale of the Bonds;
- 4.1.11 Consents:** no action or thing is required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) for the issue of the Bonds, the delivery of the Shares on exchange of the Bonds, the carrying out of the other transactions contemplated by the Contracts and the Bonds, or the compliance by the Issuer with the terms of the Bonds and the Contracts, as the case may be except for (i) the Stock Exchange having agreed to list the Bonds, (ii) the Enterprise Foreign Debt Pre-Issuance Registration Certificate (企业发行外债备案登记证明) dated 26 May 2020 in respect of, among other things, the issue of the Bonds from the National Development and Reform Commission ("**NDRC**") pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (国家发展改革委关于推进企业发行外债备案登记制管理改革的通知) (Fa Gai Wai Zi [2015] No 2044) (the "**Circular 2044**"), which has been obtained and remains in full force and effect, and (iii) the NDRC Post-Issuance Filing (as defined in Clause 5.9) and all of those which have been, or will prior to the Closing Date be, obtained and are, or will on the Closing Date be, in full force and effect;
- 4.1.12 Compliance:** the execution and delivery of the Contracts, the issue of the Bonds, the delivery of the Shares on exchange of the Bonds, the carrying out of the other transactions contemplated by the Contracts and the Bonds and the compliance with their terms do not and will not:
- (i) conflict with or result in a breach of any of the terms or provisions of, or constitute a default (nor has any event occurred which, with the giving of

notice and/or the lapse of time and/or the fulfilment of any other requirement would result in a default by the Issuer, the Company or any other member of the Group) under, (a) the documents constituting the Issuer, the Company or any other member of the Group, or (b) any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which the Issuer or any member of the Group is a party or by which any of their respective properties are bound or to which any of the property or assets of the Issuer or any other member of the Group is subject (collectively the “**Agreements and Instruments**”), except, with respect to (b) above, to the extent that such breach, violation or default would not have a Material Adverse Effect;

- (ii) infringe any existing applicable law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign, having jurisdiction over the Issuer or any other member of the Group or any of their respective properties; or
- (iii) infringe the rules of any stock exchange on which securities of the Issuer or the Company are listed;

4.1.13 Absence of Default and Conflicts: neither the Issuer nor any other member of the Group is in breach, violation of or in default (nor has any event occurred which, with the giving of notice and/or lapse of time and/or fulfilment of any other requirement would result in a default by the Issuer or any other member of the Group) under (i) its constitutional documents, or (ii) to the extent that such breach, violation or default would not have a Material Adverse Effect, the Agreements and Instruments, or (iii) to the extent that such breach, violation or default would not have a Material Adverse Effect, any law applicable to the Issuer or any other member of the Group or of any order by any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or any other member of the Group, or any of their assets and properties, including but not limited to NDRC;

4.1.14 No Debt Default: each member of the Group is currently in compliance with all financial covenants in its outstanding indebtedness and is not in breach or potential breach of any provision of such indebtedness, nor will be in breach or potential breach of any provision of such indebtedness following issuance of the Bonds, except for any such breach or potential breach that would not, individually or in aggregate, have a Material Adverse Effect;

4.1.15 Offering Circular:

- (i) The Preliminary Offering Circular as at the date thereof contained, and the Final Offering Circular contains such information and both Offering Circulars make reference to publicly available information, which together constitutes all information with respect to the Issuer and its subsidiaries taken as a whole (the “**Consolidated Group**”), the Shares and the Bonds, and such information with respect to the Company which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws of the Cayman Islands and Hong Kong and according to the particular nature of the Issuer, the Shares and the

Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Shares and the Bonds);

- (ii) the statements contained in the Preliminary Offering Circular as at the date thereof, and in the Final Offering Circular, relating to the Issuer, and to the Consolidated Group, are in every material particular true and accurate and not misleading and there are no facts known to the Issuer, any other member of the Consolidated Group and/or the directors of them which are not disclosed in the Offering Circular the omission of which would make any statement therein misleading (in light of the circumstances under which they are made) or which in the circumstances of the Offering are material for disclosure therein;
- (iii) the opinions and intentions expressed in the Preliminary Offering Circular as at the date hereof, and in the Final Offering Circular, with regard to the Issuer and to the Consolidated Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions;
- (iv) there will be no other facts in or referred to in the Preliminary Offering Circular as at the date hereof, and in the Final Offering Circular in relation to the Issuer, the Consolidated Group or the Bonds, and to the best of the Issuer's knowledge, the Shares or the Company, the omission of which would make any statement or expression misleading in any material respect (in light of the circumstances under which they are made);
- (v) all reasonable enquiries will be made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements; and
- (vi) the Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

4.1.16 Financial Statements:

- (i) the consolidated financial statements of the Consolidated Group as at and for the two years ended 31 December 2019 and 2018 respectively, provided to the Manager and incorporated by reference in the Offering Circular were prepared in accordance with International Financial Reporting Standards ("IFRS") consistently applied and present a true and fair view of the financial position of the Issuer and of the Consolidated Group as at the dates, and the results of operations and changes in financial position of the Issuer and of the Consolidated Group for the periods in respect of which they have been prepared;
- (ii) since 31 December 2019 there has been no change (nor any development or event involving a prospective change of which the Issuer or the Issuer is, or might reasonably be expected to be, aware) which is materially adverse to the condition (financial or other), prospects, results of operations or

general affairs of the Issuer or of the Consolidated Group, respectively, except as described in the Offering Circular;

- (iii) the Issuer has prepared the consolidated management accounts of the Issuer for the four months ended 30 April 2020 (the “**Issuer Management Accounts**”) and such accounts present fairly and, in all material respects, accurately the financial position of the Issuer as at the dates, and the results of operations and changes in financial position of the Issuer for the periods, in respect of which they have been prepared; and
- (iv) the Issuer Management Accounts have been prepared and presented on a basis consistent with the accounting policies normally adopted by the Issuer and applied in preparing the audited financial statements of the Issuer;

4.1.17 Critical Accounting Policies: the Offering Circular incorporates by reference:

- (i) accounting judgments and estimates which the Issuer believes to be the most important in the portrayal of the financial condition and results of operations of the Consolidated Group and which require management’s most difficult, subjective or complex judgments (the “**Critical Accounting Policies**”);
- (ii) material judgments and uncertainties affecting the application of the Critical Accounting Policies; and
- (iii) the likelihood that materially different amounts would be reported under different conditions or using different assumptions, and the Board of Directors and audit committee of the Issuer have reviewed and agreed with the selection, application and disclosure of the Critical Accounting Policies as contained in the Offering Circular and have consulted with the independent auditors of the Issuer with regards to such disclosure;

4.1.18 Accounting Controls: the Issuer, the Company and each of their respective consolidated subsidiaries has established procedures which provide a reasonable basis for each of them to make proper judgements as to the financial position and prospects of the Group, taken as a whole, and each member of the Group maintains a system of internal accounting controls sufficient to provide reasonable assurances that:

- (i) transactions are executed in accordance with management’s general or specific authorisations;
- (ii) transactions are and will be recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability;
- (iii) access to assets is permitted only in accordance with management’s general or specific authorisation;
- (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences;

- (v) notifiable transactions, connected transactions and any other transactions, discloseable interests, irregularities or matters are readily identified and reported to management of the Group and any regulatory bodies as and when required in accordance with the applicable Laws including the Listing Rules,
- (vi) the policies and procedures governing (i) to (v) above and any other corporate governance policies are documented properly and the implementation of such corporate governance policies are monitored by the responsible persons regularly;
- (vii) the Issuer, the Company and each of their respective consolidated subsidiaries has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity and provide a sufficient basis for the preparation of the consolidated financial statements of the Issuer and the Company in accordance with IFRS; and
- (viii) the current management information and accounting control systems of the Issuer and the Company has been in operation for at least 12 months during which time none of the Issuer or any of its consolidated subsidiaries has experienced any material difficulties with regard to (i) through (v) above;

4.1.19 Contingent Liabilities: there are no outstanding guarantees or contingent payment obligations of the Consolidated Group in respect of indebtedness of third parties which are material in the context of the issue or offering of the Bonds except as described in the Offering Circular; each member of the Consolidated Group is in compliance with all of its obligations under any outstanding guarantees or contingent payment obligations as described in the Offering Circular, except for such non-compliance which would not individually or in the aggregate have a Material Adverse Effect;

4.1.20 Off-balance Sheet Arrangements: there are no material off-balance sheet transactions, arrangements, and obligations; and neither the Issuer nor any other member of the Group has any relationships with unconsolidated entities that are contractually limited to narrow activities that facilitate the transfer of or access to assets by the Issuer or any other member of the Group, such as structured finance entities and special purpose entities that could have a material effect on the liquidity of the Issuer or any other member of the Group or the availability thereof or the requirements of the Issuer or any other member of the Group for capital resources;

4.1.21 Dividends: no subsidiary of the Issuer is currently prohibited, directly or indirectly from paying any dividends to the Issuer from making any other distribution on such subsidiary's capital stock, from repaying to the Issuer any loans or advances to such subsidiary from the Issuer or from transferring any of such subsidiary's property or assets to the Issuer or any other subsidiary of the Issuer;

4.1.22 Auditors: the auditors who audited the consolidated financial statements of the Issuer and the notes thereto and delivered an audit report thereon, each of which has been incorporated by reference in the Offering Circular, are independent reporting accountants with respect to the Issuer as described in the audit report;

4.1.23 Title:

- (i) the Issuer and each other member of the Group has good and marketable title to all real property, personal property and any other assets owned by it (including such property or assets as described in the Offering Circular) or any rights or interests thereto, in each case as is necessary to conduct the business now operated by it ("**Assets**"), except for such failure which would not, individually or in the aggregate, have a Material Adverse Effect;
- (ii) the Issuer and each other member of the Group has received all necessary approvals in order to have good and marketable title to its Assets, including without limitation approvals relating to the evaluation, acquisition and perfection of such title, except for such failure which would not, individually or in the aggregate, have a Material Adverse Effect; and
- (iii) there are no charges, liens, encumbrances or other security interests or third party rights or interests, conditions, planning consents, orders, regulations, defects or other restrictions affecting any of such Assets which could have a material adverse effect on the value of such Assets, or limit, restrict or otherwise have a material adverse effect on the ability of the relevant member of the Group to utilise or develop any such Assets and, where any such Assets are held under lease, each lease is a legal, valid, subsisting and enforceable lease;

4.1.24 Approvals:

- (i) the Issuer and each other member of the Group possesses adequate certificates, authorisations, licences, orders, consents, approvals or permits ("**Approvals**") issued by, and has made all necessary declarations and filings with, all appropriate national, state, local and other governmental agencies or bodies, all exchanges and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to conduct the business now operated by them, except for such failure to possess Approvals or make declarations and filings which would not, individually or in the aggregate, have a Material Adverse Effect;
- (ii) the Issuer and each other member of the Group is in compliance with the terms and conditions of all such Approvals, except for such non-compliance which would not, individually or in the aggregate, have a Material Adverse Effect;
- (iii) all of the Approvals are valid and in full force and effect, except for such invalidity which would not, individually or in the aggregate, have a Material Adverse Effect; and
- (iv) neither the Issuer nor any other member of the Group has received any notice of proceedings relating to the revocation or modification of any such Approvals or is otherwise aware that any such revocation or modification is contemplated or threatened, that, if determined adversely to the Issuer or any member of the Group, would individually or in the aggregate have a Material Adverse Effect;

4.1.25 Taxes and Assessments:

- (i) Except in each case, as would not individually or in the aggregate, have a Material Adverse Effect, all necessary returns, reports or filings which ought to have been made by or in respect of the Issuer and each other member of the Group for taxation purposes (i) have been made on a timely basis and all such returns are correct and (ii) are not the subject of any dispute with the relevant revenue or other appropriate authorities and (iii) as far as the Issuer is aware, do not reveal any circumstances likely to give rise to any such dispute and the provisions, charges, accruals and reserves included in the financial statements are sufficient to cover all taxation of the Issuer and each other member of the Group existing in all accounting periods ended on or before the accounting reference date to which the financial statements relate whether payable then or at any time thereafter. No liability for tax which has not been provided for in the financial statements of the Issuer or any other member of the Group has arisen or has been asserted by the tax authorities against the Issuer or any other member of the Group, except as would not, individually or in the aggregate, have a Material Adverse Effect; and
- (ii) the Issuer and each other member of the Group has duly and in a timely manner paid all taxes that have become due, including, without limitation, all taxes reflected in the tax returns referred to in sub-Clause (i) above, or any assessment, proposed assessment, or notice, either formal or informal, received by the relevant member of the Group except for any such taxes that are being contested in good faith and by appropriate proceedings or where the failure to file or make payment would not, individually or in the aggregate, have a Material Adverse Effect;

4.1.26 Taxes/Duties: save as disclosed under “Taxation” in the Offering Circular, no tax or duty (including any stamp or issuance or transfer tax or duty, any service tax and any tax or duty on capital gains or income) is assessable or payable in, and no withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature is imposed or made for or on account of any income, registration, transfer, service or turnover taxes, customs or other duties or taxes of any kind, levied, collected, withheld or assessed by or within the Cayman Islands, the People’s Republic of China (the “**PRC**”), Hong Kong, the Grand Duchy of Luxembourg or Belgium or any other relevant jurisdiction or by any sub-division of or authority therein or thereof having power to tax, in connection with the creation, issue and offering of the Bonds or the execution or delivery of any of the Contracts or the performance of the obligations thereunder (including, without limitation, delivery of the Shares on exchange of the Bonds) (for the avoidance of doubt, excluding any tax imposed in respect of net income by a taxing jurisdiction in which the Manager is incorporated or resident for tax purposes or carries on or is deemed to carry on business);

4.1.27 Litigation: there are no pending actions, suits or proceedings against or affecting the Issuer or any other member of the Group or any of their respective properties, which if determined adversely to the Issuer or any other member of the Group would individually or in the aggregate have a Material Adverse Effect and, to the best of the Issuer’s knowledge (after due and careful enquiry), no such actions, suits or proceedings are threatened or contemplated. There is also no winding up petition affecting the Issuer or any other member of the Group;

- 4.1.28 Investigation:** there are no police, legal, governmental or regulatory investigations nor any pending actions, suits or proceedings, including but not limited to any pending actions, proceedings or investigations by NDRC, against or affecting the Issuer or any other member of the Group or any of their respective executive directors, officers, properties or employees, which, if determined adversely to the Issuer or any other member of the Group or any of their respective directors, officers, properties or employees, would individually or in the aggregate have a Material Adverse Effect, or and, to the best of the Issuer's knowledge (after due and careful enquiry), no such investigations, actions, suits or proceedings are threatened or contemplated;
- 4.1.29 Insurance:** the Issuer and each other member of the Group has in place all insurance policies necessary and customary for the conduct of their businesses as currently operated and for compliance with all requirements of law, such policies are in full force and effect, and all premiums with respect thereto have been paid, and no notice of cancellation or termination has been received with respect to any such policy, and the Issuer and each other member of the Group has complied in all material respects with the terms and conditions of such policies except in each case as would not, individually or in the aggregate, result in a Material Adverse Effect;
- 4.1.30 Intellectual Property:** the Issuer and each other member of the Group owns or possesses, or can acquire on reasonable terms, adequate patents, patent rights, licences, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "**Intellectual Property**") necessary to carry on the business now operated by it in each country in which it operates, and neither the Issuer nor any other member of the Group has received any notice or is otherwise aware of any infringement of or conflict in any jurisdiction with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Issuer or any other member of the Group therein, except for such failure to own or possess, infringement or conflict which would not, individually or in the aggregate, have a Material Adverse Effect;
- 4.1.31 Environmental Laws:** the Issuer and each other member of the Group (i) has received, is in compliance with and will comply with all permits, licences or other approvals required of it under applicable Environmental Laws to conduct its businesses and (ii) has not received notice of any actual or potential liability under any Environmental Law, except in each case as would not, individually or in the aggregate, have a Material Adverse Effect.

For the purpose of this Clause, "**Environmental Laws**" means any and all supra-national, national, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licences, agreements or other governmental restrictions relating to the protection of the environment (including, without limitation, human, animal and plant life, ambient air, surface water, ground water, or land), the protection of property and proprietary rights or for the compensation of harm to the environment whether by clean-up,

remediation, containment or other treatment or the payment of monies to any competent authority;

- 4.1.32 Events of Default or Relevant Event:** no event has occurred or circumstance arisen which, had the Bonds already been issued, could reasonably be expected to (whether or not with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement): (i) constitute an event described under “Events of Default” in the Terms and Conditions of the Bonds; (ii) a Relevant Event (as defined in the Terms and Conditions) resulting in the entitlement of the Bondholders to exercise the put option under the Bonds; or (iii) require an adjustment of the initial exchange property in relation to the Bonds;
- 4.1.33 Labour Disputes:** no labour dispute with the employees of the Group, which would, individually or in the aggregate, have a Material Adverse Effect, exists or, to the knowledge of the Issuer, is imminent. The Issuer is not aware of any existing or imminent labour disturbance by the employees of any of its principal suppliers, manufacturers or contractors, which would, individually or in the aggregate, have a Material Adverse Effect;
- 4.1.34 Data:** the statistical, industry and market-related data included in the Offering Circular is based on or derived from sources which the Issuer believes to be accurate and reliable in all material respects;
- 4.1.35 Information:** all information supplied or disclosed in writing or orally including, without limitation, the answers and documents provided at due diligence meetings (and any new or additional information serving to update or amend such information supplied or disclosed by the Issuer to the Managers or the legal and other professional advisers to the Managers) is in every material respect true and accurate and not misleading and all publicly available information and records of the Issuer and any other member of the Group (including information contained in annual reports, statutory filings and registrations and publications made under the Listing Rules) was, when published true and accurate in all material respects and all forecasts, opinions and estimates relating to the Issuer and each other member of the Group so supplied or disclosed have been made after due, careful and proper consideration, are based on reasonable assumptions and represent reasonable and fair expectations honestly held based on facts known to such persons (or any of them); there has been no development or occurrence relating to the financial or business condition or prospects of the Issuer or any member of the Group (including, without limitation, with respect to any corporate event, acquisition, disposal or related matter) which is not in the public domain and which shall be disclosed by the Company in accordance with the Listing Rules; and the Issuer has disclosed all information regarding the financial or business condition or prospects of the Issuer and the Consolidated Group, which is relevant and material in relation to the Issuer and the Consolidated Group, in the context of the issue, offering and sale of the Bonds, and to the best of the Issuer’s knowledge, the information of the Company set forth in the public disclosure on the website of the Stock Exchange comprises all information regarding the financial or business condition or prospects of the Company and its subsidiaries taken as a whole, which is relevant and material in relation to the Company and its subsidiaries taken as a whole, in the context of the issue, offering and sale of the Bonds and there is not in existence any undisclosed material or information relating to the Issuer or the

Group which is required to be disclosed by the Company under the Listing Rules or the disclosure of which would have a material effect on the trading price of the Shares; the Issuer has not been, is not and will not be at any time engaged in insider dealing in connection with the issue of the Bonds and the related transactions entered into or to be entered into pursuant to this Agreement;

- 4.1.36 Announcements:** with respect to all the announcements issued by the Issuer and the Company; (i) all statements contained therein were in every material particular true and accurate and not misleading; (ii) all opinions and intentions expressed in them were honestly held, were reached after considering all relevant circumstances and were based on reasonable assumptions and (iii) there were no other facts omitted so as to make any such statement or expression in any of the announcements misleading in any material respect or which would or might have been material in the context in which the announcements were made;
- 4.1.37 No Fiduciary Relationship:** the Issuer acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Agreement, including the determination of the issue of the Bonds and any related discounts and commissions, is an arm's-length commercial transaction between the Issuer, on the one hand, and the Managers, on the other hand; (ii) in connection with the Offering, each of the Managers is and has been acting solely as principal and is not the agent or fiduciary of the Issuer or any of its stockholders, creditors, employees or any other party; (iii) each of the Managers has not assumed nor will it assume an advisory or fiduciary responsibility in favour of the Issuer with respect to the Offering or the process leading thereto (irrespective of whether any Manager has advised or is currently advising the Issuer on other matters) and the Managers have no obligation to the Issuer with respect to the Offering except the obligations expressly set forth in this Agreement; (iv) the Managers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Issuer; and (v) the Managers have not provided any legal, accounting, regulatory or tax advice with respect to the Offering and the Issuer have consulted their own legal, accounting, regulatory and tax advisors to the extent they deemed appropriate. This Agreement supersedes any prior agreement or understanding (whether written or oral) between the Issuer and the Managers with respect to the subject matter of this Clause;
- 4.1.38 No Unlawful Payments:** neither the Issuer nor any of its subsidiaries nor any director, officer, or employee or any of its subsidiaries nor, to the knowledge of the Issuer, any agent, affiliate or other person acting on behalf of the Issuer or any of its subsidiaries have (i) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government or regulatory official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-

bribery or anti-corruption laws; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Issuer and its subsidiaries have instituted, maintain and enforce, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws;

4.1.39 Compliance with Money Laundering Laws: the operations of the Issuer and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Issuer or any of its subsidiaries conducts business, including Organised and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong), the rules and regulations thereunder and any related or similar rules, regulations or guidelines issued, administered or enforced by any governmental or regulatory agency (collectively, the “**Anti-Money Laundering Laws**”) and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Issuer or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Issuer, threatened.

4.1.40 No Conflicts with Sanctions Laws: neither the Issuer nor any of its subsidiaries, nor any of the directors, officers or employees of the Issuer or any of its subsidiaries, nor, to the knowledge of the Issuer, any agent, or affiliate or other person acting on behalf of the Issuer or any of its subsidiaries:

- (i) is an individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership or entity (a “**Person**”) that is, or is owned or controlled by Persons that are, the currently subject of (a) any U.S. sanctions administered or enforced by the United States Government (including without limitation, by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“**OFAC**”)) or the U.S. Department of State or any sanctions or measures imposed by the United Nations Security Council, the European Union, the United Kingdom or Her Majesty’s Treasury (“**HMT**”) or any other relevant sanction authority or (b) any sanctions pursuant to United States legislation (including, without limitation, the U.S. Trading with the Enemy Act, the U.S. International Emergency Economic Powers Act, the U.S. United Nations Participation Act, the Iran Sanctions Act, the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, the Syria Accountability and Lebanese Restoration Sovereignty Act, and any of the foreign assets control regulations of the United States Treasury Department (as codified in 31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto) (collectively, the “**Sanctions**”);
- (ii) is located, organised, resident or operating in a country or territory that is or whose government is, the subject of Sanctions (including, without limitation, Cuba, Iran, North Korea, Sudan, Syria and the Crimea region of Ukraine);

- (iii) has engaged in, and is now engaged in any dealings or transactions with any government, person, entity or project targeted by, or located in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions or in any manner which constitutes a violation of Sanctions by the Issuer (for the purpose of this sub-clause only, no representation or warranty shall be given on officers or employees of the Issuer or any of its subsidiaries); or
- (iv) is or has been in violation of or subject to an investigation relating to any Sanctions;

To the knowledge of the Issuer, none of the officers or employees of the Issuer or any of its subsidiaries has engaged in, and is now engaged in any dealings or transactions with any government, person, entity or project targeted by, or located in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions or in any manner that violates Sanctions.

- 4.1.41 Use of Proceeds:** the use by the Issuer of the proceeds from the issue of the Bonds in the manner set forth in the Offering Circular does not violate (i) any applicable existing laws or regulations of any relevant jurisdiction, (ii) any provision of the constitutive documents of the Issuer or any member of the Group, (iii) any agreement or other instrument binding on the Issuer or any member of the Group, or (iv) any judgement, order or decree of any governmental or regulatory body, agency or court having jurisdiction over the Issuer or any member of the Group;
- 4.1.42 Stabilisation:** (i) the Issuer has not issued and will not issue, without the prior consent of the Sole Global Coordinator, any press or other public announcement referring to the proposed issue of Bonds unless the announcement adequately discloses the fact that the stabilising action may take place in relation to the Bonds to be issued and (ii) neither the Issuer nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on behalf of any of them has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Bonds;
- 4.1.43 Foreign Issuer and U.S. Market Interest:** the Issuer is a “foreign issuer” (as such term is defined in Regulation S) which reasonably believes that there is no “substantial U.S. market interest” (as defined in Regulation S) in the Issuer’s debt securities or in the Shares or any securities of the same class or series as the Shares;
- 4.1.44 Directed Selling Efforts:** neither the Issuer nor any of its affiliates (as defined in Rule 405 under the Securities Act) nor any persons acting on behalf of any of them has engaged in any “directed selling efforts” (as defined in Regulation S) with respect to the Bonds or the Shares to be delivered upon exchange of the Bonds;
- 4.1.45 No Registration:** no registration of the Bonds under the Securities Act will be required for the offer, sale and delivery of the Bonds by the Managers in the manner contemplated by this Agreement; and

4.1.46 No Competing Arrangements: the Issuer is not a party to any other transaction which has or will have a material adverse effect on the transactions contemplated by this Agreement, the Bonds, and the other Contracts.

4.2 Repetition: Subject to Clause 10, the representations and warranties contained in, or given pursuant to, Clause 4.1 shall be deemed to have been repeated at the date of publication of any supplement or amendment to the Offering Circular published in accordance with Clause 5.3 and the Closing Date taking into account facts and circumstances subsisting at such date.

4.3 Indemnity:

4.3.1 The commitment of the Managers under this Agreement is being made on the basis of the foregoing representations and warranties and agreements of the Issuer. The Issuer undertakes to pay each of the Managers on demand an amount which on an after tax basis is equal to any liability, damages, cost, claim, loss or expense (including, without limitation, legal fees, costs and expenses) (a "**Loss**") incurred by them, any of their subsidiaries, affiliates or any person who controls any of them or any of their respective directors, officers, employees or agents (each an "**Indemnified Person**") in respect of or in connection with:

- (i) any breach or alleged breach of any of the representations, warranties, undertakings or agreements contained in, or deemed to be made pursuant to, this Agreement or any certificate issued by the Issuer, including (without limitation) the failure by the Issuer to issue the Bonds;
- (ii) any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Offering Circular and/or the Final Offering Circular (or any supplement to any of them) and/or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading;
- (iii) the issue and publication of the Offering Circular and any supplementary offering circular and/or any other documentation relating to the offering and sale of the Bonds;
- (iv) the services rendered or duties performed by the Managers under this Agreement; or
- (v) the failure or alleged failure by the Issuer or any member of the Group or any of their respective directors or officers to comply with any requirements of statute or regulation in relation to the offering and sale of the Bonds.

Loss shall include (without limitation) all Losses which an Indemnified Person may incur in investigating, preparing, disputing or defending, or providing evidence in connection with, any litigation, claim, action, proceeding, investigation, demand, judgment or award (each a "**Claim**") (whether or not the Indemnified Person is an actual or potential party to such Claim) or in establishing any Claim or mitigating any Loss on its part or otherwise enforcing its rights under this Clause 4.3, which shall be additional and without prejudice to any rights which the Indemnified Person may have at common law or otherwise.

4.3.2 The Managers shall not have any duty or obligation, whether as fiduciary or trustee for any Indemnified Person or otherwise, to recover any such payment or to

account to any other person for any amounts paid to it under this Clause 4.3 and save to the extent notified in writing to an Indemnified Person by the Managers, the Managers (without obligation) will have the sole conduct of any action to enforce such rights on behalf of the Indemnified Person. This Agreement may be terminated, amended or varied in any way and at any time by the parties hereto without the consent of any Indemnified Person.

4.3.3 The respective indemnities, agreements, representations, warranties and other statements of the Issuer and the Managers, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by any of the Managers or the Issuer and shall survive delivery of and payment for the Bonds.

5 Undertakings of the Issuer

The Issuer undertakes with the Managers that:

5.1 Taxes: the Issuer will pay:

- (i) any stamp, issue, registration, documentary or other similar taxes and duties, including interest and penalties in the Cayman Islands, the United Kingdom, Hong Kong, the Grand Duchy of Luxembourg or Belgium and all other relevant jurisdictions payable on or in connection with the creation, issue and offering of the Bonds or the execution or delivery of the Contracts; and
- (ii) in addition to any amount payable by it under this Agreement, and upon receipt of a valid invoice (if applicable) any value added, service, turnover or similar tax payable in respect thereof (and references in this Agreement to such amount shall be deemed to include any such taxes so payable in addition to it);

5.2 Delivery of Offering Circular: the Issuer will deliver to the Managers, without charge, on the date hereof and thereafter from time to time as requested, such number of copies of the Offering Circular and all amendments and supplements thereto as the Managers may reasonably request;

5.3 Amendment: if at any time prior to the date falling 40 days after the Closing Date any event shall have occurred as a result of which the Offering Circular, as then amended or supplemented, would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made when such Offering Circular is delivered, not misleading, or if for any other reason it shall be necessary to amend or supplement the Offering Circular, the Issuer will notify the Managers, and, upon reasonable request from the Managers, will prepare and furnish without charge to the Managers as many copies as the Managers may from time to time reasonably request of such amendment or a supplement to the Offering Circular which will correct such statement or omission and the representations and warranties contained in, or given pursuant to, Clause 4.1 will be true and accurate with respect to such amendment or supplement to the Offering Circular as if repeated as at its date;

5.4 Compliance with Schedule 2: the Issuer will comply with the relevant restrictions set out in Schedule 2 hereto as if it were the Manager under this Agreement;

- 5.5 Warranties:** the Issuer will forthwith notify the Managers if at any time prior to payment of the net subscription moneys to the Issuer on the Closing Date anything occurs which renders or may render untrue or incorrect in any respect any of its representations, warranties, agreements and indemnities herein and will forthwith take such steps as the Managers may reasonably require to remedy and/or publicise the fact;
- 5.6 Lock-up:** neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Global Coordinator between the date hereof and the date which is 60 days after the Closing Date (both dates inclusive); except for (i) the Bonds and the Shares delivered on exchange of the Bonds; (ii) the securities lending agreement entered into between the Issuer and BOCI Financial Products Limited dated 18 May 2017 (as amended, modified or supplemented from time to time, including by the amended and restated securities lending agreement dated 5 June 2020) and the Securities Lending Agreement; and (iii) any issuance and/or disposal of equity or debt securities or any other similar transaction by the Issuer for the purposes of providing incentive to the management and/or employees of the Issuer and/or its subsidiaries which are not convertible, exchangeable or referable to the Shares or securities of the same class as the Shares or other instruments representing interests in the Shares or other securities of the same class as the Shares.
- 5.7 Exchange:** the Issuer will deliver in accordance with the terms and conditions of the Bonds, Shares (which rank *pari passu* with the other Shares then outstanding) free and clear of all liens, claims, charges, security, encumbrances or like interests upon exchange of Bonds pursuant to the Terms and Conditions;
- 5.8 Exchange Property:** between the date hereof and the Closing Date (both dates inclusive), neither the Issuer nor any person acting on its or their behalf will take, directly or indirectly, any action designed to or which constitutes or which might reasonably be expected to cause or result in an adjustment of the initial exchange property in relation to the Bonds;
- 5.9 Approvals and Filing:** the Issuer will use its reasonable endeavours to obtain all necessary approvals and consents and promptly make all necessary notifications, registrations and filings as may from time to time be required in relation to the Bonds, including the requisite information and documents which shall be filed by the Issuer with the NDRC within 10 PRC Business Days after the Closing Date and in accordance with Circular 2044 (the “**NDRC Post-Issuance Filing**”);
- 5.10 Clearing Systems:** the Issuer will co-operate with the Managers and use its reasonable endeavours to permit the Bonds to be eligible for clearance and settlement through the facilities of Euroclear and Clearstream, Luxembourg;

- 5.11 Use of Proceeds:** the Issuer will use the net proceeds from the issue of the Bonds in the manner as specified in the Offering Circular under “Use of Proceeds”;
- 5.12 Sanctions:** the Issuer will not directly or indirectly use the proceeds of the offering of the Bonds hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or the target of Sanctions, (ii) to fund or facilitate any activities of or business in any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as advisor, investor or otherwise) of Sanctions;
- 5.13 Announcements:** between the date hereof and a period of 40 days after the Closing Date (both dates inclusive), the Issuer will, and will cause its subsidiaries and affiliates and all other parties acting on its or their behalf to notify and consult with the Sole Global Coordinator (unless prevented by applicable law or regulations) prior to issuing any announcement concerning, or which could be material in the context of, the offering and distribution of the Bonds, and shall take into account such requests as the Sole Global Coordinator shall reasonably make with respect to such announcements, unless the Issuer is prevented from obtaining such consent by applicable law or regulation; and
- 5.14 Directed Selling Efforts:** neither the Issuer nor any of its respective affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on its or their behalf of any of them will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Bonds or the Shares to be delivered upon the exchange of the Bonds.
- 5.15 No Sales:** neither the Issuer nor any member of the Group, nor any person acting on its or their behalf will, directly or indirectly, make offers or sales of any security, or solicit offers to buy any securities, under circumstances that would require the registration of the Bonds or Shares under the Securities Act;

6 Conditions Precedent

- 6.1** The obligations of the Managers to subscribe and pay for the Bonds are conditional on:
- 6.1.1 Due Diligence:** the Managers being reasonably satisfied with the results of its due diligence investigations with respect to the Issuer and its subsidiaries and the Offering Circular shall have been prepared in form and content satisfactory to the Managers;
- 6.1.2 Other Contracts:** the execution and delivery (on or before the Closing Date) of the other Contracts, each in a form reasonably satisfactory to the Managers, by the respective parties;
- 6.1.3 Authorisation:** on or prior to the Closing Date, there having been delivered to the Managers a copy of:
- (i) the currently effective memorandum and articles of association of the Issuer; and
 - (ii) the resolutions of the board of directors of the Issuer authorising the execution of this Agreement and the other Contracts, the issue of the Bonds and the entry into and performance of the transactions contemplated.

- 6.1.4 Auditors' Letters:** on the date hereof and on the Closing Date, there having been delivered to the Managers letters, in form and substance satisfactory to the Managers, dated the date hereof in the case of the first letter and dated the Closing Date in the case of the subsequent letter, and addressed to the Managers from Ernst & Young, auditors to the Issuer;
- 6.1.5 Compliance:** at the Closing Date:
- (i) the representations and warranties of the Issuer in this Agreement being true and accurate at, and as if made on such date;
 - (ii) the Issuer having performed all of its obligations under this Agreement to be performed on or before such date; and
 - (iii) there having been delivered to the Managers a certificate in the form attached as Schedule 3, dated as of such date, of a duly authorised officer of the Issuer to such effect;
- 6.1.6 Material Adverse Change:** after the date hereof and up to and at the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the financial condition, prospects, earnings, results of operations or business of the Issuer or of the Consolidated Group, which, in the opinion of the Managers, is material and adverse in the context of the issue and Offering of the Bonds;
- 6.1.7 Other consents:** on or prior to the Closing Date there shall have been delivered to the Managers copies of all consents and approvals required in relation to the issue of the Bonds and the performance of its obligations under the Trust Deed, the Agency Agreement and the Bonds (including the consents and approvals (if any) required from all lenders);
- 6.1.8 Certificate of No Default:** there having been delivered to the Managers a certificate of no default in the form attached as Schedule 4 dated the Closing Date, of a duly authorised officer of the Issuer;
- 6.1.9 Listing:** the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Managers, to list the Bonds (or, in each case, the Managers being reasonably satisfied that such listing will be granted);
- 6.1.10 NDRC Pre-Issuance Registration Certificate:** on or prior to the Closing Date, there having been delivered to the Managers a copy of the pre-issuance registration certificate in respect of, among other things, the issue of the Bonds evidencing the registration of the issue of the Bonds with the NDRC;
- 6.1.11 Legal Opinions:** on or before the Closing Date, there having been delivered to the Managers opinions, in form and substance satisfactory to the Managers, dated the Closing Date, of:
- (i) Zhong Lun, legal advisers to the Managers as to PRC law;
 - (ii) Junhe LLP, legal advisers to the Issuer as to PRC law;
 - (iii) Maples and Calder (Hong Kong) LLP, legal advisers to the Issuer as to Cayman Islands law; and

(iv) Linklaters, legal advisers to the Managers as to English law and Hong Kong law;

6.1.12 Fee Letters: on or before the Closing Date, there having been delivered to the Lead Managers the executed copies of the Fee Letters referred to in Clause 8 dated the Closing Date; and

6.1.13 Other Documents: such other resolutions, consents, authorities and documents relating to the issue of the Bonds, as the Managers may reasonably require;

6.2 Waiver: The Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of this Clause 6.

7 Closing

7.1 Issue of the Bonds: Not later than 5:00 p.m. (Hong Kong time) (or such other time as may be agreed by the Managers and the Issuer) on the Closing Date, the Issuer will issue the Bonds and procure the entry in the register of Bondholders (the “**Register**”) of the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) and will deliver to the Common Depositary the Global Certificate duly executed and authenticated representing the aggregate principal amount of the Bonds. Delivery of the Global Certificate and completion of the Register shall constitute the issue and delivery of the Bonds.

7.2 Payment: Against such delivery of the Global Certificate the Managers will pay or cause to be paid to the Issuer the net subscription moneys for the Bonds (being the aggregate amount payable for the Bonds calculated at the Issue Price less the commission and concession referred to in Clause 8). Such payment shall be made by the Common Depositary on behalf of the Managers, in United States dollars in immediately available funds for value on the Closing Date to such United States dollars account in Hong Kong maintained by the Issuer as shall be notified by the Issuer to the Managers not later than five days prior to the Closing Date, evidence of such payment taking the form of a confirmation by the Common Depositary that it has made such payment.

8 Commissions and Concession

The Issuer agrees to pay to the Managers a combined management and underwriting commission and selling concession as separately agreed in fee letter(s) (the “**Fee Letters**”). Such commission and concession shall be deducted from the subscription moneys for the Bonds as provided in Clause 7.2.

9 Expenses

9.1 General Expenses: The Issuer agrees to pay:

(i) all costs and expenses in connection with (a) the fees and expenses of its own legal and other professional advisers and other third parties appointed by it in connection with the issue and offering of the Bonds; (b) the preparation, production and delivery of the Offering Circular (in proof and definitive form and any supplement or amendment thereto) and the listing particulars (if any), the Contracts and all other documents relating to the issue of the Bonds, (c) the initial delivery and distribution of the Bonds, (d) the listing of the Bonds on the Stock Exchange; and (e) the fees and expenses of the Managers’ legal advisers in the respective

engagement arrangements between the Managers and their legal advisers and as approved by the Issuer; and

- (ii) the fees and expenses of the Principal Paying Agent, the Trustee and the other agents appointed under the Agency Agreement in relation to the preparation and execution of the Contracts (including, without limitation, the fees and expenses of the Trustee's legal advisers in the respective engagement arrangements between the Trustee and its legal advisers and as approved by the Issuer), the issue and authentication of the Bonds and the performance of their duties under the Contracts.

9.2 Manager's Expenses: Each Manager will bear its own costs and expenses incurred in connection with the issue of the Bonds, including fees and expenses of the Managers' legal advisers that exceed the amount in their respective engagement arrangements which have been approved by the Issuer and all travelling (including hotel accommodations and flight tickets, telecommunications, postage and other out-of-pocket expenses) in connection with investor presentations, if any.

9.3 Payment: All payments due under this Agreement are to be made in United States dollars and are stated exclusive of any applicable tax whether income taxes, withholding taxes, value added taxes, goods and services taxes, business or services taxes or similar taxes other than taxes imposed in respect of net income by a taxing jurisdiction wherein the recipient is incorporated or resident or carries on or is deemed to carry on business for tax purposes ("**Taxes**"). If any deduction or withholding for or on account of Taxes is required to be made from any payment to the Managers, then the Issuer shall pay an additional amount so that the Managers receives the full amount of the payments set out herein (as if no deduction or withholding had been required). The Issuer shall make appropriate payments and returns in respect of such Taxes and provide the Managers with an original or authenticated copy of any tax receipt. All payments in respect of the costs, fees and expenses referred to in this Clause shall be satisfied by the Issuer making them to the Managers, and the Issuer shall not be concerned with the apportionment of such payments between the Managers or the payment of them to other persons.

10 Termination

10.1 Ability to Terminate: Notwithstanding anything contained in this Agreement, the Managers may, by notice to the Issuer given at any time prior to payment of the net subscription monies for the Bonds to the Issuer, terminate this Agreement in any of the following circumstances:

- 10.1.1** if there shall have come to the notice of the Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in this Agreement or any failure to perform any of the Issuer's undertakings or agreements in this Agreement;
- 10.1.2** if any of the conditions specified in Clause 6 has not been satisfied or waived by the Managers on or prior to the Closing Date;
- 10.1.3** if in the opinion of the Managers, there shall have been, since the date of this Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Issuer or the Company on any stock exchange or in any over-the-counter market)

or currency exchange rates or foreign exchange controls such as would in the Managers' reasonable opinion, be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market;

10.1.4 if, in the reasonable opinion of the Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, and/or the Hong Kong Stock Exchange; (ii) a suspension (to the extent such suspension is other than in the ordinary course of business of the Company) or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange; (iii) a general moratorium on commercial banking activities in the United States, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong or the United Kingdom; or (iv) a change in taxation affecting the Issuer, the Bonds and the Shares or the transfer thereof, which would in the Managers' reasonable opinion be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or

10.1.5 if, in the opinion of the Managers, since the date of this Agreement, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in the Managers' reasonable opinion be likely to prejudice materially the success of the Offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

10.2 Consequences of Termination: Upon such notice being given this Agreement shall terminate and be of no further effect and no party shall be under any liability to any other in respect of this Agreement, the Managers shall remain liable under Clause 1 and the respective obligations of the parties under Clause 11 which would have continued had the arrangements for the subscription and issue of the Bonds been completed, shall continue.

11 Survival of Representations and Obligations

The representations, warranties, agreements, undertakings and indemnities in this Agreement shall continue in full force and effect despite completion of the arrangements for the subscription and issue of the Bonds or any investigation made by or on behalf of the Manager.

12 Communications

12.1 Addresses: Any communication shall be given by letter or fax, in the case of notices to the Issuer, to it at:

China Mengniu Dairy Company Limited

32nd Floor
COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Fax no.: (852) 21809039

Attention: Chris Kwok

and in the case of notices from the Issuer, to the Managers at:

BOCI Asia Limited

20/F Bank of China Tower
1 Garden Road
Central
Hong Kong

Fax no.: +852 2840 1032
Attention: Head of Debt Capital Markets

Guotai Junan Securities (Hong Kong) Limited

27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Fax no.: +852 2509 0030
Attention: Fixed Income, Currencies and Commodities Department

- 12.2 Effectiveness:** Any such communication shall take effect, in the case of a letter, at the time of delivery, in the case of fax, at the time of despatch or, in the case of telephone, when made.
- 12.3 Confirmations:** Any communication not by letter shall be confirmed by letter but failure to send or receive the letter of confirmation shall not invalidate the original communication.

13 Currency Indemnity

- 13.1 Currency of Account and Payment:** United States dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer under or in connection with this Agreement, including damages.
- 13.2 Extent of discharge:** An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise), by the Managers in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).
- 13.3 Indemnity:** If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Agreement, the Issuer will indemnify it against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.
- 13.4 Indemnity separate:** The indemnities in this Clause 13 and in Clause 4.3 constitute separate and independent obligations from the other obligations in this Agreement, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Managers and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Agreement or any other judgment or order.

14 Contracts (Rights of Third Parties) Act 1999

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

15 Governing Law and Jurisdiction

15.1 Governing law: This Agreement, as to which time shall be of the essence, and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

15.2 Jurisdiction:

15.2.1 The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Managers and shall not limit the right of the Managers to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

15.2.2 The Issuer irrevocably agrees to receive service at its usual business address at 32nd Floor, COFCO Tower 262, Gloucester Road, Causeway Bay, Hong Kong. Nothing in this Agreement shall affect the right to serve process in any other manner permitted by law.

16 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

17 Integration

This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Managers with respect to the subject matter hereof.

SCHEDULE 1
TERMS AND CONDITIONS OF THE BONDS

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions substantially in the form in which they (other than the text in italics) will be endorsed on the Certificate issued in respect of the Bonds and referred to in the global certificate relating to the Bonds.

The issue of U.S.\$100,000,000 in aggregate principal amount of 1.50 per cent. Exchangeable Bonds due 2023 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 18 and consolidated and forming a single series therewith) of China Mengniu Dairy Company Limited (the “**Issuer**”) was authorised by a resolution of the board of directors of the Issuer passed on 12 December 2019. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated on or about 24 June 2020 (the “**Issue Date**”) between the Issuer and Citicorp International Limited as trustee for itself and the Holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed). The Issuer will enter into a paying, exchange and transfer agency agreement dated on or about the Issue Date (as amended and/or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Trustee, Citibank, N.A., London Branch as principal paying agent, principal exchange agent and principal transfer agent (in such capacities collectively the “**Principal Agent**”, which expression shall include its successor(s)), Citigroup Global Markets Europe AG as registrar (the “**Registrar**”, which expression shall include its successor(s)) and the other paying agents, exchange agents and transfer agents appointed under it (each a “**Paying Agent**”, an “**Exchange Agent**” or, as the case may be, a “**Transfer Agent**” (which expressions shall, in each case, include their respective successor(s) and any other agent appointed in such capacity in connection with the Bonds) and, together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. References herein to each of the “**Paying Agent**”, the “**Exchange Agent**” and the “**Transfer Agent**” each include the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**” and the “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds.

These terms and conditions of the Bonds (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The “**Holder**” or “**Bondholder**”, in each case as defined below, are entitled to the benefit of, and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by the Holders at all reasonable times during normal business hours (9:00 a.m. to 3:00 p.m., Monday to Friday other than public holidays) at the principal office for the time being of the Trustee (being at the date hereof at 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong) following prior written request and proof of holding and identity to the satisfaction of the Trustee.

All capitalised terms that are not defined in the Conditions will have the meanings given to them in the Trust Deed.

1 STATUS

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4(A)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

2 FORM, DENOMINATION AND TITLE

- (A) **Form and Denomination:** The Bonds will be issuable only in registered form and in the denominations of U.S.\$200,000 and integral multiples of U.S.\$100,000 in excess thereof. A certificate (each a “**Certificate**”) will be issued to each Holder in respect of its registered holding of Bonds. Each Certificate will have an identifying number which will be recorded on the relevant Certificate and in the register of Holders which the Issuer will procure to be kept by the Registrar pursuant to the Agency Agreement (the “**Register**”).
- (B) **Title:** The Bonds will be registered instruments, title to which will pass only by registration in the Register. The Holder of any Bond will, except as ordered by a court of competent jurisdiction or as otherwise required by law, be treated as the absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in or any writing (other than the endorsed form of transfer) on, or the theft or loss of, the Certificate issued in respect of it), and none of the Issuer, the Trustee or any Agent thereof shall be affected by notice to the contrary and no person shall be liable for so treating the holder. In these Conditions, “**Bondholder**” and, in relation to a Bond, “**Holder**” mean the person in whose name a Bond is registered on the Register.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. These terms and conditions are modified by certain provisions contained in the Global Certificate.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

3 TRANSFERS OF BONDS; ISSUE OF CERTIFICATES

- (A) **Transfers:** Subject to this Condition, Condition 3(D) and the terms of the Agency Agreement, a Bond may be transferred by delivering to the specified office of the Registrar or any Transfer Agent the Certificate issued in respect of that Bond duly endorsed, accompanied by a form of transfer duly completed and signed and any other evidence as the Registrar or such Transfer Agent may require to prove the title and identity of the transferor and the authority of the individuals who have executed such form of transfer. No transfer of a Bond will be valid unless and until entered on the Register. The Registrar and any Transfer Agent may decline to effect any transfer of a Bond (i) during the period of 15 days ending on (and including) the due date for any payment of the principal of, and the premium (if any) on, such Bonds or (ii) in respect of which an Exchange Notice (as defined in Condition 7(B)) has been delivered in accordance with Condition 7(B) or a Put Exercise Notice (as defined in Condition 10(E)) has been delivered in accordance with Condition 10(E) or (iii) after the Bond has been tendered by the Holder in accordance with Condition 10(F) or (iv) during the period of 15 days ending on (and including) the Record Date (as defined in Condition 9(A)).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

- (B) **Delivery of New Certificates:** Each new Certificate to be issued on transfer of a Bond will, within seven business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate and the form of transfer on the back of such Certificate duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the Holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. Where some but not all the Bonds in respect of which a Certificate is issued are to be transferred, exchanged for Shares or redeemed, a new Certificate in respect of the Bonds not so transferred, exchanged or redeemed will, within seven business days of deposit or surrender of the original Certificate with or to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the Holder of the Bonds not so transferred, exchanged or redeemed to the address of such Holder appearing on the Register.
- (C) **Formalities Free of Charge:** No service charge shall be made for any registration of transfer of Bonds but the Issuer, the Registrar or any of the Transfer Agents may require payment (or such indemnity and/or security and/or pre-funding as the Issuer or the relevant Agent may require) of a sum sufficient to cover any taxes, duties or other governmental charges that may be imposed in relation to such transfer and such transfer shall not be made unless and until the required payment (or indemnity, security and/or pre-funding, as the case may be) described herein is made.
- (D) **Regulations:** All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds attached as a schedule to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (or sent via facsimile) by the Registrar to any Holder upon written request and proof of holding and identity satisfactory to the Registrar.

As used in this Condition 3, "**business day**" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business in the city in which the specified office of the Registrar or the relevant Transfer Agent with which a Certificate is deposited or surrendered in connection with a transfer or exchange or redemption is located.

4 NEGATIVE PLEDGE AND OTHER COVENANTS

- (A) **Negative Pledge:** For so long as any Bond remains outstanding (as defined in the Trust Deed) and except for any issuance of debt or convertible securities or any other similar transaction by the Issuer for the purpose of providing incentive to the management and/or employees of the Issuer and/or its subsidiaries, the Issuer will not, and the Issuer will ensure that none of its Principal Subsidiaries (other than a Listed Subsidiary) will, create any Encumbrance or permit to exist any Encumbrance to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according the Bonds to either (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as either the Trustee shall in its absolute discretion deem not materially less

beneficial to the interest of the Bondholders or shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

- (B) **Notification to NDRC:** The Issuer undertakes to use its reasonable endeavours to file or cause to be filed with the National Development and Reform Commission (the “**NDRC**”) the requisite information and documents within 10 PRC Business Days after the Issue Date in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知 (發改外資[2015] 2044 號)) issued by the NDRC and which came into effect on 14 September 2015, and any implementation rules as issued by the NDRC from time to time (the “**Post-Issuance Filing**”).
- (C) **Notification of Submission of Post-Issuance Filing:** The Issuer shall within 10 PRC Business Days after submission of the Post-Issuance Filing, provide the Trustee with (i) a certificate (substantially in the form scheduled to the Trust Deed) in English signed by two Authorised Signatories of the Issuer confirming the submission of the Post-Issuance Filing has occurred; and (ii) copies of the relevant documents evidencing the Post-Issuance Filing (if any), each certified in English by two Authorised Signatories of the Issuer as a true and complete copy of the original (the items specified in (i) and (ii) together, the “**Registration Documents**”). In addition, the Issuer shall, within five PRC Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 17) confirming the submission of the Post-Issuance Filing.

The Trustee shall have no obligation or duty to monitor or ensure that the Post-Issuance Filing is filed with the NDRC or completed within the prescribed timeframe in accordance with these Conditions and/or any other applicable PRC laws and regulations or to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing or to give notice to the Bondholders confirming the filing of the Post-Issuance Filing, and shall not be liable to the Issuer, the Bondholders or any other person for not doing so.

- (D) **Other Covenants:** The Issuer has, *inter alia*, undertaken in the Trust Deed that, so long as any Bond remains outstanding:
- (i) it will obtain and/or maintain all applicable consents and approvals which are required for the performance of its obligations under the Bonds and the Trust Deed;
 - (ii) to use all reasonable endeavours to maintain a listing of the Bonds on the Hong Kong Stock Exchange (as defined below); and
 - (iii) it will keep available for the purpose of effecting the exercise of Exchange Rights such amount of Exchange Property required to be delivered upon exercise of all of the Exchange Rights outstanding from time to time, provided that the Issuer may, subject to compliance with these Conditions, lend and deliver initially up to 613,877,227 Shares pursuant to and in accordance with the Securities Lending Agreement (as defined below).

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Exchange Rights.

5 DEFINITIONS

For the purpose of these Conditions, the following words and phrases shall have the following meanings:

“**Additional Exchange Property**” has the meaning set out in Condition 7(B)(iii);

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control of more than 50 per cent. with such specified Person;

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market as shall have been approved by an Extraordinary Resolution and on which the Shares are then listed or quoted or dealt in;

“**Capital Distribution**” means (a) any distribution of assets in specie charged or provided for in the accounts of a Relevant Company for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid-up (other than Relevant Securities credited as fully paid) by way of capitalisation of reserves); and (b) any cash dividend or distribution of any kind charged or provided for in the accounts of the Relevant Company for any financial period (whenever paid or made and however described);

“**Cash Alternative Amount**” means a sum in U.S. dollars equal to the average of the Value on each Trading Day in the Cash Alternative Calculation Period of the relevant *pro rata* share of the Exchange Property which, had a Cash Election not been made, would otherwise fall to be delivered to such Bondholder upon exercise of Exchange Rights in respect of the relevant Bonds;

“**Cash Alternative Calculation Period**” means the period of five consecutive Trading Days commencing on the second Trading Day immediately following the Cash Election Exercise Date;

“**Cash Alternative Payment Date**” has the meaning set out in Condition 7(B)(iv);

“**Cash Election**” has the meaning set out in Condition 7(B)(iv);

“**Cash Election Exercise Date**” has the meaning set out in Condition 7(B)(iv);

“**Cash Election Notice**” has the meaning provided in Condition 7(B)(iv);

“**Cash Limit**” has the meaning provided in Condition 7(B)(iv);

“**CCASS**” means the Central Clearing and Settlement System of Hong Kong;

“**Closing Price**” of any Securities for any Trading Day shall be, (i) in respect of the Shares, the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day; and (ii) in respect of any other Relevant Securities or any other Securities, the price published in the quotation sheet of the stock exchange or other securities market on which such Relevant Securities or any other Securities are principally traded for such day;

“**Current Market Price**” of any Securities shall be, in respect of any particular date, (i) in the case of the Shares, the average daily Closing Price for 20 consecutive Trading Days

immediately before any particular date as obtained or derived from the Relevant Exchange for one Share on such date; and (ii) in the case of any other Relevant Security, the average daily Closing Price for 20 consecutive Trading Days as obtained or derived from such stock exchange or other securities market on which such Relevant Security is principally traded for one share of such Relevant Security on such date;

“Effective Date” means, in relation to a Rights Issue or any Sub-division, Consolidation or Redenomination or Relevant Adjustment Event, the completion date of such event where cash, Securities and/or other property has been received by and/or credited into the relevant accounts of the person(s) entitled to receive the same;

“Encumbrance” means, in relation to a person, any mortgage, charge, lien, pledge or other security interest over the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of that person;

“Exchange Period” has the meaning set out in Condition 7(A)(ii);

“Exchange Property” has the meaning set out in Condition 7(C);

“Exchange Right” has the meaning set out in Condition 7(A)(i);

“Exchange Business Day” shall mean a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business in the city in which the specified office of the relevant Exchange Agent is located;

“Final Date” means, in relation to any Offer, the date such Offer becomes or is declared unconditional in all respects;

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“Listed Subsidiary” means a Subsidiary the common shares of which are listed for trading on any recognised stock exchange;

“Modern Dairy” means China Modern Dairy Holdings Ltd., whose Shares are currently listed on the Hong Kong Stock Exchange (stock code: 1117);

“Offer” means a publicly announced offer to the holders of any Relevant Securities comprising Exchange Property, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to all holders of the applicable Relevant Securities or all or substantially all such holders other than any holder who is, or is connected with, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any territory, it is determined not to make such an offer;

“Payment Business Day” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business in the city in which the specified office of the Principal Agent is located and on which banks and foreign exchange markets are open for business in New York City and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered;

“Person” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state, agency of a state (in each case whether

or not being a separate legal entity) but does not include the Issuer's directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect Subsidiaries.

"PRC Business Day" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Beijing, the PRC;

"Prevailing Rate" means, in respect of any two currencies on any day, the spot rate of exchange between such currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined, in each case, as notified in writing by the Issuer to the Trustee and the relevant Agent(s) on the date of determination of the Prevailing Rate;

"Principal Subsidiary" means any Subsidiary of the Issuer:

- (a) whose gross assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated gross assets, as shown by its latest audited balance sheet are at least 5 per cent. of the consolidated gross assets of the Issuer and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Issuer and its Subsidiaries including, for the avoidance of doubt, the investment of the Issuer in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer and after adjustment for minority interests; or
- (b) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement is at least 5 per cent. of the consolidated revenue as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustment for minority interests; or
- (c) whose net profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profits, as shown by its latest audited income statement are at least 5 per cent. of the consolidated net profits as shown by the latest audited consolidated income statement of the Issuer and its Subsidiaries including, for the avoidance of doubt, the Issuer and its consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustment for minority interests; or
- (d) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition;

provided that, in relation to paragraphs (a), (b) or (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, net profits or gross assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its gross assets, revenue or net profits (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer; and
- (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by two Authorised Signatories of the Issuer that, in their opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Bondholders and all parties. The certificate must be accompanied by a report by an internationally recognised firm of accountants addressed to the directors of the Issuer as to proper extraction and basis of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation;

“Relevant Company” means Modern Dairy, and any corporation or company derived from or resulting or surviving from the merger, consolidation, amalgamation, reconstruction or acquisition of Modern Dairy with, into or by such other corporation or company, and any other entity, all or part of the share capital of which is, or all or some of the Securities are, at the relevant time included in the Exchange Property;

“Relevant Exchange” means the Hong Kong Stock Exchange or, if the Shares are no longer admitted to trading on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are traded or dealt in;

“Relevant Indebtedness” means any indebtedness issued outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

“Relevant Page” means the relevant page on Bloomberg or, if there is no such page, on Reuters or such other information service provider that displays the relevant information, in

each case, as notified in writing by the Issuer to the Trustee and the relevant Agent(s) on the date of determination of the Prevailing Rate;

“Relevant Securities” means Securities included in the Exchange Property from time to time, and **“Relevant Security”** shall be read accordingly;

“Securities” means shares or other securities (including without limitation any options, warrants, convertible bonds, evidence of indebtedness or rights to subscribe or purchase shares or other Securities);

“Securities Lending Agreement” means the securities lending agreement entered into between the Issuer and BOCI Financial Products Limited dated 17 June 2020 to provide stock lending of up to 613,877,227 Shares;

“Settlement Date” means, in the case of the exercise of Exchange Rights (other than where a Cash Election is made), the date falling 15 Exchange Business Days after the relevant Exchange Date provided that in the event that a relevant Bondholder is entitled to receive Additional Exchange Property (defined below), the Settlement Date shall then be the later of (i) 15 Exchange Business Days after the relevant Exchange Date; and (ii) 15 Exchange Business Days after the Effective Date;

“Shares” means ordinary shares of par value HK\$0.10 each in the issued share capital of Modern Dairy or shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, which as between themselves have no preference in respect of dividends nor of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of Modern Dairy;

“Specified Date” means, in respect of any Offer, the fifteenth day following that on which such Offer was made, or where such Offer is open for less than 15 days the final date for acceptance of such Offer, which, if such Offer is extended prior to such final date, shall be the final date for acceptance of such extended Offer;

“Subsidiary” of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the law, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person;

“Trading Day” means (i) in respect of the Shares, a day (other than a Saturday or Sunday) on which the Relevant Exchange is open for business provided that if no closing price in respect of the Shares is reported on any such Trading Day, that Trading Day shall not be a Trading Day for the purposes of any calculation; and (ii) in respect of any other Relevant Securities or any other Securities, a day (other than a Saturday or Sunday) on which the stock exchange or other securities market on which such Relevant Securities or any other Securities are principally traded is open for business provided that if no closing price in respect of such Relevant Security is reported on any such Trading Day, that Trading Day shall not be a Trading Day period for the purposes of any calculation; and

“Value”, in respect of the Exchange Property on any day, shall be the aggregate of:

- (1) the value of publicly traded Securities included in the Exchange Property, which shall be deemed to be the Current Market Price of such Securities on such day, provided that if such day is not a Trading Day then the value of such publicly traded Securities shall be the Current Market Price on the immediately preceding Trading Day, converted (if necessary) into U.S. dollars at the Prevailing Rate on such day; and
- (2) the value of all other assets and of publicly traded Securities for which a value cannot be determined pursuant to (1) above of this definition included in the Exchange Property, which shall be deemed to be the value on such day (converted (if necessary) into U.S. dollars as aforesaid) as certified by an independent investment bank (in the case of Securities) or independent appraiser (in the case of other assets (other than cash)) of international repute selected by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint such independent investment bank or independent appraiser and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it; and
- (3) the value of cash shall be deemed to be the amount thereof (converted (if necessary) into U.S. dollars as aforesaid),

provided that (a) if on any day any such publicly traded Securities are quoted on the Relevant Exchange or, as the case may be, such stock exchange or other Securities market as aforesaid cum any dividend or other entitlement, or any assets or publicly traded Securities the Value of which is to be determined pursuant to (2) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which a Bondholder would not be entitled to pursuant to these Conditions on exercising Exchange Rights on the last day permitted pursuant to these Conditions (disregarding for this purpose any Cash Election), then the Value of any such assets or publicly traded Securities on such day shall be reduced by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the Value (as determined by an independent investment bank as aforesaid) of any entitlement or dividend where that is other than cash, and (b) for the purposes of determining any Cash Alternative Amount, references to Current Market Price in this definition shall be replaced with Closing Price.

6 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.50 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$750 per Calculation Amount (as defined below) on 24 June and 24 December in each year (each an “**Interest Payment Date**”), beginning on 24 December 2020.

Each Bond will cease to bear interest (a) (subject to Condition 7(A) and Condition 7(O)) where the Exchange Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Exchange Date (as defined below), or if none, the Issue Date (subject in any case as provided in Condition 7(A) and Condition 7(O)) or (b) where such Bond is redeemed or repaid pursuant to Condition 10 or Condition 12, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal and premium (if any) is improperly withheld or refused. In such event, such unpaid amount shall bear interest at the rate of 2 per cent. per annum above the rate aforesaid (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to

that day are received by or on behalf of the relevant Bondholder, and (b) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Bondholder under these Conditions).

Interest in respect of any Bond shall be calculated per U.S.\$100,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of (A) the rate of interest specified above, (B) the Calculation Amount, and (C) the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed. Interest payable under this Condition 6 will be paid in accordance with Condition 9(A).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

7 EXCHANGE RIGHT

(A) Exchange Period, Exchange Rights and Cash Election

- (i) Subject to the right of the Issuer to make a Cash Election, each Bondholder has the right, subject to any applicable laws and regulations and in the manner described below, to exchange a Bond at any time during the Exchange Period referred to below for a *pro rata* share of the Exchange Property as at the relevant Exchange Date. The right of a Bondholder to exchange a Bond for Exchange Property (or, as the case may be, exchange a Bond for payment of the Cash Alternative Amount pursuant to Condition 7(B)(iv)) is herein referred to as the "**Exchange Right**". Upon the exchange of a Bond for Exchange Property (or, as the case may be, the exchange of a Bond for payment of the Cash Alternative Amount), the right of the exchanging Bondholder to repayment of any amount of principal or premium (if any) of the Bond to be exchanged shall be extinguished and released, and in consideration and in exchange thereof the Issuer shall deliver or procure the delivery of the relevant *pro rata* share of the Exchange Property (or, as the case may be, pay or procure the payment of the Cash Alternative Amount) as provided in this Condition 7.
- (ii) The period during which Bondholders shall be entitled to exercise Exchange Rights pursuant to these Conditions is referred to as the "**Exchange Period**". Subject to and upon compliance with these Conditions, the Exchange Right attaching to any Bond may be exercised by the holder thereof at any time on or after 4 August 2020 and up to the close of business (at the place where the Certificate representing such Bond is deposited for exchange) on the date which falls 10 days prior to the Maturity Date (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place) or if such Bond shall have been called for redemption prior to the Maturity Date,

then up to the close of business (at the place aforesaid) on the date which falls 10 days prior to the date fixed for redemption thereof (or, if such date shall not be a business day at the place where the Certificate representing the Bond is to be delivered, the immediately preceding business day at such place).

Subject to Condition 7(B), the Exchange Right in respect of any Bond in relation to which the conditions required for exchange have not been satisfied by the relevant Bondholder by the end of the fifteenth day (or, if such date shall not be a business day at the place where the Certificate representing such Bond has been delivered in connection with the exercise of the Exchange Right, on the immediately preceding business day at such place) prior to any date for redemption thereof pursuant to Condition 10 below shall, save as provided below, thereupon terminate.

Notwithstanding the provisions of the foregoing paragraphs of this Condition 7(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and repayable prior to the Maturity Date by reason of the occurrence of any of the events referred to in Condition 12 or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 10, the Exchange Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for exchange) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of this Condition 7, any Bond in respect of which the Certificate and Exchange Notice are deposited for exchange prior to such date shall be exchanged on the relevant Exchange Date (as defined in Condition 7(B)(i)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Exchange Date or that the Exchange Period may have expired before such Exchange Date.

- (iii) Other than where a Cash Election is made by the Issuer and in respect of the Exchange Property to which such Cash Election relates, upon a due exercise of Exchange Rights, the relevant Bondholder shall be entitled to receive a *pro rata* share of the Exchange Property calculated and determined by the Issuer as at the relevant Exchange Date.
- (iv) No fraction of a Relevant Security or any other property comprised in the Exchange Property which is not divisible shall be delivered on exercise of the Exchange Rights and the Issuer shall not be under any obligation to make any payment to Bondholders in respect of any such fractions and any such fraction will be rounded down to the nearest whole multiple of a Relevant Security or unit of any such other property. Notwithstanding the foregoing, in the event of a consolidation or re-classification of a Relevant Security by operation of law or otherwise occurring after 17 June 2020 which reduces the number of Relevant Securities outstanding, the Issuer will upon exchange of Bonds pay, or procure that payment is made, to the relevant

Bondholder (by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with instructions contained in the relevant Exchange Notice) a sum equal to such portion of the face value of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Exchange Rights as corresponds to any fraction of a Relevant Security not delivered if such sum, when translated to U.S. dollars at the Prevailing Rate on the relevant Exchange Date, exceeds U.S.\$10.

If more than one Bond is to be exchanged by a Bondholder pursuant to any one Exchange Notice, the Exchange Property to be delivered (including, if applicable, any Cash Alternative Amount) and any sum payable to that Bondholder shall be calculated on the basis of the aggregate principal amount of such Bonds so deposited.

(B) **Procedure for Exchange**

- (i) To exercise the Exchange Right attaching to any Bond, the Holder thereof must complete, execute and deposit at the specified office of any Exchange Agent at the Holder's own expense at reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time), Monday to Friday other than public holidays) during the Exchange Period, a notice of exchange (an "**Exchange Notice**") in the form (for the time being current) obtainable from the specified office of any Exchange Agent, together with the Certificate evidencing such Bond (and any certificates and other documents as may be required by applicable law) and any amount to be paid by the Bondholder pursuant to this Condition 7(B)(i). An Exchange Notice once delivered shall be irrevocable.

Exchange Rights may be exercised in respect of whole Bonds only.

An Exchange Notice once deposited shall not be withdrawn without the consent in writing of the Issuer.

The Exchange Date in respect of a Bond (the "**Exchange Date**") will be the Exchange Business Day in the location of the relevant Exchange Agent immediately following the date of the surrender of the Certificate in respect of such Bond (and any other documents as may be required by applicable law), due delivery of the relevant Exchange Notice and, if applicable, the making of any payment to be made and the giving of any indemnity and/or security to be given under these Conditions in connection with the exercise of such Exchange Right.

A Bondholder exercising Exchange Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising on exchange and/or on the transfer, delivery or other disposition of Exchange Property arising on exercise of Exchange Rights ("**Stamp Taxes**") or provide an indemnity and/or security in respect thereof in such form as the Issuer may reasonably require, other than or in respect of any Stamp Taxes payable or imposed in the Cayman Islands, Hong Kong, the PRC or any other jurisdiction in which the register in respect of any securities or other property comprising Exchange Property is located or in which any property comprising Exchange Property is situated ("**Excluded Stamp Taxes**"), which shall be payable by

the Issuer directly to the relevant authorities. If the Issuer fails to pay any Excluded Stamp Taxes, the relevant Holder shall be entitled to pay the Excluded Stamp Taxes to the relevant tax authority. The Issuer covenants to reimburse each such Bondholder in respect of the payment of Excluded Stamp Taxes by them and any penalties payable in respect thereof, which shall be payable by the Issuer. Such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with the exercise of Exchange Rights by it.

(ii) Other than where a Cash Election is made by the Issuer and in respect of the Exchange Property to which such Cash Election relates, the Issuer shall, as soon as practicable, and in any event not later than the Settlement Date:

(a) take all necessary action to procure the transfer of Shares and/or other Relevant Securities to exchanging Bondholders in accordance with prevailing regulations relevant to the transfer of the Shares and/or other Relevant Securities to exchanging Bondholders. The Issuer shall take all necessary action to procure that the Shares and/or Relevant Securities are delivered to an exchanging Bondholder or its nominee as provided for in the Exchange Notice through CCASS (where permitted to do so under the rules, regulations and procedures of CCASS effective from time to time) within 15 Exchange Business Days after the Exchange Date.

References to “**Exchange Business Day**” in the definition of “**Settlement Date**” and this Condition 7(B)(ii) shall mean a day on which both CCASS and the share registrar and transfer office of Modern Dairy in Hong Kong are open for business for trade, settlement of the Shares and for registration of Share transfers; and

(b) procure that such documents of title and evidence of ownership of any other Exchange Property to be delivered on exercise of Exchange Rights shall be despatched and any payment of any part of the Exchange Property comprising cash to be delivered on exercise of Exchange Rights (converted if necessary into U.S. dollars at the Prevailing Rate on the relevant Exchange Date) in accordance with directions given by the relevant Bondholder in the Exchange Notice.

Notwithstanding the above, if the Exchange Property has changed in whole or in part as a result of acceptance of an Offer or as a result of the compulsory acquisition of any Relevant Securities, in each case as provided in Condition 8, then the time for such delivery shall be the longer of such period set out above and the day falling five Payment Business Days after the date on which the consideration is received by the Issuer under the terms of the Offer or, as the case may be, the day falling five Payment Business Days following the date on which the consideration pursuant to such compulsory acquisition is received by the Issuer.

Upon exercise of an Exchange Right, a Holder exchanging Bonds shall be required to represent and agree in the Exchange Notice that, at the time of signing and delivery of the Exchange Notice, it, or the person who has the beneficial interest in such Bonds, is (I) acquiring the Exchange Property

(initially comprising the Shares) to be delivered upon exchange of such Bonds in an offshore transaction (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) in accordance with Rule 903 or Rule 904 of Regulation S (“**Regulation S**”), (II) located outside the United States and is not a U.S. person (within the meaning of Regulation S), and (III) understands that the Exchange Property to be delivered upon exchange of such Bonds has not been and will not be registered under the Securities Act and agrees that (x) if it, or such person, should offer, sell, pledge or otherwise transfer such Exchange Property, it, or such person, will do so only in compliance with the Securities Act and other applicable laws and only in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, and in accordance with any applicable securities law of any State of the United States, and (y) it and such person may not, subject to restrictions under U.S. securities laws, deposit or cause to be deposited any of such Exchange Property in the form of Shares in any unrestricted depository receipt facility for the Shares which is existing or may be created in the United States. No Exchange Property will be delivered to a Holder or a beneficial interest therein unless such Holder satisfies the foregoing conditions. If such Holder is unable or otherwise fails to satisfy the foregoing conditions, such Holder may transfer its Exchange Property or beneficial interest therein subject to compliance with the transfer restrictions set forth in the Agency Agreement.

- (iii) Unless a Cash Election is made by the Issuer and in respect of the Exchange Property to which such Cash Election relates, the relevant Bondholder (or the person designated in the relevant Exchange Notice) will be treated as the owner of the *pro rata* share of the Exchange Property deliverable upon exchange with effect from the Exchange Date and, in respect of such *pro rata* share of the Exchange Property, will be entitled to all rights, distributions or payments in respect of such *pro rata* share of the Exchange Property from the Exchange Date except voting rights.

Accordingly, relevant adjustments to the Exchange Property shall be made in accordance with Conditions 7(C), 7(D), 7(E), 7(F), 7(G) and 7(J), as the case may be, such that further Relevant Securities or other property or assets (including cash) received pursuant to such adjustment shall be added to the Exchange Property (“**Additional Exchange Property**”). All Exchange Property deliverable upon exchange (including the Additional Exchange Property) shall be deliverable by the Issuer only on the Settlement Date.

Exchange Property delivered or to be delivered upon exercise of Exchange Rights shall rank for and be entitled to all dividends, interest and other income, payments and distributions and rights thereon or in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of entitlement falling on or after the relevant Exchange Date.

If the record date or other due date for the establishment of the relevant entitlement for the payment of any dividend, interest or other income, payment or distribution or rights on or in respect of such Exchange Property falls on or after the Exchange Date but before the relevant Settlement Date

(or any other date from which the relevant Bondholder is treated as the owner of, or entitled to all rights and entitlement to, such Exchange Property) with the effect that the relevant Bondholder is not entitled to such dividend, interest or other income, payment or distribution of rights, the Issuer will:

- (a) (in the case of dividends, interest or other income or distributions or rights to be paid in cash) pay, or procure the payment to, the exchanging Bondholder (or the person designated in the relevant Exchange Notice) in lieu of such dividend, interest or other income or distribution or rights, an amount equal to the amount actually received, with respect thereto, converted if necessary into U.S. dollars at the Prevailing Rate on the date of receipt thereof by the Issuer (the “**Equivalent Amount**”). The Issuer will pay the Equivalent Amount, or procure that it is paid, to the relevant Bondholder (or the person designated in the relevant Exchange Notice) by whichever is the later of five Payment Business Days after payment is made of the dividend, interest or other income, payment or distribution or rights and the relevant Settlement Date; and
 - (b) subject to the last two paragraphs of Condition 7(B)(ii), (in the case of dividends, or other income or distributions or rights satisfied or made otherwise than in cash) deliver, or procure the delivery of, the same to the relevant Bondholder (or the person designated in the relevant Exchange Notice) as soon as practicable by whichever is the later of 10 Payment Business Days after the receipt by the Issuer of such dividend or other income or distribution or rights and the relevant Settlement Date.
- (iv) Upon the exercise of Exchange Rights by a Bondholder on or after 24 June 2022, the Issuer may make an election (a “**Cash Election**”) by giving notice (a “**Cash Election Notice**”) to the relevant Bondholders by not later than the date (the “**Cash Election Exercise Date**”) falling five business days in Hong Kong following the relevant Exchange Date, with a copy to the Trustee, the Principal Agent and the Registrar, to satisfy the exercise of the Exchange Right in respect of the relevant Bonds, in whole or in part, and where in part, by reference to either (a) the principal amount of the Bonds in respect of which the Cash Election is being exercised (a “**Principal Limit**”), or (b) a maximum amount in U.S. dollars to be paid upon exercise of the Cash Election (a “**Cash Limit**”), by making payment, or procuring that payment is made, to the relevant Bondholder of the Cash Alternative Amount instead of delivering the *pro rata* share of the Exchange Property, together with any other amounts payable by the Issuer to such Bondholder pursuant to these Conditions in respect of, or relating to, the relevant exercise of Exchange Rights.

A Cash Election may be made in respect of the whole or any part of the Exchange Property that would otherwise be deliverable in respect of the relevant exercise of Exchange Rights. The relevant Cash Election Notice shall specify whether the Cash Election is in respect of the whole of such Exchange Property or any part thereof, and if in respect of part, shall specify

the relevant principal amount if a Principal Limit is applicable or the maximum amount payable if a Cash Limit is applicable.

If a Cash Limit is applicable, then the proportion of Exchange Property subject to the Cash Election shall be equal to the number of Shares (or, if not available, any Relevant Security) represented by the Cash Limit divided by the Cash Alternative Amount attributable to a Share (or, if not available, any applicable Relevant Security) rounded down to the nearest whole number. The Cash Alternative Amount payable for the purposes of this Condition 7(B)(iv) where a Cash Limit is applicable shall be equal to Cash Alternative Amount attributable to a Share or a Relevant Security multiplied by the number of Shares or such Relevant Securities indicated in the foregoing sentence, as the case may be. Any remaining Exchange Property shall be delivered pursuant to Condition 7(B)(ii) and Condition 7(B)(iii) as if no Cash Election has been made with respect to such Exchange Property.

A Cash Election shall be irrevocable.

The Issuer will pay the Cash Alternative Amount, together with any other amount as aforesaid, by not later than four Payment Business Days following the last day of the Cash Alternative Calculation Period (the “**Cash Alternative Payment Date**”) by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with instructions contained in the relevant Exchange Notice.

If a Bondholder would otherwise have been entitled to receive, in respect of the exercise of Exchange Rights, any Additional Exchange Property pursuant to Condition 7(B)(iii) in circumstances where a Cash Election is made in respect of the relevant exercise of Exchange Rights, the Issuer shall, in lieu of delivering such Additional Exchange Property, pay to the relevant Bondholder an amount (the “**Further Amount**”) equal to the Value of such Additional Exchange Property as at the date on which the relevant adjustment to the Exchange Property is or would be effective (the “**Change Date**”), and the Issuer shall pay such Further Amount, or procure that such Further Amount is paid, to the Bondholder by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with the instructions given by such Bondholder in the relevant Exchange Notice by not later than the latest of (a) the date falling five Payment Business Days after the Change Date, and (b) the relevant Cash Alternative Payment Date in accordance with the instructions given by the relevant Bondholder in the relevant Exchange Notice, provided that where a Cash Limit is applicable in respect of any Cash Election then any Additional Exchange Property shall be delivered to the Bondholder pursuant to Condition 7(B)(iii).

(C) **The Exchange Property and Adjustments to the Exchange Property**

The “**Exchange Property**” shall initially comprise 613,877,227 Shares, deposited in a designated account in accordance with Condition 7(L), and shall include all Relevant Securities and other property arising out of or derived or resulting therefrom and such other property, in each case as may be deemed or required to comprise all or part of the Exchange Property pursuant to these Conditions, but excluding any

such property as may or may be deemed to have ceased to form part of the Exchange Property.

Subject to the right of the Issuer to make a Cash Election, on the exercise of Exchange Rights, Bondholders will initially be entitled to receive 613,877.2277 Shares for each U.S.\$100,000 principal amount of Bonds (subject to adjustment pursuant to these Conditions).

All Exchange Property delivered upon exercise of Exchange Rights shall be delivered with full title guarantee and free from any and all mortgage, charge, pledge or other security interests or other adverse interests.

Shares forming part of the Exchange Property to be delivered on exercise of the Exchange Rights will be fully paid and will rank *pari passu* with all fully paid Shares of the same class in issue on the relevant Exchange Date.

(D) **Income, etc. arising on the Exchange Property**

Subject to Condition 7(G), income and other benefits and rights derived from the Exchange Property prior to an Exchange Date in respect of such Exchange Property shall not comprise part of the Exchange Property and shall belong to the Issuer or the registered holder or owner of the Exchange Property. Where a cash dividend is announced by a Relevant Company in respect of Relevant Securities which may, at the election of a holder or holders of such Relevant Securities, be satisfied by the issue or delivery of Relevant Securities or other property or assets, the Issuer shall be entitled to make such election as it may determine in its sole discretion.

(E) **Sub-division, Consolidation or Redenomination**

If any Relevant Securities comprising the Exchange Property shall be sub-divided or consolidated, re-classified or re-denominated or in any other manner have their par value changed ("**Sub-division, Consolidation or Redenomination**") then the Securities resulting from such Sub-division, Consolidation or Redenomination so far as attributable to the Exchange Property, shall be included in the Exchange Property.

(F) **Rights issues**

If further Relevant Securities, or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other Securities, shall be offered by way of rights to holders of Relevant Securities (or any of them) or other Securities comprising Exchange Property (a "**Rights Issue**"), then the Issuer may, at its option, and by notice in writing to the Trustee not later than the seventh day prior to the latest day for accepting or taking up any such rights, either:

- (i) on an arm's length basis in good faith, procure the sale of sufficient rights to enable the whole of the balance of such rights to be taken up and procure the application of the net proceeds of sale (after deduction of the amounts referred to below) in the taking up of such rights, with the property acquired upon such exercise of rights and any excess proceeds of sale being added to and forming part of the Exchange Property; or
- (ii) add to the Exchange Property such number of shares of Relevant Securities or other Securities as would have been subscribed or purchased if sufficient rights had been sold on an arm's length basis in good faith to enable the whole of the balance of such rights to be so taken up together with an amount

equal to what would have been any such excess proceeds of sale as aforesaid; or

- (iii) if such rights may not be so sold, the Issuer may use any part of the Exchange Property comprising cash to take up such rights and/or on an arm's length basis in good faith, procure the sale of sufficient Relevant Securities to enable (after deduction of the amounts referred to below) the whole of the balance of such rights to be taken up, with, in any such case any excess proceeds of sale being added to and forming part of the Exchange Property.

The Issuer undertakes to take such action as the Trustee may in its absolute discretion require to ensure that the provisions of this Condition 7(F) are complied with.

The timing of any sale of any relevant rights or Exchange Property (as the case may be) shall be at the Issuer's discretion and the Issuer shall not be liable to Bondholders for any loss incurred as a result of such transactions provided that the Issuer executes such sale at the best price reasonably obtainable in the market by the Issuer. There shall be deducted from the proceeds of sale of the relevant rights or Exchange Property (as the case may be) an amount equal to any stamp, transfer, registration or similar duties actually payable by the Issuer or the Trustee (as the case may be) and any expenses incurred by the Issuer or the Trustee (as the case may be) in connection with the sale of the relevant rights or Exchange Property (as the case may be) and such amount (if any) as the Issuer or the Trustee (as the case may be) shall determine to be necessary to indemnify it in respect of any liability to taxation of the Issuer or the Trustee (as the case may be) arising therefrom.

Pending application of the provisions of this Condition 7(F), such rights shall form part of the Exchange Property.

(G) **Bonus Issues, Capital Distributions and Reorganisation**

If any of the following events occurs (each, a "**Relevant Adjustment Event**"):

- (i) Relevant Securities or other Securities are issued credited as fully paid to holders of Relevant Securities comprising Exchange Property by way of capitalisation of profits or reserves or otherwise by virtue of being holders of Relevant Securities (otherwise than in lieu of the whole or any part of a cash dividend which is not a Capital Distribution and which such holders would or could otherwise have received);
- (ii) any Capital Distribution is paid or made;
- (iii) a Relevant Company purchases or redeems any Relevant Securities comprising Exchange Property; or
- (iv) pursuant to any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), any further Relevant Securities or other Securities, property or assets (including cash) are issued, distributed or otherwise made available to holders of Relevant Securities,

then the further Relevant Securities, Securities or other property or assets (including cash) actually received in relation to the Relevant Adjustment Event, so far as attributable to the Exchange Property or, as the case may be, the Capital Distribution in respect of the Relevant Securities comprising the Exchange Property, shall be included as part of the Exchange Property.

If the Issuer determines that, notwithstanding sub-paragraphs (i) to (iv) of this Condition 7(G), an adjustment should be made to the Exchange Property as a result of one or more events or circumstances not referred to in this Condition 7(G) or circumstances have arisen which might have an adverse effect on the Exchange Property and no adjustment to the Exchange Property under this Condition 7(G) would otherwise arise, the Issuer shall (at its own expense) instruct an independent investment bank of international repute acting as an expert to determine as soon as practicable what adjustment (if any) to the Exchange Property or terms of this Condition 7(G) is fair and reasonable to take account thereof and the date on which such adjustment should take effect, and upon such determination the Issuer shall procure that such adjustment shall be made (provided it would result in an addition to the Exchange Property and take effect in accordance with such determination), provided that an adjustment shall only be made pursuant to this Condition 7(G) if such investment bank is so requested to make such a determination in writing not more than 21 days after the occurrence of the relevant circumstance or event. The determination by such independent investment bank shall be informed by the Issuer or such independent investment bank to the Trustee in writing and to the Bondholders and shall be conclusive and binding on the Issuer, the Trustee and the Bondholders.

(H) Notice of Change in Exchange Property

The Issuer shall give notice to the Trustee in writing and to the Bondholders in accordance with Condition 17 of any change in the nature or composition of the Exchange Property pursuant to this Condition 7 (other than Condition 7(I)) as soon as reasonably practicable following such change, and shall certify such details as the Trustee may require of the Exchange Property to which the Bondholder would be entitled upon exercise of the Exchange Right in respect of such Bond following such change.

(I) Release from the Exchange Property

Upon actual delivery of Exchange Property to the relevant Bondholder or, in the case of a Cash Election, the payment of the Cash Alternative Amount to the relevant Bondholder pursuant to these Conditions on an exercise of Exchange Rights or upon redemption of the Bonds or upon any purchase and cancellation of the Bonds, the *pro rata* share of the Exchange Property or the relevant part thereof attributable to each relevant Bond shall cease to be part of the Exchange Property and the Exchange Property shall be reduced accordingly.

(J) Purchase or substitution of Relevant Securities etc.

If any cash amount or Securities or other property is received under or pursuant to these Conditions in respect of Exchange Property which is to be added to and is to form part of the Exchange Property (other than (i) any Shares or Relevant Securities of a class already comprised in the Exchange Property; and (ii) as included in the Offer Consideration received under Condition 8 or added to and forming part of the

Exchange Property pursuant to Condition 8) before the Exchange Rights lapse, such cash amount may be added directly to the Exchange Property or may (at the Issuer's option) be applied, and such Securities or other property may be added directly to the Exchange Property or may (at the Issuer's option) be sold by the Issuer and the proceeds of such sale (net of any costs and expenses incurred in connection with such sale) be applied, by the Issuer as soon as reasonably practicable and to the extent possible in purchasing additional Shares (not then comprised in the Exchange Property) or, where the Exchange Property comprises Relevant Securities other than Shares, additional units of such Relevant Securities. The timing of such sales and purchases shall be at the Issuer's discretion and the Issuer shall not be liable to the Bondholders for any loss incurred as a result of such transactions provided that the Issuer executes such purchases and sales in good faith at the best price reasonably obtainable in the market by the Issuer. At its option, the Issuer may elect to substitute any cash amount which is otherwise to be added to and form part of the Exchange Property with additional Shares or Relevant Securities of a class already comprised in the Exchange Property (owned by it and not comprised in the Exchange Property) at their Value as at the third Trading Day following the day on which such cash amount was received by the Issuer. Any such additional Shares or other Securities purchased or substituted shall thereafter form part of the Exchange Property.

(K) **Voting Rights**

Neither the Bondholders nor the Trustee shall have any voting rights in respect of the Shares and any other Relevant Securities comprising Exchange Property prior to the Settlement Date relating to such Exchange Property. The Issuer or the registered holder or owner of the Exchange Property will be entitled to exercise the voting rights attaching to the Relevant Securities.

It is possible that, in exercising such voting rights or making such election, the Issuer or the registered holder or owner of the Exchange Property may act contrary to the best interests of Bondholders.

(L) **Deposit of Shares**

The Issuer has deposited with BOCI Financial Products Limited (the "**Agent Bank**") and/or in a designated account, 613,877,227 Shares, which are sufficient to satisfy the Exchange Rights relating to the Bonds as at 24 June 2020. The Issuer shall not, and the Issuer shall procure that the registered holder or owner of the Exchange Property shall not, transfer, pledge or otherwise encumber or deliver any of the Exchange Property to, or for the benefit of, any third party (or transfer or deliver or direct or request the transfer or delivery of any of the Exchange Property out of such designated account) or dispose of any interest in the Exchange Property except (i) for the purpose of delivering such Exchange Property to exchanging Bondholders, (ii) for the purpose of the Securities Lending Agreement, (iii) as may otherwise be required by law or any legal proceedings, and (iv) as provided in these Conditions or the Trust Deed. If, due to any event, the amount of the Shares, other Relevant Securities and/or cash deposited in such designated account ceases to be sufficient to satisfy the Exchange Rights relating to the Bonds at any time, the Issuer shall (within five Payment Business Days of such adjustment or other event) procure the deposit of additional Securities of a Relevant Company in such designated account or deposit share certificate(s) with the Agent Bank with respect to such Securities of a Relevant Company prior to crediting such Securities of a Relevant Company in

dematerialised form to the designated account, in order to ensure that the total amount deposited in such account or with the Agent Bank is sufficient to satisfy the Exchange Rights relating to the Bonds at such time.

(M) Maintenance of Exchange Property

Exchange Rights are not exercisable in respect of any specific Shares or other property comprising Exchange Property from time to time and no Shares or other Exchange Property has been or will be charged to secure or satisfy the Issuer's obligations in respect of the Exchange Rights. The composition of the Exchange Property may also change as a result of the operation of the Conditions.

The Issuer has undertaken to keep available for the purpose of effecting the exercise of Exchange Rights such amount of Exchange Property required to be delivered upon exercise all of the Exchange Rights outstanding from time to time, provided that the Issuer may, subject to compliance with these Conditions, deliver initially up to 613,877,227 Shares pursuant to and in accordance with the Securities Lending Agreement. However, the arrangements described herein in relation to the Exchange Property do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds or to secure performance of the Exchange Rights thereunder.

Accordingly, in the event that the Issuer at any time holds any Shares or other property comprising Exchange Property from time to time with another person and such person is or becomes insolvent, bankrupt or in liquidation, such Exchange Property will form part of the assets of such person available on a pari passu basis to all unsecured creditors of such person.

At any particular time, the Issuer may or may not hold or be the beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. However, these Conditions shall be read and construed as though at all times the Issuer shall be the holder and beneficial owner of sufficient Exchange Property required to be delivered on exercise of Exchange Rights or otherwise pursuant to these Conditions in respect of all outstanding Bonds. Accordingly, for the purposes of determining whether and to what extent any adjustment should be made to the Exchange Property at any time, for the purposes of these Conditions, the Issuer shall be deemed to be entitled to receive such further or other Shares, Relevant Securities, securities, property or assets including cash and/or consideration on the date the Issuer would have been entitled to receive the same, and to make any relevant elections in respect thereof or relating thereto, as it would have been entitled to receive and or make had it at all relevant times been the holder and beneficial owner of sufficient Exchange Property to satisfy exercise of Exchange Rights or otherwise required to be delivered pursuant to these Conditions in respect of all outstanding Bonds, and references in these Conditions to the Exchange Property being adjusted shall be construed accordingly.

(N) Trustee and Agents not Obligated to Monitor the Exchange Property

None of the Trustee and the Agent shall be under any duty or obligation to (and will not be responsible or liable to any Bondholder or any other person for not so doing) monitor whether any event or circumstance which gives rise or may give rise to an adjustment to the Exchange Property has happened or exists as described in this

Condition 7 or Condition 8 and, unless it has express notice in writing from the Issuer to the contrary, may assume that no such event or circumstance has happened or does exist and shall not be liable to any Bondholder or any other person for so doing.

(O) **Interest Accrual**

If any notice requiring the redemption of any Bonds is given pursuant to Condition 10(B) or Condition 10(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares and/or Relevant Securities, and such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Exchange Rights shall have been exercised and in respect of which the Exchange Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Exchange Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Exchange Date; provided that no such interest shall accrue on any Bond in the event that the Shares and/or Relevant Securities transferred thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive a Cash Alternative Amount. Any such interest shall be paid not later than 14 days after the relevant Exchange Date by transfer to a U.S. dollar account maintained with a bank in New York City in accordance with the instructions given by such Bondholder in the relevant Exchange Notice.

8 GENERAL OFFERS

In the event of an Offer for Relevant Securities in a Relevant Company, the Issuer or the registered holder or owner of the Exchange Property shall have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer, provided that it shall not (provided it is not thereby prejudiced) take any action with respect to any such Offer prior to the Specified Date. If it accepts such Offer (or if the Relevant Securities are subject to compulsory acquisition), then, with effect from the Final Date, the Exchange Property will be deemed to consist, in whole or in part, of the consideration (the "**Offer Consideration**") received for the Relevant Securities acquired under the Offer or pursuant to such compulsory acquisition and in place of the Exchange Property which it substitutes. The Issuer or the registered holder or owner of the Exchange Property shall not accept any Offer in respect of such part of the Exchange Property which would be deliverable to Bondholders who have exercised Exchange Rights for which the Exchange Date falls prior to the commencement of the Suspension Period (as defined below). The Issuer or the registered holder or owner of the Exchange Property shall give notice to the Trustee in writing and to the Bondholders in accordance with Condition 17 forthwith upon receipt of any Offer for the Relevant Securities.

In relation to any scheme of arrangement, reorganisation, amalgamation or reconstruction of any company or companies (whether or not involving liquidation or dissolution), the Issuer or the registered holder or owner of the Exchange Property shall at all times be entitled at its discretion, in relation to any Relevant Securities, to vote on, exercise its rights in respect of, or otherwise participate in, any such scheme of arrangement, reorganisation,

amalgamation or reconstruction as it thinks fit up to the Settlement Date relating to such Relevant Securities.

The Exchange Rights shall be suspended during the period (the “**Suspension Period**”) from and including (i) the Specified Date until the acceptance of the relevant Offer is withdrawn or the relevant Offer lapses or becomes or is declared unconditional in all respects; or (ii) the date any vote is cast in relation to any applicable scheme of arrangement, reorganisation, amalgamation or reconstruction which is approved by the required majority until the same is approved or rejected by any relevant judicial or other authorities (both dates inclusive), and if Exchange Rights are exercised such that the Exchange Date would otherwise fall in the Suspension Period, such exercise shall be null and void.

If a tender or other offer is made by or on behalf of a Relevant Company (or any person associated with such Relevant Company) to purchase or otherwise acquire, redeem or exchange such Relevant Securities, the Issuer or the registered holder or owner of the Exchange Property shall not tender or be entitled to be treated as having tendered any such Relevant Securities which are comprised in the Exchange Property or be treated as having accepted any such offer in respect thereof or vote in respect of any such Relevant Securities in relation to any such tender or other offer, nor shall the Issuer or the registered holder or owner of the Exchange Property exercise or be treated as having exercised any option to require the redemption or repayment of such Relevant Securities prior to the final due date for redemption or repayment thereof.

9 PAYMENTS

- (A) **Payment Methods:** Payment of principal, premium (if any), interest and any other amount due other than on an Interest Payment Date will be in U.S. dollars and will be made by transfer to the registered account of the Holder. Such payments will only be made against surrender of the relevant Certificate at the specified office of the Principal Agent or any of the other Paying Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the 15th day before the due date for the payment of interest (such day being the “**Record Date**”). Payments of interest on each Bond will be in U.S. dollars and will be made by transfer to the registered account of the Bondholder.

All payments in respect of Bonds represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

- (B) **Payments subject to laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment but without prejudice to the provisions of Condition 11 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

- (C) **Registered Accounts:** A Holder's "registered account" means the U.S. dollar account maintained by or on behalf of it with a bank in New York City, details of which appear on the Register at the close of business on the 15th day (as defined below) before the due date for payment and a Holder's registered address means its address appearing on the Register at that time.
- (D) **Payment Instruction:** Payment instructions (for value on the due date or, if that is not a business day (as defined below in Condition 9(F)), for value on the next succeeding business day) will be initiated on the due date for payment or, in the case of a payment of principal, premium (if any) and interest due other than on an Interest Payment Date, if later, on the business day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.
- (E) **Delay in Payment:** Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date at the place of payment (or, in the case of the surrender of a Certificate, the place where the Certificate is surrendered) is not a business day (provided the amount is duly provided for on or before the due date), if the Holder is late in surrendering its Certificate (if required to do so).
- (F) **Business Day:** In this Condition 9, "business day" means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks are generally open for business in (i) New York City and the city in which the specified office of the Principal Agent is located, (ii) such place (if so specified), and (iii) (where surrender of the relevant Bond is required pursuant to these Conditions as a precondition to payment) the city in which the specified office of the relevant Paying Agent to whom the relevant Bond is surrendered is located.
- (G) **Partial Payment:** If the amount of principal, premium (if any) and interest which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount of principal, premium (if any) and interest, in fact paid in accordance with its customary practice.
- (H) **Fractions:** When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

10 REDEMPTION, PURCHASE AND CANCELLATION

- (A) **Redemption at Maturity:** Unless previously redeemed, exchanged or purchased and cancelled as herein provided, the Issuer will redeem the Bonds on 24 June 2023 (the "Maturity Date") at its principal amount together with interest accrued but unpaid thereon to such date.
- (B) **Redemption at the Option of the Issuer:** The Bonds may be redeemed at the option of the Issuer at their principal amount, together with interest accrued but unpaid thereon to but excluding the relevant date fixed for redemption (the "Optional Redemption Date"):
 - (i) in whole but not in part, at any time from and including 24 June 2022 to but excluding the Maturity Date, provided that the Value of the Exchange

Property on each of 20 out of 30 consecutive Trading Days the last day of which period occurs no more than five Trading Days immediately prior to the date on which the relevant notice of redemption is given by the Issuer to the Bondholders shall have exceeded 130 per cent. of the aggregate principal amount of the Bonds outstanding on such Trading Day (excluding for this purpose the face value of any Bonds in respect of which Exchange Rights have been exercised by a Bondholder but the Exchange Property (or any cash payment in respect thereof) has not yet been delivered and excluding from the Exchange Property such undelivered (or unpaid) Exchange Property); or

- (ii) in whole but not in part, at any time, if prior to the date on which the relevant notice of redemption is given by the Issuer less than 10 per cent. in aggregate principal amount of the Bonds originally issued is outstanding.

In order to exercise such option the Issuer shall give not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent and to the Bondholders in accordance with Condition 17 (which notice shall be irrevocable and shall oblige the Issuer to redeem the Bonds at their principal amount, together with interest accrued but unpaid thereon to but excluding the Optional Redemption Date, on the Optional Redemption Date specified in such notice).

- (C) **Redemption for Taxation Reasons:** At any time the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Agent and to the Holders in accordance with Condition 17 (which notice will be irrevocable), redeem the Bonds in whole but not in part at their principal amount, together with interest accrued but unpaid thereon to but excluding the date fixed for redemption, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Amounts (as defined in Condition 11) as provided or referred to under Condition 11 as a result of any change in, amendment or non-renewal of, or judicial decision relating to, the law or regulations of the PRC, Hong Kong, the Cayman Islands or any political subdivision or any authority thereof or therein or having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 17 June 2020, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption will be given earlier than 90 days before the earliest date on which the Issuer would be obligated to pay such Additional Amounts (as defined in Condition 11) were a payment in respect of the Bonds then due; provided further, that no such redemption may be made such that the Redemption Date therefor is set during a Suspension Period.

Prior to the delivery or publication of any notice of redemption pursuant to this Condition 10(C), the Issuer will deliver to the Trustee (a) a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (b) an opinion of an independent legal counsel or tax advisors to the effect that the Issuer is permitted to effect such redemption pursuant to the terms of the Trust Deed and the Issuer has or will become obligated to pay such amounts as a result of such changes

or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively on such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in this Condition 10(C) without further enquiry and without liability to any Bondholder or any other person, in which event the same shall be conclusive and binding on the Bondholders.

If the Issuer issues a notice pursuant to this Condition 10(C), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 11 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Redemption Date, whereupon no Additional Amounts shall be payable in respect thereof pursuant to Condition 11 and payment of all amounts shall be made subject to the deduction of withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit during normal office hours (being between 9:00 a.m. and 3:00 p.m. (local time)) at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable at reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time)) from the specified office of any Paying Agent (a "**Tax Option Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 10 days prior to the relevant Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

- (D) **Purchases:** The Issuer or any Principal Subsidiary or Affiliate of the Issuer may at any time and from time to time purchase Bonds at any price in the open market or otherwise. Such Bonds will be surrendered to any Paying Agent for cancellation. The Bonds so purchased, while held by or on behalf of the Issuer or any Principal Subsidiary or Affiliate of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the holders or for the purposes of Condition 12, Condition 14 and Condition 15(A).
- (E) **Redemption at the Option of the Holders:** On 24 June 2022 (the "**Put Option Date**"), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on the Put Option Date at their principal amount, together with interest accrued but unpaid thereon to but excluding the Put Option Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time)) at the specified office of the Principal Agent or any other Paying Agent a duly completed and signed notice of redemption, in the then current form obtainable at such reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time)) from the specified office of the Principal Agent or any other Paying Agent (a "**Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

A Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of Put Exercise Notices delivered as aforesaid on the Put Option Date.

- (F) **Repurchase at the Option of Holders for Relevant Events:** Following the occurrence of a Relevant Event (as defined below), each Holder will have the right, at such Holder's option, to require the Issuer to redeem all or some only of such Holder's Bonds on the Relevant Event Redemption Date at their principal amount, together with interest accrued but unpaid thereon to but excluding the Relevant Event Redemption Date. To exercise such right, the Holder of the relevant Bond must deposit at the specified office of the Principal Agent or any other Paying Agent at reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time)) a duly completed and signed notice of redemption, in the form for the time being current, obtainable at such reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time)) from the specified office of the Principal Agent or any other Paying Agent (a "**Relevant Event Redemption Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which written notice thereof is given by the Issuer to the Trustee and the Principal Agent and to Bondholders in accordance with Condition 17. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to the Trustee and the Principal Agent and to the Bondholders in accordance with Condition 17 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by Holders of their rights to require redemption of the Bonds pursuant to this Condition 10(F) and shall give brief details of the Relevant Event.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred.

For the purpose of this Condition 10(F), a "**Relevant Event**" will be deemed to occur:

- (i) when the Shares cease to be listed or admitted to trading, or are suspended from trading for a period exceeding 30 consecutive Trading Days, on the Hong Kong Stock Exchange (and if applicable, the Alternative Stock Exchange); or
- (ii) when there is a Change of Control.

In this Condition 10(F):

a "**Change of Control**" occurs when:

- (i) COFCO Corporation ("**COFCO**") ceases to directly or indirectly be interested in not less than 15 per cent. of the issued share capital of the Issuer;
- (ii) any Person or Persons (other than Permitted Holders) acting together acquires Control of the Issuer;
- (iii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other Person, unless the

consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control of the Issuer or the successor entity; or

- (iv) the Issuer ceases to be the largest direct or indirect holder or ceases to hold at least 40 per cent. of the issued share capital of Modern Dairy;

“**Control**” means (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of a person or (ii) the possession, directly or indirectly, of the power to nominate or designate more than 50 per cent. of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

“**Permitted Holders**” means COFCO and any of its Affiliates; and

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of a person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

- (G) **Cancellation:** All Bonds redeemed by the Issuer or purchased and surrendered to any Paying Agent for cancellation as provided in Conditions 10(B), 10(C), 10(D), 10(E) or 10(F) above will forthwith be cancelled, and all Certificates in respect of cancelled Bonds will be forwarded to or to the order of the Principal Agent and such Bonds may not be reissued or resold.
- (H) **Redemption Notices:** All redemption notices to Holders given by or on behalf of the Issuer pursuant to Conditions 10(B) or 10(C) will specify (i) the *pro rata* share of the Exchange Property attributable to each U.S.\$100,000 in principal amount of Bonds as at the date of the notice, (ii) the redemption date (the “**Redemption Date**”), (iii) the outstanding principal amount, (iv) that on the Redemption Date the principal of, and premium (if any) on, any Bonds to be redeemed will become due and payable, (v) the place where Certificates are to be surrendered and (vi) the identifying numbers of the Bonds and/or Certificates to be redeemed. If there is more than one notice of redemption given in respect of any Bond, the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

11 TAXATION

All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC, Hong Kong, the Cayman Islands or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer by or within the PRC at the rate of up to and including the aggregate rate applicable on 17 June 2020 (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate, or (ii) by or within Hong Kong or the Cayman Islands, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Amounts shall be payable in respect of any Bond:

- (a) **Other connection:** to a Holder (or to a third party on behalf of a Holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of the Holder having some connection with the PRC, Hong Kong or the Cayman Islands other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such Additional Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

In this Condition 11,

“**Relevant Date**” in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

References in these Conditions to principal, premium (if any) and interest will be deemed also to refer to any Additional Amounts which may be payable under this Condition 11 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charge, assessment, governmental charge, withholding or other payment referred to in Condition 7(B) and this Condition 11 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any other person to pay such tax, duty, charge, assessment, governmental charge, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee, any Agent or any other person that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

12 EVENTS OF DEFAULT

- (A) If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by Holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided that in either case, the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become, due and payable

at their principal amount, together with interest accrued but unpaid thereon to the date of payment:

- (i) **Non-Payment:** there is failure to pay (i) the principal of or any premium (if any) on, any of the Bonds when due or (ii) any interest on any of the Bonds within 21 days of the due date of such interest; or
- (ii) **Exchange Rights:** any failure by the Issuer to perform any of its obligations arising in respect of the exercise of Exchange Rights, including any failure to transfer or deliver any Exchange Property or Additional Exchange Property or to pay any Equivalent Amount or any Cash Alternative Amount by the time required pursuant to these Conditions required to be transferred or delivered or paid in respect of such exercise; or
- (iii) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under the Bonds or the Trust Deed which default is in the opinion of the Trustee incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- (iv) **Cross-Default:** (a) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due unless payment is made within the applicable grace period, or (c) the Issuer or any of its Subsidiaries fails to pay when due unless payment is made within the applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that no event described in this Condition 12(A)(iv) shall constitute an Event of Default unless the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 12(A)(iv) have occurred at any time equals or exceeds (either individually or in aggregate) U.S.\$50,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 12(A)(iv) operates); or
- (v) **Enforcement Proceedings:** a distress, attachment, execution after final judgment by a court of competent jurisdiction or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or any of the its Principal Subsidiaries and is not discharged or stayed within 30 days; or
- (vi) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Principal Subsidiaries over a substantial part of the assets of the Issuer or the relevant Principal Subsidiaries, as the case may be, becomes enforceable pursuant to a final judgment by a court of competent jurisdiction and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and such

judgment is not discharged within 45 days, provided that no event described in this Condition 12(A)(vi) shall constitute an Event of Default unless the aggregate amount of the relevant assets in respect of which one or more of the events mentioned above in this Condition 12(A)(vi) have occurred at any time equals or exceeds (either individually or in aggregate) U.S.\$5,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 12(A)(vi) operates); or

- (vii) **Insolvency:** the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a substantial part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries; or
 - (viii) **Winding-up:** an order is made by any court of competent jurisdiction or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries on a *pro rata* basis in accordance with such Principal Subsidiary's shareholding; or
 - (ix) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer to lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Agency Agreement, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
 - (x) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its material obligations under any of the Bonds, the Trust Deed or the Agency Agreement; or
 - (xi) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in either of Conditions 12(A)(vii) and 12(A)(viii).
- (B) Notwithstanding receipt of any payment after the acceleration of the Bonds, a Holder may exercise its Exchange Right by depositing an Exchange Notice with an

Exchange Agent during the period from and including the date of a notice of acceleration with respect to an event specified in Condition 12(A) (at which time the Issuer will notify the Holders of the number of Shares per Bond to be delivered upon exchange, assuming all the then outstanding Bonds are exchanged) to and including the close of business (at the place where the Certificate evidencing the relevant Bond is deposited for exchange) on the date upon which the full amount of moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders.

If any exchanging Holder deposits an Exchange Notice pursuant to this Condition 12(B) on the business day prior to, or during, a Suspension Period, the Holder's Exchange Right shall continue until the business day immediately following the last day of the Suspension Period, which shall be deemed the Exchange Date, for the purposes of such Holder's exercise of its Exchange Right pursuant to this Condition 12(B).

If the Exchange Right attached to any Bond is exercised pursuant to this Condition 12(B), the Issuer will deliver Shares (which number will be disclosed to such Holder as soon as practicable after the Exchange Notice is given) in accordance with these Conditions against repayment of the payment received by the relevant Holder after the acceleration of the Bonds, except that the Issuer shall have five business days before it is required to deliver the number of Shares to be delivered pursuant to this Condition 12(B) and an additional five business days from such delivery to make payment in accordance with the following paragraph.

If the Exchange Right attached to any Bond is exercised pursuant to this Condition 12(B) or if the Bonds have become due and payable pursuant to Condition 12(A)(ii), the Issuer shall, at the request of the exchanging Holder, pay to such Holder an amount in U.S. dollars (the "**Default Cure Amount**") equal to the product of (i) (a) the number of Shares that are required to be delivered by the Issuer to satisfy the Exchange Right in relation to such exchanging Holder minus (b) the number of Shares that are actually delivered by the Issuer pursuant to such Holders' Exchange Notice and (ii) the Share Price (as defined below in this Condition 12(B)) on the Exchange Date; provided that if such Holder has received any payment under the Bonds pursuant to this Condition 12, the amount of such payment shall be deducted from the Default Cure Amount.

In this Condition 12(B):

"**business day**" means a day in which banks are open for business in the place where the Certificate evidencing the relevant Bond is deposited for exchange; and

"**Share Price**" means the closing price of the Shares as quoted by the Hong Kong Stock Exchange on the Exchange Date or, if no reported sales take place on such date, the average of the reported closing bid and offered prices, in either case as reported by the Hong Kong Stock Exchange or other applicable securities exchange on which the Shares are listed for such day as furnished by a reputable and independent broker-dealer selected from time to time by an independent investment bank of international repute acting as an expert instructed by, and at the expense of, the Issuer for such purpose and notified to the Trustee.

13 PRESCRIPTION

Claims for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal and premium (if any)) or five years (in the case of interest) from the relevant date for payment in respect thereof first becomes due.

14 ENFORCEMENT

At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice, take such steps, action and/or proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such steps, action and/or proceedings unless (a) it shall have been so requested in writing by the Holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Holders and (b) it shall have been pre-funded and/or indemnified and/or secured to its satisfaction. No Holder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

15 MEETINGS OF HOLDERS, MODIFICATION AND WAIVER

(A) **Meetings:** The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee upon request in writing from Holders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Holders whatever the aggregate principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal, interest or premium (if any) payable in respect of the Bonds or changing the method of calculation of any amount payable under the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Exchange Right, (v) to reduce the rate of interest in respect of the Bonds or to vary the method or basis of calculating the rate of interest or the basis for calculating any other amount payable in respect of the Bonds or (vi) to modify the provisions concerning the quorum required at any meeting of the Holders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 25 per cent. in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Trust Deed provides that (A) a written resolution signed by or on behalf of the Holders of not less than 90 per cent. of the aggregate principal amount of Bonds for the time being outstanding or (B) a resolution passed by way of electronic consents through Euroclear and Clearstream (in a form satisfactory to the Trustee) by or on

behalf of holders of not less than 90 per cent. of the aggregate principal amount of the Bonds for the time being outstanding shall each be as valid and effective as a duly passed Extraordinary Resolution.

- (B) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Holders, to (i) any modification (except as mentioned in Condition 15(A)) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders or (ii) any modification to the Bonds, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Holders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation will be notified by the Issuer to the Holders in accordance with Condition 17 as soon as practicable thereafter.
- (C) **Interests of Holders:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorisation or waiver), the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the interests of, or be responsible for, the consequences of such exercise for individual Holders and, in particular but without affecting the generality of the foregoing, the Trustee shall not be entitled to require on behalf of any Holder, nor shall any Holder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Holders.

16 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar and at the specified office of any Paying Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security and/or pre-funding as the Issuer and/or the Registrar or such Paying Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

17 NOTICES

Unless otherwise provided in the Trust Deed or the Bonds, as described herein, all notices to all Holders as a group shall be validly given if in writing and mailed to them at their respective addresses in the Register, and published in a leading newspaper having general circulation in Asia (which is expected to be the Wall Street Journal Asia). Any such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank SA/NV or Clearstream Banking S.A. or any alternative clearing system(s), notices to the Bondholders shall be given by delivery of the relevant notice to Euroclear Bank SA/NV or Clearstream Banking S.A. or such alternative clearing system(s), for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or such alternative clearing system(s).

The Issuer shall cause to be filed with the Trustee, and shall cause to be given to all Holders (i) at least 10 days prior to the applicable record date if Modern Dairy shall (A) declare a dividend (or other distribution) on its Shares payable otherwise than in cash out of its retained earnings, or (B) authorize the grant to the holders of its Shares of options, rights or warrants, and (ii) at least 10 days prior to the applicable record date, upon (A) a reclassification of the Shares (other than a subdivision or combination of its outstanding Shares), or of any consolidation, merger or share exchange to which the Issuer or Modern Dairy is a party and for which approval of any shareholders is required, or of any tender or exchange offer by the Issuer, Modern Dairy or any Principal Subsidiary of the Issuer for all or any of the Shares, or of the conveyance, lease, sale or transfer of all or substantially all of the assets of the Issuer, Modern Dairy or any Principal Subsidiary of the Issuer, or (B) the voluntary or involuntary dissolution, liquidation or winding up of the Issuer or any of its Principal Subsidiaries, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, rights options or warrants, or, if a record is not to be taken, the date as of which the holders of Shares of record to be entitled to such dividend, distribution, rights, options or warrants are to be determined, or (y) the date on which such reclassification, consolidation, merger, share exchange, tender or exchange offer, conveyance, lease, sale, transfer, dissolution, liquidation or winding up is expected to become effective, and the date as of which it is expected that holders of Shares of record shall be entitled to exchange their Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, share exchange, tender or exchange offer, conveyance, lease, sale, transfer, dissolution, liquidation or winding up. The foregoing will not require the Issuer to send any notice to the Holders or the Trustee prior to any notice or circular regarding the subject of such notice to the Holders or the Trustee is sent to shareholders of the Issuer.

18 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Holders, create and issue further Bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them, the first date on which Exchange Rights may be exercised and the timing for the making of the Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further Bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

19 AGENTS

The names of the initial Agents and their initial specified offices are set out below. The Issuer reserves the right, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents. The Issuer will at all times maintain (a) a Principal Agent, and (b) a Registrar which will maintain the Register outside the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Holders in accordance with Condition 17.

20 INDEMNIFICATION

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including without limitation provisions relieving it from taking any steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds and payment or

taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and entitling it to be paid or reimbursed for any fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of Bondholders. The Trustee and the Agents are entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or request of the Bondholders. The Trustee and the Agents shall be entitled to rely on any instruction, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or by any other means as provided for in the Trust Deed (including without limitation passed by Written Resolution or by Electronic Consent).

The Trustee and the Agents shall have no obligation to monitor or ascertain (i) compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions or (ii) whether an Event of Default or a Potential Event of Default has occurred or (iii) whether a Relevant Event or any event or circumstance which gives rise or may give rise to a Relevant Event or any redemption under Condition 10, and shall, in each case, not be liable to the Issuer, the Bondholders or any other person for not doing so. None of the Trustee or any of the Agents shall be responsible for the performance (whether financial or otherwise) by the Issuer or any other person appointed by any of them in relation to the Bonds and/or the Exchange Property of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any of the Agents shall be under any duty or obligation to (and will not be responsible or liable to any Bondholder or any other person for not so doing) perform, verify or assist in any calculation or determination in connection with any amount payable under any redemption option under this Condition 10, the number of a *pro rata* share of the Exchange Property or Additional Exchange Property, the Equivalent Amount, the Further Amount, the Cash Alternative Amount, or any other amount with respect to any exercise of the Exchange Right and shall not be responsible for delivery of any Exchange Property, Additional Exchange Property or Cash Election Notice or for payment of any Equivalent Amount, Further Amount, Cash Alternative Amount, or any other amount with respect to any exercise of the Exchange Right.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and to be indemnified and/or secured and/or pre-funded to its satisfaction, and the Trustee is not responsible for any loss or liability incurred by the Issuer, any Bondholder or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received or an indemnity, security or pre-funding is not provided to the Trustee to its satisfaction.

The Trustee may rely without liability to the Issuer, any Bondholder or any other person on any report, confirmation or certificate or any opinion or advice of any legal advisors,

accountants, financial advisors, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and, in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, any Relevant Company and their respective Subsidiaries, and neither the Trustee nor any Agent shall at any time have any responsibility or liability to any Bondholder for the same and each Bondholder shall not rely on the Trustee or any Agent in respect thereof.

21 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

Without prejudice to the rights of the Bondholders pursuant to and as contemplated in Condition 14, no person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent provided for in these Conditions or in the Trust Deed.

22 GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Bonds, the Trust Deed and the Agency Agreement, and any non-contractual obligations arising out of any of them, are governed by, and shall be construed in accordance with, the English law.

The Issuer irrevocably agrees that the courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) and that accordingly submits to the jurisdiction of the Hong Kong courts. The Issuer waives any objection to the courts of Hong Kong on the grounds that they are an inconvenient or inappropriate forum.

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China Mengniu Dairy Company Limited (2319.HK)

US\$100 million 1.50% Exchangeable Bonds due 2023

Exchangeable into Ordinary Shares of China Modern Dairy Holdings Ltd. (1117.HK)

SUMMARY INDICATIVE TERMS AND CONDITIONS – 17 June 2020

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| Issuer: | China Mengniu Dairy Company Limited (the "Issuer"), listed on The Stock Exchange of Hong Kong Limited ("HKSE") with stock code: 2319.HK |
| Offering: | US Dollar denominated Exchangeable Bonds (the "Bonds"), exchangeable into ordinary shares of China Modern Dairy Holdings Ltd. ("Modern Dairy") listed on HKSE with stock code: 1117.HK (the "Shares") |
| Initial Exchange Property: | 613,877,227 Shares |
| Status: | Direct, unconditional, unsubordinated and unsecured obligations of the Issuer |
| Issuer Ratings: | Baa1 (Stable) by Moody's and BBB+ (Stable) by S&P |
| Bond Rating: | Unrated |
| Use of Proceeds: | Refinancing certain of its existing indebtedness |
| Sole Global Coordinator: | BOC International |
| Joint Bookrunners: | BOC International and Guotai Junan International |
| Currency: | US Dollars |
| Denomination: | US\$200,000 per Bond and integral multiples of US\$100,000 thereof |
| Issue Size: | US\$100 million |
| Maturity Date: | 24 June 2023 (3 years) |
| Investor Put Date: | 24 June 2022 (At the end of year 2) |
| Issue Price: | 100.00% of the principal amount |
| Coupon: | 1.50% per annum, payable on a semi-annual basis |
| Yield to Put/Maturity: | 1.50% per annum, calculated on a semi-annual basis |
| Put Price: | 100.00% of the principal amount |
| Redemption Price: | 100.00% of the principal amount |
| Initial Exchange Premium: | 25.0% over the Reference Share Price |
| Reference Share Price: | HK\$1.01 per Share, being the closing price of the Shares on 17 June 2020 |
| Initial Exchange Price: | HK\$1.2625 per Share |
| Initial Exchange Ratio: | 1,227,754.4554 Shares per US\$200,000 in principal amount of Bonds, based on the Initial Exchange Price and Fixed Exchange Rate |
| Fixed Exchange Rate: | HK\$7.7502 / US\$1.00 |
| Exchange Period: | On or after 4 August 2020 (being 41 days after the Closing Date) and up to 10 days prior to the Maturity Date |
| Redemption at the Option of the Issuer: | <ul style="list-style-type: none"> ■ Issuer Call – callable at any time from and including 24 June 2022 (being 2 years after the Closing Date), in whole but not in part, at the principal amount together with interest accrued thereon to but excluding the relevant date fixed for redemption, if the value of the Exchange Property on each of 20 out of 30 consecutive trading days ending not more than 5 trading days immediately prior to the date on which the relevant notice of redemption is given shall have exceeded 130% of the aggregate principal amount of |

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| | <p>the Bonds outstanding on such trading day</p> <ul style="list-style-type: none"> ■ Clean-Up Call – callable at any time in whole but not in part at the principal amount together with interest accrued thereon to but excluding the relevant date fixed for redemption, if the aggregate principal amount of the Bonds outstanding is less than 10% of the principal amount of the Bonds originally issued ■ Tax Call – callable at any time in whole but not in part at the principal amount together with interest accrued but unpaid thereon to but excluding the date fixed for redemption, as a result of changes relating to tax laws in the PRC, Hong Kong or the Cayman Islands, the Issuer has or will become obligated to pay any additional amounts in excess of the applicable tax rate. Bondholders shall have the right to elect for their Bonds not to be redeemed but with no entitlement to any such additional amounts |
| <p>Redemption at the Option of the Bondholders:</p> | <ul style="list-style-type: none"> ■ Bondholder Put – Yes, in whole or in part, at the principal amount together with interest accrued but unpaid thereon to but excluding the Investor Put Date, on the Investor Put Date ■ Change of Control Put – Yes, in whole or in part, at the principal amount together with interest accrued but unpaid thereon to but excluding the Relevant Event Redemption Date (as defined in the Terms and Conditions), if a Change of Control occurs ■ Delisting/Suspension of Trading Put – Yes, in whole or in part, at the principal amount together with interest accrued but unpaid thereon to but excluding the Relevant Event Redemption Date (as defined in the Terms and Conditions), if the Shares cease to be listed or admitted to trading or are suspended from trading for a period exceeding 30 consecutive trading days on HKSE or an alternative stock exchange |
| <p>Change of Control:</p> | <p>A “Change of Control” occurs when:</p> <ul style="list-style-type: none"> ■ COFCO Corporation (“COFCO”) ceases to directly or indirectly be interested in not less than 15% of the issued share capital of the Issuer; ■ any Person or Persons (other than Permitted Holders) acting together acquires Control of the Issuer; ■ the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control of the Issuer or the successor entity; or ■ the Issuer ceases to be the largest direct or indirect holder or ceases to hold at least 40% of the issued share capital of Modern Dairy; <p>“Control” means (i) the ownership or control of more than 50% of the voting rights of the issued share capital of a person or (ii) the possession, directly or indirectly, of the power to nominate or designate more than 50% of the members then in office of a person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;</p> <p>“Permitted Holders” means COFCO and any of its affiliates</p> |
| <p>Adjustments to Exchange Property:</p> | <p>The Exchange Property shall be adjusted in certain circumstances, including but not limited to (as defined in the Terms and Conditions):</p> <ul style="list-style-type: none"> ■ Sub-division, Consolidation or Redenomination ■ Rights Issues ■ Bonus Issues, Capital Distributions or Reorganisation ■ General Offers |

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| Dividend Protection: | The Exchange Property will be adjusted for all cash dividends or distributions paid. The Issuer may at its option elect to add the cash amount of a Capital Distribution to the Exchange Property or apply the cash amount to purchase additional Shares or substitute the cash amount for additional Shares | |
| Cash Election Option: | <p>Upon exercise of Exchange Rights by a Bondholder on or after 24 June 2022 (being 2 years after the Closing Date), the Issuer may make an election ("Cash Election") by giving notice to the relevant Bondholder by not later than the date (the "Cash Election Exercise Date") falling 5 business days in Hong Kong following the relevant exchange date to satisfy the exercise of the Exchange Right in whole or in part, and where in part, by reference to either the principal amount of the Bonds or a maximum amount in US\$. The Issuer will pay the Cash Alternative Amount by not later than 4 Payment Business Days following the last day of the Cash Alternative Calculation Period</p> <p>"Cash Alternative Amount" means an amount in US\$ equal to the arithmetic average of the value on each trading day in the Cash Alternative Calculation Period of the <i>pro rata</i> share of the Exchange Property which, has a Cash Election not been made, would otherwise fall to be delivered to such Bondholder upon exercise of Exchange Rights in respect of the relevant Bonds</p> <p>"Cash Alternative Calculation Peiod" means the peiod of 5 consecutive trading days commencing on the second trading day immediately following the Cash Election Exercise Date</p> | |
| Stock Lending Facility: | The Issuer expects to enter into securities lending arrangements with BOC International (or its affiliates) for a number of Shares equal to the Initial Exchange Property in order to facilitate investors' establishing their hedge positions in respect of the Bonds. Only Bondholders may borrow pursuant to such lending arrangements | |
| Deposit of Shares: | The Issuer will have deposited a number of Shares equal to the Initial Exchange Property with BOCI Financial Products Limited in a designated account by the Closing Date | |
| Negative Pledge: | Applicable to the Issuer and its Principal Subsidiaries (other than a listed subsidiary) in relation to Relevant Indebtedness (as defined in the Terms and Conditions), except for debt or convertible securities issued for the purpose of providing incentives to management and/or employees of the Issuer and/or its subsidiaries | |
| Events of Default: | Standard Euro-market events of default applicable to the Issuer and its subsidiaries or Principal Subsidiaries | |
| Cross Default: | US\$50,000,000 or its equivalent in other currencies | |
| Default Interest: | 3.50% per annum on any overdue sum | |
| Lock-Up: | 60 days from Closing Date for the Issuer, subject to customary carve-outs | |
| Governing Law: | English Law | |
| Listing: | Approval in principle has been obtained for a listing of the Bonds on the HKSE | |
| Trustee: | Citicorp International Limited | |
| Settlement: | Euroclear and Clearstream | |
| Form: | Registered only | |
| Selling Restrictions: | Regulation S (Category 1) and applicable restrictions | |
| Pricing / Trade Date: | 17 June 2020 | |
| Closing / Settlement Date: | 24 June 2020 | |
| Security Codes: | ISIN: XS2189122570 | Common Code: 218912257 |
| LEI: | 2549005Q343BSJ8RSS21 | |

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THIS DOCUMENT IS NOT AN OFFER TO SELL SECURITIES OR THE SOLICITATION OF ANY OFFER TO BUY SECURITIES, NOR SHALL THERE BE ANY OFFER OF SECURITIES IN ANY JURISDICTION IN WHICH SUCH OFFER OR SALE WOULD BE UNLAWFUL. THE SECURITIES MENTIONED IN THIS DOCUMENT HAVE NOT BEEN AND WILL NOT BE REGISTERED IN THE UNITED STATES UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN APPLICABLE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT. THERE WILL BE NO PUBLIC OFFER OF THE SECURITIES IN THE UNITED STATES OR IN ANY OTHER JURISDICTION.

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ANY ALLOCATION OF THE SECURITIES DESCRIBED IN THIS TERM SHEET IS MADE EXPRESSLY SUBJECT TO THE CONDITION THAT ANY OFFERING OF THE SECURITIES COMPLETES AND THAT THE SECURITIES ARE ISSUED. IN PARTICULAR, IT SHOULD BE NOTED THAT ANY SUCH OFFERING AND FORMAL DOCUMENTATION RELATING THERETO WILL BE SUBJECT TO CONDITIONS PRECEDENT AND TERMINATION EVENTS, INCLUDING THOSE WHICH ARE CUSTOMARY FOR SUCH AN OFFERING. ANY SUCH OFFERING WILL NOT COMPLETE UNLESS SUCH CONDITIONS PRECEDENT ARE FULFILLED AND ANY SUCH TERMINATION EVENTS HAVE NOT TAKEN PLACE OR THE FAILURE TO FULFIL SUCH A CONDITION PRECEDENT OR THE OCCURRENCE OF A TERMINATION EVENT HAS BEEN WAIVED, IF APPLICABLE. THE JOINT BOOKRUNNERS RESERVE THEIR RIGHTS TO EXERCISE OR REFRAIN FROM EXERCISING THEIR RIGHTS IN RELATION TO THE FULFILMENT OR OTHERWISE OF ANY SUCH CONDITION PRECEDENT OR THE OCCURRENCE OF ANY TERMINATION EVENT IN SUCH MANNER AS THEY MAY DETERMINE IN THEIR ABSOLUTE DISCRETION.

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THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE AFFILIATES MAY FROM TIME TO TIME HAVE LONG OR SHORT POSITIONS IN, OR BUY AND SELL, BONDS, SHARES, COMMODITIES, FUTURES OR OPTIONS IDENTICAL OR RELATED TO THOSE MENTIONED HEREIN. IN CONNECTION WITH THE OFFERING, THE JOINT BOOKRUNNERS OR THEIR RESPECTIVE AFFILIATES MAY, FOR THEIR OWN ACCOUNT, ENTER INTO CONVERTIBLE ASSET SWAPS, CREDIT DERIVATIVES OR OTHER DERIVATIVE TRANSACTIONS RELATING TO THE BONDS AND/OR THE UNDERLYING SHARES AT THE SAME TIME AS THE OFFER AND SALE OF THE SECURITIES OR IN SECONDARY MARKET TRANSACTIONS. AS A RESULT OF SUCH TRANSACTIONS, THE JOINT BOOKRUNNERS OR THEIR RESPECTIVE AFFILIATES MAY HOLD LONG OR SHORT POSITIONS IN SUCH SECURITIES OR DERIVATIVES OR IN THE UNDERLYING SHARES. NO DISCLOSURE WILL BE MADE OF ANY SUCH POSITIONS. THE JOINT BOOKRUNNERS OR THEIR RESPECTIVE AFFILIATES MAY PURCHASE SECURITIES FOR PROPRIETARY INVESTMENT PURPOSES. THE AMOUNT OF ANY SUCH PURCHASES WILL BE DETERMINED AT THE TIME OF PRICING OF THE SECURITIES AND WILL BE SUBJECT TO TOTAL DEMAND RECEIVED AND FINAL ALLOCATIONS.

PRIIPs REGULATION / PROHIBITION OF SALES TO EEA OR UK RETAIL INVESTORS – THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (THE "EEA") OR THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MiFID II"); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPs REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPs REGULATION.

IN CONNECTION WITH SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (THE "SFA") AND THE SECURITIES AND FUTURES (CAPITAL MARKETS PRODUCTS) REGULATIONS 2018 OF SINGAPORE (THE "CMP REGULATIONS 2018"), THE ISSUER HAS DETERMINED, AND HEREBY NOTIFIES ALL RELEVANT PERSONS (AS DEFINED IN SECTION 309(A)(1) OF THE SFA), THAT THE BONDS ARE 'PRESCRIBED CAPITAL MARKETS PRODUCTS' (AS DEFINED IN THE CMP REGULATIONS 2018) AND EXCLUDED INVESTMENT PRODUCTS (AS DEFINED IN MAS NOTICE SFA 04-N12: NOTICE ON THE SALE OF INVESTMENT PRODUCTS AND MAS NOTICE FAA- N16: NOTICE ON RECOMMENDATIONS ON INVESTMENT PRODUCTS).

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INVESTOR REPRESENTATIONS AND ACKNOWLEDGEMENTS

UPON RECEIPT OF THIS DOCUMENT, AND BY APPLYING FOR AN ALLOCATION OF THE BONDS, YOU REPRESENT AND ACKNOWLEDGE YOUR AGREEMENT THAT:

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- THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR MADE AVAILABLE IN WHOLE OR IN PART TO ANY OTHER PERSON FOR ANY PURPOSE;
- THAT THIS DOCUMENT HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS DOCUMENT MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED AND YOU MAY NOT, NOR ARE YOU AUTHORISED TO, DELIVER THIS DOCUMENT TO ANY OTHER PERSON;
- YOU ACKNOWLEDGE THAT (I) THE ISSUER AND MODERN DAIRY'S ORDINARY SHARES ARE LISTED ON THE HKSE, AND THE ISSUER AND MODERN DAIRY ARE THEREFORE REQUIRED TO PUBLISH CERTAIN BUSINESS AND FINANCIAL INFORMATION IN ACCORDANCE WITH THE RULES AND PRACTICES OF THE HKSE (THE "EXCHANGE INFORMATION"), WHICH INCLUDES, AMONG OTHER THINGS, DESCRIPTIONS OF THE ISSUER AND ITS SUBSIDIARIES' (THE "GROUP") AND MODERN DAIRY AND ITS SUBSIDIARIES' PRINCIPAL ACTIVITIES, AND THE BALANCE SHEETS, INCOME STATEMENTS AND CASH FLOW STATEMENTS AND OTHER INFORMATION RELATING TO MODERN DAIRY, THE ISSUER AND THE GROUP WHICH IS NECESSARY TO ENABLE THE HOLDERS OF THE SHARES OF THE ISSUER, MODERN DAIRY AND THE PUBLIC TO APPRAISE THE POSITION OF MODERN DAIRY, THE ISSUER AND THE GROUP; AND (II) YOU ARE ABLE TO OBTAIN OR ACCESS THE EXCHANGE INFORMATION WITHOUT UNDUE DIFFICULTY;
- YOU MAY NOT RELY, AND HAVE NOT RELIED ON ANY INVESTIGATION OR DUE DILIGENCE THAT THE JOINT BOOKRUNNERS, OR ANY OF THEIR RESPECTIVE DIRECTORS, MEMBERS, OFFICERS, EMPLOYEES, AGENTS, FINANCIERS, ADVISERS (INCLUDING, WITHOUT LIMITATION, FINANCIAL ADVISERS, COUNSEL AND ACCOUNTANTS) AND CONTROLLING PERSONS ("REPRESENTATIVES") OR ANY PERSON ACTING ON BEHALF OF ANY OF THEM MAY HAVE CONDUCTED WITH RESPECT TO THE BONDS OR THE BUSINESS AND PROPERTIES OF THE ISSUER, AND NONE OF SUCH PERSONS HAS MADE ANY WARRANTY, REPRESENTATION OR RECOMMENDATION TO YOU, EXPRESS OR IMPLIED, WITH RESPECT TO THE BONDS, THE MERITS THEREOF OR THE PURCHASE OR OFFER THEREOF, THE BUSINESS, PROPERTIES AND CONDITION, FINANCIAL OR OTHERWISE, OF THE ISSUER AND ANY OTHER MATTER RELATING THERETO OR IN CONNECTION THEREWITH. NOTHING HEREIN SHALL BE CONSTRUED AS A RECOMMENDATION TO YOU TO PURCHASE THE BONDS;
- YOU HAVE MADE YOUR INVESTMENT DECISION BASED UPON THE EXCHANGE INFORMATION AND SUCH OTHER INFORMATION AS YOU HAVE INDEPENDENTLY OBTAINED AND NOT RELIED ON ANY STATEMENT, OPINION OR REPRESENTATION MADE BY THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE REPRESENTATIVES, OR ANY STATEMENT MADE ON BEHALF OF THE JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE REPRESENTATIVES, TO INDUCE YOU TO PURCHASE THE BONDS, AND YOU WILL CONTINUE TO MAKE YOUR OWN APPRAISAL OF THE TRANSACTION DESCRIBED HEREIN AND OTHER MATTERS RELATED THERETO;
- YOU HAVE SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL, BUSINESS AND INTERNATIONAL INVESTMENT MATTERS SUCH THAT YOU ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF INVESTING IN THE BONDS. YOU HAVE (i) CONSULTED YOUR OWN LEGAL, REGULATORY, TAX, BUSINESS, INVESTMENT, FINANCIAL AND ACCOUNTING ADVISERS IN CONNECTION HEREWITH TO THE EXTENT YOU HAVE DEEMED NECESSARY; AND (ii) MADE YOUR OWN INVESTMENT DECISION BASED UPON YOUR OWN JUDGMENT, DUE DILIGENCE, RESOURCES AND INVESTIGATION AND ADVICE FROM SUCH ADVISERS AS YOU HAVE DEEMED NECESSARY AND NOT UPON ANY VIEW EXPRESSED BY OR ON BEHALF OF JOINT BOOKRUNNERS OR ANY OF THEIR RESPECTIVE REPRESENTATIVES;
- YOU AND YOUR ULTIMATE BENEFICIAL OWNERS ARE NOT, AND WILL NOT BECOME AT CLOSING/SETTLEMENT OF THE OFFERING, A "CONNECTED PERSON" OF THE ISSUER OR MODERN DAIRY AS DEFINED IN THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES"), INCLUDING BUT NOT LIMITED TO ANY DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER (BEING ANYONE WHO IS ENTITLED TO EXERCISE OR CONTROL THE EXERCISE OF 10% OR MORE OF THE VOTING POWER AT ANY GENERAL MEETING OF THE ISSUER OR MODERN DAIRY) OF THE ISSUER, MODERN DAIRY OR OF ANY OF THEIR RESPECTIVE SUBSIDIARIES, OR ANY ASSOCIATE WITHIN THE MEANING OF THE LISTING RULES OF ANY SUCH DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER;

THIS DOCUMENT COMPRISES ONLY A SUMMARY OF THE TERMS OF THE PROPOSED EXCHANGEABLE BONDS AND IS SUBJECT IN ITS ENTIRETY TO THE SECTION "TERMS AND CONDITIONS OF THE BONDS" IN THE OFFERING CIRCULAR AND THE TRUST DEED TO BE ENTERED INTO BY THE PARTIES IN CONNECTION WITH THE OFFERING. THIS IS NOT AN OFFERING MEMORANDUM OR PROSPECTUS AND SHOULD NOT BE TREATED AS OFFERING MATERIAL OF ANY SORT AND IS FOR INFORMATION PURPOSES ONLY

NOT FOR DISTRIBUTION IN OR INTO THE UNITED STATES, CANADA, JAPAN, THE PEOPLE'S REPUBLIC OF CHINA (WHICH FOR THE PURPOSE OF THIS DOCUMENT DOES NOT INCLUDE HONG KONG AND MACAU SPECIAL ADMINISTRATIVE REGIONS OR TAIWAN) OR ANY OTHER JURISDICTION IN WHICH SUCH DISTRIBUTION WOULD BE PROHIBITED BY APPLICABLE LAW



- YOU ARE NOT IN THE UNITED STATES AND YOU ARE APPLYING FOR AN ALLOCATION OF THE BONDS OUTSIDE THE UNITED STATES IN AN "OFFSHORE TRANSACTION" AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. THE SHARES OR OTHER SECURITIES ISSUABLE UPON EXCHANGE OF THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND YOU AGREE NOT TO OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THE SUCH SECURITIES EXCEPT ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAW OF ANY STATE OF THE UNITED STATES;
- (A) COMPLETION OF THE OFFERING IS SUBJECT TO THE SATISFACTION AND/OR WAIVER OF CUSTOMARY CONDITIONS PRECEDENT (INCLUDING THE COMPLETION OF DUE DILIGENCE PROCEDURES AND DELIVERY OF THE OFFERING CIRCULAR TO THE JOINT BOOKRUNNERS'S SATISFACTION) AND (B) THE JOINT BOOKRUNNERS MAY EXERCISE THEIR DISCRETION TO TERMINATE THE TRANSACTION FOR REASONS SET FORTH IN THE SUBSCRIPTION AGREEMENT. YOU WILL NOT HOLD THE JOINT BOOKRUNNERS LIABLE FOR ANY DAMAGES AS A RESULT OF NON-COMPLETION OF THE OFFERING OR FOR THE EXERCISE OF THEIR RIGHTS OR DISCRETIONS TO TERMINATE;
- YOUR PURCHASE OF THE BONDS IS LAWFUL UNDER THE SECURITIES LAWS OF THE JURISDICTION IN WHICH YOU ACCEPT THE OFFER TO PURCHASE THE BONDS;
- YOU UNDERSTAND THAT THE JOINT BOOKRUNNERS DO NOT HAVE ANY OBLIGATION TO PURCHASE OR ACQUIRE ALL OR ANY PART OF THE BONDS PURCHASED BY YOU IN THE OFFERING OR TO SUPPORT ANY LOSSES DIRECTLY OR INDIRECTLY SUSTAINED OR INCURRED BY YOU FOR ANY REASON WHATSOEVER IN CONNECTION WITH THE OFFERING, INCLUDING ANY NON-PERFORMANCE BY THE ISSUER OF ANY OF ITS OBLIGATIONS OR ANY BREACH OF ANY REPRESENTATIONS OR WARRANTIES BY THE ISSUER, WHETHER TO THE JOINT BOOKRUNNERS OR OTHERWISE; AND
- THE ISSUER AND THE JOINT BOOKRUNNERS AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND ACKNOWLEDGEMENTS, AND YOU AGREE TO NOTIFY THE JOINT BOOKRUNNERS PROMPTLY IN WRITING IF, AT ANY TIME BEFORE THE EXPECTED CLOSING/SETTLEMENT DATE, ANY OF YOUR REPRESENTATIONS OR ACKNOWLEDGEMENTS HEREIN CEASES TO BE ACCURATE AND COMPLETE.

SCHEDULE 2 SELLING RESTRICTIONS

- 1 General:** Neither the Issuer nor the Managers makes any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of the Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required.
- 2 United States:** The Bonds and the Shares to be delivered upon exchange of the Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Manager represents and warrants that it has not offered or sold, and agrees that it will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds or the Shares to be issued upon exchange of the Shares. Terms used in this paragraph have the meaning given to them by Regulation S.
- 3 Prohibition of Sales to EEA and UK Retail Investors:** Each Manager represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by the Offering Circular in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

 - (i) the expression “retail investor” means a person who is one (or more) of the following:

 - (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”);
 - (b) a customer within the meaning of Directive 2002/92/EC (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; and
 - (ii) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Bonds.
- 4 United Kingdom:** Each Manager represents, warrants and agrees that:

 - (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
 - (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

- 5 Hong Kong:** Each Manager represents and agrees that:
- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding-Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (“**C(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
 - (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.
- 6 People’s Republic of China:** Each Manager represents, warrants and agrees that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.
- 7 Singapore:** Each Manager acknowledges that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager represents and agrees that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.
- 8 Japan:** Each Manager acknowledges that the Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Manager represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and

otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

- 9 Cayman Islands:** No offer of the Bonds will be made directly or indirectly to the public in Cayman Islands.

SCHEDULE 3
FORM OF CERTIFICATE CONFIRMING NO MATERIAL ADVERSE CHANGE

[ON THE LETTERHEAD OF THE ISSUER]

To:

BOCI ASIA LIMITED
20/F Bank of China Tower
1 Garden Road
Central
Hong Kong

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

[CLOSING DATE]

Dear Sirs

SUBSCRIPTION AGREEMENT RELATING TO SUBSCRIPTION OF US\$100,000,000 1.50 PER CENT. EXCHANGEABLE BONDS DUE 2023

Pursuant to the Subscription Agreement dated 17 June 2020 (the "**Agreement**") made between China Mengniu Dairy Company Limited (the "**Issuer**"), and yourselves as the Managers, I hereby confirm, on behalf of the Issuer, that as at today's date (i) the representations and warranties of the Issuer set forth in the Agreement are true, accurate and correct at, and as if made on, today's date; and (ii) the Issuer has performed all of its obligations under the Agreement to be performed on or before today's date.

Yours faithfully

For and on behalf of
CHINA MENGNIU DAIRY COMPANY LIMITED

[Name]
Director/[Title of authorised officer]

SCHEDULE 4
FORM OF CERTIFICATE CONFIRMING NO DEFAULT

[ON THE LETTERHEAD OF THE ISSUER]

To:

BOCI ASIA LIMITED
20/F Bank of China Tower
1 Garden Road
Central
Hong Kong

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

[CLOSING DATE]

Dear Sirs

SUBSCRIPTION AGREEMENT RELATING TO SUBSCRIPTION OF US\$100,000,000 1.50 PER CENT. EXCHANGEABLE BONDS DUE 2023

Pursuant to the Subscription Agreement dated 17 June 2020 (the "**Agreement**") made between China Mengniu Dairy Company Limited (the "**Issuer**") and yourselves as Managers, I hereby confirm, on behalf of the Issuer, that as at today's date, neither the Issuer nor any of its subsidiaries is in breach of or in default (nor has any event occurred which, with the giving of notice and/or the passage of time and/or the fulfilment of any other requirement would result in a default by the Issuer or any of their respective subsidiaries) under the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or to which their respective properties are bound, except for any such breach/default or potential breach/default that would not, individually or in aggregate, have a Material Adverse Effect.

Unless the context otherwise requires, terms defined in the Agreement shall have the same meanings in this certificate.

Yours faithfully

For and on behalf of
CHINA MENGNIU DAIRY COMPANY LIMITED

[Name]
Director/[Title of authorised officer]

SCHEDULE 5
MANAGERS' UNDERWRITING COMMITMENTS FOR THE BONDS

| Managers | Principal Amount of Bonds to be Subscribed |
|---|---|
| BOCI Asia Limited | US\$90,000,000 |
| Guotai Junan Securities (Hong Kong) Limited | US\$10,000,000 |
| Total | US\$100,000,000 |

This Agreement has been entered into on the date stated at the beginning.

CHINA MENGNIU DAIRY COMPANY LIMITED

By:

A handwritten signature in black ink, appearing to be a stylized name, located below the 'By:' text.

BOCI ASIA LIMITED

By:

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines, positioned to the right of the word "By:".

GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

By:

A handwritten signature in blue ink, consisting of a vertical line that curves into a loop and then extends downwards and to the right.