
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 licensed securities dealer, 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 or licensed securities dealer 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)

(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

Unless the context otherwise requires, capitalised terms used in this circular shall have the meanings as set out in the section headed “Definitions” of this circular. A letter from the Board is set out on pages 6 to 21 of this circular.

A notice convening the EGM of AustAsia Group Ltd. to be held at 4:30 p.m. on Wednesday, 4 November 2026 at 9/F, The Center, 99 Queen’s Road Central, Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular.

Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (the “**Share Registrar**”) 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 of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish. For the avoidance of doubt, holders of treasury shares (if any) shall abstain from voting at the Company’s general meeting.

This circular together with the form of proxy are also published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.austasiadairy.com).

References to time and dates in this circular are to Hong Kong time and dates.

* For identification purposes only

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DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“Acquisition”	the acquisition of the Sale Equity Interest by the Purchaser from the Vendor;
“Adjustment Amount”	the adjustment amount of the consideration of the Acquisition as determined in accordance with the details as set forth in “Letter from the Board – Consideration of the Acquisition” section of this circular;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Base Purchase Price”	RMB320,000,000, being the base purchase price of the consideration of the Acquisition;
“Board”	the board of Directors;
“Company”	AustAsia Group Ltd., a company incorporated under the laws of Singapore with limited liability on 17 April 2009, the issued shares of which are listed on the main board of the Stock Exchange (stock code: 2425);
“Completion”	the completion of the Acquisition;
“Completion Date”	the date which is the last calendar day of the calendar month in which the last of the Conditions Precedent are fulfilled or waived (as the case may be), or such other date as may be agreed between the Purchaser and the Vendor in writing;
“Condition(s) Precedent”	the conditions precedent to Completion, details of which are set forth under “Letter from the Board – Conditions Precedent” section in this circular;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened for considering and, if thought fit, approving the Acquisition;

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“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors of the Company, which has been established to advise the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder;
“Independent Financial Adviser”	Altus Capital Limited, a licensed corporation to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to make recommendation to the Independent Board Committee and the Independent Shareholders in respect of the SPA and the transactions contemplated thereunder;
“Independent Shareholders”	shareholders (other than the Vendor and its associates) who are not required to abstain from voting on the relevant resolution at the EGM by reason of any material interest in the Acquisition;
“Independent Third Party(ies)”	party or parties that, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is or are not the Group’s connected person(s), within the meaning of the Listing Rules;
“Latest Practicable Date”	23 September 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Meiji Holdings” or “Meiji”	Meiji Holdings Co., Ltd. (a company listed on the Tokyo Stock Exchange);

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“Meiji Japan”	Meiji Co., Ltd., a company established under the laws of Japan with limited liability, and the holding company of the Vendor;
“Meiji Suzhou”	Meiji Dairies (Suzhou) Co., Ltd.* (明治乳業(蘇州)有限公司), a company established under the laws of the PRC with limited liability and will become a wholly-owned subsidiary of the Target Company upon completion of the Pre-Completion Restructuring;
“Meiji Tianjin”	Meiji Dairies (Tianjin) Co., Ltd.* (明治乳業(天津)有限公司), a company established under the laws of the PRC with limited liability and will become a wholly-owned subsidiary of the Target Company upon completion of the Pre-Completion Restructuring;
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan;
“Pre-Completion Restructuring”	the restructuring plan as stipulated under the SPA, comprising (i) the incorporation of the Target Company; (ii) the transfer of the Transferred Assets, the Target Subsidiaries and the Transferred Employees to the Target Company; and (iii) the transfer or novation of the Transferred Contracts;
“Purchase Price”	the purchase price of the consideration of the Acquisition, being the sum of the Base Purchase Price and the Adjustment Amount;
“Purchaser”	Shanghai AustAsia Food Co., Ltd.* (上海澳雅食品有限公司), being a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Equity Interest”	the entire equity interest in the Target Company to be acquired by the Purchaser under the SPA;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) in the share capital of the Company;

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“Shareholder(s)”	holder(s) of the Share(s);
“SPA”	the conditional sale and purchase agreement regarding the transfer of the Sale Equity Interest entered into between the Purchaser and the Vendor on 21 July 2026;
“SSE”	the Shanghai Stock Exchange;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“SZSE”	the Shenzhen Stock Exchange;
“Target Business”	comprises (a) the dairy product sales business conducted by the Vendor through the Transferred Assets, the Transferred Employees and the Transferred Contracts, and (b) the dairy production business of the Target Subsidiaries;
“Target Company”	a wholly-owned subsidiary of the Vendor to be established in the PRC for the purpose of holding the Target Business;
“Target Group”	the group of companies comprising the Target Company and the Target Subsidiaries;
“Target Subsidiaries”	Meiji Suzhou and Meiji Tianjin;
“Trademark Licence Agreement”	the trademark licence agreement to be effective from the Completion Date and expected to be entered into between Meiji Japan as licensor and the Target Company as licensee in connection with the post-Completion operation of the Target Business;
“Transferred Assets”	the assets which relate to the Target Business and are intended, pursuant to the Pre-Completion Restructuring, to be transferred to the Target Company;

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“Transferred Contracts”	the contracts to which the Vendor, or its affiliates, is a party, which relate to the Target Business and are intended, pursuant to the Pre-Completion Restructuring, to be transferred or novated to, or otherwise assumed by the Target Company;
“Transferred Employees”	the employees which relate to the Target Business and are intended, pursuant to the Pre-Completion Restructuring, to be transferred to the Target Company;
“Transition Services Agreement”	the transition services agreement to be effective from the Completion Date and expected to be entered into between the Vendor, as service provider, and the Target Company in connection with the post-Completion operation of the Target Business;
“treasury shares”	has the meaning ascribed to it under the Listing Rules;
“Vendor”	Meiji (China) Investment Co., Ltd.* (明治(中國)投資有限公司), a substantial shareholder (as defined in the Listing Rules) of the Company, holding approximately 15.85% of the total issued share capital of the Company as at the Latest Practicable Date;
“%”	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. YANG Ku

Headquarters and Registered Office

317 Outram Road
#03-01A, Concorde Shopping Centre
Singapore 169075

Non-executive Directors

Ms. GAO Lina
Ms. Gabriella SANTOSA

Principal Place of Business in Hong Kong

46/F, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Independent Non-executive Directors

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

Principal Place of Business in the PRC

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

29 September 2026

To the Shareholder(s)

Dear Sir or Madam,

(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION; AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated 21 July 2026.

The purpose of this circular is to provide you with, among other things, (i) details of the SPA and the transaction contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the SPA and the transaction

LETTER FROM THE BOARD

contemplated thereunder; (iii) a letter from the Independent Financial Adviser in relation to the SPA and the transaction contemplated thereunder; and (iv) a notice convening the EGM, as well as any other information required to be disclosed under the Listing Rules.

II. THE SPA

On 21 July 2026, the Purchaser, being a wholly-owned subsidiary of the Company, and the Vendor entered into the SPA, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Equity Interest for a consideration consisting of the Base Purchase Price of RMB320,000,000 and the Adjustment Amount (if any), subject to a cap on the Purchase Price of RMB350,000,000.

Principal Terms

The principal terms of the SPA agreed by the parties are summarised below:

Date: 21 July 2026

Parties: (i) the Purchaser, as purchaser; and

(ii) the Vendor, as vendor.

As a condition precedent to the Acquisition, the Vendor must complete the Pre-Completion Restructuring, which includes (i) the incorporation of the Target Company; (ii) the transfer of the Transferred Assets, the Target Subsidiaries and the Transferred Employees to the Target Company; and (iii) the transfer or novation of the Transferred Contracts.

The principal categories of Transferred Assets comprise (i) intellectual property assets, being three PRC trademarks associated with certain products of the Target Business; and (ii) equipment used in the sales and operations of the Target Business, consisting primarily of electronic equipment and office fixtures.

The Transferred Contracts comprise contracts entered into in the ordinary course of the Target Business, principally including (i) sales and distribution agreements with distributors, retailers, convenience store operators, supermarkets, e-commerce platforms and other sales channel partners; and (ii) procurement and operational contracts relating to milk supply, packaging procurement, logistics, warehousing and other ancillary operational matters. The Transferred Contracts generally have contractual terms of one year, subject to renewal, and are collectively important to the continuity of the Target Business's sales, procurement and day-to-day operations.

Upon completion of the Pre-Completion Restructuring, the Target Company will operate the Target Business previously carried on by the Vendor.

LETTER FROM THE BOARD

Subject Matter

Pursuant to the SPA, the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Equity Interest.

Consideration of the Acquisition

The consideration for the Sale Equity Interest is the Purchase Price to be paid by the Purchaser, consisting of the Base Purchase Price and the Adjustment Amount (if any), subject to a cap on the Purchase Price of RMB350,000,000.

The Base Purchase Price

Pursuant to the SPA, the Base Purchase Price is RMB320,000,000.

The Adjustment Amount

Pursuant to the SPA, if the consolidated net asset value of the Target Group as at the Completion Date is less than the reference net asset value of the Target Group, the Purchase Price shall be reduced by an amount equal to the shortfall amount; and if the consolidated net asset value of the Target Group as at the Completion Date is greater than the reference net asset value of the Target Group, the Purchase Price shall be increased by an amount equal to the excess amount, subject to a cap of RMB350,000,000. In the event the consolidated net asset value of the Target Group as at the Completion Date is equal to the reference net asset value of the Target Group, no adjustment shall be made to the Purchase Price.

For the purposes of the Purchase Price adjustment mechanism, the reference net asset value of the Target Group ranges from RMB420 million to RMB470 million, depending on the month in which the Completion occurs. The applicable reference net asset value is RMB470 million where the Completion occurs on or before 30 September 2026, and reduces progressively to RMB420 million where Completion occurs in April 2027. In determining the applicable reference net asset values for the different Completion periods, the Company and the Vendor took into account the pro forma balance sheet and historical financial performance of the Target Group, as well as the expected timetable for Completion, and agreed the relevant amounts through arm's length commercial negotiations. The Target Group recorded a net loss of approximately RMB155.9 million for the year ended 31 December 2025. Having regard to the above factors, the reference net asset value was agreed to be reduced by RMB10 million per month for Completion from October 2026 to December 2026 and by RMB5 million per month for Completion from January 2027 to April 2027. The applicable reference net asset value forms part of the Purchase Price adjustment mechanism, under which the final Purchase Price will be adjusted by reference to the consolidated net asset value of the Target Group as at the Completion Date in accordance with the SPA.

LETTER FROM THE BOARD

The table below shows the reference net asset value at the relevant date of the Completion:

Date of Completion	Reference net asset value (RMB million)
On or prior to 30 September 2026	470
1 – 31 October 2026	460
1 – 30 November 2026	450
1 – 31 December 2026	440
1 – 31 January 2027	435
1 – 28 February 2027	430
1 – 31 March 2027	425
1 – 30 April 2027	420

Payment Terms

The consideration of the Acquisition shall be payable by the Purchaser to the Vendor as follows:

- (1) RMB100,000,000, payable at Completion to the Vendor's designated bank account;
- (2) in the event that the Target Group has, as at Completion, an aggregate cash balance exceeding RMB50,000,000, an amount equal to such excess (the “**Excess Cash Amount**”), payable within 1 month after the date of the relevant independent accountant's opinion confirming the cash balance of the Target Group; and
- (3) the Purchase Price, after deducting the RMB100,000,000 and the Excess Cash Amount (if any), shall be payable within 24 months from the Completion Date, together with interest accruing at the rate of 3.8% per annum. The Purchaser may elect to make early payment of such balance of the consideration.

The Board considers the deferred payment arrangement and the interest rate of 3.8% per annum to be fair and reasonable and in the interests of the Company and its shareholders as a whole for the following reasons:

- (i) the deferred payment arrangement reduces the Company's immediate funding requirements and provides additional flexibility in managing its liquidity and capital resources following Completion. The Company maintained a cash and cash equivalents of RMB286.2 million as at 30 June 2026. The Board therefore considers that the deferred settlement structure enables the Company to preserve financial flexibility while supporting its ongoing operations and post-Completion integration activities;

LETTER FROM THE BOARD

- (ii) the deferred payment arrangement allows the Company time to integrate the Target Business and realise the operational benefits of the Acquisition before the outstanding consideration becomes payable. The Board considers that the 24-month payment period provides a reasonable timeframe for capturing the operational and commercial benefits of the Acquisition, including enhanced utilisation of the Target Group's manufacturing facilities, strengthened integration of the Company's upstream milk supply resources with the Target Group's processing capabilities, and broader access to established customer relationships and distribution channels; and
- (iii) the Board considers the interest rate of 3.8% per annum to be fair and reasonable from a financing cost perspective. The Company's weighted average interest rate of interest-bearing bank borrowings was approximately 6.1% for the year ended 31 December 2025 and approximately 5.3% for the six months ended 30 June 2026. Accordingly, the interest rate of 3.8% per annum is below the Company's weighted average borrowing costs and is therefore considered commercially favourable to the Company.

The Group currently expects to finance the consideration of the Acquisition by a combination of the Group's internal resources and external financing.

Security

The payment of the aforementioned balance of the consideration shall be secured by (i) an undertaking by the Company (as the Purchaser's parent company) in favour of the Vendor, inter alia, to provide funds to the Purchaser if the Purchaser fails to make payment of any amounts when due; and (ii) a pledge over a dedicated bank account of the Purchaser in favour of the Vendor, into which the Company will pay any monies payable to the Vendor under the aforementioned undertaking.

Conditions Precedent

Pursuant to the SPA, the Completion is conditional upon the fulfilment (or waiver, where applicable) of the Conditions Precedent under the SPA, which comprise the following:

- (a) the Pre-Completion Restructuring having been completed in all material respects in accordance with the SPA, other than any steps expressly permitted under the SPA to be completed after Completion;
- (b) the transaction documents and other implementation documents required for Completion having been duly executed or delivered, including the short form sale and purchase agreement for the purpose of the registration procedures with the State Administration for Market Regulation and other governmental procedures in the PRC, the Trademark Licence Agreement, the Transition Services Agreement and relevant undertaking and security documents;

LETTER FROM THE BOARD

- (c) no governmental authority having newly enacted, issued, promulgated, enforced or entered any legislation, final, non-appealable decision or judgment, that is in effect as of the Completion Date and has the effect of making the transactions contemplated by the SPA illegal, or otherwise restraining or prohibiting their consummation, or causing them to be rescinded following Completion thereof;
- (d) the relevant consent, confirmation or deemed satisfaction having been obtained under the relevant investment agreements with any governmental authority;
- (e) the approval of the Shareholders of the Company (other than the Vendor) at an extraordinary general meeting in accordance with the Company's constitution and the Listing Rules;
- (f) the representations and warranties of the Vendor and the Purchaser under the SPA remaining true, accurate, complete and not misleading in accordance with the terms set out in the SPA, and each party having performed in all material respects its obligations required to be performed on or before Completion; and
- (g) the parties having completed the agreed Completion deliverables, including delivery of evidence of due incorporation and ownership of the Target Company, evidence of completion of the Pre-Completion Restructuring in all material respects, and creation and perfection of the agreed security arrangements for the deferred portion of the consideration of the Acquisition.

The parties shall have the right to jointly waive Conditions Precedent (a), (b) and (d). Conditions Precedent (c) and (e) cannot be waived. The fulfilling party shall fulfil and satisfy Conditions Precedent (f) and (g) unless such party is granted waiver thereof by the other party to the SPA. As at the Latest Practicable Date, none of the Conditions Precedent set forth above has been fulfilled or waived.

Completion

Subject to the fulfillment or waiver of the Conditions Precedent (as the case may be), Completion will take place on the Completion Date. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the Group's financial statements.

Termination

The SPA may be terminated at any time:

- (a) by the mutual written agreement of the Vendor and the Purchaser;

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- (b) prior to Completion, by either party by written notice to the other party if the Conditions Precedent are not fulfilled (or waived, where applicable) on or before the date falling nine (9) months from the date of the SPA (or such later date as the parties may agree in writing), provided that such failure is not caused or materially contributed to by the terminating party; or
- (c) prior to Completion, by either party by written notice to the other party if the other party materially breaches any of its obligations under the SPA and, where such breach is capable of remedy, such breach has not been remedied within 30 business days after receipt of a written notice specifying the breach in reasonable detail.

Basis of the consideration

The consideration of the Acquisition was determined after arm's length negotiation by the parties to the SPA. The Board considered the following principal factors in determining the consideration, namely (i) the unaudited consolidated net assets of the Target Group of approximately RMB548 million as at 31 December 2025, and the loss-making financial performance of the Target Group for the financial years ended 31 December 2024 and 2025, details of which are set out in the paragraph headed "Financial Information" below; (ii) the implied price-to-book (the "**P/B**") multiple (the "**P/B Multiple(s)**") of the Target Group of approximately 0.64 times, representing a discount of approximately 51% to the median P/B Multiples of the comparable companies (the "**Comparable Companies**"); (iii) the Purchase Price adjustment mechanism as described in the paragraph headed "Consideration of the Acquisition" above, which provides protection to the Company by adjusting the final Purchase Price by reference to the actual net asset value of the Target Group at the Completion Date, subject to the cap on the Purchase Price; and (iv) the strategic benefits of the Acquisition as described in the paragraph headed "Reasons for and Benefits of the Acquisition" below.

Taking into account the above factors, the Board considers the consideration to be fair and reasonable and in the interests of the Company and its Shareholders as a whole. In particular, the Board considers the significant discount to the Comparable Companies' P/B Multiples to be justified and appropriate having regard to (i) the Target Group's loss-making financial performance for the years ended 31 December 2024 and 2025; (ii) the inherent execution risks associated with the post-Completion integration of the Target Business into the Group's existing operations; and (iii) the fact that, unlike the Comparable Companies, the Target Group is a private, unlisted business without an established public market for its equity. The Board considers that the discount appropriately reflects these factors while the strategic value of the Acquisition, including enhanced vertical integration, manufacturing capacity utilisation and revenue diversification, provides fair value to the Company and its Shareholders over the medium to long term.

LETTER FROM THE BOARD

P/B Multiples

The Target Group is principally engaged in the manufacturing, marketing and sale of dairy products in China. The business operates two manufacturing facilities and an established sales and distribution network, offering a portfolio of dairy products under the well-recognised Meiji brand and serving a broad customer base across China.

The Directors have considered the valuation of the following Comparable Companies:

	Comparable Companies	Nature of business	Principal place of business	Listing venue and stock code	P/B ^(Note)
1	Bright Dairy & Food Co., Ltd.	Producer and distributor of fresh milk and various dairy products	China	SSE: 600597	1.02 times
2	Beijing Sanyuan Foods Co., Ltd.	Manufacturer and distributor of dairy products, including liquid milk, fermented milk, milk powder, etc.	China	SSE: 600429	1.31 times
3	Xinjiang Terun Dairy Co., Ltd.	Producer and processor of dairy products engaging in the animal husbandry business	China	SSE: 600419	1.00 times
4	Guangdong Yantang Dairy Co., Ltd.	Producer of dairy products and milk beverages, including pasteurised milk, sterilised milk, yogurt, etc.	China	SZSE: 002732	1.32 times
5	Jiangxi Sunshine Dairy Co., Ltd.	Producer of low and room temperature dairy products, low and room temperature milk drinks, and milk powder	China	SZSE: 001318	1.94 times
	Average				1.32 times
	Median				1.31 times

Source: Factset, as of 20 July 2026. HK\$1=RMB0.86669

Note:

P/B refers to the P/B Multiples based on the latest reported book value available as of 20 July 2026.

LETTER FROM THE BOARD

The selection of the Comparable Companies was based on the comparability of the overall industry sector. The comparable public companies were selected with reference to the following selection criteria:

- (i) the companies are principally engaged in the manufacturing and sale of dairy products in the PRC, which is comparable to the Target Group; and
- (ii) the companies are publicly listed and have publicly available financial and market information.

A list of five Comparable Companies that engage in similar business as the Target Group has been considered, in which these companies are considered to be representative. The Directors consider that the Comparable Companies provide a meaningful basis for comparison having regard to their business activities, geographical focus, and operating history. With respect to principal business activities, the Board focused on companies principally engaged in downstream dairy processing, manufacturing and sale of dairy products. Companies whose business performance is primarily driven by dairy product sales and processing activities were considered more comparable to the Target Group than companies with materially different business profiles. In this regard, dairy companies that are primarily engaged in upstream dairy farm operations or those with infant milk formula as key consumer products have been excluded. With respect to geographical focus, the Board considered whether a potential comparable derives its market position primarily from established regional production, distribution and sales platforms, rather than extensive nationwide operations. Regional dairy operators were considered more comparable to the Target Group as they generally exhibit similar market dynamics, customer concentration and competitive characteristics. With respect to operating history, the Board focused on companies with established operating track records in the PRC dairy industry and proven experience in dairy product manufacturing and sales. Companies with mature dairy operations and established customer bases were considered to provide a more reliable valuation reference for the Target Group. Although no two companies are identical, the Comparable Companies share certain business characteristics with the Target Group, including capital intensity, operational risks and industry dynamics, which are relevant factors commonly considered by investors when assessing valuation multiples.

During the screening process, the Board also considered certain larger PRC dairy companies, including China Mengniu Dairy Company Limited and Inner Mongolia Yili Industrial Group Co., Ltd. The Board considered that they operate as national dairy market leaders with nationwide production and distribution networks, significantly larger operating scale, and more diversified product portfolios than the Target Group. Accordingly, the Board did not consider such companies to be directly comparable to the Target Group and therefore excluded them from the final comparable company set.

The Company confirms that the list of Comparable Companies is an exhaustive list and the Comparable Companies represent the final set of companies selected by the Board following its comparable company selection methodology and comparability assessment.

LETTER FROM THE BOARD

The P/B Multiples of the Comparable Companies provided the Board with a relevant valuation benchmark in determining the consideration of the Acquisition. The Directors considered both the average and median P/B Multiples of the Comparable Companies. The Directors consider the median P/B Multiple to be a more appropriate reference point as it is less affected by outliers and therefore better reflects the central tendency of the Comparable Companies.

The P/B Multiple of 0.64 times¹ represents approximately 51.1% discount to the median P/B Multiple of Comparable Companies of 1.31 times and approximately 51.5% discount to the average P/B Multiple of Comparable Companies of 1.32 times.

Furthermore, the Directors consider the P/B multiple to be a more appropriate valuation benchmark than other commonly used valuation multiples, such as the price-to-sales ratio, enterprise value/earnings before interest, taxes, depreciation, and amortization (the “EV/EBITDA”) ratio and price-to-earnings ratio, because: (i) the Target Group has recorded net losses in recent periods, rendering the price-to-earnings ratio less meaningful for valuation purposes; (ii) the EV/EBITDA ratio may not fully reflect the value of the Target Group, given its loss-making position and significant manufacturing asset base; (iii) while the price-to-sales ratio reflects revenue generation, it does not take into account differences in profitability, asset intensity and operating efficiency among companies.

Carve-out Business Accounts

As the Acquisition is conditional upon the completion of the Pre-Completion Restructuring, the Carve-out Business Accounts were prepared on a pro forma basis to reflect the financial position of the Target Group, including: (i) the pro forma profit and loss statement of the Target Group for the financial year ended 31 December 2024, and the financial year ended 31 December 2025; and (ii) the pro forma balance sheet of the Target Group for the financial year ended 31 December 2025.

The Directors therefore considered the pro forma net asset value to be the most relevant measure of book value for the purpose of applying the adopted P/B Multiple in determining the consideration of the Acquisition.

Other Factors

Moreover, the Board has taken into account various strategic and qualitative considerations as detailed in the paragraph headed “Reasons for and Benefits of the Acquisition” below, including the potential operational and commercial synergies arising from the integration of the Target Business with the Group’s existing dairy operations.

¹ The P/B multiple of 0.64 times is based on the cap on the Purchase Price over the unaudited consolidated net assets of the Target Group set forth in the paragraph headed “Financial Information”.

LETTER FROM THE BOARD

The Directors consider that the Target Business is strategically complementary to the Group's existing business and is expected to strengthen the Group's downstream presence, enhance value chain integration and improve operational efficiency, thereby supporting the Group's long-term business strategy.

Information about the Target Group

The Target Company is a company to be established in the PRC with limited liability and will be wholly owned by the Vendor. Upon completion of the Pre-Completion Restructuring, the Target Company will hold the entire equity interest in Meiji Suzhou and Meiji Tianjin.

Meiji Suzhou and Meiji Tianjin are principally engaged in the manufacture of dairy products (including milk, yogurt and cream) in the PRC.

Financial Information

Set out below is the unaudited net profit before and after taxation of the Target Group prepared on the assumption that the Pre-Completion Restructuring has been completed at the beginning of the relevant periods:

	For the year ended 31 December	
	2024	2025
	<i>Unaudited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit (loss) before taxation	(144,322)	(155,865)
Net profit (loss) after taxation	(149,120)	(155,865)

The unaudited consolidated net assets of the Target Group as at 31 December 2025 (assuming completion of the Pre-Completion Restructuring) was approximately RMB548 million and the detailed breakdown is set out below:

	As at
	31 December
	2025
	<i>Unaudited</i>
	<i>RMB'000</i>
Current Assets	
Cash and cash equivalents	1,720
Accounts receivable	41,006
Prepayments	1,480
Other receivables	209,012
Inventory	29,078
Other current assets	1,244
Total current assets	283,540

LETTER FROM THE BOARD

As at
31 December
2025
Unaudited
RMB'000

Non-current Assets

Property, plant and equipment	327,497
Construction in progress	656
Right-of-use assets	352
Intangible assets	38,846
Long-term deferred expenses	43,520
Deferred tax assets	2,602
Total non-current assets	<u>413,473</u>

Total assets

697,013

Current Liabilities

Accounts payable	29,967
Employee benefits payable	4,419
Taxes payable	1,267
Other payables	111,921
Non-current liabilities due within one year	85
Total current liabilities	<u>147,659</u>

Non-current Liabilities

Lease liabilities	198
Deferred income	1,618
Total non-current liabilities	<u>1,816</u>

Total liabilities

149,475

Net assets

547,538

Information about the Group and the Purchaser

The Company is a company incorporated under the laws of Singapore with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 2425) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the raw milk, beef cattle and ancillary businesses in the PRC, including dairy cow breeding and farming, production and sales of raw milk, beef cattle breeding and farming, sales of beef cattle, feed processing and sales of feed products, and sales and distribution of milk products.

The Purchaser is a wholly-owned subsidiary of the Company and its principal business is the sales and distribution of milk products in the PRC.

LETTER FROM THE BOARD

Information about the Vendor

The Vendor is principally engaged in the businesses of the manufacture and sale of milk, yogurt, ice cream and confectionery in the PRC and is a wholly-owned subsidiary of Meiji Japan, a major food company established in Japan with global operations. Meiji Japan in turn is a subsidiary of Meiji Holdings (a company listed on the Tokyo Stock Exchange), a global food and pharmaceutical group.

Reasons for and benefits of the Acquisition

The Group is principally engaged in, among others, dairy farming business, and production and sales of high-quality raw milk.

The Target Group operates two dairy manufacturing facilities located in Suzhou, Jiangsu Province and Tianjin, respectively, with an aggregate designed milk processing capacity of approximately 225,000 tonnes per annum. Due to intense end-market competition, these two facilities operated at aggregate utilisation rate of approximately 25% to 30% during the three years ended 31 December 2025.

The Group is involved in the sale of finished dairy products mainly to business-to-business customers under its ancillary business segment. The revenue generated from such sales ranged from approximately RMB200 million to RMB300 million during the three years ended 31 December 2025. However, the Group has no in-house manufacturing capacity and relies entirely on outsourced manufacturers for processing raw milk into finished dairy products. This outsourcing arrangement limits the Group's ability to effectively control production costs, adjust production volume flexibly, and launch new products in a timely manner, compared with market players that have their own manufacturing facilities. This, in turn, weakens the Group's bargaining position with its business-to-business customers.

The Board believes that the Acquisition represents a strategic opportunity for the Group to expand its business scope beyond raw milk production and strengthen its position across the dairy value chain.

The Target Group's dairy manufacturing operations are a natural downstream extension of the Group's raw milk production capabilities. Following Completion, the Group will be able to integrate its operations across milk sourcing, processing and sales, enabling a greater proportion of its self-produced raw milk to be processed through the Target Group's manufacturing facilities. The Acquisition is expected to improve demand visibility for the Group's raw milk production, thereby reducing its reliance on third-party customers for raw milk sales and mitigating its exposure to raw milk price volatility and cyclical market fluctuations.

The Acquisition will provide the Group with access to established dairy manufacturing facilities, together with existing production capacity, equipment and technical know-how. As the Target Group currently possesses certain established processing capacity with relatively

LETTER FROM THE BOARD

low utilisation rates, the Group intends to introduce its existing business volume (especially business-to-business volume) following Completion to increase production capacity utilisation. This is expected to dilute fixed costs, enhance production efficiency, improve supply chain coordination and strengthen overall cost competitiveness.

The Acquisition will provide the Group with access to the Target Group's established customer relationships and distribution network in the PRC. By leveraging the Target Group's existing business-to-business and business-to-customer channels, the Group expects to broaden its market reach and strengthen its presence across a wider range of customer segments. The Acquisition is also expected to diversify the Group's revenue streams, expand its customer base and reduce customer concentration risk. In addition, the broader sales and distribution network is expected to improve the stability and resilience of the Group's revenue and cash flow profile.

The Acquisition will enable the Group to leverage the Target Group's established brand recognition, customer relationships and market presence in the PRC dairy market. The Directors believe that these existing market positions may facilitate customer retention and support the Group's future business expansion and market penetration following Completion.

In light of the reasons stated above, the Directors (including the independent non-executive Directors) are of the view that, although the entering into of the SPA was not in the ordinary and usual course of business of the Group, the terms of the SPA and the transaction contemplated thereunder are on normal commercial terms after arm's length negotiations, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has or may be regarded as having any material interest in the SPA and the transactions contemplated thereunder and therefore none of the Directors are required to abstain from voting on the Board resolution(s) approving the SPA and the transactions contemplated thereunder.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, the Vendor is a substantial shareholder (as defined under the Listing Rules) of the Company as a result of its interest in 155,451,785 Shares in the Company (representing approximately 15.85% of the entire issued share capital of the Company). Accordingly, the Vendor is a connected person (as defined under the Listing Rules) of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Based on the above, the Acquisition is subject to (i) the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

III. EGM

Notice of EGM

A notice convening the EGM to be held at 4:30 p.m. on Wednesday, 4 November 2026 at 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong is set out in this circular.

Form of Proxy

A form of proxy for use at the EGM 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 EGM (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 (i.e. 4:30 p.m. on Monday, 2 November 2026) appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

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 a procedural or administrative matter to be voted by a show of hands. Accordingly, the resolution put to vote at the EGM 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 authorised representative) shall have one vote for each Share registered in his/her/its name in the register of members. 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. For the avoidance of doubt and for the purposes of the Listing Rules, holders of treasury shares (if any) shall abstain from voting on matters that require shareholders' approval at the Company's general meetings.

Connected Persons Required to Abstain from Voting on the Resolution

As at the Latest Practicable Date, the Vendor is a substantial shareholder (as defined under the Listing Rules) of the Company, holding approximately 15.85% of the entire issued share capital of the Company. The Vendor shall abstain from voting on the resolution in relation

LETTER FROM THE BOARD

to the SPA and the transactions contemplated thereunder at the EGM. Save as disclosed above, to the best of the Directors' knowledge and having made all reasonable enquiries, there are no other Shareholders who have any material interest in the resolution to be proposed at the EGM and therefore are required to abstain from voting on such resolution.

Closure of register of members

In order to determine the entitlement to attend and vote at the EGM, the record date will be Wednesday, 4 November 2026 and the register of members of the Company will be closed from Friday, 30 October 2026 to Wednesday, 4 November 2026, during which period no transfer of Shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 29 October 2026.

IV. RECOMMENDATION

The Directors consider that all matters proposed to be approved at the EGM are in the interests of the Group and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

V. WARNING NOTICE

Shareholders and potential investors of the Company should note that Completion is subject to certain Conditions Precedent which may or may not be fulfilled; and as the Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

Yours faithfully,
By order of the Board
AustAsia Group Ltd.
YANG Ku

Executive Director and Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the transactions contemplated under the SPA.



29 September 2026

To the Independent Shareholder(s)

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION

We refer to the circular dated 29 September 2026 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in the Circular shall have the same meanings herein.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the transactions contemplated under the SPA are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the transactions contemplated under the SPA.

After taking into account the advice of Altus Capital Limited as set out on pages IFA-1 to IFA-27 of the Circular, we are of the view that while the entering into of the SPA is not in the ordinary and usual course of the business of the Group, the terms of the SPA are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the transactions contemplated under the SPA.

Yours faithfully

The Independent Board Committee

Mr. SUN Patrick

Mr. CHANG Pan, Peter
Independent Non-executive Directors

Mr. LI Shengli

** For identification purpose only*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, which has been prepared for the purposes of incorporation in this circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street Central
Hong Kong

29 September 2026

To the Independent Board Committee and the Independent Shareholders

AustAsia Group Ltd.
317 Outram Road
#03-01A, Concorde Shopping Centre
Singapore 169075

Dear Sirs/Madams,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the sale and purchase agreement (the “SPA”) and the transactions contemplated thereunder (the “**Transaction**”). The details are set out in the “Letter from the Board” contained in the circular of the Company dated 29 September 2026 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

As stated in the Letter from the Board, on 21 July 2026, Shanghai AustAsia Food Co., Ltd.* (上海澳雅食品有限公司) (the “**Purchaser**”), being a wholly-owned subsidiary of the Company, and Meiji (China) Investment Co., Ltd.* (明治(中國)投資有限公司) (the “**Vendor**”) entered into a conditional sale and purchase agreement pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the entire equity interest (the “**Sale Equity Interest**”) in a wholly-owned subsidiary of the Vendor to be established in the PRC (the “**Target Company**”) for the purpose of holding the Target Business, for a consideration consisting of the Base Purchase Price of RMB320,000,000 and the Adjustment Amount (if any), subject to a cap on the Purchase Price of RMB350,000,000.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As a condition precedent to the Acquisition, the Vendor must complete the Pre-Completion Restructuring, which includes (i) the incorporation of the Target Company; (ii) the transfer of the Transferred Assets, the Target Subsidiaries and the Transferred Employees to the Target Company; and (iii) the transfer or novation of the Transferred Contracts.

Upon completion of the Pre-Completion Restructuring, the Target Company will operate the Target Business previously carried on by the Vendor. Upon completion, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the latest practicable date, the Vendor is a substantial shareholder (as defined under the Listing Rules) of the Company as a result of its interest in 155,451,785 Shares in the Company (representing approximately 15.85% of the entire issued share capital of the Company). Accordingly, the Vendor is a connected person (as defined under the Listing Rules) of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on the above, the Acquisition is subject to (i) the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee comprising all of the independent non-executive Directors, namely, Mr. Sun Patrick, Mr. Chang Pan, Peter and Mr. Li Shengli, to advise the Independent Shareholders as to whether (i) the entering into of the SPA is in the interests of the Company and the Shareholders as a whole; (ii) the terms of the SPA and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed resolution at the EGM to approve the Acquisition (the "**Resolution**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the SPA and the transactions contemplated under the SPA are in the interests of the Company and the Shareholders as a whole; (ii) the terms of the SPA and the transaction contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the proposed Resolution at the EGM.

We had acted as the independent financial adviser of the Company in respect of the whitewash waiver in relation to the rights issue, details of which were set out in the Company's circular dated 5 June 2025. Except for such transaction, we have not acted as the independent financial adviser or financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules and given that remuneration for our engagement to opine on the SPA and the transactions contemplated thereunder is at market level and not conditional upon successful passing of the Resolution, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the SPA; (ii) the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”); (iii) the annual report of the Company for the year ended 31 December 2025 (the “**2025 Annual Report**”); (iv) the interim results announcement of the Company for the six months ended 30 June 2026 (the “**2026 Interim Results Announcement**”); (v) the Announcement dated 21 July 2026; and (vi) other information contained or referred to in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of the EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

1.1 Principal businesses of the Group

The Group's business is divided into two main segments, namely the raw milk business and beef cattle business. It also has an ancillary business which includes the sales of dairy products, feed products, beef products, and cattle embryos and semen.

The raw milk segment is the Group's core business, accounting for 77.2% of total revenue for the year ended 31 December 2025. During the year ended 31 December 2025, revenue from raw milk sales declined by 7.3%, primarily due to a drop in the average selling price during the period. Despite these challenges, the Group managed to reduce feed costs; as a result, the gross profit of the raw milk segment increased by 4.4% for the year ended 31 December 2025. The Group currently owns and operates 11 large-scale dairy farms across Shandong and Inner Mongolia in the PRC, which are strategically positioned to optimise production and market access.

The beef cattle segment operates synergistically alongside the raw milk business, utilising skills, knowledge, experience and dairy cattle breeding capacity from the dairy farming. While revenue from beef cattle sales decreased by 9.3%, the gross profit of the Group's beef cattle business turned around to a profit of RMB24.3 million for the year ended 31 December 2025 from a gross loss of RMB90.0 million for the year ended 31 December 2024. This improvement was mainly driven by a decrease in feed costs and an increase in the average selling price. The Group currently owns and operates 2 large-scale beef cattle feedlots in Shandong and Inner Mongolia in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Financial information of the Group

Set out below is a table summarising certain key financial information of the Group extracted from the 2025 Annual Report and the 2024 Annual Report.

Extract of consolidated statement of profit or loss

	For the six months		For the year ended 31 December		
	ended 30 June		ended 30 June	ended 31 December	ended 31 December
	2026	2025	2025	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
REVENUE	1,725,897	1,697,917	3,467,914	3,683,841	3,924,360
– Raw milk	1,303,512	1,309,177	2,678,295	2,888,940	3,341,602
– Beef cattle	248,536	234,321	451,484	497,946	361,992
– Ancillary	173,849	154,419	338,135	296,955	220,766
Cost of sales	(1,698,331)	(1,691,581)	(3,446,638)	(3,666,842)	(3,906,318)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	354,234	283,609	588,751	564,084	694,044
Gains/(Losses) arising from changes in fair value less cost to sell of beef cattle	4,393	5,962	24,281	(90,047)	(3,624)
Gross profit	386,193	295,907	634,308	491,036	708,462
Losses arising from changes in fair value less costs to sell of other biological assets	(74,016)	(462,425)	(945,965)	(1,260,646)	(667,883)
Administrative expenses	(115,398)	(103,381)	(210,852)	(231,529)	(225,553)
Finance costs	(115,197)	(147,027)	(282,725)	(282,295)	(268,948)
PROFIT/(LOSS) FOR THE PERIOD	108,441	(377,783)	(750,619)	(1,269,287)	(488,791)

Six months ended 30 June 2025 (“IH2025”) compared with six months ended 30 June 2026 (“IH2026”)

The Group’s revenue increased by 1.6% from RMB1,697.9 million in 1H2025 to RMB1,725.9 million in 1H2026. This growth was primarily driven by the increase in the average selling prices of beef cattle and the increase in feed sales volume. Revenue from the beef cattle business grew by 6.1% from RMB234.3 million in 1H2025 to RMB248.5 million in 1H2026, while revenue from the ancillary business, which includes mainly the sales of dairy products and feed products, expanded by 12.6% from RMB154.4 million to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB173.8 million over the same period. Revenue from raw milk sales remained relatively stable, ticking down marginally by 0.4% from RMB1,309.2 million in 1H2025 to RMB1,303.5 million in 1H2026.

Before taking into account the raw milk fair value adjustments, the cost of direct materials for the raw milk business decreased by 6.9% from RMB720.0 million in 1H2025 to RMB670.1 million in 1H2026, which was primarily due to a decline in feed costs. Before taking into account the beef cattle fair value adjustments, the cost of direct materials for the beef cattle business decreased by 14.1% from RMB195.5 million in 1H2025 to RMB167.9 million in 1H2026, which was driven by both lower sales volume of beef cattle and lower feed costs. Driven by these operational cost savings, an increase in the average selling price of beef, and higher feed sales volume in the ancillary segment, gross profit increased by 30.5%, from RMB295.9 million in 1H2025 to RMB386.2 million in 1H2026.

Losses arising from changes in fair value less costs to sell of other biological assets recorded a substantial decrease of 84.0%, dropping from RMB462.4 million in 1H2025 to RMB74.0 million in 1H2026. This significant drop was mainly attributable to the decline in feed cost per kilogram of raw milk and the rise in the selling price of culling cattle. Administrative expenses increased by 11.6% year-on-year from RMB103.4 million in 1H2025 to RMB115.4 million in 1H2026 mainly as a result of (i) the higher personnel-related expenses of RMB9.7 million; and (ii) administrative expenses of RMB1.9 million incurred following the acquisition of Inner Mongolia Chifeng Boyuan Cattle Breeding Co., Ltd. in 2026. Finance costs decreased by 21.6% from RMB147.0 million in 1H2025 to RMB115.2 million in 1H2026, primarily reflecting the reduced interest expense burden.

As a result of the combined effects of enhanced farming operational efficiency, higher beef selling prices, and the substantial reduction in biological asset revaluation losses, the Group achieved a successful turnaround in bottom-line financial performance, reporting a net profit for the period of RMB108.4 million in 1H2026, compared to a net loss of RMB377.8 million in 1H2025.

Year ended 31 December 2024 (“FY2024”) compared with year ended 31 December 2025 (“FY2025”)

The Group’s revenue decreased by 5.9% from RMB3,683.8 million in FY2024 to RMB3,467.9 million in FY2025. This was primarily driven by a drop in the average selling price of raw milk during the period. The revenue of the Group’s ancillary business segment increased from approximately RMB297.0 million in FY2024 to RMB338.1 million in FY2025. Notwithstanding the decline in revenue, the Group’s gross profit increased by 29.2% from RMB491.0 million in FY2024 to RMB634.3 million in FY2025, which reflected the fair value adjustment of biological assets. Before taking into account the raw milk fair value adjustments, the cost of direct materials for the raw milk business decreased by 13.5% from RMB1,673.9 million in FY2024 to RMB1,448.6 million in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2025, which was primarily due to a decline in feed costs. Before taking into account the beef cattle fair value adjustments, the cost of direct materials for the beef cattle business decreased by 22.9% from RMB456.2 million in FY2024 to RMB351.6 million in FY2025, which was driven by both a reduction in sales volume and lower feed costs. Driven by these operational cost savings, gross profit increased by 29.2%, from RMB491.0 million in FY2024 to RMB634.3 million in FY2025.

Losses arising from changes in the fair value less costs to sell of other biological assets decreased by 25.0% from RMB1,260.6 million in FY2024 to RMB946.0 million in FY2025. Such significant losses in FY2025 were mainly due to the lower raw milk price assumptions used to derive the fair value of biological assets. Such large losses were the main drivers to the Company's enlarged loss during FY2025. Administrative expenses decreased by 8.9%, amounting to RMB210.9 million in FY2025 compared to RMB231.5 million in FY2024. Finance costs remained relatively stable, ticking up by 0.2% from RMB282.3 million in FY2024 to RMB282.7 million in FY2025.

As a result of the foregoing, the Group reported a narrowed loss of RMB750.6 million in FY2025, compared to a loss of RMB1,269.3 million in FY2024.

Year ended 31 December 2023 ("FY2023") compared with year ended 31 December 2024 ("FY2024")

The Group's revenue decreased by 6.1% from RMB3,924.4 million in FY2023 to RMB3,683.8 million in FY2024. This was primarily driven by a 17.0% decline in the average raw milk selling prices and a 16.4% decrease in the average beef cattle selling price, which offset the impact of a 4.2% increase in raw milk sales volume and a 64.5% increase in beef cattle sales volume during FY2024. The revenue of the Group's ancillary business segment increased from approximately RMB220.8 million in FY2023 to RMB297.0 million in FY2024. The gross profit declined by 30.7%, from RMB708.5 million in FY2023 to RMB491.0 million in FY2024. Before taking into account the raw milk fair value adjustments, the cost of direct materials for the raw milk business decreased by 16.2% from RMB1,996.8 million in FY2023 to RMB1,673.9 million for FY2024. Such decrease was mainly due to the decrease in the number of milkable cows and the decrease in the feeding costs. Before taking into account the beef cattle fair value adjustments, the cost of direct materials for the beef cattle business increased by 60.7% from RMB283.9 million in FY2023 to RMB456.2 million in FY2024 which was due to the increase in the number of beef cattle and partially offset by the decrease in the feeding cost.

Losses arising from changes in the fair value less costs to sell of other biological assets, which increased by 88.7% from RMB667.9 million in FY2023 to RMB1,260.6 million in FY2024 was mainly due to lower raw milk price used in the assumption to drive fair value of biological assets. Such large losses were the main drivers to the Company's

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

enlarged loss during FY2024. Administrative expenses increased, which amounted to RMB231.5 million in FY2024, representing a year-on-year increase of 2.6% during FY2024. Finance costs also grew from RMB268.9 million to RMB282.3 million.

As a result of the foregoing, the Group reported a deeper loss of RMB1,269.3 million in FY2024, compared to a loss of RMB488.8 million in FY2023.

Extract of consolidated statement of financial positions

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)	As at 31 December 2024 RMB'000 (audited)	2023 RMB'000 (audited)
Total assets	8,613,349	8,835,125	9,872,075	11,177,364
Property, plant and equipment	2,858,231	2,957,695	3,159,924	3,361,082
Right-of-use assets	1,313,011	1,358,427	1,400,676	1,518,608
Biological assets	2,973,485	2,719,640	3,324,174	4,053,416
Cash and cash equivalents	286,180	341,681	281,921	273,999
Inventories	696,445	1,002,105	1,151,662	1,311,682
Trade receivable	299,387	264,627	296,703	367,049
Total liabilities	5,151,799	5,499,824	6,064,563	6,101,698
Interest-bearing bank borrowings	2,824,349	2,925,170	3,498,392	3,400,323
Trade payable	528,551	723,573	692,302	785,309
Other payables and accruals	327,490	375,679	390,991	368,999
Lease liabilities	1,422,178	1,430,138	1,441,039	1,505,227
Net assets	3,461,550	3,335,301	3,807,512	5,075,666

Capital adequacy ratio

	As at 30 June 2026 (unaudited)	As at 31 December 2025 (audited)	As at 31 December 2024 (audited)	2023 (audited)
Gearing ratio	123%	131%	130%	97%

Note: The Group's gearing ratio is calculated at debt (interest-bearing bank borrowings and lease liabilities) divided by total equity.

The Group's total assets principally consisted of biological assets, property, plant and equipment, right-of-use assets and inventories. Total assets declined continuously from RMB11.2 billion as at 31 December 2023 to RMB8.8 billion as at 31 December 2025 and further contracted slightly to RMB8.6 billion as at 30 June 2026. This reduction

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between 31 December 2023 and 31 December 2025 was primarily driven by a decline in biological assets and property, plant and equipment. Biological assets dropped from RMB4.1 billion as at 31 December 2023 to RMB3.3 billion as at 31 December 2024, and further decreased to RMB2.7 billion as at 31 December 2025. Such decrease in biological assets was mainly attributable to the impact of fair value adjustments reflecting lower market prices. Reversing this trend, biological assets increased to RMB3.0 billion as at 30 June 2026. Property, plant and equipment continuously decreased from RMB3.4 billion as at 31 December 2023 to RMB2.9 billion as at 30 June 2026 due to depreciation over the period, while inventories shrank from RMB1.3 billion to RMB696.4 million over the same period.

The Group's cash and cash equivalents saw modest, steady growth from 31 December 2023 to 31 December 2025, ticking up from RMB274.0 million as at 31 December 2023 to RMB282.0 million as at 31 December 2024, and rising to RMB341.7 million as at 31 December 2025, primarily due to the increase in the net cash flows from operating activities during the periods. The Group's cash and cash equivalents decreased from RMB341.7 million as at 31 December 2025 to RMB286.2 million as at 30 June 2026. While the Group's net cash flows from operating activities continued to be positive, amounting to RMB416.5 million during the six months ended 30 June 2026, this was offset by net cash outflows used in investing activities of RMB248.5 million and net cash outflows used in financing activities of RMB223.1 million, leading to an overall decrease in the cash and cash equivalents as at 30 June 2026 (detailed analysis of the Group's cash flows is set out below).

The Group's total liabilities primarily consisted of interest-bearing bank borrowings and lease liabilities. Total liabilities remained relatively stable between 2023 and 2024, marginally decreasing from RMB6,101.7 million to RMB6,064.6 million. It subsequently decreased to RMB5,499.8 million as at 31 December 2025 and further decreased to RMB5,151.8 million as at 30 June 2026 primarily due to the reduction in interest-bearing bank borrowings. Interest-bearing bank borrowings decreased from RMB3,400.3 million as at 31 December 2023 to RMB2,925.2 million as at 31 December 2025 and further decreased to RMB2,824.3 million as at 30 June 2026, reflecting a reduced reliance on debt financing. Meanwhile, lease liabilities dropped from RMB1,505.2 million as at 31 December 2023 to RMB1,441.0 million as at 31 December 2024, and further decreased to RMB1,430.1 million at 31 December 2025, and remained relatively stable at RMB1,422.2 million as at 30 June 2026.

The Group's net assets experienced continuous compression from 31 December 2023 to 31 December 2025, followed by a recovery as at 30 June 2026. The Group's net assets decreased from RMB5.1 billion as at 31 December 2023 to RMB3.8 billion as at 31 December 2024, and further contracted to RMB3.3 billion as at 31 December 2025. This compression was mainly due to the net losses incurred over the period, which were primarily driven by non-cash losses arising from changes in fair value less costs to sell of other biological assets. Reversing this downward trajectory, net assets recovered to RMB3.5 billion as at 30 June 2026, supported by the Group's operational turnaround to

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net profitability in 1H2026 alongside an 84.0% drop in non-cash biological asset revaluation losses. In line with the movements in net assets and the Group's debt management, the Group's gearing ratio increased from 97.0% as at 31 December 2023 to 130.0% as at 31 December 2024 due to the contraction in the net asset base. As the decrease in interest-bearing bank borrowings paralleled the contraction in net assets, the gearing ratio remained stable at 131% as at 31 December 2025. Benefiting from both the net asset increase and ongoing bank debt repayments that reduced total interest-bearing borrowings from RMB2.9 billion to RMB2.8 billion, the Group's gearing ratio improved to 123% as at 30 June 2026.

Extract of consolidated statement of cash flows

	For the six months		For the year ended 31 December		
	ended 30 June				
	2026	2025	2025	2024	2023
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)
Net cash flows from operating activities	416,495	500,263	1,013,324	813,551	183,960
Net cash flows used in investing activities	(248,492)	(162,907)	(319,718)	(561,032)	(1,220,102)
Net cash flows (used in)/from financing activities	(223,100)	(348,404)	(633,732)	(244,700)	910,754
Net increase/(decrease) in cash and cash equivalents	(55,097)	(11,048)	59,874	7,819	(125,388)
Effects of foreign exchange rate changes, net	(404)	(10)	(114)	103	1,441
Cash and cash equivalents at the beginning of the year	341,681	281,921	281,921	273,999	397,946
Cash and cash equivalents at the end of the year	286,180	270,863	341,681	281,921	273,999

The Group's cash flow position improved significantly over the three-year period ended 31 December 2025, shifting from a cash deficit to a steady growth. This turnaround was driven by net cash flows from operating activities, which grew significantly from RMB184.0 million for the FY2023 to RMB813.6 million in FY2024, and reached RMB1,013.3 million for FY2025 due to stronger cash generation from the business operations. Meanwhile, net cash flows used in investing activities dropped from an outflow of RMB1,220.1 million in FY2023 to RMB319.7 million in FY2025. This trend reflects reduced capital commitments for biological assets and property, plant, and equipment, combined with steady proceeds realised from biological asset disposals. Net cash flows used in financing activities shifted from an inflow of RMB910.8 million in FY2023 to outflows of RMB244.7 million in FY2024 and RMB633.7 million in FY2025 as the Group paid down its debts and lease obligations.

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During 1H2026, the Group recorded net operating cash inflows of RMB416.5 million, compared to RMB500.3 million recorded in 1H2025. Net cash used in investing activities rose from RMB162.9 million in 1H2025 to RMB248.5 million in 1H2026, driven by biological asset additions and purchases of property, plant and equipment. Meanwhile, net cash used in financing activities narrowed from RMB348.4 million in 1H2025 to RMB223.1 million in 1H2026, primarily due to reduced net debt repayments. Consequently, cash and cash equivalents stood at RMB286.2 million as at 30 June 2026.

Section Summary

Overall, we observed that the majority of the Group's revenue was contributed by its raw milk segment and beef cattle segment. Over the three years ended 31 December 2025, the Group's revenue experienced a continuous decline, largely driven by downward pressure on the average selling prices of raw milk and beef cattle. Despite shrinking top-line revenues, gross profit increased in FY2025 due to operational cost savings and lower feed costs. Nevertheless, the Group remained unprofitable throughout FY2023 to FY2025, reporting net losses across all three years, primarily driven by substantial, non-cash losses arising from changes in the fair value less costs to sell of other biological assets during the years. In 1H2026, the Group achieved a financial turnaround, returning to net profitability with a net profit of RMB108.4 million. This turnaround was primarily supported by an increase in gross profit of 30.5% to RMB386.2 million (with gross profit margin enhancing from 17.4% in 1H2025 to 22.4% in 1H2026) driven by higher average beef prices and lower feed costs, and a significant 84.0% reduction in non-cash biological asset revaluation losses resulting from industry-wide reductions in feed costs per kg of raw milk and rising culling cattle prices.

From a financial position perspective, the Group's balance sheet has shown a steady contraction throughout FY2023 to FY2025, with total assets declining which is primarily due to losses driven by non-cash fair value impairments on biological assets. Net assets compressed over the three years as a result of the accumulated net losses, causing the gearing ratio to increase in FY2024 before stabilising in FY2025. Reversing this downward trajectory, net assets rose to RMB3.5 billion as at 30 June 2026, supported by 1H2026 net profitability. Coupled with ongoing bank debt repayments that reduced interest-bearing borrowings from RMB2.9 billion to RMB2.8 billion, the Group's gearing ratio improved to 123% as at 30 June 2026.

The Group's cash flow position improved significantly over the three-year period ended 31 December 2025, shifting from a cash deficit to steady growth. Although the Group's net cash flows in 1H2026 experienced a decrease, the Group continued to maintain positive organic cash generation from operating activities throughout the three years ended 31 December 2025 and 1H2026.

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1.3 Outlook of the Group

As noted from the 2025 Annual Report and the 2026 Interim Results Announcement, the Group remains confident in the long-term prospects and structural recovery of China's dairy and beef cattle industries. Despite short-term industry headwinds and challenges, the Group believes that the foundation of China's consumer market remains solid and anticipates that demand-driven benefits in the beef cattle sector will persist, delivering a positive overall industry outlook. Driven by growing health consciousness and national supportive policies, demand for high-quality dairy products and premium beef is expected to grow steadily. To promote the high-quality development, the Group stated in the 2025 Annual Report and the 2026 Interim Results Announcement that its strategy will focus on, amongst others, enhancing operational efficiency, diversifying its customer base and sales channels, expanding high-end beef cattle operations, strengthening operational integration and technological innovation, exercising tight controls over capital expenditures, and embedding eco-sustainability into its daily operations.

Based on our discussions with Management, a key strategic initiative of the Group to promote high-quality development is achieving downstream vertical integration. While the Group's existing operations are primarily focused on upstream dairy farming and raw milk production, the proposed Acquisition provides a pivotal opportunity to expand its presence in the downstream dairy market and enable the Group to achieve a vertically integrated dairy value chain. By incorporating the Target Group's manufacturing assets and established sales channels, the Group will integrate its operations across milk sourcing, processing and distribution.

As detailed in the section headed "3. Reasons for and benefits of the proposed Acquisition" in this letter, this downstream integration directly supports the Group's long-term corporate growth and aligns with the strategic initiatives set out in the 2025 Annual Report and the 2026 Interim Results Announcement. Specifically, the Acquisition is expected to (i) enable the Group to process a higher proportion of self-produced raw milk internally through the Target Group's facilities, thereby reducing reliance on third parties for raw milk sales and reducing the sensitivity of the Group's financial performance to raw milk price volatility and market cyclicity; (ii) enhance cost competitiveness by processing the Group's raw milk internally to optimise utilisation at the Target Group's facilities in Suzhou and Tianjin, thereby reducing fixed manufacturing costs; and (iii) diversify revenue streams by leveraging the Target Group's manufacturing capacity and established channels to strengthen the Group's downstream presence and broaden the Group's customer base.

2. Background information and principal business of the Vendor

The Vendor is principally engaged in the businesses of the manufacture and sale of milk, yogurt, ice cream and confectionery in the PRC and is a wholly-owned subsidiary of Meiji Japan, a major dairy industry company established in Japan with global operations. Meiji Japan in turn is a subsidiary of Meiji Holdings (a company listed on the Tokyo Stock Exchange), a global food and pharmaceutical group.

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3. Background information of the Target Group

3.1 Principal businesses of the Target Group

The Target Company is a company to be established in the PRC with limited liability. Pursuant to the SPA, the completion of the Acquisition is conditional upon the fulfillment of the Pre-Completion Restructuring, which includes (i) the incorporation of the Target Company; (ii) the transfer of the Transferred Assets, the Target Subsidiaries and the Transferred Employees to the Target Company; and (iii) the transfer or novation of the Transferred Contracts. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and will hold the entire equity interest in Meiji Suzhou and Meiji Tianjin, both of which are principally engaged in the manufacture of dairy products (including milk, yogurt, and cream) in the PRC. Following the Pre-Completion Restructuring, the Target Group will operate two manufacturing facilities and an established sales and distribution network, offering a portfolio of dairy products and serving a broad customer base across China.

3.2 Financial information of the Target Group

Set out below is the unaudited pro forma net profit before and after taxation of the Target Group prepared on the assumption that the Pre-Completion Restructuring has been completed at the beginning of the relevant periods. This has not included the expenses relating to the transferred employees and other applicable excluded costs, which are estimated to be approximately RMB1.6 million and primarily comprise human resources, research and development, and IT-related costs.

	For the year ended 31 December	
	2024	2025
	<i>Unaudited</i> <i>RMB'000</i>	<i>Unaudited</i> <i>RMB'000</i>
Net profit (loss) before taxation	(144,322)	(155,865)
Net profit (loss) after taxation	(149,120)	(155,865)

The Target Group remained loss-making in FY2024 and FY2025, with net loss after taxation expanding from approximately RMB149.1 million for the year ended 31 December 2024 to approximately RMB155.9 million for the year ended 31 December 2025. This was primarily attributable to the low utilisation rates of its manufacturing facilities (approximately 25% to 30% during the three years ended 31 December 2025), ongoing brand marketing expenditures, and intense price competition in the PRC dairy product market during the period.

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As at 31 December 2025, the unaudited consolidated net asset value of the Target Group (assuming completion of the Pre-Completion Restructuring) was approximately RMB548 million, and the detailed breakdown of key items is set out below:

	For the year ended 31 December 2025 <i>Unaudited</i> RMB'000
<u>Current Assets</u>	
Other receivables	209,012
Total current assets	283,540
<u>Non-current Assets</u>	
Property, plant and equipment	327,497
Total non-current assets	413,473
Total assets	697,013
 <u>Current Liabilities</u>	
Other payables	111,921
Total current liabilities	147,659
<u>Non-current Liabilities</u>	
Deferred income	1,618
Total non-current liabilities	1,816
Total liabilities	149,475
Net assets	547,538

As at 31 December 2025, the Target Group's current assets were primarily comprised of other receivables of approximately RMB209.0 million, while its non-current assets mainly consisted of property, plant and equipment of approximately RMB327.5 million. The current liabilities of the Target Group were primarily comprised of other payables of approximately RMB111.9 million, whereas its non-current liabilities mainly consisted of deferred income of approximately RMB1.6 million.

We note that, following Pre-Completion Restructuring, the Target Group will hold two dairy manufacturing facilities located in Suzhou and Tianjin, which occupy approximately 66,000 sq.m. in total, and have an aggregate designed milk processing capacity of approximately 225,000 tonnes per annum. According to the Management, the two facilities remain operational and have been maintained in the ordinary course of business. The facilities also hold the necessary licenses, including the Food Production License, ISO 14001 Environmental Management System Certification, and Food Safety System Certification 22000 required for their existing dairy manufacturing operations. In addition, the Target Group has accumulated technical know-how in dairy processing, including extended shelf-life technology and reverse osmosis membrane concentration, which support the production of higher quality dairy products.

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We also note that the Target Group operates an established business-to-business (B2B) and business-to-consumer (B2C) distribution network covering major hypermarkets, e-commerce platforms, and beverage chains across East and North China. Accordingly, the Target Group provides not only manufacturing capacity, but also downstream processing capability and sales channels which the Group does not currently possess to the same extent.

We understand from the Management that, following Completion, the Group intends to utilise the Target Group's manufacturing facilities as an important processing platform for its downstream dairy business and gradually introduce part of its existing business volume into such facilities. In particular, the Acquisition is expected to: (i) provide the Group with access to the Target Group's established customer relationships and distribution network in the PRC and broaden its market reach, strengthen its presence across a wider range of customer segments, expand its customer base and reduce customer concentration risk; (ii) enable the Group to introduce its existing business volume (especially B2B volume) into the Target Group's manufacturing facilities following Completion to increase production capacity utilisation, dilute fixed costs, enhance production efficiency, improve supply chain coordination and strengthen overall cost competitiveness; and (iii) integrate the Group's operations across milk sourcing, processing and sales, with the Target Group's processing capabilities, enabling a greater proportion of its self-produced raw milk to be processed through the Target Group's manufacturing facilities and strengthening its position across the dairy value chain.

In assessing the fairness and reasonableness of the Acquisition, we have taken into account that, despite the loss-making position recorded in FY2024 and FY2025, the Target Group possesses operational manufacturing facilities, relevant dairy processing know-how and established downstream sales channels. These assets and capabilities are expected to support the Group's downstream integration strategy, enabling a greater proportion of the Group's self-produced raw milk to be processed through the Target Group's manufacturing facilities, enhance supply chain efficiency across milk sourcing, processing and sales and provide a basis for potential cost and operational synergies following Completion.

Having considered the above, together with the Purchase Price Cap being lower than the unaudited consolidated net assets of the Target Group as at 31 December 2025 and the Reference NAV, we concur with the Management that the Acquisition is in the interests of the Company and the Shareholders as a whole.

4. Reasons for and benefits of the proposed Acquisition

The Group is principally engaged in, among others, the dairy farming business, and the production and sales of high-quality raw milk, while also engaging in the sale of finished dairy products under its ancillary business segment. The Acquisition represents a strategic opportunity for the Group to expand its downstream and end-market sales and strengthen its

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position across the dairy value chain. Through the acquisition of the Target Company, the Group will integrate downstream dairy manufacturing (including milk, yogurt and cream products), leveraging two established manufacturing facilities and a broad sales network across the PRC.

In evaluating the fairness and reasonableness of the Acquisition, we have taken into account the following principal factors and reasons:

(a) Enhancement of capacity utilisation and cost competitiveness in line with the Group's strategic objectives

As disclosed in the Group's 2025 Annual Report and 2026 Interim Results Announcement, a core strategic direction of the Group is to enhance operational efficiency and maintain a robust cost competitiveness framework. The Acquisition provides the Group with immediate access to established dairy manufacturing facilities, together with existing production capacity, equipment, and technical know-how.

Currently, the Group's ancillary business involves the sale of finished dairy products to business-to-business customers. The revenues generated from the sale of finished dairy products ranged from approximately RMB200 million to RMB300 million during the three years ended 31 December 2025. Given that the Group has no manufacturing facilities, the Group is required to engage third-party manufacturers for raw milk processing, which not only incurs third-party processing costs, but also restricts the Group's commercial negotiation leverage for larger end-customer orders. The Target Group currently operates two manufacturing facilities in Suzhou and Tianjin with established processing capacity, which operated at relatively low overall utilisation rates of approximately 25% to 30% during the three years ended 31 December 2025, due to intense end-market competition. Following Completion, the Group intends to integrate its operations across milk sourcing, processing and sales, enabling the Group to utilise the Target Group's facilities for in-house processing to fulfill the existing end-customers' demand, thereby streamlining processing and logistics costs. In addition, the Acquisition will also provide the Group with enhanced bargaining power to expand its end-market scale by utilising this manufacturing capacity.

Furthermore, the Acquisition is also expected to dilute fixed costs, optimise supply chain logistics, and enhance overall unit cost competitiveness, which directly aligns with the operational efficiency and integration objectives outlined in the 2025 Annual Report and 2026 Interim Results Announcement.

(b) Downstream integration to reduce reliance on raw milk sales

As discussed in the section headed "1.2 Financial information of the Group" in this letter, the Group's total revenue recorded year-on-year declines of approximately 6.1% in FY2024 and 5.9% in FY2025, respectively, primarily due to the downward pressure on the average selling price of raw milk. In addition, the Group's bottom-line performance was heavily affected by the substantial non-cash losses arising from changes in fair value less costs to sell

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of other biological assets. Such substantial non-cash losses were mainly due to lower raw milk price used in the assumption to drive fair value of biological assets, illustrating that the Group's financial results were largely impacted by raw milk price volatility.

The Target Group's dairy manufacturing operations represent a natural downstream extension of the Group's raw milk production capabilities. Following Completion, the Group will be able to integrate its operations across milk sourcing, processing, and sales, enabling a greater proportion of its self-produced raw milk to be processed and sold through downstream channels. According to data from the Ministry of Agriculture and Rural Affairs of the PRC, the average price of raw milk in the 10 major producing provinces declined by approximately 30% from around RMB4.27/kg in the first quarter of 2021 to approximately RMB3.03/kg in the first quarter of 2026. Against this backdrop, the Acquisition is expected to diversify the Group's revenue streams and increase the proportion of value-added dairy products within the Group's product portfolio, thereby reducing its reliance on raw milk sales and broadening its sources of revenue. As a result, the Group's revenue base is expected to become more diversified and less dependent on raw milk sales and in turn less susceptible to raw milk price volatility and cyclical market fluctuations.

(c) Diversification of revenue streams and strengthening of liquidity and cash flow resilience

Based on our review of the Group's financial position, although its net assets decreased primarily due to the net losses incurred over the years, the Group's liquidity has shown a turnaround, with net cash flows from operating activities growing significantly from approximately RMB184.0 million for the year ended 31 December 2023 to RMB1,013.3 million for the year ended 31 December 2025, and reached RMB416.5 million for the six months ended 30 June 2026.

The Acquisition will provide the Group with access to the Target Group's established customer relationships and distribution network. By leveraging the Target Group's manufacturing facilities and its existing end-customer channels, the Group expects to broaden its market reach and strengthen its presence across a wider range of downstream customer segments. This directly aligns with the strategic mandate in the 2025 Annual Report to actively develop new customers and diversify sales channels to reduce operational and customer concentration risks. In addition, expanding into downstream consumer product markets through the sales of dairy products is expected to diversify the Group's revenue streams and improve the long-term stability and resilience of its revenue and cash flow profile.

Section summary

Having considered the foregoing, in particular that the Acquisition bridges the gap between raw milk production and end-consumer markets, optimises facility utilisation to lower fixed costs, and reduces the Group's reliance on third-party customers for raw milk sales and provides a downstream channel for part of its raw milk production, we concur with the

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Directors' view that the Acquisition is in line with the strategic directions outlined in the 2025 Annual Report and the 2026 Interim Results Announcement, and the entering into of the SPA is in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the SPA

For further information of the SPA, please refer to the paragraph headed "II. The SPA" in the "Letter from the Board" in the Circular. When considering the fairness and reasonableness of the terms of the SPA, we have taken into account the following factors.

5.1 Consideration for the Acquisition

According to the "Letter from the Board" of the Circular, the Consideration for the Sale Equity Interest is the Purchase Price to be paid by the Purchaser, the Purchase Price consists of the Base Purchase Price of RMB320,000,000 and the Adjustment Amount, if any, subject to a cap of RMB350,000,000 (the "**Purchase Price Cap**"):

- (1) **The Base Purchase Price:** pursuant to the SPA, the Base Purchase Price is RMB320,000,000.
- (2) **The Adjustment Amount:** pursuant to the SPA, the Purchase Price is subject to the adjustment by reference to the consolidated net asset value of the Target Group as at the Completion Date as compared against the reference net asset value of the Target Group (the "**Reference NAV**"), which has been agreed by the parties under the SPA and ranges from RMB420 million to RMB470 million depending on the relevant valuation time. If the consolidated net asset value of the Target Group as at the Completion Date is less than the Reference NAV of the Target Group, the Purchase Price shall be reduced by an amount equal to the shortfall amount; and if the consolidated net asset value of the Target Group as at the Completion Date is greater than the Reference NAV of the Target Group, the Purchase Price shall be increased by an amount equal to the excess amount, subject to the Purchase Price Cap of RMB350,000,000. In the event the consolidated net asset value of the Target Group as at the Completion Date is equal to the Reference NAV of the Target Group, no adjustment shall be made to the Purchase Price.

We noted that the Consideration of the Acquisition was determined after arm's length negotiations by the parties to the SPA. The Purchaser has considered various factors, including (i) the unaudited consolidated net assets as at 31 December 2025 of the Target Group and loss-making financial performance of the Target Group for FY2024 and FY2025 as set out in the paragraph headed "Financial Information" in the "Letter from the Board" of the Circular; (ii) the price-to-book ("**P/B**") multiple of comparable companies as disclosed in the "Letter from the Board" of the Circular; (iii) other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" in the Circular; and (iv) the price adjustment mechanisms as mentioned above.

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We further note that the completion of the Acquisition is conditional upon completion of the Pre-Completion Restructuring. Accordingly, a Carve-out Business Accounts, which is the pro forma accounts of the Restructured Group, were prepared on a pro forma basis to reflect the financial position of the Target Group upon completion of the Pre-Completion Restructuring.

In evaluating the fairness and reasonableness of the Consideration of the Acquisition, we have taken into account the following: (i) the Base Purchase Price of RMB320 million, which serves as the basis for determining the Purchase Price and is subject to adjustment under the price adjustment mechanism; (ii) the Purchase Price Cap of RMB350 million, being the maximum amount payable by the Group under the SPA, which is approximately 36.1% lower than the unaudited consolidated net assets of the Target Group as at 31 December 2025 (assuming completion of the Pre-Completion Restructuring) of approximately RMB548 million, and approximately 16.7% to 25.5% lower than the Reference NAV which ranges from RMB420 million to RMB470 million; (iii) the fact that the Target Group recorded net losses for the two years ended 31 December 2025; (iv) the implied P/B multiple of the Target Group of approximately 0.64x based on the Purchase Price Cap and the pro forma consolidated net asset value, which falls below both the mean and median P/B multiples of the Comparable Companies (a detailed analysis is set out in the paragraph headed “5.3.3 Comparison with Comparable Companies” below); (v) the price adjustment mechanism under the SPA, which safeguards the Company and the Shareholders on both the downside and the upside. Specifically, should the consolidated net asset value of the Target Group fall below the reference net asset value at Completion, the Purchase Price will be adjusted downwards on a dollar-for-dollar basis, thereby mitigating any potential erosion of asset value of the Target Group. Conversely, any increase in net assets of the Target Group will not trigger an upward adjustment beyond the Purchase Price Cap of RMB350 million, thereby ensuring that the maximum consideration of the Acquisition to the Group remains capped; and (vi) the reasons for and benefits of the proposed Acquisition as set out in the paragraph headed “4. Reasons for and benefits of the proposed Acquisition” in this letter above.

Having considered the above, we consider that the basis upon which the Consideration was determined is fair and reasonable.

5.2 Payment terms for the proposed Acquisition

5.2.1 Payment structure

The consideration of the Acquisition shall be payable by the Purchaser to the Vendor as follows:

- (1) RMB100,000,000 payable at Completion to the Vendor’s designated bank account;

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- (2) in the event that the Target Group has, as at Completion, an aggregate cash balance exceeding RMB50,000,000, an amount equal to such excess (the “**Excess Cash Amount**”), payable within 1 month after the date of the relevant independent accountant’s opinion confirming the cash balance of the Target Group; and
- (3) the Purchase Price, after deducting RMB100,000,000 and the Excess Cash Amount (if any), shall be payable within 24 months from the Completion Date, together with interest accruing at the rate of 3.8% per annum. The Purchaser may elect to make early payment of such balance of the consideration.

We noted that the payment structure is generally favourable to the Group from a cash and liquidity perspective. Only RMB100,000,000 is payable upon Completion while any Excess Cash Amount is payable after the opinion issued by the relevant independent accountant. The Group’s total cash balance as at 30 June 2026 amounted to RMB286.2 million. The remaining balance of the Purchase Price is deferred for up to 24 months from the Completion Date. Such arrangement is not expected to impose an immediate cash payment burden or funding pressure on the Group’s financial position. In addition, the immediate cash outflow which is limited to RMB100,000,000 allows the Group to preserve its capital resources on hand for its existing business operations and to support its operational integration and development plan as discussed in the section headed “1.3 Outlook of the Group”.

We further note that the deferred portion of the consideration bears interest at a rate of 3.8% per annum. To assess the fairness and reasonableness of the interest rate, we have considered the Group’s existing financing costs. As disclosed in the 2026 Interim Results Announcement, the interest rates of the Group’s interest-bearing bank borrowings as at 30 June 2026 ranged from 2.20% to 7.64% per annum. In addition, the weighted average interest rate of the Group’s interest-bearing bank borrowings was approximately 6.07% for FY2025 and 5.26% for 1H2026. The interest rate of 3.8% per annum is at the low end of the range of the Group’s existing bank borrowing rates and is below the Group’s weighted average interest rate for both FY2025 and 1H2026.

Accordingly, we consider that the interest rate associated with the deferred portion of the consideration is fair and reasonable.

5.2.2 Internal and external financial resources

The Group expects to finance the consideration of the Acquisition by a combination of the Group’s internal resources and external financing. In evaluating the sufficiency of the Group’s internal and external financial resources of the Group, we have considered the following aspects.

In respect of the availability of internal resources of the Group, as stated in the paragraph headed “1.2 Financial information of the Group”, the Group had cash and cash equivalents of approximately RMB286.2 million as at 30 June 2026. Given that the initial payment of approximately RMB100 million upon Completion is expected to be made immediately at

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closing, the Group's existing cash resources are sufficient to satisfy such short-term payment obligation. In addition, the Group continued to maintain positive cash generation from core operations, recording net cash flows from operating activities of RMB416.5 million for the six months ended 30 June 2026, following a strong trajectory from RMB184.0 million for FY2023 to RMB813.6 million for FY2024, and further to RMB1,013.3 million for FY2025. This indicates a notable improvement in the Group's historical cash generation ability and liquidity position since FY2023.

In respect of the availability of external financing of the Group, we noted that the Group's gearing ratio increased from 97.0% as at 31 December 2023 to around 130.0% for both 31 December 2024 and 31 December 2025, before improving to 123.0% as at 30 June 2026. We note that the increase in gearing from 31 December 2023 to 31 December 2025 was primarily driven by a fall in the Group's net asset base, from approximately RMB5.1 billion as at 31 December 2023 to approximately RMB3.3 billion as at 31 December 2025, largely as a result of market-driven non-cash fair value adjustments on biological assets, rather than an accumulation of principal debt. Meanwhile, the Group has actively deleveraged its balance sheet, successfully reducing its interest-bearing bank borrowings from approximately RMB3,400.3 million as at 31 December 2023 to approximately RMB2,925.2 million as at 31 December 2025, and further to approximately RMB2,824.3 million as at 30 June 2026. While funding the Consideration may increase the Group's overall liabilities and consequently, its gearing ratio, the deferred payment structure reduces the Group's immediate funding requirement and liquidity pressure while enabling it to pursue a critical strategy, thereby granting the Group additional flexibility to manage its capital structure and liquidity position prior to settling the remaining balance of the Purchase Price.

We further noted from the 2025 Annual Report that the Group had historically funded its cash requirements principally through a combination of cash generated from operating activities, bank borrowings and equity financing. As at 31 December 2025, the Group had unutilised bank credit facilities of approximately RMB424.5 million. Taking into account these unutilised facilities, together with the Group's positive operating cash inflow of approximately RMB416.5 million for 1H2026 and RMB1,013.3 million for FY2025 and cash and cash equivalents of approximately RMB286.2 million as at 30 June 2026, we consider that the Group possesses both internal financial resources and access to external financing to support its funding needs for the Purchase Price, which is capped at RMB350 million.

We also note from the SPA (i) an unconditional undertaking from the Purchaser Parent; and (ii) a pledged account arrangement between the Group and the vendor. However, we note from the Company that the Group is not required to maintain any minimum balance or deposit an amount corresponding to the deferred consideration in such account.

Having considered (i) the payment structure; and (ii) the Group's available internal financial resources and access to external financing, we consider the payment terms for the Acquisition to be fair and reasonable.

5.3 *Valuation of the Target Company*

5.3.1 *Our analysis*

In terms of valuation parameters, we have applied the **P/B** multiple, which is a commonly adopted valuation basis in conducting market comparable analysis. We have also considered the price-to-earnings (“**P/E**”) multiple, the enterprise value/earnings before interest, taxes, depreciation, and amortisation (the “**EV/EBITDA**”) ratio and the price-to-sales (“**P/S**”) ratio. We concur with the Directors that the P/B multiple is a more appropriate valuation benchmark than other commonly used valuation multiples because (i) the Target Group has recorded net losses in recent periods, rendering the P/E multiple not meaningful for valuation purposes; (ii) the EV/EBITDA ratio may not fully reflect the value of the Target Group, given its loss-making position and significant manufacturing asset base; and (iii) while the P/S ratio reflects revenue generation, it does not take into account differences in profitability, asset intensity and operating efficiency among companies, especially for manufacturing companies with a significant asset base.

Accordingly, we consider the P/B multiple to be a more appropriate valuation benchmark for assessing the fairness and reasonableness of the valuation of the Target Group.

5.3.2 *P/B multiple*

The implied P/B multiple of the Target Group is approximately 0.64 times, which is calculated based on (a) the Purchase Price Cap of approximately RMB350.0 million; over the (b) unaudited consolidated net assets of the Target Group as at 31 December 2025 (assuming completion of the Pre-Completion Restructuring) of approximately RMB548 million.

To assess the fairness and reasonableness of the Consideration of the Target Group, we have conducted a comparable analysis of the P/B multiple of the Target Company as implied by the Purchase Price and compared it against those of companies listed in the PRC and Hong Kong which are engaged in business activities similar to those of the Target Group (the “**Comparable Companies**”).

5.3.3 *Comparison with Comparable Companies*

As discussed in “3.1 Principal businesses of the Target Company”, the Target Group is principally engaged in the manufacturing, marketing and sale of dairy products in China. It mainly operates two manufacturing facilities in Suzhou and Tianjin and an established sales and distribution network, offering a portfolio of dairy products and serving a broad customer base across China. For FY2025, nearly all of the revenue of the Target Group was generated from the manufacture and sale of milk and dairy products, and all of the revenue was generated from the PRC as discussed in the paragraph headed “3. Background information of the Target Group”.

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In light of the above, we have adopted the following selection criteria in selecting the Comparable Companies: (i) companies listed in the PRC and Hong Kong and principally engaged in the manufacture and sale of dairy and milk products; (ii) revenue derived from dairy and milk products accounted for no less than 50% of total revenue in their latest financial year; and (iii) revenue generated from the PRC accounted for no less than 50% of total revenue in their latest financial year; and (iv) upstream raw milk producers were excluded.

Based on the above selection criteria, we have identified seven Comparable Companies listed in the PRC and two Comparable Companies listed in Hong Kong. The list is exhaustive based on those selection criteria above.

Although no two companies are exactly identical, the Comparable Companies are considered reasonably comparable to the Target Group in terms of business nature, operating environment and industry exposure. The Comparable Companies are principally engaged in the manufacture and sale of dairy and milk products in the PRC and are subject to similar industry dynamics, competitive landscape and operating risks as the Target Group.

Company name	Stock code	Principal activities	Market capitalisation ^{Note 1} RMB	Net asset value attributable to owners ^{Note 2} RMB	P/B ^{Note 3} Times
<u>Companies listed in Hong Kong</u>					
China Mengniu Dairy Co., Ltd.	2319.HK	Manufacture and distribution of dairy products in China, including liquid milk products, milk powder products, ice cream and cheese products	58,470,548,900	40,660,031,000	1.44
Want Want China Holdings Limited	0151.HK	Manufacture and sales of dairy products and beverages, rice crackers and other food products	27,525,271,200	17,747,254,000	1.55
Mean					1.49
Median					1.49
Max					1.55
Min					1.44
Adjusted Mean ^{Note 4}					1.19
Adjusted Median ^{Note 4}					1.19

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Company name	Stock code	Principal activities	Market capitalisation ^{Note 1} RMB	Net asset value attributable to owners ^{Note 2} RMB	P/B ^{Note 3} Times
Companies listed in the PRC					
Bright Dairy & Food Co., Ltd.	SSE: 600597	Producer and distributor of fresh milk and various dairy products	9,290,912,800	9,700,916,476	0.96
Beijing Sanyuan Foods Co., Ltd.	SSE: 600429	Manufacturer and distributor of dairy products, including liquid milk, ice cream and other products, milk powder products, etc.	6,828,861,800	4,887,727,725	1.40
Xinjiang Terun Dairy Co., Ltd.	SSE: 600419	Producer and processor of liquid milk and dairy products engaging in the animal husbandry business	2,776,530,400	2,496,730,409	1.11
Inner Mongolia Yili Industrial Group Limited by Share Ltd.	SSE: 600887	Producer of liquidity milk products, milk powder and dairy products, frozen dessert products and other	169,329,908,000	53,711,364,982	3.15
Jiangxi Sunshine Dairy Co., Ltd.	SZSE: 001318	Producer of low and room temperature dairy products, low and room temperature milk drinks, and milk powder	3,343,867,800	1,440,405,466	2.32
Guangdong Yantang Dairy Co., Ltd.	SZSE: 002732	Producer of dairy products and milk beverages, including lactic acid bacteria milk beverages, liquid milk products, flavoured milk products etc.	2,240,664,000	1,513,375,369	1.48
New Hope Dairy Co., Ltd.	SZSE: 002946	Producer and distributor of dairy products and milk-containing beverages, including liquid milk, milk beverages, and milk powder.	12,462,689,930	3,632,063,421	3.43
				Mean	1.98
				Median	1.48
				Max	3.43
				Min	0.96
				Adjusted Mean ^{Note 5}	1.31
				Adjusted Median ^{Note 5}	0.98
The Target Group			350,000,000	548,000,000	0.64^{Note 6}

Source: Stock Exchange, CNINFO (www.cninfo.com.cn), Bloomberg

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Notes:

1. Market capitalisation is extracted from Bloomberg as at 22 September 2026.
2. Net asset value attributable to owners is extracted from the respective latest published financial information of the comparable companies (including interim reports, annual reports and/or results announcements, as applicable) prior to the Latest Practicable Date.
3. P/B multiple is calculated by dividing the market capitalisation (as described in Note 1) by the net asset value attributable to owners (as described in Note 2).
4. For the comparable companies listed in Hong Kong, a DLOM (as defined below) of 20.4% was adopted with reference to the research report published by Moore Transaction Services Limited.
5. For the comparable companies listed in the PRC, given that there is no publicly available market research report regarding the DLOM applicable to PRC-listed companies, a DLOM of 36.1% was adopted based on (i) the average premium of approximately 24.5% indicated by the Hang Seng Stock Connect China AH Premium Index (the “**HSCAHPI**”) during the 12-month period prior and up to the Latest Practicable Date; and (ii) the DLOM of 20.4% applicable to Hong Kong-listed companies.
6. The implied P/B of the Target Group is calculated based on the cap on the Purchase Price of approximately RMB350.0 million divided by the unaudited consolidated net assets of the Target Group as at 31 December 2025 (assuming completion of the Pre-Completion Restructuring) of approximately RMB548 million.

As shown in the table above, the P/B multiple of the Hong Kong listed Comparable Companies ranged from approximately 1.44 times to approximately 1.55 times, with a mean and a median of both approximately 1.49 times. The implied P/B multiple of the Target Group of approximately 0.64 times is below the range of the P/B multiples as well as the mean and median P/B multiples of such comparable companies.

In respect of the Comparable Companies listed in the PRC, the P/B multiples range from approximately 0.96 times to approximately 3.43 times, with a mean and median of approximately 1.98 times and approximately 1.48 times respectively. The implied P/B multiple of the Target Group of approximately 0.64 times is below the range of the above P/B multiples and is also below both the mean and median P/B multiples.

As the Target Group is a private company and does not enjoy the same degree of marketability and liquidity as publicly traded companies, we have applied a discount for lack of marketability (the “**DLOM**”) in considering the valuation multiples from publicly listed comparable companies.

For the Comparable Companies listed in Hong Kong, a DLOM of approximately 20.4% was adopted with reference to the research report published by Moore Transaction Services Limited (the “**Moore Research**”), being the median DLOM adopted in the valuation reports contained in published notifiable transaction circulars of Hong Kong listed companies during the trailing 12-month period ended 31 March 2026.

For the Comparable Companies listed in the PRC, no publicly available research report comparable to the Moore Research could be identified for the PRC market. Alternatively, we noted that the average Hang Seng Stock Connect China AH Premium Index was approximately 124.5 during the 12-month period prior to and up to the Latest Practicable Date, which

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indicated that A-shares generally traded at an average premium of approximately 24.5% relative to the corresponding H-shares during the past 12 months. Accordingly, while a DLOM of 20.4% was adopted for the Comparable Companies listed in Hong Kong, we considered it appropriate to adopt a higher DLOM for the Comparable Companies listed in the PRC to reflect both (i) the lack of marketability associated with the Target Group as a private company; and (ii) the additional valuation premium generally enjoyed by the PRC-listed companies over the Hong Kong-listed companies. Accordingly, a DLOM of 36.1% was adopted for the Comparable Companies listed in the PRC.

Accordingly, after applying the DLOM of 20.4% and 36.1% to the Comparable Companies listed in Hong Kong and the PRC, respectively, the adjusted mean and adjusted median P/B multiple both lowered to approximately 1.19 times for the Hong Kong listed Comparable Companies, and approximately 1.31 times and 0.98 times respectively for the PRC listed Comparable Companies. The implied P/B multiple of the Target Group of approximately 0.64 times remained below all such adjusted mean and adjusted median P/B multiples.

Having considered that the implied P/B multiple of the Target Group (i) is below both the mean and median as well as the adjusted mean and adjusted median P/B multiples after applying the DLOM of the Comparable Companies listed in Hong Kong, and (ii) is also below the range, mean and median as well as the adjusted mean and adjusted median after applying the DLOM of the Comparable Companies listed in PRC, we consider that the Purchase Price is fair and reasonable.

6. Potential financial effects of the proposed Acquisition

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Group will be consolidated into the Group's financial statements.

We note that the Purchase Price Cap of RMB350 million is lower than both (i) the unaudited consolidated net assets of the Target Group as at 31 December 2025 of approximately RMB548 million; and (ii) the Reference NAV of RMB420 million to RMB470 million, as discussed in the paragraph headed "5.1 Consideration for the Acquisition" in this letter. In addition, if the consolidated net asset value of the Target Group as at Completion is lower than the Reference NAV, the Purchase Price will be adjusted downwards on a dollar-for-dollar basis. Accordingly, the Acquisition is expected to have a positive impact on the net asset position of the enlarged Group regardless of the final funding mix.

The consideration for the Acquisition will be funded by a combination of the Group's internal resources and external financing. Depending on the final funding mix adopted by the Group, the Acquisition may result in a decrease in the Group's cash and cash equivalents and/or an increase in its borrowings and finance costs.

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As the Target Group recorded net losses for FY2024 and FY2025, the Acquisition may have an adverse impact on the earnings of the enlarged Group in the near term if the Target Group continues to be loss-making after Completion. However, as discussed in the paragraph headed “4. Reasons for and benefits of the proposed Acquisition” in this letter, the Acquisition is expected to support the Group’s downstream integration strategy and may improve the longer-term operating profile of the enlarged Group if the expected operational synergies are realised.

It should be noted that the analysis above is for illustrative purpose only and does not purport to represent how the financial positions and performance of the Group will be upon Completion. The actual financial effects of the Acquisition will depend on, among other things, the financial performance of the Target Group after Completion, the actual level of completion adjustments and the future operating performance of the enlarged Group.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we are of the view that (i) the entering into of the SPA is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the SPA and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the Resolution at the EGM to approve the Acquisition.

Yours faithfully,
For and on behalf of
Altus Capital Limited
Charlotte Khoo
Responsible Officer

Ms. Charlotte Khoo (“Ms. Khoo”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has about 15 years of experience in corporate finance and advisory in Hong Kong, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser and independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 document 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. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited annual financial statements of the Company were made up, and up to and including the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

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 (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 are 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 for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”) are as follows:

Name of Director or chief executive	Nature of interest	Number of Shares	% of issued share capital ⁽¹⁾
TAN Yong Nang	Interests in controlled corporation, beneficial owner and settlor of trust	39,243,555(L) ⁽²⁾	4.00%
YANG Ku	Beneficial owner, and interests in controlled corporation	6,014,000(L) ⁽³⁾	0.61%

Name of Director or chief executive	Nature of interest	Number of Shares	% of issued share capital ⁽¹⁾
GAO Lina	Beneficial owner	135,000(L)	0.01%
Gabriella SANTOSA	Joint investment power holder, beneficiary of a trust and beneficial owner	419,263,517(L) ⁽⁴⁾⁽⁵⁾	42.75%

Notes:

(L) Indicates a long position

(1) The calculation is based on a total of 980,648,356 issued Shares as at the Latest Practicable Date.

(2) It includes (i) 24,403,555 Shares held by Great Alpha Investments Limited, which is wholly-owned by Mr. Tan Yong Nang; and (ii) 14,840,000 Shares in which Mr. Tan Yong Nang is deemed to be interested as a founder of a discretionary trust who can influence how the trustee exercises its discretion.

(3) It includes (i) 4,142,600 Shares held by Mr. Yang Ku; (ii) 71,400 Shares held by Qiaohua Limited, which is wholly-owned by Mr. Yang Ku; and (iii) 1,800,000 share options granted to Mr. Yang Ku on 29 July 2026 under the share option scheme of the Company adopted by a resolution passed by the shareholders of the Company at the annual general meeting held on 5 June 2024.

(4) Rangi Management Limited holds 259,571,042 Shares, and it is also deemed to be interested in 110,856,453 Shares held by Japfa Pte. Ltd. Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 29,880,022 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 (a professional trustee), 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.

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

(5) Tallowe Services Inc. holds 18,956,000 Shares. Tallowe Services Inc. is wholly owned by Magnus Nominees Limited as bare trustee for Mr. Renaldo Santosa and Fidelis Nominees Limited as bare trustee for Ms. Gabriella Santosa.

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 or was deemed to have any interests or short positions 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 (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 are 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.

Substantial shareholders' interests and short positions

As at the Latest Practicable Date, to the best knowledge of the Directors, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of Shares	% of issued share capital ⁽¹⁾
Rangi Management Limited	Beneficial owner and interests in controlled corporation	370,427,495(L) ⁽²⁾	37.77%
Fusion Investment Holdings Limited	Interests in controlled corporation	370,427,495(L) ⁽²⁾	37.77%
Highvern Trustees Limited	Trustee of trusts	477,519,858(L) ⁽²⁾⁽⁵⁾	48.69%
Renaldo SANTOSA	Joint investment power holder, beneficiary of a trust and beneficial owner	419,832,031(L) ⁽²⁾⁽³⁾⁽⁴⁾	42.81%
Gabriella SANTOSA	Joint investment power holder, beneficiary of a trust and beneficial owner	419,263,517(L) ⁽²⁾⁽³⁾	42.75%
Meiji (China) Investment Company Limited	Beneficial owner	155,451,785(L)	15.85%
Japfa Pte. Ltd.	Beneficial owner	110,856,453(L) ⁽²⁾	11.30%
Morze International Limited	Beneficial owner	77,212,341(L) ⁽⁵⁾	7.87%
Rachel Anastasia KOLONAS	Settlor/Beneficiary of a trust	77,212,341(L) ⁽⁵⁾	7.87%
FIL Limited	Interests in controlled corporation	62,173,249(L) ⁽⁶⁾	6.34%
Pandanus Partners L.P.	Interests in controlled corporation	62,173,249(L) ⁽⁶⁾	6.34%
Pandanus Associates Inc.	Interests in controlled corporation	62,173,249(L) ⁽⁶⁾	6.34%

Notes:

(L) Indicates a long position

- (1) The calculation is based on a total of 980,648,356 issued Shares as at the Latest Practicable Date.
- (2) Rangi Management Limited holds 259,571,042 Shares, and it is also deemed to be interested in 110,856,453 Shares held by Japfa Pte. Ltd. Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 29,880,022 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 (a professional trustee), 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 his 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.

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.

- (3) Tallowe Services Inc. holds 18,956,000 Shares. Tallowe Services Inc. is wholly owned in equal shares by Magnus Nominees Limited as bare trustee for Mr. Renaldo Santosa and Fidelis Nominees Limited as bare trustee for Ms. Gabriella Santosa.
- (4) Mr. Renaldo Santosa holds 568,514 Shares through his client account with a financial institution.
- (5) The shares in Morze International Limited are held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited (a professional trustee), as trustee of the Capital Two Trust, which is a reserved power discretionary trust. The Shares held by Morze International Limited are assets of the Capital Two Trust. Highvern Trustees Limited is the trustee of Capital Two Trust. Ms. Rachel Anastasia Kolonas is the settlor of Capital Two Trust. By virtue of the SFO, Ms. Rachel Anastasia Kolonas and Highvern Trustees Limited (as trustee of the Capital Two Trust) are each deemed to be interested in the Shares held by Morze International Limited. Ms. Rachel Anastasia Kolonas is Mr. Renaldo Santosa's and Ms. Gabriella Santosa's cousin.

The beneficiaries of the Capital Two Trust are Ms. Rachel Anastasia Kolonas, her issue and remoter issue and her aunt, Ms. Tati Santosa.

- (6) Based on the disclosure of interests filed by FIL Limited, Pandanus Partners L.P., and Pandanus Associates Inc. FIL Limited is a controlled corporation of Pandanus Partners L.P., which is in turn a controlled corporation of Pandanus Associates Inc.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company was aware of any other person, other than a Director or the chief executive of the Company, who had interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company pursuant to Division 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or proposed directors of the Company and any of their associate(s) had interest in a business which competes or may compete with the business of the Group or may have any conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation other than statutory compensation).

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 2025, 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. EXPERT AND CONSENT

The following are the qualifications of the expert who has given opinions and advice contained in this circular:

Name	Qualification
Altus Capital Limited	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports or letters and/or references in the form and context in which they are included.

As at the Latest Practicable Date, the expert above had no shareholding in any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the expert above did not have any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited annual financial statements of the Company were made up.

8. GENERAL

- (1) The headquarters and registered office is at 317 Outram Road, #03-01A, Concorde Shopping Centre, Singapore 169075.
- (2) The principal place of business of the Company in Hong Kong is at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (3) The principal place of business of the Company in the PRC is at No. 10, Yongguan Road, Yongan Town, Kenli District, Dongying City, Shandong Province, China.
- (4) The principal share registrar of the Company in Singapore is Boardroom Corporate & Advisory Services Pte. Ltd.
- (5) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited.
- (6) The English text of this circular shall prevail over the corresponding Chinese text for the purpose of interpretation.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available at (i) the website of the Company (www.austasiadairy.com) and (ii) the website of the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular (both days inclusive):

- (1) the SPA;
- (2) the letter from the Independent Board Committee to the Shareholders dated 29 September 2026, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (3) the letter from the Independent Financial Adviser, Altus Capital Limited, to the Independent Board Committee and the Shareholders dated 29 September 2026, the text of which is set out on pages IFA-1 to IFA-27 of this circular;

- (4) the letter of consent from the expert referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (5) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of AustAsia Group Ltd. (the “**Company**”) will be held at 4:30 p.m. on Wednesday, 4 November 2026 at 9/F, The Center, 99 Queen’s Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, approving the following resolution. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 29 September 2026 (the “**Circular**”).

ORDINARY RESOLUTION

1. “THAT

- (a) the SPA, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for the purpose of identification, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) any one or more Directors be and is/are hereby authorised to sign, execute, perfect, deliver, negotiate, agree and do all such documents, deeds, acts, matters and things, as the case may be, as he/they may in his/their opinion or absolute discretion consider reasonable, necessary, desirable or expedient to implement and/or give effect to the SPA and the transactions contemplated thereunder with any changes as he/they may in his/their absolute discretion think fit.”

By order of the Board

AustAsia Group Ltd.

YANG Ku

Executive Director and Chief Executive Officer

Hong Kong, 29 September 2026

** For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the EGM 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 need not be a member of the Company.
2. To be valid, the proxy form must be in writing under the hand of the appointor or of his/her 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.
3. 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. 4:30 p.m. on Monday, 2 November 2026) 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.
4. 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.
5. For ascertaining the entitlement to attend and vote at the EGM, the record date will be Wednesday, 4 November 2026 and the register of members of the Company will be closed from Friday, 30 October 2026 to Wednesday, 4 November 2026, during which period no transfer of Shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 29 October 2026.
6. Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this notice will be voted on by way of poll at the EGM.
7. Bad weather arrangements:

If a Typhoon Signal No. 8 or above, a Black Rainstorm Warning Signal and/or “extreme conditions” announced by the Government is/are in force in Hong Kong at or at any time after 12:00 noon on the date of the EGM, the meeting may be adjourned or postponed to a later date and/or time as determined by the Company.

If the EGM is adjourned or postponed, the Company will post an announcement on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.austasiadairy.com) to notify Shareholders of the date, time and place of the adjourned or postponed meeting.

The EGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the physical EGM under bad weather conditions having regard to their own circumstances.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 EGM 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 EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (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, Mr. YANG Ku as Executive Director and Chief Executive Officer, Meses. GAO Lina and Gabriella SANTOSA as Non-executive Directors, and Messrs. SUN Patrick, CHANG Pan, Peter and LI Shengli as Independent Non-executive Directors.