
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in AustAsia Group Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

**PROPOSAL FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ELECTION OF DIRECTOR,
RE-APPOINTMENT OF AUDITOR,
ADOPTION OF THE AAG SHARE OPTION SCHEME,
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS,
AND
NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Unless the context otherwise requires, capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 7 to 25 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-14 of this circular.

A notice convening the AGM of AustAsia Group Ltd. to be held at 4:30 p.m. on Wednesday, 5 June 2024 at 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong, at which, among other things, the above proposals will be considered, is set out on pages AGM-1 to AGM-8 of this circular. A form of proxy for use at the AGM (or any adjournment thereof) is also enclosed with this circular.

Whether or not you intend to attend the AGM (or any adjournment thereof), you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so wish.

Hong Kong, 14 May 2024

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2022 Supply Agreement”	the supply agreement dated 14 December 2022 entered into between the Company and Annona in relation to the Transactions, details of which are set out under the paragraph titled “C. Non-Exempt Continuing Connected Transaction – 2. Supply Agreement” in the section titled “Connected Transactions” in the Prospectus
“2024 Renewed Supply Agreement”	the renewed supply agreement dated 13 May 2024 entered into between the Company and Annona in relation to the Transactions for a term commencing from 1 July 2024 to 30 June 2027
“AAG Performance Share Plan”	the AAG Performance Share Plan adopted by the Company on 3 July 2020 and amended on 5 December 2022, details of which are disclosed in the Prospectus
“AAG Share Option Scheme”	the AAG Share Option Scheme proposed to be approved by the Shareholders at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Adoption Date”	5 June 2024, being the date on which the AAG Share Option Scheme is conditionally adopted by a resolution of the Shareholders at the AGM
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be convened and held at 9/F, The Center, 99 Queen’s Road Central, Central, Hong Kong on Wednesday, 5 June 2024 at 4:30 p.m., notice of which is set out on pages AGM-1 to AGM-8 of this circular, and any adjournment thereof
“Annona”	Annona Pte. Ltd., a private company limited by shares incorporated under the laws of Singapore and a wholly-owned subsidiary of Japfa
“Annual Cap(s)”	the maximum amounts payable by members of the Group to Annona in respect of the Transactions for the relevant period/year as set out under the paragraph titled “Proposed Annual Caps” in the section titled “8. Renewal of Continuing Connected Transactions” of this circular

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Auditor”	the auditor of the Company from time to time
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities
“Cash Payment”	an amount in cash to be paid to a Grantee in satisfaction of an Option upon its exercise, the amount of which shall be determined by the Company in accordance with the formula set out in paragraph 10 of Appendix III to this circular
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	AustAsia Group Ltd., a company incorporated under the laws of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2425)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Constitution”	the constitution of the Company, as amended, modified and altered from time to time
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	a group of controlling shareholders of the Company comprising Mr. Renaldo Santosa, Ms. Gabriella Santosa, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited, Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc., who together directly and indirectly hold approximately 37.14% of the Shares in issue at the Latest Practicable Date
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Director(s)”	director(s) of the Company
“Existing Transactions”	the supply by Annona to members of the Group, and the purchase by members of the Group from Annona, of the Goods pursuant to the 2022 Supply Agreement
“Goods”	feed (such as alfalfa, hay and oats) and any other agricultural commodities, premixes and vitamins
“Grantee”	any Participant who has been made an Offer in accordance with the terms of the AAG Share Option Scheme and who has not declined the Offer in accordance with the terms of the AAG Share Option Scheme or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, namely Mr. SUN Patrick, Mr. LI Shengli and Mr. CHANG Pan, Peter, established to advise the Independent Shareholders on the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder

DEFINITIONS

“Issue Mandate”	a general mandate proposed to be granted to the Directors at the AGM to allot, issue and deal with Shares of up to 20% of the total number of Shares in issue as at the date of passing of the relevant resolution granting such mandate
“Japfa”	Japfa Ltd., a company incorporated in Singapore and listed on the Mainboard of the SGX-ST (Stock Code: UD2)
“Japfa Group”	Japfa and its subsidiaries from time to time
“Latest Practicable Date”	8 May 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Date”	the date on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange, being 30 December 2022
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Offer”	the offer of the grant of an Option made by the Remuneration Committee in accordance with the AAG Share Option Scheme
“Offer Date”	in respect of an Option, the date on which an Offer is made to a Participant, which must be a Business Day
“Option(s)”	a right granted to the Participant to subscribe for Shares pursuant to the terms of the AAG Share Option Scheme
“Option Period”	a period to be determined by the Remuneration Committee at its absolute discretion and notified by the Remuneration Committee to each Grantee as being the period during which an Option may be exercised, and shall expire no later than the tenth (10th) anniversary of the date upon which the Option is granted and accepted in accordance with the AAG Share Option Scheme

DEFINITIONS

“Participant(s)”	(i) an executive Director, or (ii) a full-time employee of the Group who has been employed by the Group for more than 12 months (regardless of whether he is a director of any company within the Group)
“PRC” or “China”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus of the Company dated 16 December 2022
“Remuneration Committee”	the remuneration committee of the Board, whose composition shall be determined in accordance with the Listing Rules
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the AGM to repurchase Shares of up to 10% of the total number of Shares in issue as at the date of passing of the relevant resolution granting such mandate
“RMB”	Renminbi yuan, the lawful currency of the PRC
“RSU Scheme”	the post-IPO RSU Scheme adopted by the Company on 5 December 2022, details of which are disclosed in the Prospectus
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all Options to be granted under the AAG Share Option Scheme and any options or awards under any other schemes of the Company, which must not in aggregate exceed 10% of the total number of Shares as at the Adoption Date
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and restated from time to time
“SGX-ST”	Singapore Exchange Securities Trading Limited
“SGX-ST Rules”	rules of the SGX-ST
“Share(s)”	fully paid ordinary share(s) in the share capital of the Company

DEFINITIONS

“Share Registrar”	the Hong Kong share registrar of the Company from time to time
“Shareholder(s)”	holder(s) of Shares
“Singapore”	the Republic of Singapore
“Singapore Companies Act”	the Companies Act 1967 of Singapore, as amended, modified and re-enacted from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
“Term”	the term of the 2024 Renewed Supply Agreement commencing on 1 July 2024 and ending on 30 June 2027
“Transactions”	the supply by Annona to members of the Group, and the purchase by members of the Group from Annona, of the Goods pursuant to the 2024 Renewed Supply Agreement
“USD” or “US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

LETTER FROM THE BOARD



(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

Executive Directors

Mr. TAN Yong Nang
Mr. Edgar Dowse COLLINS
Mr. YANG Ku

Headquarter and Registered Office

400 Orchard Road
#15-08
Orchard Towers
Singapore 238875

Non-executive Directors

Mr. HIRATA Toshiyuki
Ms. GAO Lina
Ms. Gabriella SANTOSA

Principal Place of Business in Hong Kong

46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Independent Non-executive Directors

Mr. SUN Patrick
Mr. LI Shengli
Mr. CHANG Pan, Peter

Principal Place of Business in China

No. 10, Yongguan Road
Yongan Town
Kenli District
Dongying City
Shandong Province
China

14 May 2024

To the Shareholder(s)

Dear Sir or Madam,

**PROPOSAL FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES,
RE-ELECTION OF RETIRING DIRECTORS,
ELECTION OF DIRECTOR,
RE-APPOINTMENT OF AUDITOR,
ADOPTION OF THE AAG SHARE OPTION SCHEME,
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS,
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in respect of the resolutions to be proposed at the AGM to seek approval of the Shareholders and Independent Shareholders (as the case may be) in respect of, among other matters, (i) to grant the Issue

* For identification purpose only

LETTER FROM THE BOARD

Mandate and the Repurchase Mandate to the Directors; (ii) the re-election of the retiring Directors; (iii) the election of Director; (iv) the re-appointment of the Auditor; (v) the adoption of the AAG Share Option Scheme; (vi) the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder; and (vii) to give you notice of the AGM.

2. THE ISSUE MANDATE

At the first annual general meeting of the Company held on 7 June 2023 (“**2023 AGM**”), the Directors were granted a general mandate to allot, issue and deal in Shares not exceeding 20% of the aggregate number of shares of the Company.

The above general mandate will expire at the earlier of: (i) the conclusion of the next annual general meeting of the Company; or (ii) the end of the period within which the Company is required by the Constitution or any applicable laws to hold its next annual general meeting; or (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

As the above general mandate will expire at the conclusion of the AGM, an ordinary resolution will be proposed at the AGM to renew the mandate.

As at the Latest Practicable Date, the number of issued Shares was 700,463,112 Shares. Assuming no further Shares are to be issued prior to the AGM, the Issue Mandate will grant the Directors an authority to issue up to 140,092,622 Shares representing not more than 20% of the total number of the issued Shares as at the date of passing of the resolution approving the Issue Mandate.

3. REPURCHASE MANDATE

The Directors were granted by the Shareholders at the 2023 AGM, a general mandate to exercise all the powers of the Company to repurchase not more than 10% of the aggregate number of Shares in issue.

The above general mandate will expire at the earlier of: (i) the conclusion of the next annual general meeting of the Company; or (ii) the end of the period within which the Company is required by the Constitution or any applicable laws to hold its next annual general meeting; or (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

As the above general mandate will expire at the conclusion of the AGM, an ordinary resolution will be proposed at the AGM to renew the mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the number of issued Shares was 700,463,112 Shares. Assuming no further Shares are to be issued prior to the AGM, the Repurchase Mandate will grant the Directors an authority to repurchase up to 70,046,311 Shares representing not more than 10% of the total number of the issued Shares as at the date of passing of the resolution approving the Repurchase Mandate.

In accordance with the requirements of the Listing Rules, an explanatory statement is set out in Appendix I to this circular containing all the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the relevant resolution.

4. RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, the Board comprises:

3 Executive Directors, namely Mr. TAN Yong Nang, Mr. Edgar Dowse COLLINS and Mr. YANG Ku;

3 Non-executive Directors, namely Mr. HIRATA Toshiyuki, Ms. GAO Lina and Ms. Gabriella SANTOSA; and

3 Independent Non-executive Directors, namely Mr. LI Shengli, Mr. SUN Patrick, and Mr. CHANG Pan, Peter.

All Directors were re-elected/elected by Shareholders at the 2023 AGM.

Regulation 34.1 of the Constitution provides that at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Provided that every Director shall be subject to retirement at an annual general meeting at least once every three (3) years. Regulation 34.2 of the Constitution provides that the Directors to retire in every year shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election.

Mr. HIRATA Toshiyuki, has offered himself for retirement by rotation at the AGM and will not be standing for re-election at the AGM. Mr. HIRATA will retire as a Director at the conclusion of the AGM.

Mr. TAN Yong Nang and Mr. LI Shengli (collectively the “**Retiring Directors**”) will retire by rotation at the AGM and, being eligible, will offer themselves for re-election at the AGM.

LETTER FROM THE BOARD

The Nomination Committee of the Company (“**Nomination Committee**”) has reviewed the composition of the Board and is of the view that the current board comprised of members with a mix of gender, age, skills, knowledge, experience and has conformed with the requirements of the Listing Rules for Board composition and there is no skill set gap which needs to be filled.

The Nomination Committee has evaluated the performance of the Retiring Directors and found their performance satisfactory and are of the view that the collective experience and knowledge of retiring Directors continue to be relevant and can contribute to the Company.

All independent non-executive Directors have in their annual written confirmation, confirmed that there is no change in their independence status based on the independence criteria as set out in Rule 3.13 of the Listing Rules.

The Board has reviewed and endorsed the recommendation of the Nomination Committee and proposed that all of the Retiring Directors stand for re-election as Directors at the AGM.

5. ELECTION OF DIRECTOR

The Company has received a nomination request from Meiji (China) Investment Company Limited, for Mr. Tamotsu MATSUI to be nominated as a candidate to stand for election for appointment as a non-executive Director at the AGM.

The nomination of Mr. MATSUI as a Director candidate was submitted for consideration by the Nomination Committee. The Nomination Committee having considered the qualification and work experience of Mr. MATSUI is of the view that Mr. MATSUI is a suitable Director candidate. The Board having considered the recommendation of the Nomination Committee, nominates Mr. MATSUI to stand for election as a Director of the Company.

Subject to the appointment by Shareholders at the AGM, the term of office of Mr. MATSUI as a non-executive Director shall be three years. Mr. MATSUI will replace Mr. HIRATA Toshiyuki as a member of the Audit Committee at the conclusion of the AGM.

There is no service contract entered into between Mr. MATSUI and the Company in respect of his proposed appointment as a non-executive Director. Subject to the appointment by Shareholders at the AGM, Mr. MATSUI will enter into a letter of appointment with the Company for a term of three years, commencing from the date of the AGM. Mr. MATSUI is entitled to receive Director’s fees of HK\$250,000 per year and HK\$25,000 per year for each board committee of which he is a member. Mr. MATSUI has declined to receive Director’s fee.

Please refer to Appendix II for the background of Mr. MATSUI.

LETTER FROM THE BOARD

6. RE-APPOINTMENT OF THE AUDITOR

Messrs. Ernst & Young will retire as the independent auditor of the Company at the AGM and, being eligible, offer themselves for re-appointment.

The Board has reviewed the endorsed the recommendation of the Audit Committee and proposed to re-appoint Messrs. Ernst & Young as the independent auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

7. PROPOSED ADOPTION OF THE AAG SHARE OPTION SCHEME

The Board proposes to adopt the AAG Share Option Scheme, the terms of which are in line with the relevant requirements of Chapter 17 of the Listing Rules. The AAG Share Option Scheme will be valid for 10 years commencing from the Adoption Date.

Reasons for the adoption of the AAG Share Option Scheme

The AAG Share Option Scheme is intended to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time, and attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Scope of Participants

Participants of the AAG Share Option Scheme include (i) any executive Director, or (ii) any full-time employee of the Group who has been employed by the Group for more than 12 months (regardless of whether he is a director of any company within the Group).

Having considered the scope of the Participants and the terms of the AAG Share Option Scheme, the Directors are of the view that the adoption of the AAG Share Option Scheme would give the Company flexibility to incentivize and reward employees to contribute to the development, growth and success of the Group, thus achieving the long-term growth targets of the Group.

Scheme Mandate Limit and maximum entitlement of Shares of each Participant

The total number of Shares which may be issued upon exercise of all Options to be granted under the AAG Share Option Scheme and any options or awards under any other schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit in accordance with the rules of the AAG Share Option Scheme.

LETTER FROM THE BOARD

The total number of Shares issued and to be issued upon exercise of the Options pursuant to the AAG Share Option Scheme together with all other options and awards granted under the AAG Share Option Scheme and any other scheme(s) of the Company to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

As at the Latest Practicable Date, the issued share capital of the Company comprised 700,463,112 Shares. Assuming that there is no change in the number of issued Shares during the period between the Latest Practicable Date and the Adoption Date, the total number of Shares which may be issued upon exercise of all Options to be granted under the AAG Share Option Scheme together with all options and awards which may be granted under any other share schemes for the time being of the Company would be 70,046,311 Shares, representing 10% of the issued share capital of the Company on the Adoption Date.

The Company adopted the AAG Performance Share Plan and the RSU Scheme prior to the date on which the Shares are first listed on the Main Board of the Stock Exchange, each of which remained effective as at the Latest Practicable Date. For the avoidance of doubt, the AAG Performance Share Plan and the RSU Scheme will not be terminated by virtue of the proposed adoption of the AAG Share Option Scheme.

As at the Latest Practicable Date, no award of restricted share units had been granted or agreed to be granted by the Company pursuant to the RSU Scheme. Options and awards which have lapsed in accordance with the terms of the AAG Share Option Scheme (or any other schemes of the Company) or which have been satisfied by the making of a Cash Payment shall not be counted for the purpose of calculating the Scheme Mandate Limit.

Basis of determination of the Subscription Price

The Subscription Price in respect of each Share issued pursuant to the exercise of Options granted under the AAG Share Option Scheme shall be a price solely determined by the Remuneration Committee and subject to such minimum amount as set out in the rules of the AAG Share Option Scheme as prescribed in paragraph 8 of Appendix III to this circular. As the Subscription Price must not be less than the price stipulated in the Listing Rules, it is expected that Grantees will endeavour to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the Options, which in turn is expected to benefit the Company and the Shareholders as a whole.

Vesting Period

An Option shall be held by the Grantee for a minimum period of 12 months (or such other minimum period as the Listing Rules may prescribe or permit) before the Option can be exercised, unless the Remuneration Committee agrees to a shorter vesting period under specified circumstances under the AAG Share Option Scheme as prescribed in paragraph 9.1 of Appendix III to this circular. The Board considers that such minimum vesting period serves to incentivize Grantees to remain in and continue to contribute to the Group's business, at the same time, the Company can retain flexibility with accelerated vesting under specific circumstances where justified, which is in line with the purpose of the AAG Share Option Scheme.

LETTER FROM THE BOARD

Performance targets and clawback mechanism

Vesting of Options shall be subject to the conditions (if any) as may be determined by the Remuneration Committee at its absolute discretion and/or specified in the Offer Letter granting the Options, but shall not involve any performance target. The extent to which the conditions have been achieved will be determined by the Remuneration Committee. No clawback mechanism is established under the AAG Share Option Scheme.

The Board and the Remuneration Committee are of the view that the lack of any performance target and clawback mechanism attaching or applicable to the Options is (i) in line with the purpose of the AAG Share Option Scheme; and (ii) fair and reasonable to the Company and the Shareholders as a whole for the following reasons:

- (a) it may not always be appropriate to impose performance targets or clawback mechanisms, particularly when the purpose of granting Options is to remunerate or compensate employees for past contributions to the Group, and incentivize them to remain with the Group to motivate them to strive for the future development of the Group;
- (b) the grant of Options is also for the purpose of attracting and retaining talents. As such, the Board should be given sufficient flexibility to decide the best way to achieve such purpose taking into account changing market conditions, industry competition as well as the individual circumstances of each Grantee and at its discretion specify any conditions (which shall not involve any performance target) which must be satisfied before the Options may be exercised;
- (c) the Board believes that each Grantee will play a different role and contribute in diverse ways to the Group and not setting out a set of generic performance targets and clawback mechanisms in the AAG Share Option Scheme will facilitate the Board's aim to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group;
- (d) the economic benefits of the Options to the Grantees depend upon the increase in share price of the Company at the time or after the vesting of the Options which will be driven by, among others, improving performance of the Group. Thus, the grant of Options can effectively incentivize the Grantees to devote themselves to increase profitability of the Group, thereby raising share price and share value of the Company, which in turn will benefit the Shareholders as a whole;
- (e) the requirement for a vesting period of the Options, including a general minimum vesting period of 12 months before the Options can be exercised, would encourage the Grantees to focus on the Company's long-term performance and better align their interests with that of the Shareholders while promoting retention; and

LETTER FROM THE BOARD

- (f) there are arrangements in place under the AAG Share Option Scheme for the lapse of an Offer or Option upon certain circumstances as detailed in Appendix III to this circular, which include the lapse of the Offer upon the offeree ceasing to be a Participant and the lapse of an Option (to the extent not already vested and exercised) following the termination of employment of the relevant Grantee, and a mechanism for any clawback after the vesting or exercise of the Options would not be necessary.

Cash Payment

The Remuneration Committee may, in its absolute discretion, determine whether all or any of the Options granted or to be granted under the AAG Share Option Scheme shall be satisfied upon exercise by the allotment and issue of Shares or by a Cash Payment. The Board takes the view that such discretion will give the Remuneration Committee maximum flexibility to make such determination based on the circumstances of each grant and/or Grantee prior to the grant or vesting date of the Option(s) in question. If there are reasons (including regulatory or legal reasons) which may make the issuance of Shares difficult or undesirable, the Remuneration Committee may decide in its absolute discretion to satisfy an Option fully or partially with a Cash Payment in lieu of all or any part of the Shares.

Conditions precedent of the AAG Share Option Scheme

The AAG Share Option Scheme shall take effect subject to and conditional upon:

- (a) the passing of an ordinary resolution to approve the adoption of the AAG Share Option Scheme by the Shareholders in general meeting and to authorise the Board and/or the Remuneration Committee to grant Options pursuant to the AAG Share Option Scheme and to allot and issue or otherwise deal with the Shares which fall to be issued by the Company pursuant to the exercise of any Options granted under the AAG Share Option Scheme; and
- (b) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the Options granted under the AAG Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of all the Options to be granted under the AAG Share Option Scheme.

Once the AAG Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of a material nature, must be approved by the Shareholders, except where the alterations take effect automatically pursuant to the terms originally provided for in the AAG Share Option Scheme.

LETTER FROM THE BOARD

General

A summary of the principal terms of the AAG Share Option Scheme is set out in Appendix III to this circular. This serves as a summary of the terms of the AAG Share Option Scheme but does not constitute the full terms of the same.

No trustee is intended to be appointed under the AAG Share Option Scheme. None of the Directors is and will be a trustee of the AAG Share Option Scheme or has a direct or indirect interest in the trustee(s) of the AAG Share Option Scheme (if any).

As at the Latest Practicable Date, the Company had not granted or proposed to grant any Options to any of the Participants under the AAG Share Option Scheme.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder had any material interest in the adoption of the AAG Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

Document on Display

A copy of the rules of the AAG Share Option Scheme will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.austasiadairy.com for display for a period of not less than 14 days before the date of the AGM and the rules of the AAG Share Option Scheme will be made available for inspection at the AGM.

8. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to (i) the Prospectus whereby it was disclosed that on 14 December 2022, Annona as supplier and the Company as purchaser entered into the 2022 Supply Agreement in relation to the Existing Transactions for a term commencing from the Listing Date to 31 December 2024, which constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and (ii) the announcement of the Company dated 1 March 2023.

Reference is also made to the announcement of the Company dated 13 May 2024 in relation to the renewal of continuing connected transactions. Annona as supplier and the Company as purchaser entered into the 2024 Renewed Supply Agreement in relation to the Transactions for a term of three years commencing from 1 July 2024 to 30 June 2027.

An Independent Board Committee has been established to advise the Independent Shareholders on the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

LETTER FROM THE BOARD

The 2024 Renewed Supply Agreement

The principal terms of the 2024 Renewed Supply Agreement are set out as follows:

Date

13 May 2024

Parties

- (i) Annona (a wholly-owned subsidiary of Japfa), as the supplier; and
- (ii) the Company, as the purchaser.

Term

The 2024 Renewed Supply Agreement shall commence on 1 July 2024 and end on 30 June 2027, subject to early termination by either party giving at least one month's prior written notice to the other party. Upon the expiry of the term, the 2024 Renewed Supply Agreement can be renewed for successive periods of three years (or such other period permitted under the Listing Rules and the SGX-ST Rules), subject to the compliance with (or where applicable, waiver of) the requirements of the Listing Rules and the SGX-ST Rules.

Condition precedent

The 2024 Renewed Supply Agreement is conditional upon the approval by the Independent Shareholders at the AGM pursuant to the Listing Rules and the shareholders of Japfa pursuant to the SGX-ST Rules. As at the Latest Practicable Date, the 2024 Renewed Supply Agreement has been approved by the shareholders of Japfa.

Transactions under the 2024 Renewed Supply Agreement

Pursuant to the 2024 Renewed Supply Agreement, Annona agrees to supply the Goods to members of the Group, and members of the Group agree to purchase the Goods from Annona, on CIF (cost, insurance, freight) terms to a named port. The parties agree that the Transactions shall be conducted on an arm's length basis and on normal commercial terms and terms no less favourable to the Group than the terms available from independent third-party suppliers.

The arrangements under the 2024 Renewed Supply Agreement between Annona and the Group are mutually non-exclusive. There is no obligation on the Group to purchase or Annona to supply any Goods.

In the event a member of the Group decides to purchase Goods from Annona and Annona agrees to supply such Goods, the relevant member of the Group will issue a purchase order setting out the quantity, type and purchase price of the Goods and other details including the requested date of loading, the port of discharge and the agreed nominated ship (the "**Purchase**

LETTER FROM THE BOARD

Order”). All supply of Goods from Annona to members of the Group will be carried out in accordance with such Purchase Orders to be entered into from time to time between members of the Group and Annona during the term of and subject to the 2024 Renewed Supply Agreement.

Termination of the 2022 Supply Agreement

Upon satisfaction of the condition set out in the paragraph titled “Condition precedent” above, the 2022 Supply Agreement shall expire and be terminated on 30 June 2024.

Consideration and payment

Pursuant to the 2024 Renewed Supply Agreement, the price of the Goods to be supplied by Annona to the Group shall be at the prevailing market price of similar Goods, subject to an overall trading margin which is calculated based on Annona’s earnings before interest and tax in respect of such supply of the Goods to the Group for the relevant financial year or period (i.e. the six months from 1 July 2024 to 31 December 2024, each of the years ending 31 December 2025 and 31 December 2026, and the six months from 1 January 2027 to 30 June 2027, as the case may be) and capped at 5% (the “**Trading Margin**”).

Prior to entering into definitive Purchase Orders with Annona, the Group shall use its best endeavours to obtain comparative quote(s) from at least two to three independent third-party suppliers in the market with comparable Goods in order to ensure that the price of the Goods purchased from Annona under the Purchase Orders shall be at prevailing market price.

After the end of each financial year, Annona shall issue a letter to the Company signed by Annona’s financial controller, confirming the aggregate Trading Margin of Annona for the relevant financial year or the relevant period thereof (as the case may be) and setting out how it was arrived at. In the event that the Company does not accept the determination of Annona’s financial controller, the Company shall be entitled to require confirmation of such determination by Annona’s auditors (acting as experts and not as arbitrators). If the aggregate Trading Margin of Annona for any relevant financial year or period (as the case may be) during the Term is in excess of 5%, Annona shall repay the Company by providing a subsequent discount for future purchases by the Company so that the purchase price of the Goods payable by the Group under the Purchase Order in the subsequent financial year will be reduced by an amount equivalent to the excess amount. As the Trading Margin would be determined after the issue of the relevant audited financial statements of Annona and the Group, the amounts in excess (if any) of the Trading Margin cap would not be refunded to the Group by way of cash payment. Such discount mechanism will put the Group to the financial position as if Annona’s Trading Margin in respect of its supply of the Goods to the Group for the relevant financial year or period (as the case may be) had not exceeded the 5% cap. In view of the above, the Directors are of the view that such arrangement is in the interest of the Company and the Shareholders as a whole. For the avoidance of doubt, if the aggregate Trading Margin of Annona for any relevant financial year or period (as the case may be) during the Term is less than 5%, no adjustment will be required.

LETTER FROM THE BOARD

The Trading Margin cap of 5% is arrived at after taking into account the trading margins of 10 listed companies in the Asia Pacific region with business operations that are broadly comparable with those of Annona (i.e. trading in feed and its raw materials) for the three years ended 31 December 2023, with the help of tax advisors, as part of Annona's transfer pricing analysis and documentation, whether for members of the Japfa Group or for the Company. This ensures that Annona's transactions with members of the Japfa Group and/or the Company are conducted under comparable conditions and circumstances as transactions with independent third parties. The Company considers that the cap of Annona's Trading Margin at 5% is a reasonable level. The Company is of the view that it is not necessary or practicable to incorporate a mechanism to adjust such cap during the Term as the price of Goods agreed under the Purchase Orders will be at the prevailing market price of similar Goods determined after the Group's obtaining of comparative quotes from independent third-party suppliers and the Term is for three years only. Moreover, as the Goods will primarily be feed (such as alfalfa and oat hay) and ingredients relating to the making of feed, which are in the same category of commodities, the Company considers it not necessary to have different levels of trading margin cap to apply to different Goods.

The purchase price of the Goods shall be due and payable in full within 120 days from the date of the invoice according to the terms of payment required by the relevant member of the Group and agreed to by Annona in each Purchase Order. For any amounts that remain unpaid after the agreed payment period, the relevant member of the Group shall pay Annona interest on all outstanding amounts at the rate of 5% per annum above the Singapore Interbank Offered Rate (SIBOR) in USD, or such other rate as may be agreed by the parties.

Historical amounts

The historical transaction amounts paid to Annona for the Existing Transactions for each of the two years ended 31 December 2022, 31 December 2023 and the 2 months ended 29 February 2024 are set out below:

	For the year ended 31 December 2022	For the year ended 31 December 2023	For the 2 months ended 29 February 2024
Historical transaction amount	US\$33.4 million	US\$16.8 million	US\$3.3 million

The actual transaction amount paid to Annona for the Existing Transactions in 2023 was much lower than the relevant annual cap as disclosed in the announcement of the Company dated 1 March 2023 and also decreased significantly as compared with that for the year ended 31 December 2022. The increase in the cost of Goods purchased from Annona (which are sourced from US suppliers) as a result of the strengthening of USD coupled with a rise in supply capacity of PRC suppliers of the Goods amidst the weakening of RMB have led to a significantly lower import volume of the Goods through Annona and a much lower average price per ton of Goods in 2023.

LETTER FROM THE BOARD

In contemplation of the currency fluctuations and purchasing trend of the Group as illustrated above and based on the transaction amounts of the Existing Transactions for the 2 months ended 29 February 2024, the Directors expect that the transaction amounts of the Existing Transactions for the 6 months ending 30 June 2024 will not exceed US\$12 million, and that the trend of lower transaction amount with Annona (as compared with that in 2022) may be expected to continue for the 6 months ending 30 June 2024 and beyond. The expected aggregate transaction amounts of the Existing Transactions for the six months ending 30 June 2024 and the Transactions for the six months ending 31 December 2024 will not exceed the original annual cap for the year ending 31 December 2024 (being US\$42 million) as disclosed in the Prospectus.

Proposed Annual Caps

The aggregate amount to be paid by members of the Group to Annona for the supply of Goods under the 2024 Renewed Supply Agreement shall be subject to the Annual Caps as follows:

	For the six months from 1 July 2024 to 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026	For the six months from 1 January 2027 to 30 June 2027
Annual Cap	US\$13 million	US\$30 million	US\$35 million	US\$20 million

The Annual Caps were determined with reference to (i) the historical and prevailing market price for the Goods as well as the potential fluctuations in the market price for the Goods during the term of the 2024 Renewal Supply Agreement; (ii) the historical transaction quantity of different types of Goods purchased from the Listing Date to 29 February 2024; and (iii) with respect to the Annual Cap for the six months ending 31 December 2024, the factors mentioned in the paragraph titled “Historical Amounts” above.

For alfalfa (US and Spain), it is expected that the purchase amount by the Group from Annona will be approximately US\$6.7 million for the six months ending 31 December 2024, US\$14.8 million for the year ending 31 December 2025, US\$16.3 million for the year ending 31 December 2026 and US\$9.0 million for the six months ending 30 June 2027. For oat hay, it is expected that the purchase amount by the Group from Annona will be approximately US\$4.3 million for the six months ending 31 December 2024, US\$9.5 million for the year ending 31 December 2025, US\$10.5 million for the year ending 31 December 2026 and US\$5.8 million for the six months ending 30 June 2027. An additional buffer in the approximate amount of US\$1.5 million for the six months ending 31 December 2024, US\$4.4 million for the year ending 31 December 2025, US\$6.8 million for the year ending 31 December 2026 and US\$4.5 million for the six months ending 30 June 2027 has also been built in when determining the Annual Caps to accommodate the potential fluctuation in the purchase price of the Goods, (in respect of the periods other than the six months ending 31 December 2024) the potential increase in the purchase volume having taken into account the expected increase in the herd size of Group’s dairy cattle and beef cattle and contingencies.

LETTER FROM THE BOARD

With the anticipated recovery of the domestic consumer market and the expected growth of the dairy product market in 2025, the Company takes the view that the industry will emerge from a cyclical downturn, and the demand for raw milk is expected to increase rapidly. Accordingly, notwithstanding the significant decrease in import procurement volume of the Group for the year ended 31 December 2023 and the 2 months ended 29 February 2024, the purchase volume of imported feed by the Group is likely to experience a higher growth in the first half of 2025 and beyond. It is expected that the Group's import procurement volume will recover to the level of 2022 by 2026.

Internal control measures

To ensure that the Transactions contemplated under the 2024 Renewed Supply Agreement are conducted in accordance with their terms and conditions and the transaction amounts do not exceed the Annual Caps, in addition to the annual review by the independent non-executive Directors and the annual confirmation by the auditors of the Company as required under Chapter 14A of the Listing Rules, the Company has in place the following internal control measures:

- (a) all suppliers of Goods used by Annona are suppliers which have been verified by the Company;
- (b) relevant personnel of the Group will review and assess the terms of the relevant Purchase Orders to ensure that they are consistent with the provisions set out in the 2024 Renewed Supply Agreement, and the terms of the Transactions will be determined by the Group on an arm's length basis and on normal commercial terms and terms no less favourable to the Group than the terms available from independent third-party suppliers;
- (c) prior to entering into definitive Purchase Orders with Annona, the Group shall use its best endeavours to obtain comparative quote(s) from at least two to three independent third-party suppliers in the market with comparable Goods;
- (d) frequent reviews of the orders and transaction amounts of the Transactions and relevant factors which affect the transaction amounts (such as timing of shipment and price of the relevant Goods) and rigorous forecasting of transaction amounts out to the end of the relevant period or financial year will be conducted;
- (e) systematic and frequent communication with counterparties of the Transactions to monitor the transaction amounts and relevant factors which affect the transaction amounts (such as timing of shipment and price of the relevant Goods) will be carried out; and
- (f) the Group will maintain a list of connected transactions including checking the contracting party in each transaction to confirm whether it is a connected person, checking the transactions that are identified as connected transactions for

LETTER FROM THE BOARD

compliance with the Listing Rules, monitoring the value of transactions that are identified as connected transactions against the threshold for triggering disclosure and independent shareholders' approval requirements under the Listing Rules and ensuring that the relevant business departments are regularly updated in relation to the renewal of connected transactions.

In addition, the procurement department of the Company would monitor Annona's Trading Margin in respect of its supply of the Goods to the Group for the relevant period or financial year, and in the event that the 5% cap is exceeded, the department will ensure that the Company is provided such discount for subsequent purchases to put the Group's financial position as if the cap had not been exceeded.

Reasons for and benefits of entering into the 2024 Renewed Supply Agreement

Annona was established in 2009 as a global trader under Enterprise Singapore for the purpose of aggregating the purchase of agricultural commodities, premixes and vitamins of the Japfa Group so as to procure better terms from suppliers and borrowing terms from lenders. It enjoys concessionary tax rates under the Global Trader Programme which is administered by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. Annona has been one of the key suppliers of the Goods to the Group. Entering into the 2024 Renewed Supply Agreement will enable the Group to continue to benefit from the terms offered by Annona, including Annona's provision of trade credit of up to 120 days.

The Directors (excluding members of the Independent Board Committee who will express their opinion after considering the advice of the Independent Financial Adviser) consider that the 2024 Renewed Supply Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on the parties

The Group is principally engaged in the raw milk, beef cattle and ancillary businesses. The Group's operation includes dairy cow breeding and farming, raw milk production, and sales of raw milk, beef cattle breeding and farming, sales of beef cattle.

Annona is a global trading company which enjoys concessionary tax rates under the Global Trader Programme administered by the International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. Annona is principally engaged in the trading of agriculture commodities for animal feed production. Annona is a wholly-owned subsidiary of Japfa. Japfa is a pan-Asian industrialised agri-food company. The Japfa Group is engaged in animal feed production, livestock farming, processing and distribution of consumer foods.

LETTER FROM THE BOARD

Listing Rules implications

As Japfa is a 30%-controlled company of the Controlling Shareholders and Annona is a wholly-owned subsidiary of Japfa, Annona is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company under the Listing Rules. As such, the Transactions contemplated under the 2024 Renewed Supply Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that some of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Annual Caps during the term of the 2024 Renewed Supply Agreement exceed 5%, the Transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

By virtue of (i) Mr. TAN Yong Nang being an executive Director, the Chief Executive Officer of Japfa and an executive director of Annona, and (ii) Ms. Gabriella SANTOSA being a non-executive Director and together with her brother, Mr. Renaldo SANTOSA (a controlling shareholder of the Company and an executive director of Japfa), jointly controlling over 50% interests in Japfa, Mr. TAN Yong Nang and Ms. Gabriella SANTOSA are deemed to be materially interested in the Transactions contemplated under the 2024 Renewed Supply Agreement and have abstained from voting on the relevant Board resolutions. Save for the aforementioned, none of the other Directors has a material interest in the continuing connected transactions contemplated under the 2024 Renewed Supply Agreement.

Independent Board Committee and Independent Financial Adviser

An Independent Board Committee comprising all the independent non-executive Directors, namely Mr. SUN Patrick, Mr. LI Shengli and Mr. CHANG Pan, Peter, has been established to advise the Independent Shareholders on whether the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the AGM after taking into account the recommendation of the Independent Financial Adviser.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages IBC-1 to IBC-2 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-14 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

LETTER FROM THE BOARD

9. NOTICE OF AGM AND RESTRICTIONS ON VOTING

Set out on pages AGM-1 to AGM-8 of this circular is a notice convening the AGM to consider and, if appropriate, to approve, among others, the ordinary resolutions relating to (i) the grant of each of the Issue Mandate and the Repurchase Mandate; (ii) the extension of the Issue Mandate to include Shares repurchased under the Repurchase Mandate; (iii) the re-election of the Retiring Directors; (iv) the election of Director; (v) the re-appointment of the Auditor; (vi) the proposed adoption of the AAG Share Option Scheme; and (vii) the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Transactions contemplated under the 2024 Renewed Supply Agreement shall abstain from voting on the resolutions to be proposed at the AGM. The Controlling Shareholders, who are or are deemed to be materially interested in the Transactions, and their respective associates will abstain from voting at the AGM to approve the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder. Despite Mr. Tan Yong Nang's directorship or other senior management position in Annona and Japfa, the entering into of the 2024 Renewed Supply Agreement between the Company and Annona does not confer upon Mr. Tan (who is not a shareholder of Japfa) any benefit (whether economic or otherwise) which is not available to the other Shareholders. As such, Mr. Tan Yong Nang is not considered to have a material interest in the 2024 Renewed Supply Agreement and will not be required to abstain from voting at the AGM to approve the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder.

Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no other Shareholder who has a material interest in the relevant transactions or matters and who is required to abstain from voting on any of the resolutions to be proposed at the AGM.

10. FORM OF PROXY

A form of proxy for use at the AGM is enclosed herewith. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the AGM (or any adjournment thereof), you are requested to complete the form of proxy and return it in accordance with the instructions printed thereon to the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM (or any adjournment thereof) should you so wish.

LETTER FROM THE BOARD

11. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted by a show of hands. Accordingly, each of the resolutions put to vote at the AGM will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it has in the same manner.

12. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024, both dates inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 30 May 2024.

13. RECOMMENDATION

The Directors consider that, among other matters, (i) the grant of each of the Issue Mandate and the Repurchase Mandate; (ii) the extension of the Issue Mandate to include Shares repurchased under the Repurchase Mandate; (iii) the re-election of the Retiring Directors; (iv) the election of Director; (v) the re-appointment of the Auditor; and (vi) the proposed adoption of the AAG Share Option Scheme are in the interests of the Company and the Shareholders as a whole. The Directors (including the Independent Board Committee, having taken into account the advice of the Independent Financial Adviser) also consider that the 2024 Renewed Supply Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Transactions and the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the Independent Board Committee) recommend the Shareholders and the Independent Shareholders (as the case may be) to vote in favour of all the relevant resolutions to be proposed at the AGM.

Responsibility Statement

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable

LETTER FROM THE BOARD

enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

General

Your attention is also drawn to the appendices to this circular.

Yours faithfully,
By order of the Board
AustAsia Group Ltd.
Mr. Edgar Dowse COLLINS
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

14 May 2024

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 14 May 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders on whether the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the AGM after taking into account the recommendation of the Independent Financial Adviser.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard. The text of the letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-14 of the Circular.

Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendices thereto.

Having taken into consideration the terms of the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder, as well as the advice of Somerley Capital Limited, we consider that the 2024 Renewed Supply Agreement is on normal commercial terms and in the ordinary and usual course of business of the Group, and that the Annual Caps and the Transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. SUN Patrick

Mr. LI Shengli

Mr. CHANG Pan, Peter

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the letter of advice from Somerley Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

14 May 2024

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder, details of which are set out in the letter from the Board ("**Letter from the Board**") of the circular of the Company dated 14 May 2024 (the "**Circular**"), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 13 May 2024, Annona as supplier and the Company as purchaser entered into the 2024 Renewed Supply Agreement in relation to the Transactions for a term of three years commencing from 1 July 2024 to 30 June 2027.

As at the Latest Practicable Date, as Japfa is a 30%-controlled company of the Controlling Shareholders and Annona is a wholly-owned subsidiary of Japfa, Annona is a connected person of the Company by virtue of being an associate of a substantial shareholder of the Company under the Listing Rules. As such, the Transactions contemplated under the 2024 Renewed Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios under the Listing Rules in respect of the Annual Caps during the term of the 2024 Renewed Supply Agreement exceeds 5%, the Transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. SUN Patrick, Mr. LI Shengli and Mr. CHANG Pan, Peter, has been established to advise the Independent Shareholders in relation to the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder. We, Somerley Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

We are not associated with the Company, Annona, Japfa or their respective core connected persons or associates. In the past two years prior to this appointment, there was no engagement between the Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Annona, Japfa or their respective core connected persons or associates. Accordingly, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules and are considered eligible to give independent advice on the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder.

In formulating our opinion and advice, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company, which we have assumed to be true, accurate and complete in all material aspects. We have reviewed the information of the Company, among other things, (i) the prospectus of the Company dated 16 December 2022; (ii) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); (iii) the announcement of the Company dated 13 May 2024 in relation to, among others, the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder (the “**Announcement**”); and (iv) other information contained in the Circular. We also have sought and received confirmation from the Company that no material facts have been omitted from the information supplied and opinions expressed to us were not misleading in any material aspects. We consider that the information we have received is sufficient for us to reach our opinion and give our advice and recommendation set out in this letter. We have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided. We have, however, not conducted any independent investigation into the business and affairs of the Company, Annona, Japfa or any of their respective associates or any party acting, or presumed to be acting, in concert with any of them, nor have we carried out any independent verification of the information supplied. We have also assumed that all representations contained or referred to in the Circular were true at the time they were made and at the date of the Circular and will continue to be true up to the time of the AGM, and Shareholders will be informed of any material change as soon as possible.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Information of the parties

1.1. Information of the Company

The Group is principally engaged in the raw milk, beef cattle and ancillary businesses. The Group's operation includes dairy cow breeding and farming, raw milk production, and sales of raw milk, beef cattle breeding and farming, sales of beef cattle.

Set out below is the summary of the financial information of the Group for the years ended 31 December 2022 and 2023 as extracted from the 2023 Annual Report:

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
	(Audited)	(Audited) (Restated)
Revenue		
– Sales of raw milk	3,341,602	3,314,465
– Sales of beef cattle	361,992	376,434
– Sales of ancillary	220,766	112,016
	3,924,360	3,802,915
Gross profit	708,462	882,991
(Loss)/Profit for the year attributable to owners of the parent	(488,791)	158,079

For the two years ended 31 December 2022 and 2023

For the years ended 31 December 2022 and 2023, the Group recorded a revenue of approximately RMB3,802.9 million and RMB3,924.4 million respectively, representing an increase of approximately 3.2%. More than 80% of the revenue was generated from sales of raw milk, which the Group breed and raise dairy cows on their large-scale dairy farms, and sell raw milk to downstream dairy product manufacturers in China for further processing into premium dairy products. As disclosed in the 2023 Annual Report, the growth in sales of raw milk in 2023 was mainly attributable to the increase in sales volume of raw milk mainly as a result of the rise in average yield per milkable cow and the contribution of sales volume of raw milk from Pure Source Farm 3, and partially offset by the decrease in overall average selling price.

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The Group's gross profit for the year ended 31 December 2022 and 2023 amounted to approximately RMB883.0 million and RMB708.5 million respectively, representing a decrease of approximately 19.8%. As disclosed in the 2023 Annual Report, the gross margin of the Group decreased from approximately 23.2% in 2022 to approximately 18.1% in 2023, mainly due to lower average selling price of raw milk and the gross loss recorded from sales of beef cattle as a result of the decrease in sales price and increase in cost of sales.

The Group recorded loss attributable to owners of the parents for the year ended 31 December 2023 of approximately RMB488.8 million, as compared to the profit attributable to owners of the parent for the year ended 31 December 2022 of approximately RMB158.1 million. Such decrease was mainly attributable to (i) the decrease in gross profit; and (ii) the increase of losses arising from changes in fair value less costs to sell of other biological assets as a result of lower raw milk price used in the assumption to derive the fair value of biological assets.

Set out below is the summary of the financial position of the Group as at 31 December 2022 and 2023 as extracted from the 2023 Annual Report:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
		<i>(Restated)</i>
Total assets	11,177,364	10,740,386
Total liabilities	6,101,698	5,166,585
Net assets	5,075,666	5,573,801

As at 31 December 2023, the Group's total assets amounted to approximately RMB11,177.4 million, mainly comprised of (i) biological assets of approximately RMB4,053.4 million; (ii) property, plant and equipment of approximately RMB3,361.1 million; (iii) right-of-use assets of approximately RMB1,518.6 million; and (iv) inventories of approximately RMB1,311.7 million.

As at 31 December 2023, the Group's total liabilities amounted to approximately RMB6,101.7 million, mainly comprised of (i) interest-bearing bank borrowings of approximately RMB3,400.3 million; (ii) lease liabilities of approximately RMB1,505.2 million; and (iii) trade payables of approximately RMB785.3 million.

The Group's net assets has decreased from RMB5,573.8 million as at 31 December 2022 to RMB5,075.7 million as at 31 December 2023, which was mainly due to the increase of bank borrowings from RMB2,172.4 million to RMB3,400.3 million. As a result, the gearing ratio increased from approximately 62.8% as at 31 December 2022 to approximately 96.6% as at 31 December 2023.

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1.2. Information of Annona and Japfa

Annona is a global trading company which enjoys concessionary tax rates under the Global Trader Programme administered by the International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. Annona is principally engaged in the trading of agriculture commodities for animal feed production. Annona is a wholly-owned subsidiary of Japfa. Japfa is a pan-Asian industrialised agri-food company. The Japfa Group is engaged in animal feed production, livestock farming, processing and distribution of consumer foods.

2. Reasons for and benefits of the Transactions

As stated in the Letter from the Board of the Circular, Annona was established in 2009 as a global trader under Enterprise Singapore for the purpose of aggregating the purchase of agricultural commodities, premixes and vitamins of the Japfa Group so as to procure better terms from suppliers and borrowing terms from lenders. It enjoys concessionary tax rates under the Global Trader Programme which is administered by International Enterprise Singapore, an agency under the Ministry of Trade and Industry of Singapore. Annona has been one of the key suppliers of the Goods to the Group. Entering into the 2024 Renewed Supply Agreement will enable the Group to continue to benefit from the terms offered by Annona, including Annona's provision of trade credit of up to 120 days.

As disclosed in the prospectus of the Company dated 16 December 2022, the Company has commenced its business relationship with Annona since 2018. For the two years ended 31 December 2022 and 2023, the aggregate purchase amounts paid to Annona for the supply of the Goods to the Group were approximately US\$33.4 million and US\$16.8 million, respectively, representing approximately 6.0% and 3.0% of the total cost of sales of the Group, respectively. As set out in the Letter from the Board, the arrangements under the 2024 Renewed Supply Agreement between Annona and the Group are mutually non-exclusive. There is no obligation on the Group to purchase or Annona to supply any Goods. The 2024 Renewed Supply Agreement offered the Group the flexibility but not obligation to purchase the Goods from Annona.

Taking into account the above, the principal business of the Group and Annona set out in the section headed "*1. Information of the parties*" above, and the fact that (i) the principal terms of the Transactions are on normal commercial terms (as discussed in the sections below); (ii) Annona is a reliable long-term business partner of the Group and the Transactions provide the Group with stable and reliable long-term supplier; (iii) the 2024 Renewed Supply Agreement do not restrict the Group from procuring the Goods from other suppliers and offered the Group with flexibilities to conduct business with Annona; and (iv) the internal control measures in place to ensure that the Transactions are conducted in accordance with their terms and conditions (as discussed in the section headed "*5. Internal control measures*" below), we concur with the Directors that the Transactions, which are conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

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3. The 2024 Renewed Supply Agreement

The following sets forth the principal terms of the 2024 Renewed Supply Agreement. For detailed terms of the 2024 Renewed Supply Agreement, please refer to the section headed “*The 2024 Renewed Supply Agreement*” in the Letter from the Board.

Date: 13 May 2024

Parties: (i) Annona (a wholly-owned subsidiary of Japfa), as the supplier; and
(ii) the Company, as the purchaser.

Term: The 2024 Renewed Supply Agreement shall commence on 1 July 2024 and end on 30 June 2027, subject to early termination by either party giving at least one month’s prior written notice to the other party. Upon the expiry of the term, the 2024 Renewed Supply Agreement can be renewed for successive periods of three years (or such other period permitted under the Listing Rules and the SGX-ST Rules), subject to the compliance with (or where applicable, waiver of) the requirements of the Listing Rules and the SGX-ST Rules.

Nature of transaction: Pursuant to the 2024 Renewed Supply Agreement, Annona agrees to supply the Goods to members of the Group, and members of the Group agree to purchase the Goods from Annona, on CIF (cost, insurance, freight) terms to a named port. The parties agree that the Transactions shall be conducted on an arm’s length basis and on normal commercial terms and terms no less favourable to the Group than the terms available from independent third-party suppliers.

The arrangements under the 2024 Renewed Supply Agreement between Annona and the Group are mutually non-exclusive. There is no obligation on the Group to purchase or Annona to supply any Goods.

In the event a member of the Group decides to purchase Goods from Annona and Annona agrees to supply such Goods, the relevant member of the Group will issue a purchase order setting out the quantity, type and purchase price of the Goods and other details including the requested date of loading, the port of discharge and the agreed nominated ship (the “**Purchase Order**”). All supply of Goods from Annona to members of the Group will be carried out in accordance with such Purchase Orders to be entered into from time to time between members of the Group and Annona during the term of and subject to the 2024 Renewed Supply Agreement.

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Consideration and payment:

Pursuant to the 2024 Renewed Supply Agreement, the price of the Goods to be supplied by Annona to the Group shall be at the prevailing market price of similar Goods, subject to an overall trading margin which is calculated based on Annona's earnings before interest and tax in respect of such supply of the Goods to the Group for the relevant financial year or period (i.e. the six months from 1 July 2024 to 31 December 2024, each of the years ending 31 December 2025 and 31 December 2026, and the six months from 1 January 2027 to 30 June 2027, as the case may be) and capped at 5% (the "**Trading Margin**").

Prior to entering into definitive Purchase Orders with Annona, the Group shall use its best endeavours to obtain comparative quote(s) from at least two to three independent third-party suppliers in the market with comparable Goods in order to ensure that the price of the Goods purchased from Annona under the Purchase Orders shall be at prevailing market price.

After the end of each financial year, Annona shall issue a letter to the Company signed by Annona's financial controller, confirming the aggregate Trading Margin of Annona for the relevant financial year or the relevant period thereof (as the case may be) and setting out how it was arrived at. In the event that the Company does not accept the determination of Annona's financial controller, the Company shall be entitled to require confirmation of such determination by Annona's auditors (acting as experts and not as arbitrators). If the aggregate Trading Margin of Annona for any relevant financial year or period (as the case may be) during the Term is in excess of 5%, Annona shall repay the Company by providing a subsequent discount for future purchases by the Company so that the purchase price of the Goods payable by the Group under the Purchase Order in the subsequent financial year will be reduced by an amount equivalent to the excess amount. As the Trading Margin would be determined after the issue of the relevant audited financial statements of Annona and the Group, the amounts in excess (if any) of the Trading Margin cap would not be refunded to the Group by way of cash payment. Such discount mechanism will put the Group to the financial position as if Annona's Trading Margin in respect of its supply of the Goods to the Group for the relevant financial year or period (as the case may be) had not exceeded the 5% cap. In view of the above, the Directors are of the view that such arrangement is in the interest of the Company and the Shareholders as a whole. For the avoidance of doubt, if the aggregate Trading Margin of Annona for any relevant financial year or period (as the case may be) during the Term is less than 5%, no adjustment will be required.

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The Trading Margin cap of 5% is arrived at after taking into account the trading margins of 10 listed companies in the Asia Pacific region with business operations that are broadly comparable with those of Annona (i.e. trading in feed and its raw materials) for the three years ended 31 December 2023, with the help of tax advisors, as part of Annona's transfer pricing analysis and documentation, whether for members of the Japfa Group or for the Company. This ensures that Annona's transactions with members of the Japfa Group and/or the Company are conducted under comparable conditions and circumstances as transactions with independent third parties. The Company considers that the cap of Annona's Trading Margin at 5% is a reasonable level. The Company is of the view that it is not necessary or practicable to incorporate a mechanism to adjust such cap during the Term as the price of Goods agreed under the Purchase Orders will be at the prevailing market price of similar Goods determined after the Group's obtaining of comparative quotes from independent third-party suppliers and the Term is for three years only. Moreover, as the Goods will primarily be feed (such as alfalfa and oat hay) and ingredients relating to the making of feed, which are in the same category of commodities, the Company considers it not necessary to have different levels of trading margin cap to apply to different Goods.

The purchase price of the Goods shall be due and payable in full within 120 days from the date of the invoice according to the terms of payment required by the relevant member of the Group and agreed to by Annona in each Purchase Order. For any amounts that remain unpaid after the agreed payment period, the relevant member of the Group shall pay Annona interest on all outstanding amounts at the rate of 5% per annum above the Singapore Interbank Offered Rate (SIBOR) in USD, or such other rate as may be agreed by the parties.

As set out in the paragraphs headed "2. *Reasons for and benefits of the Transactions*" above, the entering into of the 2024 Renewed Supply Agreement is to renew the term of the 2022 Supply Agreement and allow the Group to continue its long-standing business relationship with Annona and to benefit from the terms offered by Annona. Based on our discussion with the management of the Company and the review of the 2024 Renewed Supply Agreement and the 2022 Supply Agreement, no material changes were made to the principal terms of the 2024 Renewed Supply Agreement.

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As mentioned in the Letter from the Board, the Trading Margin cap of 5% is arrived at after taking into account the trading margins of 10 listed companies in the Asia Pacific region (the “**Comparable Companies**”) with operations that are broadly comparable with those of Annona (i.e. trading in feed and its raw materials) for the three years ended 31 December 2023, with the help of tax advisors, as part of Annona’s transfer pricing analysis and documentation, whether for members of the Japfa Group or for the Company. We have obtained and reviewed the list of the Comparable Companies and noted that the weighted average EBIT margin for the three years ended 31 December 2023 of the Comparable Companies (excluding a comparable company which recorded negative EBIT margin for the three years ended 31 December 2023) ranged from 1.7% to 8.0%, with an average of 4.6% which is close to the Trading Margin cap of 5%. Meanwhile, the weighted average EBIT margin of Annona for the three years ended 31 December 2023 is 2.0%, which is below the Trading Margin cap. In addition, if the Trading Margin for any relevant period or financial year is in excess of 5%, Annona shall repay the Company by providing a subsequent discount for future purchases by the Company by the excess amount. As the Trading Margin would be determined after the issue of the relevant audited financial statements of Annona and the Group, the amounts in excess of the Trading Margin cap (if any) would not be refunded to the Group by way of cash payment. As such, the Company considers that the fixed cap of Trading Margin at 5% is a reasonable level and that it is not necessary or practicable to incorporate a mechanism to adjust it during the term of the 2024 Renewed Supply Agreement. We have obtained and reviewed the letters to the Company signed by Annona’s financial controller, confirming the Trading Margin of Annona for 2022 and 2023 did not exceed 5%.

As stated in the Letter from the Board, the price of the Goods to be supplied by Annona to the Group shall be at the prevailing market price of similar Goods, subject to an overall trading margin which is capped at the Trading Margin of 5%. Despite the fact that such Trading Margin of 5% is fixed and not subject to adjustments based on market conditions, prior to entering into definitive Purchase Orders with Annona, the Group shall use its best endeavours to obtain comparative quote(s) from at least two to three independent third-party suppliers in the market with comparable Goods, and the Group will only enter into definitive Purchase Orders with Annona if the overall terms offered by it is no less favorable in general than that from other market players. We have obtained and reviewed, on random basis, 5 sample Purchase Orders from Annona in 2022 and 2023 respectively, which in aggregate in each year covered more than 50% of historical transaction amounts for the year ended 31 December 2022 and 2023 respectively. The purpose of our review of samples is to be satisfied that the transactions under the 2022 Supply Agreement were carried out on terms no less favourable in general to the Group than the terms available from independent third-party suppliers. Based on the above, we consider the samples are adequate for the purpose.

We have compared the unit price with quotations offered by independent third-party suppliers in the market with comparable Goods (the “**Independent Quotations**”) and noted that, in general, the terms agreed with Annona are comparable to those offered by independent third-party suppliers. In addition, we also noted that the purchase price of the Goods shall be due and payable in full within 120 days from the date of the invoice according to the terms of payment required by the relevant member of the Group and agreed to by Annona in each

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Purchase Order. As discussed with the management of the Group, the credit terms provided by the major suppliers (excluding Annona) of the Group generally ranged from payment in advance to 50 days, which is consistent with those quoted on the Independent Quotations, where available. With the extended credit term of 120 days with Annona, it could provide more flexibility to the Group in managing its working capital and improve its liquidity, which is beneficial to the Group as a whole.

Based on the above, in particular the Independent Quotations which indicate that the Group will only enter into definitive Purchase Orders with Annona if the overall terms offered by it is no less favorable in general than that from other market players, we are of the view that the overall arrangement and the principal terms of the 2024 Renewed Supply Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

4. Proposed Annual Caps

4.1 Historical transaction amounts

The table below sets forth the historical transaction amounts and the Proposed Annual Caps for the purchase of the Goods from Annona by members of the Group under the 2022 Supply Agreement for the two years ended 31 December 2022 and 2023 and the 2 months ended 29 February 2024:

	For the year ended/ending 31 December		
	2022	2023	2024
	US\$' million	US\$' million	US\$' million
Historical transaction amounts	33.4	16.8	3.3 ^(Note 1)
Existing annual cap amounts	32 ^(Note 2)	39	42

Notes:

1. The historical transaction amounts for the year ending December 31, 2024 represent the amounts for the 2 months ended 29 February 2024.
2. The historical transaction amounts for the year ended 31 December 2022 had exceeded the original annual cap for the year, please refer to the announcement of the Company dated 1 March 2023 for details.

As set out in the Letter from the Board, the actual transaction amount paid to Annona for the Existing Transactions in 2023 was much lower than the relevant annual cap as disclosed in the announcement of the Company dated 1 March 2023 and also decreased significantly as compared with that for the year ended 31 December 2022. The increase in the cost of Goods purchased from Annona (which are sourced from US suppliers) as a result of the strengthening of USD coupled with a rise in supply capacity of PRC suppliers of the Goods amidst the weakening of RMB have led to a significantly lower import volume of the Goods through Annona and a much lower average price per ton of Goods in 2023.

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In contemplation of the currency fluctuations and purchasing trend of the Group as illustrated above and based on the transaction amounts of the Existing Transactions for the 2 months ended 29 February 2024, the Directors expect that the transaction amounts of the Existing Transactions for the 6 months ending 30 June 2024 will not exceed US\$12 million, and that the trend of lower transaction amount with Annona (as compared with that in 2022) may be expected to continue for the 6 months ending 30 June 2024 and beyond. The expected aggregate transaction amounts of the Existing Transactions for the six months ending 30 June 2024 and the Transactions for the six months ending 31 December 2024 will not exceed the original annual cap for the year ending 31 December 2024 (being US\$42 million) as disclosed in the Prospectus.

4.2 Proposed Annual Caps

The aggregate amount to be paid by members of the Group to Annona for the supply of Goods under the 2024 Renewed Supply Agreement shall be subject to the Annual Caps as follows:

	For the six months from 1 July 2024 to 31 December 2024 ("20242H") US\$' million	For the year ending 31 December 2025 ("FY2025") US\$' million	For the year ending 31 December 2026 ("FY2026") US\$' million	For the six months from 1 January 2027 to 30 June 2027 ("20271H") US\$' million
Proposed Annual Caps	13	30	35	20

As set out in the Letter from the Board, the Annual Caps were determined with reference to, (i) the historical and prevailing market price for the Goods as well as the potential fluctuations in the market price for the Goods during the term of the 2024 Renewal Supply Agreement; (ii) the historical transaction quantity of different types of Goods purchased from the Listing Date to 29 February 2024; and (iii) with respect to the Annual Cap for the six months ending 31 December 2024, the factors mentioned in the paragraph titled "4.1 Historical transaction amounts" above. With the anticipated recovery of the domestic consumer market and the expected growth of the dairy product market in 2025, the Company takes the view that the industry will emerge from a cyclical downturn, and the demand for raw milk is expected to increase rapidly. Accordingly, notwithstanding the significant decrease in import procurement volume of the Group for the year ended 31 December 2023 and the 2 months ended 29 February 2024, the purchase volume of imported feed by the Group is likely to experience a higher growth in the first half of 2025 and beyond. It is expected that the Group's import procurement volume will recover to the level of 2022 by 2026.

We have obtained and reviewed the calculation from the Company and noted that the Proposed Annual Caps were mainly determined by (a) the expected demand of different types of Goods (primarily alfalfa and oat hay); and (b) the prevailing market unit price of Goods

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supplied by Annona. It is expected the demand of Goods and the market unit price of Goods will be increased by 5% each year. For alfalfa hay (US and Spain), it is expected that the purchase amount by the Group from Annona will be approximately US\$6.7 million for 20242H, US\$14.8 million for FY2025, US\$16.3 million for FY2026 and US\$9.0 million for 20271H. For oat hay, it is expected that the purchase amount by the Group from Annona will be approximately US\$4.3 million for 20242H, US\$9.5 million for FY2025, US\$10.5 million for FY2026 and US\$5.8 million for 20271H. An additional buffer in the approximate amount of US\$1.5 million 20242H, US\$4.4 million for FY2025, US\$6.8 million for FY2026 and US\$4.5 million for 20271H has also been built in when determining the Annual Caps to accommodate the potential fluctuation in the purchase price of the Goods, (in respect of the periods other than 20242H) the potential increase in the purchase volume having taken into account the expected increase in the herd size of Group's dairy cattle and beef cattle and contingencies.

As advised by the management of the Company, prices of the Goods (primarily alfalfa and oat hay) are generally subject to market conditions, which may be affected by a number of factors including, among others, (i) general economic and geopolitical conditions; (ii) government policies and changes in supply and demand of commodities in both local (PRC) and the global markets; and (iii) adverse weather conditions. According to the reports released by the United States Department of Agriculture on agricultural prices, in the twelve-month period from February 2023 to January 2024, the month-on-month hay price growth rate was approximately -5.6% to 7.8%. We have noted that The Ministry of Agriculture and Rural Affairs of China has released the "Action Plan to Improve Competitiveness of Dairy Industry during the 14th Five-Year Plan' Period" in 2022, which involved nine key tasks, including optimizing the regional distribution of milk sources; enhancing independent breeding capabilities; increasing the supply of high-quality forage; supporting standardized and digitized large-scale farming; promoting forward and backward integration of the industry chain; maintaining stability in the purchase and sale order of fresh milk; improving the level of quality and safety supervision of fresh milk; supporting the optimization and strengthening of dairy product processing; and strengthening consumer awareness and guidance. As disclosed in the 2023 Annual Report, it was the 4th consecutive year that China had domestic volume growth of more than 6%. The Chinese government's domestic raw milk production volume target of 41 million ton was realized in 2023. In addition, Li Qiang, China's premier, speaks during the opening of the Second Session of the 14th National People's Congress on 5 March 2024 that China will set its growth target at around 5% for the year 2024. Based on the date from the National Bureau of Statistics, we have further noted that the average growth rate of producer price indices for planting products in the PRC exceed 5% from 2020 to 2022, which generally moves in line with the indices of the GDP.

Based on the above, we are of the view that such 5% increase in (i) demand of Goods; and (ii) market unit price of Goods are reasonable and the Proposed Annual Caps under the 2024 Renewed Supply Agreement were determined based on reasonable estimation and after due and careful consideration. Taking into account the fact that (i) there is a long term and reliable business relationship between the Group and Annona; and (ii) the Proposed Annual Caps provide the Group with flexibility, but not obligation to conduct business with Annona, we are of the view that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

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5. Internal control measures

The Company has established a comprehensive internal control system and adopted various internal control measures, including but not limited to review and assess the terms of the relevant Purchase Orders, use its best endeavours to obtain comparative quote from independent third-party suppliers, frequent reviews of the orders and transaction amounts of the Transactions, systematic and frequent communication with counterparties of the Transactions to monitor the transaction amounts, and maintain a list of connected transactions to check the contracting party in each transaction, to ensure that the Transactions are conducted in accordance with their terms and conditions. The Company has also implemented internal control measures to ensure that the Company is offered purchase discounts in the event that the Trading Margin for any period or financial year is in excess of 5%. Details of the internal control measures of the Group are set out in the sections headed “*Internal control measures*” in the Letter from the Board.

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (a) the independent non-executive Directors must review the Transactions every year and confirm in the annual report that the transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) the Company’s auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Transactions:
 - (i) have not been approved by the Board;
 - (ii) were not, in all material respects, in accordance with the pricing policies of the Group;
 - (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing them; and
 - (iv) have exceeded the relevant annual caps;
- (c) the Company must allow, and ensure that the counterparties to the Transactions allow, the Company’s auditors sufficient access to their records for the purpose of the reporting on the Transactions; and

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- (d) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the transaction value by way of annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the relevant agreements in relation to the Transactions and the respective proposed annual caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Transactions and assist in safeguarding the interests of the Company and the independent Shareholders as a whole.

OPINION AND RECOMMENDATIONS

Having taken into account the above principal factors and reasons, we consider that the entering into of 2024 Renewed Supply Agreement, including the Annual Caps and the Transactions contemplated thereunder, are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions in relation to the 2024 Renewed Supply Agreement, the Annual Caps and the Transactions contemplated thereunder to be proposed at the AGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
Calvin Leung
Director

Mr. Calvin Leung is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over 19 years of experience in the corporate finance industry.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

- (i) the shares to be repurchased by a company must be fully paid-up; and
- (ii) all on market repurchase of shares by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase, and a copy of such resolution together with the necessary documentation have been delivered to the Stock Exchange in accordance with the Listing Rules.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 700,463,112 Shares. Subject to the passing of the ordinary resolution for repurchase of Shares and on the basis that no further new Shares are issued or repurchased up to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 70,046,311 Shares, representing 10% of the aggregate number of the total issued Shares as at the date of the passing of the ordinary resolution for repurchase of Shares during the period ending on the earlier of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the end of the period within which the Company is required by the Constitution or any applicable laws to hold its next annual general meeting; or
- (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

3. REASONS FOR REPURCHASE

Repurchase of Shares will only be made when the Directors believe that such repurchase will benefit the Company and the Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets of the Company and/or its earnings per Share.

4. FUNDING OF REPURCHASE OF SHARES

Any repurchase of the Shares would be funded entirely from the cash flow or working capital facilities available to the Company, and will, in any event be made out of funds legally available for the purpose in accordance with the Constitution and the applicable laws of Hong Kong and Singapore and the Listing Rules. Such funds include, but are not limited to, profits available for distribution and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

5. GENERAL

There might be a material adverse impact on the working capital or gearing position as compared with the position disclosed in the audited financial statements of the Company for the year ended 31 December 2023 in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period.

However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
May 2023	3.25	2.5
June 2023	3.21	2.57
July 2023	2.94	1.74
August 2023	2.4	1.45
September 2023	2.42	1.65
October 2023	1.80	1.54
November 2023	2.06	1.61
December 2023	2.14	1.75
January 2024	1.87	1.31
February 2024	1.44	1.26
March 2024	1.30	0.61
April 2024	1.30	1.04
May 2024 up to the Latest Practicable Date	1.20	1.0

7. DIRECTORS, THEIR CLOSE ASSOCIATES AND THE COMPANY'S CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made reasonable enquiries, any of their close associates (as defined in the Listing Rules) has any present intention, in the event that the Repurchase Mandate is approved by Shareholders, to sell Shares to the Company.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has any present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

8. UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of Cayman Islands.

9. TAKEOVERS CODE

If on exercise of the powers of repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder (within the meaning under the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, the Controlling Shareholders were deemed to be interested in 260,171,073 Shares, representing approximately 37.14% of the issued share capital of the Company, within the meaning of Part XV of the SFO. In the event that the Directors should exercise in full the Repurchase Mandate, assuming that the number of Shares which the Controlling Shareholders are interested in remains unchanged, the interests in the Company of the Controlling Shareholders will be increased to approximately 41.27% of the issued Shares, and such increase would give rise to an obligation for the Controlling Shareholders to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as the aforesaid, the Directors are not aware of any other consequences which may arise under the Takeovers Code as a result of any repurchase if made in full under the Repurchase Mandate. The Board currently has no intention to exercise the Repurchase Mandate to the extent which will trigger a mandatory offer under Rule 26 of the Takeovers Code.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% (or such other prescribed minimum percentage as determined by the Stock Exchange) of the total number of issued shares of the Company would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

10. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not repurchased any of the Shares (whether on the Stock Exchange or otherwise) in the last six months immediately preceding the Latest Practicable Date.

The following are the particulars of the retiring Directors (as required by the Listing Rules) proposed for re-election.

EXECUTIVE DIRECTOR

Mr. TAN Yong Nang (陳榮南, “**Mr. Tan**”), aged 63, was appointed as an Executive Director of the Company on 28 July 2010 and was appointed Executive Chairman on 1 April 2020. Mr. Tan was last re-elected as an Executive Director on 7 June 2023. As the Executive Chairman, Mr. Tan holds a leadership role in the board of directors, focusing on setting the Company’s strategic direction, directing the management and nurturing stakeholder relationships. Mr. Tan is also the Chairman of the Nomination Committee of the Company.

Mr. Tan is also serving as the Executive Director and Chief Executive Officer of the Japfa Group since 2014. He joined the Japfa Group in May 2007, and had taken on many positions including a director of PT Japfa Comfeed Indonesia, Tbk, a subsidiary of Japfa.

Prior to joining the Japfa Group, Mr. Tan worked at PAMA (Singapore) Private Limited and PT PAMA Ventura Indonesia, both of which are subsidiaries of The Prudential Insurance Company of America, where he served as, among other roles, a director and a president director. After that, Mr. Tan joined Delifrance Asia Ltd as its chief executive officer, responsible for executing the overall business strategies, facilitating business development and managing the operations of the company. Mr. Tan subsequently joined Li & Fung Group as its project director and chief operating officer.

Mr. Tan obtained a bachelor of arts degree and a master of arts degree from the University of Cambridge in the United Kingdom in June 1983 and March 1987, respectively. He was also registered as a Chartered Financial Analyst with The Institute of Chartered Financial Analysts, US in September 1992.

As at the Latest Practicable Date, Mr. Tan is interested in 28,138,581 Shares, representing approximately 4.02% of the issued share capital of the Company.

Mr. Tan has entered into letter of appointment with the Company for a term of three years commencing from the date of 5 December 2022, which may be terminated by not less than two months’ notice in writing served by either party on the other. Mr. Tan is not entitled to receive any director’s fee.

Save as disclosed above, as at the Latest Practicable Date, Mr. Tan (i) does not have any interests in the shares of the Company within the meaning of Part XV of SFO; (ii) did not hold any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) does not hold any other positions with the Company or other members of the Group; and (iv) does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTOR

LI Shengli (李勝利), aged 58, was appointed as an Independent Non-executive Director of the Company on 5 December 2022. Professor Li is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board. He is a member of nomination committee and ESG committee of the Company.

Since 2003, Professor Li has been with China Agricultural University (中國農業大學), working at various times as an assistant professor and professor. Professor Li is currently the vice president of Dairy Association of China. In 2005, Professor Li obtained a patent on Rubeili (乳倍利), a type of high-energy and high-protein supplementary feed for dairy cows. Over the years, Professor Li has received various awards and accolades acknowledging his accomplishments. For instance, he was awarded the second prize and a prize of the Beijing Science and Technology Award (北京市科學技術獎) in 2000 and 2011, respectively, and was recognised by the Beijing Municipal Government as “Top 10 Scientists with Contribution to the Economic Development in Rural Villages of Beijing” (京郊農村經濟發展“十佳”科技工作者) in 2009. He also received the first prize of Science and Technology Progress Award awarded by the Ministry of Education of the PRC (教育部科技進步獎) in 2012, the first prize for Chinese Agricultural Science Technology Progress awarded by the Ministry of Agriculture of the PRC (中華農業科技進步一等獎) in 2013 and the second prize of National Scientific and Technological Progress Award (國家科學技術進步獎二等獎) in 2014.

Professor Li has been an independent non-executive director of China Modern Dairy Holdings Ltd., a dairy farm operator and listed on the Stock Exchange (stock code: 1117), since October 2010, an independent director of Zhejiang Yiming Food Co., Ltd. (浙江一鳴食品股份有限公司), which is engaged in dairy farming, manufacturing and sale of dairy products and listed on Shanghai Stock Exchange (stock code: 605179), since September 2018 and an independent director of Xinjiang Tianrun Dairy Co., Ltd. (新疆天潤乳業股份有限公司), which is engaged in manufacturing and sale of dairy products and listed on Shanghai Stock Exchange (stock code: 600419), since February 2020. Additionally, Professor Li was an independent non-executive director of China Zhongdi Dairy Holdings Company Limited, a dairy farm operator which was listed on the Stock Exchange in December 2015 and delisted due to privatisation in June 2021 (previous stock code: 1492), from February 2015 to December 2021 and an independent director of Beijing Scitop Bio-tech Co., Ltd. (北京科拓恒通生物技術股份有限公司), which is engaged in lactic acid bacteria research and listed on Shenzhen Stock Exchange (stock code: 300858), from December 2019 to November 2020. Professor Li obtained a bachelor’s degree in animal husbandry and veterinary science graduated from Shihezi Agricultural College (石河子農學院) (currently known as Shihezi University (石河子大學)) in the PRC in July 1987 and a master’s degree in animal husbandry and nutrition from Xinjiang Agricultural University (新疆農業大學) in the PRC in June 1993. He then obtained his doctorate degree in animal nutrition science from China Agricultural University in the PRC in July 1996.

Mr. Li entered into a letter of appointment with the Company dated 5 December 2022 for a term of one year commencing from the Listing Date, which may be terminated by not less than one month's notice in writing served by either party on the other. The annual contract was renewed following Mr. Li's re-election at the 2023 AGM.

Mr. Li is entitled to receive Director's fees of HK\$250,000 per year and HK\$25,000 per year for each board committee of which he is a member or chairman. The remuneration of Mr. Li was determined by the Board upon recommendation from the Remuneration Committee with reference to his duties and responsibilities in the Company.

Save as disclosed above, as at the Latest Practicable Date, Mr. Li (i) does not have any interests in the shares of the Company within the meaning of Part XV of SFO; (ii) did not hold any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) does not hold any other positions with the Company or other members of the Group; and (iv) does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

RULE 13.51(2)

Save as disclosed in respect of each Director above, there are no other matters related to their re-election that need to be brought to the attention of the Shareholders and there is no other information that should be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

CANDIDATE STANDING FOR ELECTION AS DIRECTOR AT THE COMPANY'S ANNUAL GENERAL MEETING

MATSUI Tamotsu (松井タモツ), aged 61, has been nominated by Meiji (China) Investment Company Limited to stand for election as a non-executive Director of the Company at the AGM. Upon election as a non-executive Director of the Company, Mr. Matsui will be responsible for providing strategic advice and guidance on corporate development and making recommendations on major operational and management decisions. Mr. Matsui will also be appointed as a member of the Audit Committee of the Company.

Mr. Matsui has around 38 years of experience in the dairy business. He joined Meiji Co., Ltd. (“Meiji”) in April 1986 where he worked at production dept. at Sendai Plant until June 1987. Between 1987-2011, Mr. Matsui served in various positions in Meiji such as the IT dept., Corporate Planning Corporate Production Management Department in headquarters as well as in various plants such as Kanagawa plant, Tokachi plant and Moriya plant where he was responsible for production planning, quality control, cost management and capital investment plannings.

Mr. Matsui was promoted and served as (i) the General Manager of Okayama plant (2012-2014), (ii) Vice President of CP Meiji Co., Ltd., a Meiji Dairy joint venture company in Thailand (2014-2017), (iii) General Manager, Dairy Business Dept, International Business Division (2017-2020), (iv) General Manager, Strategic Planning Dept., International Business Division and (v) President, Meiji (China) Investment Company Limited in China (2021-March 2024) and is currently serving as Managing Executive Officer, Global Business/Asia Pacific Region, Meiji.

Subject to the appointment by Shareholders at the AGM, the term of office of Mr. Matsui as a non-executive Director shall be three years, and Mr. Matsui will enter into a letter of appointment with the Company for a term of three years commencing from the date of approval at the AGM. Mr. Matsui is entitled to receive Director’s fees of HK\$250,000 per year and HK\$25,000 per year for each board committee of which he is a member. Mr. Matsui has declined to receive Director’s fee. Mr. Matsui is subject to the provisions of retirement by rotation at least once every three years and re-election in accordance with the Constitution.

Save as disclosed above, as at the Latest Practicable Date, Mr. Matsui (i) does not have any interests in the shares of the Company within the meaning of Part XV of SFO; (ii) did not hold any directorships in the last three years in any public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) does not hold any other positions with the Company or other members of the Group; and (iv) does not have any relationships with any directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there is no other information relating to Mr. Matsui that is required to be disclosed pursuant to Rules 13.51(2) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

Directors' Fee Structure

Executive Directors do not receive any Directors' fee.

The existing Directors' Fee Structure for Non-Executive Directors of the Company, paid on a quarterly basis is as follows:

Appointment	Fees (Per Annum) <i>HKD</i>
Non-Executive Board Member	250,000
Committee Chairman/Committee Member	25,000

The following is a summary of the principal terms of the AAG Share Option Scheme proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of the AAG Share Option Scheme, nor should it be taken as effecting the interpretation of the AAG Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the AAG Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects of the summary thereof in this Appendix.

1. PURPOSE

The purpose of the AAG Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time, and attract skilled and experienced personnel, to incentivise them to remain with the Group and to motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

2. CONDITIONS

2.1 The AAG Share Option Scheme shall take effect subject to and conditional upon:

- (a) the passing of an ordinary resolution to approve the adoption of the AAG Share Option Scheme by the Shareholders in general meeting and to authorise the Board and/or the Remuneration Committee to grant Options pursuant to the AAG Share Option Scheme and to allot and issue or otherwise deal with the Shares which fall to be issued by the Company pursuant to the exercise of any Options granted under the AAG Share Option Scheme; and
- (b) the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares to be allotted and issued pursuant to the exercise of the Options granted under the AAG Share Option Scheme.

3. DURATION

Subject to the fulfilment of conditions in paragraph 2, the AAG Share Option Scheme shall be valid and effective for the period commencing on the date on which all of the conditions set out in paragraph 2.1 above are satisfied and expiring on the tenth (10th) anniversary thereof or such earlier date as the AAG Share Option Scheme is terminated in accordance with the terms of the AAG Share Option Scheme, after which period no further Options shall be granted but, subject to the compliance with the provisions under the Listing Rules, the provisions of the AAG Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the AAG Share Option Scheme, and Options which are granted during the term of the AAG Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the term of the AAG Share Option Scheme.

4. ADMINISTRATION

The AAG Share Option Scheme shall be subject to the administration of the Remuneration Committee whose decision as to all matters arising in relation to the AAG Share Option Scheme or its interpretation or effect shall (save as otherwise provided therein) be final, conclusive and binding on all parties. The Remuneration Committee shall have the right to (a) interpret and construe the provisions of the AAG Share Option Scheme, (b) determine the persons (if any) who shall be granted Options pursuant to the AAG Share Option Scheme, (c) determine the terms and conditions on which the Options are granted; (d) determine the number of Shares to be issued under the Option and the Subscription Price; (e) determine whether any conditions imposed in respect of vesting of the Option are satisfied; (f) make such adjustments to the terms of the AAG Share Option Scheme and to the terms of the Options granted pursuant to the AAG Share Option Scheme as the Remuneration Committee deems necessary provided that it shall notify the relevant Grantee(s) of such adjustment(s) by written notice; and (g) make such other decisions or determinations as it shall deem appropriate in relation to the Offers, vesting and/or the administration of the AAG Share Option Scheme provided that the same are not inconsistent with the provisions of the AAG Share Option Scheme and the Listing Rules.

5. PARTICIPANTS AND THE BASIS OF ELIGIBILITY OF THE PARTICIPANTS

Participants of the AAG Share Option Scheme include (i) an executive Director, or (ii) a full-time employee of the Group who has been employed by the Group for more than 12 months (regardless of whether he is a director of any company within the Group).

6. GRANT OF OPTIONS

6.1 On and subject to the requirements of the Listing Rules and the terms of the AAG Share Option Scheme, the Remuneration Committee shall be entitled (but shall not be bound) at any time during the term of the AAG Share Option Scheme to make an Offer to any Participant, as the Remuneration Committee may in its absolute discretion select, and subject to any conditions as the Remuneration Committee may at its absolute discretion think fit, to subscribe for such number of Shares as the Remuneration Committee may (subject to paragraphs 13 and 14) determine at the Subscription Price. The Remuneration Committee may, in its absolute discretion, determine whether all or any of the Options granted or to be granted under the AAG Share Option Scheme shall be satisfied upon exercise by the allotment and issue of Shares or by a Cash Payment. Any such determination may be made on a case-by-case basis or generally at any time prior to the grant or vesting date of the Option(s) in question, and the Remuneration Committee shall notify the relevant Grantees of such determination. If there are reasons (including regulatory or legal reasons) which may make the issuance of Shares difficult or undesirable, the Remuneration Committee may decide in its absolute discretion to satisfy an Option fully or partially with a Cash Payment in lieu of all or any part of the Shares.

- 6.2 An Offer shall be made to a Participant by a letter in such form as the Remuneration Committee may from time to time determine (the “**Offer Letter**”) specifying the number of Shares under the Option, the Option Period, the Vesting Period, the conditions (if any) and requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the terms of the AAG Share Option Scheme and any other terms and conditions as contained in the Offer Letter, and shall remain open for acceptance by the Participant concerned for a period from the Offer Date to such date as the Remuneration Committee may in its absolute discretion determine and specify in the Offer Letter (both dates inclusive) (the “**Acceptance Period**”), provided that no such Offer shall be open for acceptance after the tenth (10th) anniversary of the Adoption Date or after the AAG Share Option Scheme has been terminated in accordance with the provisions thereof, whichever is earlier. An Offer shall automatically lapse after the Participant to whom the Offer is made has ceased to be a Participant.
- 6.3 No Offer shall be made to any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable laws, rules or regulations (including any dealing code of the Company).
- 6.4 The Company may not make any Offer after inside information (as defined in the SFO) of the Company has come to its knowledge until (and including) the trading day after the Company has announced such information pursuant to the requirements of the Listing Rules. In particular, the Company may not make any Offer during the period commencing one month immediately preceding the earlier of:
- (a) the date of the meeting of the Board (as such date is first notified by the Company to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),
- and ending on the date of the results announcement. Where a grant of Option is to a Director or to any Participant who, because of his office or employment or other relationship with the Group, is likely to be in possession of unpublished inside information in relation to the Shares, no Option may be granted on any day on which the financial results of the Company are published and during the period of:
- (c) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - (d) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

7. ACCEPTANCE OF OFFER

- 7.1 An Offer shall be deemed to have been accepted by the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the Offer Letter comprising acceptance of the Offer duly signed by the Grantee is received by the Company within the Acceptance Period, and the Option to which the Offer relates shall be deemed to have been granted on the Offer Date.
- 7.2 Any Offer may be accepted by a Participant in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of such number of Shares as representing board lot(s) for dealing in Shares on the Stock Exchange or an integral multiple thereof, and the number of Shares in respect of which the Offer is accepted is clearly stated in the duplicate of the Offer Letter received by the Company as mentioned in paragraph 7.1. To the extent that the Offer is not accepted within the Acceptance Period and in the manner stipulated in paragraph 7.1, it will be deemed to have been irrevocably declined by the Participant and the Offer shall automatically lapse and become null and void.

8. SUBSCRIPTION PRICE

Subject to any adjustments made pursuant to paragraph 15, the Subscription Price in respect of each Share issued pursuant to the exercise of Options granted shall be a price solely determined by the Remuneration Committee and notified to a Participant and shall be at least the highest of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day;
- (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date; and
- (c) the nominal value of a Share (if applicable).

9. EXERCISE OF OPTIONS AND RIGHTS ATTACHING TO ALLOTTED SHARES

- 9.1 An Option shall be held by the Grantee for a minimum period of twelve (12) months (or such other minimum period as the Listing Rules may prescribe or permit) (the "**Vesting Period**") before the Option can be exercised, unless the Remuneration Committee agrees to a shorter vesting period under the following specific circumstances:
- (a) grant of Options to new joiners to replace the share awards or options they forfeited when leaving the previous employer;

- (b) grant of Options to Grantees whose employment is terminated for reasons other than fault of the Grantee, such as death, ill health, serious injury, disability or retirement, where the vesting of the Options may accelerate based on the discretion of the Remuneration Committee;
- (c) grant of Options which would have been made earlier but for administrative and compliance reasons and are made in a subsequent batch, in order to put the Grantees in the same position as they would have been in had the grant of Options been made earlier; and
- (d) where a corporate event takes place as set out in paragraph 9.4 or a reorganisation takes place as set out in paragraph 15.3 (in each of which cases Options may be accelerated for all Grantees at the sole and absolute discretion of the Company).

For the avoidance of doubt, in respect of any Option to be granted, the Remuneration Committee may in its absolute discretion determine a Vesting Period which is longer than the minimum period referred to in this paragraph 9.1 above. All vesting criteria, time and conditions (if any) shall be set out in the relevant Offer Letter issued to each Participant.

- 9.2 Vesting of Options shall be subject to the conditions (if any), which shall not involve any performance target, as may be set by the Remuneration Committee for each Offer. The extent to which the conditions have been achieved will be determined by the Remuneration Committee. If the vesting of Options is subject to the satisfaction of any conditions and such conditions, after assessment by the Remuneration Committee, are not satisfied, the unexercised Options shall lapse automatically.
- 9.3 Except as otherwise expressly provided in an Offer Letter, any Option shall become exercisable upon vesting, which, for the avoidance of doubt, shall not be earlier than the expiry of twelve (12) months (or such other minimum period as the Listing Rules may prescribe or permit) after grant unless any of the specific circumstances set out in paragraph 9.1 applies. An Option may, subject to paragraph 9.4 and the terms and conditions upon which such Option is granted, be exercised in whole or in part by the Grantee (or his personal representative(s), as the case may be) giving a notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Except where the Option is to be satisfied by a Cash Payment upon its exercise, each such notice must be accompanied by a remittance for the full amount of the total Subscription Price for the Shares in respect of which the notice is given, payable in such manner as the Company may prescribe from time to time. Within ten (10) Business Days after receipt of the notice and the remittance (if applicable) and, where appropriate, receipt of the certificate issued by the Auditors or the independent financial adviser to the Company (as the case may be) retained for such purpose pursuant to paragraph

15, the Company shall either (i) allot, and shall instruct the Share Registrar to issue, the relevant Shares to the Grantee credited as fully paid and issue to the Grantee (or his personal representative(s), as the case may be) a share certificate in respect of the Shares so allotted and issued, or (ii) make a Cash Payment to the Grantee, as the case may be. For the avoidance of doubt, where the Option is to be satisfied by the allotment and issue of new Shares to the Grantee, no Shares (including partly paid Shares) will be allotted or issued unless the full amount of the total Subscription Price for the Shares in respect of which the Option has been exercised is paid by the Grantee in accordance with the provisions of the AAG Share Option Scheme.

9.4 Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, a vested Option may be exercised by the Grantee at any time during the Option Period, provided that:

(a) if:

- (i) a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to sub-paragraph (ii) below) is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional prior to the vesting of the relevant Option; or
- (ii) a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and which is approved by the necessary number of Shareholders at the requisite meeting(s) prior to the vesting of the relevant Option; or
- (iii) a compromise or arrangement (other than a general offer or a scheme of arrangement contemplated in sub-paragraphs (i) and (ii) above) between the Company and its Shareholders and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies prior to the vesting of the relevant Option;
- (iv) the Remuneration Committee shall, subject to paragraph 9.5 and (in the case of sub-paragraph (i)) prior to the offer becoming or being declared unconditional or (in the case of sub-paragraph (ii) or (iii)) prior to the date of the relevant meeting(s), determine in its absolute discretion whether any Option that has not vested shall vest or otherwise become exercisable (but conditional upon such offer becoming or being declared unconditional or such compromise, arrangement or scheme being sanctioned by the court, where required under applicable laws, and becoming effective) and shall forthwith give notice thereof to the

Grantee. To the extent that the Remuneration Committee determines any Option shall vest pursuant to this paragraph 9.4(a), (in the case of sub-paragraph (i)) the Grantee shall be entitled to exercise the Option on or after the vesting date but no later than the earlier of (I) 14 days after the date on which the offer becomes or is declared unconditional, and (II) the expiry of the Option Period; or (in the case of sub-paragraph (ii) or (iii)) the Grantee shall be entitled to exercise the Option on or after the vesting date but no later than the expiry of the period ending on the earliest of (I) two (2) calendar months thereafter, (II) the date on which such compromise, arrangement or scheme is sanctioned by the court, where required under applicable laws, and (III) the expiry of the Option Period. To the extent that any Option does not vest, it shall lapse automatically on (in the case of sub-paragraph (i)) the date on which the offer closes; (in the case of sub-paragraph (ii)) the record date for determining entitlements under the scheme of arrangement; and (in the case of sub-paragraph (iii)) the date of the meeting of Shareholders or creditors; and

- (b) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company prior to the vesting date of any Option, the Company shall give notice thereof to all the Grantees on the same day as it despatches to the Shareholders the notice convening the general meeting. Notwithstanding any other terms on which the Option was granted, the Option shall vest so as to enable the allotment and issue of the relevant number of Shares underlying the Option or the determination of the amount of the Cash Payment, as the case may be, by no later than two (2) Business Days immediately prior to the date of the proposed general meeting. The Company shall as soon as possible and in any event no later than one (1) Business Day immediately prior to the date of the proposed general meeting, either (i) procure the allotment and issue of the relevant number of Shares to the Grantee which falls to be allotted and issued on such vesting of the Option be made to the Grantee, or (ii) make a Cash Payment to the Grantee, as the case may be. Provided that the resolution to voluntarily wind-up the Company is approved, any Option that has not vested shall lapse.

9.5 The number of Shares in respect of which any Option vests pursuant to paragraph 9.4(a) or 9.4(b) and the period during which any such vesting will occur shall be determined by the Remuneration Committee in its absolute discretion by reference to factors which may include (a) the extent to which any conditions to vesting have been satisfied as at the relevant event and (b) the proportion of the period from the Offer Date to the vesting date that has elapsed as at the relevant event. The balance of any Options that is determined by the Remuneration Committee not to vest shall lapse.

9.6 The Shares to be allotted upon the exercise of an Option shall be subject to the Constitution and shall rank *pari passu* in all respects with other fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle the holders to the same rights of the holders of other fully paid Shares in issue, including voting, dividend, transfer and any other rights. In particular, the Shares to be allotted and issued upon the exercise of an Option will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue, provided always that when the date of exercise of the Option falls on a date upon which the register of members of the Company is closed, then the exercise of the Option shall become effective on the first Business Day on which the branch register of members of the Company in Hong Kong is re-opened. A Grantee shall have no rights (including any right to dividend or other distribution) in respect of Shares subject to an Option until the Shares are allotted and issued to him under the terms of the AAG Share Option Scheme.

10. CASH PAYMENT

The Remuneration Committee may, in its absolute discretion, determine whether all or any of the Options granted or to be granted under the AAG Share Option Scheme shall be satisfied upon exercise by the allotment and issue of Shares or by a Cash Payment. Any such determination may be made on a case-by-case basis or generally at any time prior to the grant or vesting date of the Option(s) in question, and shall be notified to the relevant Grantee by the Remuneration Committee. If there are reasons (including regulatory or legal reasons) which may make the issuance of Shares difficult or undesirable, the Remuneration Committee may decide in its absolute discretion to satisfy an Option fully or partially with a Cash Payment in lieu of all or any part of the Shares.

The amount of any Cash Payment shall be determined in accordance with the following formula:

$$\text{Cash Payment} = A \times (B - C)$$

where:

- A = the number of Shares in respect of which the Option has been exercised;
- B = the closing price of a Share as quoted on the Stock Exchange on the date of exercise of the Option or, if the date of exercise is not a Business Day, on the Business Day immediately following the date of exercise; and
- C = the Subscription Price.

The Company's determination of the amount of the Cash Payment shall, in the absence of fraud or manifest error, be binding on the Company and the relevant Grantee. For the avoidance of doubt, (i) if an Option or any part thereof is satisfied by a Cash Payment, no Shares shall be allotted and issued to the Grantee (or his custodian agent or nominee) in respect of such Option or part thereof; and (ii) the determination of the amount of the Cash Payment shall exclude any amount of the liability of a Grantee to tax or social security contributions or any other charges or fees imposed by banks, brokers or government authorities in respect of a grant or exercise of his Options as set out in the AAG Share Option Scheme, which shall be for the account of the Grantee.

11. TRANSFERABILITY

11.1 Subject to paragraph 11.2, an Option shall be personal to the Grantee and shall not be assignable or transferable by the Grantee and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option, or enter into any agreement so to do.

11.2 For the avoidance of doubt, to the extent permissible by applicable laws and regulations (including the Listing Rules) and subject to the grant of waiver by the Stock Exchange, a Grantee may transfer his Option to a vehicle (such as a trust or a private company) for the benefit of such Grantee and/or any family members of such Grantee, provided that the Option so assigned would continue to meet the purpose of the AAG Share Option Scheme and comply with the other requirements of Chapter 17 of the Listing Rules.

11.3 Any breach of the provision in paragraph 11.1 above by a Grantee shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee (to the extent that it has not already been exercised) without incurring any liability on the part of the Company.

12. LAPSE OR CANCELLATION OF OPTIONS

12.1 For the purpose of this paragraph 12:

- (a) "Cause" shall mean with respect to a Grantee, such event as will entitle the Company and/or any of its subsidiaries to terminate the employment or service of the Grantee with immediate notice without compensation under the relevant employment or service agreement or equivalent or, if it is not otherwise provided for in such agreement:
 - (i) the commission of an act of theft, embezzlement, fraud, dishonesty, ethical breach or other similar acts or commission of a criminal offence;
 - (ii) a material breach of any agreement or understanding between the Grantee and the Company and/or any of its subsidiaries, including any applicable invention assignment, employment, non-competition, confidentiality or other similar agreement;

- (iii) misrepresentation or omission of any material fact in connection with his employment or service agreement or equivalent;
 - (iv) a material failure to perform the customary duties of an employee of the Company and/or any of its subsidiaries (where relevant), to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of the Group or any member of the Group; or
 - (v) any conduct that is or is reasonably likely to be materially adverse to the name, reputation or interests of the Group; and
- (b) “**Competitor**” shall mean any corporation, partnership, joint venture, trust, individual proprietorship, firm, governmental unit or other enterprise (including any of their respective affiliates) that carries on activities for profit or is engaged in or is about to become engaged in any activities of any nature that competes (directly or indirectly) with a product, process, technique, procedure, device or service of the Company or any of its subsidiaries.

12.2 Notwithstanding any other provisions of the AAG Share Option Scheme to the contrary, an Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of the following dates (or such later date as the Remuneration Committee may determine in its absolute discretion):

- (a) subject to paragraph 12.4, the date of termination of the Grantee’s employment, service or engagement by a member of the Group;
- (b) the date on which the Grantee becomes an officer, director, employee, consultant, adviser, partner of, or a shareholder or other proprietor owning more than a 5% interest in, any Competitor without the prior written consent of the Board;
- (c) the date on which the Grantee knowingly performs any act that may confer any competitive benefit or advantage upon any Competitor without the prior written consent of the Board;
- (d) the date of the commencement of the winding-up of the Company;
- (e) the time specified in paragraphs 9.4(a) and 9.4(b);
- (f) the date on which the Grantee (whether intentionally or otherwise) commits a breach of paragraph 11.1;
- (g) the date on which the Grantee is declared bankrupt or enters into any arrangement or compromise with his creditors generally; and

- (h) in respect of an Option which is subject to vesting condition(s), the date on which the condition(s) to vesting of the Option is not satisfied (save that the Option shall lapse only in respect of such proportion of underlying Shares as have not vested because of the application of such vesting condition(s)).
- 12.3 The Remuneration Committee shall have the right to determine whether the Grantee's employment, service or engagement has been terminated for Cause, the effective date of such termination for Cause and whether someone is a Competitor, and such determination by the Remuneration Committee shall be final and conclusive.
- 12.4 If the Grantee's employment, service or engagement with a member of the Group is terminated for any reason other than for Cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement (or equivalent) its expiration), any Options (or part thereof) which have not yet vested shall lapse automatically with effect from such termination date unless the Remuneration Committee determines in its absolute discretion that the Options (or any part thereof) shall vest. To the extent that the Remuneration Committee determines that such Options (or part thereof) shall vest, the Remuneration Committee shall also determine in its absolute discretion when the Options shall vest.
- 12.5 The Remuneration Committee may at any time with the consent of and on such terms as may be agreed with the relevant Grantee cancel Options previously granted but not yet vested and may, at its discretion, make a grant of new Options to the same Grantee. Where the Company cancels Options and offers new Options to the same Grantee, the offer of such new Options may only be made with available Options to the extent not yet granted (excluding the cancelled Options) within the limits prescribed by paragraph 13.

13. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 13.1 The total number of Shares which may be issued upon exercise of all Options to be granted under the AAG Share Option Scheme and any options or awards under any other schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**"), unless otherwise permitted by the Listing Rules or the Company obtains the approval of its Shareholders to refresh the Scheme Mandate Limit in accordance with paragraph 13.2 or 13.3. Options and awards which have lapsed in accordance with the terms of the AAG Share Option Scheme (or any other scheme(s) of the Company) or which have been satisfied by the making of a Cash Payment shall not be counted for the purpose of calculating the Scheme Mandate Limit.

13.2 The Company may seek approval of the Shareholders in general meeting to refresh the Scheme Mandate Limit under the AAG Share Option Scheme after three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment). Any refreshment of the Scheme Mandate Limit to be made within three (3) years from the Adoption Date (or the date of Shareholders' approval for the last refreshment) shall be subject to Shareholders' approval in accordance with the requirements of the Listing Rules (including any requirement in the Listing Rules for any person to abstain from voting on the relevant resolution). However, the total number of Shares which may be issued upon exercise of all options and awards to be granted under the AAG Share Option Scheme and any other scheme(s) of the Company under the Scheme Mandate Limit as refreshed must not exceed 10 % of the relevant class of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit by Shareholders in general meeting. Options and awards previously granted under the AAG Share Option Scheme and any other share scheme(s) of the Company (including those outstanding, cancelled, lapsed, vested or exercised) will not be regarded as utilized for the purpose of calculating such limit as refreshed. For the purpose of seeking approval of Shareholders under this paragraph 13.2, the Company shall send a circular to its Shareholders containing the information required under the Listing Rules.

13.3 Notwithstanding paragraphs 13.1 and 13.2, the Company may grant Options beyond the Scheme Mandate Limit if separate Shareholders' approval has been obtained in general meeting for granting such Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such Shareholders' approval is sought. For the purpose of seeking approval of Shareholders under this paragraph 13.3, the Company shall send a circular to the Shareholders containing all information and details as required under the Listing Rules in relation to any such proposed grant to such Participants. The number and terms of Options to be granted to such Participant must be fixed before Shareholders' approval and the date of the Remuneration Committee meeting for proposing such grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

14. MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

14.1 The total number of Shares issued and to be issued upon exercise of the Options pursuant to the AAG Share Option Scheme together with all other options and awards granted under the AAG Share Option Scheme and any other scheme(s) of the Company to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

- 14.2 Notwithstanding paragraph 14.1, where any further grant of Options to a Participant would result in the Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such Participant under the AAG Share Option Scheme and any other scheme(s) of the Company (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the total number of Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Participant and his close associates (or associates if the Participant is a connected person of the Company) abstaining from voting. In such a case, the Company shall send a circular to its Shareholders containing all information and details as required under the Listing Rules in relation to such proposed grant. The number and terms of the Options to be granted to such Participant shall be fixed before the Shareholders' approval is sought and the date of the Remuneration Committee meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.
- 14.3 Any grant of Options to a Participant who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors.
- 14.4 Where any grant of Options to a Participant who is a substantial shareholder of the Company or any of his associates would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted under the AAG Share Option Scheme and other options and awards already granted under any other scheme(s) of the Company (excluding any options or awards lapsed in accordance with the terms of the AAG Share Option Scheme or any other scheme(s) of the Company) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of Shares in issue, such further grant of Options must be approved by the Shareholders in general meeting. In such a case, the Company shall send a circular to its Shareholders containing all those terms as required under the Listing Rules. The relevant Grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, except that such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders. The details of the number and terms of the Options to be granted to each Participant must be fixed before the Shareholders' approval is sought. In respect of any Options to be granted, the date of the Remuneration Committee meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Subscription Price.

- 14.5 Any change in the terms of Options granted to a Participant who is a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Shareholders in the manner as set out in paragraph 14.4 if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the AAG Share Option Scheme).
- 14.6 The maximum number of Shares referred to in paragraphs 13.1, 13.2, 13.3, 14.1, 14.2 and 14.4 will be adjusted, in such manner as the Auditors or the independent financial adviser to the Company (acting as experts and not as arbitrators) shall certify in writing to the Remuneration Committee (where applicable) to be in compliance with the requirements under the Listing Rules in accordance with paragraph 15, in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company or otherwise.

15. REORGANISATION OF CAPITAL STRUCTURE

15.1 In the event of an alteration in the capital structure of the Company by way of a capitalisation issue, rights issue, subdivision or consolidation of Shares or reduction of the share capital of the Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in respect of a transaction to which the Company or any of its subsidiaries is a party or in connection with any share option, restricted share or other schemes of the Company) whilst any Option remains exercisable, the Remuneration Committee shall make adjustments (if any) to:

- (a) the number of Shares subject to the Option so far as unexercised; and/or
- (b) the Subscription Price; and/or
- (c) the method of exercise of the Option (if applicable),

as it, in its absolute discretion, thinks fit provided that such adjustments shall give a Grantee the same proportion of the issued share capital of the Company as that to which he is previously entitled (rounded to the nearest whole Share), and no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value (if applicable).

15.2 In respect of any such adjustments referred to in paragraph 15.1 (other than any made on a capitalisation issue), the Auditors or an independent financial adviser to the Company (as the case may be) must confirm to the Remuneration Committee in writing that the adjustments are in their opinion fair and reasonable and satisfy the requirements set out in paragraph 15.1. The capacity of the Auditors or the independent financial adviser to the Company (as the case may be) in this paragraph 15.2 is that of an expert and not of an arbitrator and its certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees.

15.3 In the event of a merger, reorganisation or amalgamation of the Company (provided that paragraph 9.4 does not apply), the Remuneration Committee may in its absolute discretion:

- (a) arrange for the grant of substitute options or share purchase rights of no less than equivalent fair value, in the purchasing, surviving or newly-listed company; or
- (b) make a Cash Payment equivalent to their fair value; or
- (c) permit the continuation of the Option according to its original terms; or
- (d) determine that the Option shall vest, in which case the Grantee shall be entitled to exercise the Option on or after the vesting date but no later than the earlier of (I) the date on which the merger, reorganisation or amalgamation becomes effective and (II) the expiry of the Option Period, and

shall forthwith give notice thereof to the Grantee.

To the extent that the Remuneration Committee does not make any of the arrangements specified in sub-paragraphs (a) to (d) above, the Option shall immediately lapse.

16. CLAWBACK

No clawback provisions will apply to the Offers made under the AAG Share Option Scheme. For the avoidance of doubt, to the extent not already exercised, an Option shall lapse automatically and not be exercisable if any of the events or circumstances referred to in paragraph 12.2 above arises.

17. DISPUTES

Any dispute arising in connection with the AAG Share Option Scheme (whether as to the number of Shares, the subject of an Option, the Subscription Price or otherwise) shall be referred to the decision of the Board in the first instance, which decision shall, in the absence of manifest error, be final and binding on the Company and the Grantee. Should the Board, in its sole discretion, decide, any dispute referred to it may subsequently be referred to the decision of the Auditors, the Auditors shall then act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final and binding on the Company and the Grantee. In such cases, the costs of the Auditors shall be shared equally between the Company and the relevant Grantee.

18. ALTERATION OF THE AAG SHARE OPTION SCHEME

- 18.1 Save as provided in this paragraph 18, the Board may alter any of the terms of the AAG Share Option Scheme at any time, including but not limited to the method by which a Grantee accepts the Offer and such other minor amendments to benefit the administration of the AAG Share Option Scheme, provided that such alterations comply with the requirements of the Singapore Companies Act and the Listing Rules, to the extent applicable.
- 18.2 Any alterations to the terms and conditions of the AAG Share Option Scheme which are of a material nature or any alterations to the specific provisions of the AAG Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules to the advantage of Grantees or any changes to the authority of the Board or the Remuneration Committee in relation to any alteration of the terms of the AAG Share Option Scheme, in each case, must be approved by Shareholders in general meeting. The Remuneration Committee's determination as to whether any proposed alteration to the terms and conditions of the AAG Share Option Scheme is material shall be conclusive.
- 18.3 Any changes to the terms of the Options granted must be approved by Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders in general meeting (as the case may be) if the initial grant of such Options was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or Shareholders in general meeting (as the case may be), except where the alterations take effect automatically under the existing terms of the AAG Share Option Scheme.
- 18.4 The amended terms and conditions of the AAG Share Option Scheme and the Options shall comply with the Listing Rules, including in particular Chapter 17 of the Listing Rules and all applicable laws, rules and regulations.

19. TERMINATION OF THE AAG SHARE OPTION SCHEME

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the AAG Share Option Scheme and in such event no further Options will be offered but in all other respects the terms of the AAG Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the terms of the AAG Share Option Scheme, and Options which are granted prior to such termination shall continue to be valid and exercisable in accordance with the terms of the AAG Share Option Scheme and their terms of grant.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO); or (b) entered in the register required to be kept under Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) were as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Nature of interest	No. of Shares	% of issued share capital⁽¹⁾
Tan Yong Nang	Interests in controlled corporation Beneficial owner Interests held jointly with another person Beneficiary of a trust	28,138,581 ⁽²⁾	4.02%
Edgar Dowse Collins	Beneficial owner	8,243,060 (L) ⁽³⁾	1.18%
Yang Ku	Beneficial owner	3,057,600 (L) ⁽⁴⁾	0.44%
Gao Lina	Beneficial owner	166,500 (L) ⁽⁵⁾	0.024%
Gabriella Santosa	Joint investment power holder and beneficiary of a trust	259,814,213 (L) ⁽⁶⁾⁽⁷⁾	37.09%

Notes:

(L) denotes long position

(1) The calculation is based on the total number of 700,463,112 issued Shares as at the Latest Practicable Date.

- (2) The Shares of Mr. Tan Yong Nang include (i) 16,385,898 Shares held by Great Alpha Investments Limited, which is wholly-owned by Mr. Tan; (ii) the entitlement of Mr. Tan to receive up to 566,470 Shares pursuant to the vesting of the awards granted to him under the AAG Performance Share Plan, subject to the vesting conditions of those awards; (iii) 586,213 Shares held jointly with Mdm. Puah Bee Neo; and (iv) 10,600,000 Shares held as a founder of a discretionary trust where Mr. Tan can influence how the trustee exercises his discretion.
- (3) The Shares of Mr. Edgar Dowse Collins include the entitlement of Mr. Collins to receive up to 629,000 Shares pursuant to the vesting of the awards granted to him under the AAG Performance Share Plan, subject to the vesting conditions of those awards.
- (4) The Shares of Mr. Yang Ku include the entitlement of Mr. Yang to receive up to 251,600 Shares pursuant to the vesting of the awards granted to him under the AAG Performance Share Plan, subject to the vesting conditions of those awards.
- (5) The Shares of Ms. Gao Lina include the entitlement of Ms. Gao Lina to receive up to 166,500 Shares pursuant to the vesting of the awards granted to her under the AAG Performance Share Plan, subject to the vesting conditions of those awards.
- (6) Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 21,342,875 Shares. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo Santosa and Ms. Gabriella Santosa are appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the trustee of the Scuderia Trust, Highvern Trustees Limited, to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with their instructions in relation to the investments of the Scuderia Trust. By virtue of the SFO, each of Mr. Renaldo Santosa, Ms. Gabriella Santosa and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. Rangi Management Limited is also deemed interested in Japfa Ltd.'s 12,536,038 Shares in the Company.

The beneficiaries of the Scuderia Trust are Mdm. Farida Gustimego Santosa, her children (Mr. Renaldo Santosa, Ms. Gabriella Santosa, Mr. Mikael Santosa and Mr. Raffaella Santosa) and remoter issue.

- (7) Tallowe Services Inc. holds 13,540,000 Shares. Tallowe Services Inc. is wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo Santosa. Mr. Renaldo Santosa and Ms. Gabriella Santosa are beneficiaries of Mr. Handojo Santosa's interest in Tallowe Services Inc.

Save as disclosed above and so far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO, or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company.

3. DIRECTORSHIPS AND EMPLOYMENT OF THE DIRECTORS WITH COMPANIES HAVING DISCLOSEABLE INTERESTS

As at the Latest Practicable Date, so far as was known to the Directors, the Directors who were also directors or employees of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Company	Name of Director	Position(s) held
Japfa	TAN Yong Nang	Executive director and Chief Executive Officer
Japfa	Gabriella SANTOSA	Head of Business Development & Strategy

Save as disclosed above, as at the Latest Practicable Date, no other Director or proposed Director was a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any proposed Director or their respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or their close associates were appointed to represent the interests of the Company and/or the Group.

6. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS OF THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors nor any proposed Director had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up; and
- (b) none of the Directors nor any proposed Director was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

Save for the information disclosed in the profit warning announcement of the Company dated 9 February 2024, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Somerley Capital Limited did not have any shareholding, either directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Somerley Capital Limited did not have any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Somerley Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.austasiadairy.com for display for a period of 14 days from the date of this circular:

- (a) the 2022 Supply Agreement; and
- (b) the 2024 Renewed Supply Agreement.

NOTICE OF ANNUAL GENERAL MEETING



(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of AustAsia Group Ltd. (the “Company”) will be held at 9/F, The Center, 99 Queen’s Road Central, Central, Hong Kong on Wednesday, 5 June 2024 at 4:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolutions of the Company. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 14 May 2024 (the “Circular”):

(A) ROUTINE BUSINESS

AS ORDINARY RESOLUTIONS:

1. To receive, consider and adopt the audited financial statements and the reports of the directors (the “Directors”) and the independent auditor of the Company for the year ended 31 December 2023.
2. To re-elect the following Directors, retiring pursuant to Regulation 34 of the Company’s Constitution and who, being eligible, offer themselves for re-election:
 - (i) Tan Yong Nang (Note 1)
 - (ii) Li Shengli (Note 2)
3. To elect Tamotsu MATSUI as a Director. (Note 3)
4. To authorize the Board to fix the remuneration of the Directors of the Company, to be paid quarterly in arrears.
5. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration.

* For identification purpose only

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(B) SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolutions, with or without any modification:

6. GENERAL MANDATES TO DIRECTORS TO ISSUE SHARES

“THAT

- (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and otherwise deal with shares of the Company and to make or grant offers, agreements, options (including but not limited to warrants, bonds and debentures convertible into shares in the Company) which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the Constitution of the Company, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above, shall be in addition to any other authorizations given to the Directors and shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements, options (including but not limited to warrants, bonds and debentures convertible into shares in the Company) which would or might require Shares to be allotted after the end of the Relevant Period;
- (c) the total number of shares of the Company allotted, issued or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued or otherwise dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below), or (ii) the exercise of any options granted under any share option scheme of the Company or similar arrangement for the time being and from time to time adopted or to be adopted by the Company in accordance with the applicable rules of the Stock Exchange for the grant or issue of shares or options to subscribe for, or rights to acquire shares of the Company, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Constitution of the Company in force from time to time, or (iv) a special authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares of the Company is conducted, the maximum number of shares of the Company that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued shares of the Company at the date immediately before and after such consolidation or subdivision shall be the same; and

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- (d) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Constitution of the Company to be held; or
 - (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of shares of the Company pursuant to an offer (open for a period fixed by the Directors) made to holders of the shares or any class of shares of the Company thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange in, any territory applicable to the Company).”

7. GENERAL MANDATES TO DIRECTORS TO REPURCHASE SHARES

“THAT

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or those of any other recognized stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of shares of the Company in issue, which may be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate number of shares of the Company in issue as at the date of the passing of this resolution (such total number to be subject to adjustment in the case of any conversion of all or any of the shares in the Company into larger or smaller number of shares after the passing of this resolution) and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and

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- (c) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Constitution of the Company to be held; or
 - (iii) the date on which the mandate is varied or revoked by an ordinary resolution of the shareholders of the Company in general meeting.”

8. **EXTENSION OF THE GENERAL MANDATE TO ISSUE SHARES BY THE AGGREGATE NUMBER OF SHARES PURCHASED BY THE COMPANY**

“**THAT** conditional upon resolutions numbered 6 and 7 above being passed, the general mandate granted to the Directors to allot, issue and deal with additional Shares and to make or grant offers, agreements, and options which might require the exercise of such powers pursuant to resolution numbered 6 above be and is hereby extended by the additional thereto of an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to resolution numbered 7 above, provided that such amount shall not exceed 10% of the aggregate number of Shares of the Company in issue as at the date of passing the resolution.”

9. **ADOPTION OF THE AAG SHARE OPTION SCHEME**

“**THAT**

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be allotted and issued pursuant to the exercise of any options granted under the new share option scheme of the Company (the “**AAG Share Option Scheme**”), the terms of which are contained in the document marked “A” produced to the AGM and initialled by the chairman of the AGM for the purpose of identification, the AAG Share Option Scheme be and is hereby approved and adopted, and any director(s) of the Company be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as he/she/they may in his/her/their absolute discretion consider necessary or expedient in order to give effect to the AAG Share Option Scheme, including without limitation:

- (a) to administer and operate the AAG Share Option Scheme under which options will be granted to eligible participants under the AAG Share Option Scheme to subscribe for Shares in the Company;

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- (b) to modify and/or amend the AAG Share Option Scheme from time to time, provided that such modification(s) and/or amendment(s) is/are effected in accordance with the terms of the AAG Share Option Scheme relating to modification and/or amendment and is/are in compliance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time (the “**Listing Rules**”);
- (c) to grant options to subscribe for Shares under the AAG Share Option Scheme and to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of the options granted under the AAG Share Option Scheme and subject to the Listing Rules;
- (d) to make application at the appropriate time or times to the Stock Exchange, and any other stock exchanges upon which the issued shares of the Company may for the time being be listed, for the listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the AAG Share Option Scheme;
- (e) to consent, if he/she/they deem(s) fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by relevant authorities in relation to the AAG Share Option Scheme; and
- (f) the total number of Shares which may be allotted and issued upon the exercise of the options granted under the AAG Share Option Scheme and any options or awards under any other schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the date on which the AAG Share Option Scheme is conditionally adopted by the Company or the date of approval of the refreshment of the scheme mandate limit under the AAG Share Option Scheme.”

10. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

“THAT

- (a) the 2024 Renewed Supply Agreement (as defined and described in the Circular), a copy of which is marked “B” produced to the AGM and initialled by the chairman of the AGM for the purpose of identification, and the Transactions (as defined and described in the Circular) be and are hereby approved, ratified and confirmed;

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- (b) the Annual Caps (as defined and described in the Circular) be and are hereby approved; and
- (c) any director(s) of the Company, or any two directors of the Company if the affixation of the common seal is necessary, be and is/are hereby authorised to do all such acts and things and to sign, seal, execute, perfect, perform and deliver all such documents, instruments, agreements and deeds for and on behalf of the Company as he/she/they may in his/her/their absolute discretion consider necessary or expedient to give effect to or in connection with 2024 Renewed Supply Agreement and the Transactions.”

(C) ANY OTHER BUSINESS

To note the retirement of Mr. Hirata Toshiyuki. Mr. Hirata has decided not to stand for re-election and will retire as a Director of the Company at the conclusion of the AGM.

By order of the Board
AustAsia Group Ltd.
Mr. Edgar Dowse COLLINS
Chief Executive Officer

Hong Kong, 14 May 2024

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Notes:

1. Mr. Tan Yong Nang will upon re-election, continue to serve as an Executive Director, the Chairman of the Board of Directors and the Chairman of the Nomination Committee.
2. Mr. Li Shengli will upon re-election continue to serve as an Independent Non-Executive Director and a member of the Nominating and ESG committees.
3. Mr. Tamotsu Matsui will upon election, serve as a Non-Executive Director and a member of the Audit Committee.
4. Any member entitled to attend and vote at the AGM is entitled to appoint one or, if he/she holds two or more shares, more person(s) as his/her proxy or proxies to attend and vote instead of him/her. A proxy needs not be a member of the Company.
5. To be valid, the proxy form must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised
6. The proxy form and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power or authority shall be deposited at Computershare Hong Kong Investor Services Limited (the "Share Registrar") at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time (i.e. Monday, 3 June 2024 at 4:30 p.m.) for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such proxy form proposes to vote, and in default the proxy form shall not be treated as valid.
7. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
8. For ascertaining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Wednesday, 5 June 2024, both dates inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 30 May 2024.
9. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange, all resolutions set out in this notice will be voted on by way of poll at the AGM.

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PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

As at the date of this notice, the Board comprises Mr. TAN Yong Nang as Executive Chairman and Executive Director, Mr. Edgar Dowse COLLINS and Mr. YANG Ku as Executive Directors, Mr. HIRATA Toshiyuki, Ms. GAO Lina and Ms Gabriella SANTOSA as Non-executive Directors, and Mr. SUN Patrick, Mr. LI Shengli and Mr. CHANG Pan, Peter as Independent Non-executive Directors.