
LETTER FROM THE BOARD



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

Executive Directors

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

Headquarter and Registered Office

400 Orchard Road
#15-08, Orchard Towers
Singapore 238875

Non-executive Directors

Ms. GAO Lina
Mr. Tamotsu MATSUI
Ms. Gabriella SANTOSA

Principal Place of Business in Hong Kong

46th Floor, 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

5 June 2025

To the Shareholder(s)

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES
FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE
ON NON-UNDERWRITTEN BASIS;
(2) APPLICATION FOR WHITEWASH WAIVER; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue and Whitewash Waiver. The purpose of this circular is to provide you with, among other things, (i) further information regarding the Rights Issue and the Whitewash Waiver, (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the EGM Resolutions, (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the EGM Resolutions, and (iv) a notice of the EGM.

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2. PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every five (5) existing Shares held at the close of the business on the Record Date. Set out below are the Rights Issue statistics.

Rights Issue Statistics

Basis of the Rights Issue	:	two (2) Rights Shares for every five (5) existing Shares held at the close of the business on the Record Date
Subscription Price	:	HK\$1.12 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	700,463,112 Shares
Total number of Rights Shares	:	Up to 280,185,244 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Number of Rights Shares being undertaken by certain Controlling Shareholders	:	As at the Latest Practicable Date, the Board had received the Irrevocable Undertaking given by certain Controlling Shareholders, namely, (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited; (v) Tasburgh Limited; and (vi) Tallowe Services Inc. Pursuant to the Irrevocable Undertaking, (1) the Shares of the abovementioned Controlling Shareholders will continue to be held by each of Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA on the Record Date; (2) each of them will accept their respective entitlements to the provisional allotment of an aggregate of 99,054,014 Rights Shares; and (3) each of them shall not sell or transfer their respective Shares before the completion or lapse of the Rights Issue. For the avoidance of doubt, Rangi Management Limited made the Irrevocable Undertaking only on behalf of itself and the Shares held by itself and not for Japfa Ltd, a Company listed on the Mainboard of the SGX-ST nor the 12,536,038 Shares held by Japfa Ltd in which Rangi Management Limited is deemed to be interested. Whether or not Japfa Ltd will take up any Rights Shares and/or Excess Rights Shares will be determined by its board of directors in due course
Gross proceeds to be raised from the Rights Issue	:	Up to approximately HK\$313.81 million

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Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date, the maximum number of 280,185,244 Rights Shares to be issued represents:

- (a) approximately 40% of the number of issued Shares (based on the Company's issued share capital as at the Latest Practicable Date); and
- (b) approximately 28.57% of the enlarged issued share capital of the Company immediately following the completion of the Rights Issue.

As at the Latest Practicable Date, the Company did not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Record Date.

Subscription Price

The Subscription Price is HK\$1.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (a) a discount of approximately 30.00% to the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 29.11% to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 29.11% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the five consecutive trading days preceding to the Last Trading Day;
- (d) a discount of approximately 27.27% to the average closing price of approximately HK\$1.54 per Share as quoted on the Stock Exchange for the ten consecutive trading days preceding to the Last Trading Day;
- (e) a discount of approximately 20.57% to the average closing price of approximately HK\$1.41 per Share as quoted on the Stock Exchange for the 30 consecutive trading days preceding to the Last Trading Day;
- (f) a discount of approximately 5.08% to the average closing price of approximately HK\$1.18 per Share as quoted on the Stock Exchange for the 90 consecutive trading days preceding to the Last Trading Day;
- (g) a discount of approximately 2.61% to the average closing price of approximately HK\$1.15 per Share as quoted on the Stock Exchange for the 180 consecutive trading days preceding to the Last Trading Day;

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- (h) a discount of approximately 22.76% to the theoretical ex-rights price of approximately HK\$1.45 per Share based on the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (i) a discount of approximately 80.95% to latest published audited consolidated net asset value per Share as at 31 December 2024 of approximately RMB5.44 (equivalent to approximately HK\$5.88) (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024 and 700,463,112 Shares in issue as at the Latest Practicable Date);
- (j) a discount of approximately 83.65% to unaudited net asset value per Share as at 30 June 2024 of approximately RMB6.34 (equivalent to approximately HK\$6.85) (based on the net asset value attributable to the owners of the Company as at 30 June 2024 of approximately RMB4,441.9 million (equivalent to approximately HK\$4,797.2 million) as set out in the interim report of the Company for the six months ended 30 June 2024 and 700,463,112 Shares in issue as at the Latest Practicable Date);
- (k) a discount of approximately 81.67% to latest published audited consolidated net asset value per Share as at 31 December 2024, adjusted for the revaluation surplus arising from the valuation of the Group's property interests as at 31 March 2025, of approximately RMB5.65 (equivalent to approximately HK\$6.11) (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024, adjusted for the revaluation surplus of the Group's property interests as at 31 March 2025 of approximately RMB152.3 million (equivalent to approximately HK\$164.5 million), and 700,463,112 Shares in issue as at the Latest Practicable Date); and
- (l) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 8.23%, represented by a discount of the theoretical diluted price of approximately HK\$1.45 per Share to the benchmarked price of approximately HK\$1.58 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$1.58 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$1.58).

The Subscription Price was determined with reference to the recent closing price of the Shares, the financial conditions of the Company, the current market conditions and the reasons and benefits of the Rights Issue as discussed in the paragraphs headed "Reasons for the Rights Issue and the Use of Proceeds" in this circular.

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Net asset value of the Company adjusted for the revaluation of the Group's property interests

The net asset value attributable to the owners of the Company as at 31 December 2024 was approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024. The revaluation surplus arising from the valuation of the Group's property interests as at 31 March 2025 was approximately RMB152.3 million (equivalent to approximately HK\$164.5 million). The adjusted net asset value attributable to the owners of the Company as at 31 December 2024, adjusted for the revaluation surplus of the Group's property interests was approximately RMB3,959.8 million (equivalent to approximately HK\$4,276.6 million).

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the resolution(s) in respect of the Rights Issue having been approved by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM;
- (b) the resolution(s) in respect of the Whitewash Waiver having been approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM;
- (c) the submission to the Stock Exchange for authorisation and the registration with the Companies Registry in Hong Kong respectively the Prospectus Documents in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (d) the Prospectus Documents having been made available to the Qualifying Shareholders, and the Prospectus having been made available to the Non-Qualifying Shareholders, if any, for information purpose only;
- (e) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Shares as well as the Rights Shares in nil-paid and fully-paid forms by no later than the Business Day prior to the first day of their dealings;
- (f) the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Controlling Shareholders and the satisfaction of all conditions (if any) attached thereto; and
- (g) the SIC having granted (and such grant not having been withdrawn) the Singapore Rule 14 Waiver.

All conditions precedent set out above cannot be waived. If any of the above conditions precedent is not satisfied, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions had been satisfied.

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Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum subscription level or minimum amount to be raised under the Rights Issue as required under the laws of Singapore, which is the Company's jurisdiction of incorporation.

Basis of Provisional Allotment

The basis of provisional allotment of Rights Issue will be two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders at the close of the business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing a PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 28 July 2025.

Qualifying Shareholders who take up their pro-rata assured entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder at the close of business on the Record Date.

In order to be registered as a member of the Company on the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Hong Kong Share Registrar by no later than 4:30 p.m. on Thursday, 3 July 2025.

The last day for dealing in Shares on a cum-rights basis is Monday, 30 June 2025, and the Shares will be dealt with on an ex-rights basis starting from Wednesday, 2 July 2025.

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Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

Rights of Overseas Shareholders

Shareholders whose addresses are in Singapore will be considered Qualifying Shareholders. The offer of Rights Shares to Shareholders in Singapore will be made in reliance on the exemption under Section 273(1)(cd) of the Securities and Futures Act 2001 of Singapore. Accordingly, this circular and, inter alia, any other document or material in connection with the offer, or invitation for subscription, of the Rights Shares may not be distributed, nor may the Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than the Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, there were a total of four Overseas Shareholders, whose registered addresses as shown in the register of members of the Company are outside Hong Kong and Singapore. The registered addresses of the four Overseas Shareholders are located in the PRC, which hold 202,088,519 Shares (representing approximately 28.85% of the total issued Shares).

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. In order to allow Shareholders to participate in the Rights Issue, the Company is making enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholders. If, based on the advice received from the relevant PRC legal advisers, the Board considers that it is necessary or expedient to exclude such Overseas Shareholders on account either of the legal restrictions under the laws of the PRC or the requirements of the relevant regulatory body or stock exchange in the PRC, the Rights Issue will not be made available to those Overseas Shareholders with addresses in the PRC (i.e., the Non-Qualifying Shareholders).

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares. However, arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. For the avoidance of doubt, the Non-Qualifying Shareholders may vote at the EGM unless such person is not an Independent Shareholder (in which case they shall abstain).

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Overseas Shareholders other than Shareholders whose addresses are in Singapore should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders other than Shareholders whose addresses are in Singapore should exercise caution when dealing in the Shares.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and rounded down to the nearest whole number. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the section headed “Application for Excess Rights Shares” below.

Odd lot arrangement

No odd lot matching services will be provided by the Company in respect of the Rights Issue.

Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (a) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (b) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (c) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares may be made by Qualifying Shareholders by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the full amount payable for the Excess Rights Shares being applied for with the Hong Kong Share Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

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Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (a) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of Shares held by the Qualifying Shareholders on the Record Date;
- (b) reference will only be made to the number of Shares held by the Qualifying Shareholders on the Record Date, and no reference will be made to the Rights Shares comprised in applications by the PALs;
- (c) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full in accordance with the number of Excess Rights Shares applied for; and
- (d) no preference will be given to applications for topping up odd-lots to whole board lots.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for Excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlements to the Rights Shares.

The Company will also take steps to reject the part of the excess application of any Shareholder that will lead to a breach of the public float requirement pursuant to Rule 8.08 of the Listing Rules.

Shareholders whose Shares are held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Beneficial owners whose Shares are held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

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The Irrevocable Undertaking

As at the Latest Practicable Date, the Board had received the Irrevocable Undertaking given by certain Controlling Shareholders¹, namely, (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited²; (v) Tasburgh Limited; and (vi) Tallowe Services Inc. Pursuant to the Irrevocable Undertaking, (1) the Shares of the abovementioned Controlling Shareholders will continue to be held by each of Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA on the Record Date; (2) each of them will accept their respective entitlements to the provisional allotment of an aggregate of 99,054,014 Rights Shares; and (3) each of them shall not sell or transfer their respective Shares before the completion or lapse of the Rights Issue. For the avoidance of doubt, Rangi Management Limited made the Irrevocable Undertaking only on behalf of itself and the Shares held by itself and not for Japfa Ltd, a Company listed on the Mainboard of the SGX-ST nor the 12,536,038 Shares held by Japfa Ltd in which Rangi Management Limited is deemed to be interested. Whether or not Japfa Ltd will take up any Rights Shares and/or Excess Rights Shares will be determined by its board of directors in due course.

Other than the Irrevocable Undertaking from the above Controlling Shareholders, the Board did not receive any other information from any other substantial shareholders of their intention to take up the Rights Shares or Excess Rights Shares

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

Application for the listing of the Rights Shares

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 1,000 Shares in one board lot.

1 The Controlling Shareholders who are in the position of giving an irrevocable undertaking have so given an undertaking. Rangi Management Limited holds 1,061,976,500 shares of Japfa Ltd, being 55.98% of Japfa Ltd's issued share capital. As Japfa Ltd is listed on the Mainboard of the SGX-ST and half of its board of directors are independent from the Controlling Shareholders, Japfa Ltd has not been approached to give, and has not given, any irrevocable undertaking.

2 On 4 December 2023, Rangi Management Limited pledged up to 212,395,300 Shares as security for term loan facilities granted to Rangi Management Limited and the abovementioned Controlling Shareholders have undertaken that they will not breach the terms of such pledge or the underlying facilities.

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No securities of the Company in issue nor the Rights Shares for which listing or permission to deal in that is to be sought is or will be listed or dealt in on any other stock exchange.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, subscribing, exercising, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in this circular, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on Tuesday, 5 August 2025. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on Tuesday, 5 August 2025 by ordinary post to the applicants' registered address, at their own risk.

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Effects on the shareholding structure of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately after the completion of the Rights Issue assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date for illustrative purpose only:

Shareholder	As at the Latest Practicable Date		Immediately upon the completion of the Rights Issue (assuming full acceptance under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue)	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾
(a) Controlling Shareholders⁽²⁾								
Rangi Management Limited	212,395,300 ⁽³⁾⁽⁴⁾⁽⁵⁾	30.32	297,353,420	30.32	297,353,420	36.96	441,129,526	44.98
Tasburgh Limited	21,342,875 ⁽³⁾⁽⁴⁾⁽⁵⁾	3.05	29,880,025	3.05	29,880,025	3.71	44,327,593	4.52
Tallowe Services Inc.	13,540,000 ⁽⁶⁾	1.93	18,956,000	1.93	18,956,000	2.36	28,121,591	2.87
Renaldo SANTOSA	356,860 ⁽³⁾⁽⁶⁾⁽⁷⁾	0.05	499,604	0.05	499,604	0.05	741,172	0.08
(b) Parties presumed to be acting in concert with Controlling Shareholders (excluding certain Directors⁽⁶⁾)								
Japfa Ltd ⁽³⁾	12,536,038	1.79	17,550,453	1.79	17,550,453	2.18	26,036,435	2.66
Sub-total for Controlling Shareholders and Concert Parties (excluding certain Directors ⁽⁸⁾)	260,171,073	37.14	364,239,502	37.14	364,239,502	45.27	540,356,317	55.10
(c) Other parties presumed to be acting in concert with Controlling Shareholders								
TAN Yong Nang	28,031,111 ⁽⁸⁾⁽⁹⁾	4.00	39,243,555	4.00	28,031,111	3.48	28,031,111	2.86
Edgar Dowse COLLINS	8,124,060 ⁽⁸⁾	1.16	11,373,684	1.16	8,124,060	1.01	8,124,060	0.83
YANG Ku	3,010,000 ⁽⁸⁾	0.43	4,214,000	0.43	3,010,000	0.37	3,010,000	0.31
GAO Lina	135,000 ⁽⁸⁾	0.02	189,000	0.02	135,000	0.02	135,000	0.01
Sub-total for Controlling Shareholders and Concert Parties	29,471,244	42.75	41,259,741	42.75	403,539,673	50.15	579,656,488	59.11
(d) Meiji (China) Investment Company, Limited	155,451,785 ⁽¹⁰⁾	22.19	217,632,499	22.19	155,451,785	19.32	155,451,785	15.85
(e) Public Shareholders	245,540,083	35.05	343,756,116	35.05	245,540,083	30.52	245,540,083	25.04
Total	700,463,112	100.00	980,648,356	100.00	804,531,541	100.00	980,648,356	100.00

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Notes:

- (1) The calculation is based on the total number of 700,463,112 issued Shares as at the Latest Practicable Date.
- (2) This includes only the Controlling Shareholders that directly hold Shares. Under Listing Rules, Controlling Shareholders also include Ms. Gabriella SANTOSA, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fidelis Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)) and Fusion Investment Holdings Limited.
- (3) Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 21,342,875 Shares. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo SANTOSA and Ms. Gabriella SANTOSA are appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the trustee of the Scuderia Trust, Highvern Trustees Limited, to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with 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. Rangi Management Limited is also deemed interested in Japfa Ltd's direct holding of 12,536,038 Shares.
- (4) Highvern Trustees Limited is a professional trustee.
- (5) MNM Holdings Limited is the holding company of Highvern Trustees Limited, which has an interest in the Shares as trustee of the Scuderia Trust and the Capital Two Trust. MNM Holdings Limited is wholly owned by Martin John Hall and Naomi Julia Rive in equal shareholding proportions. By virtue of the SFO, each of MNM Holdings Limited, Martin John Hall and Naomi Julia Rive is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.
- (6) Tallowe Services Inc. holds 13,540,000 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.
- (7) Mr. Renaldo SANTOSA holds 356,860 Shares through his client account with a financial institution.
- (8) These Directors are presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of "acting in concert" pursuant to the Hong Kong Takeovers Code. This presumption will cease to apply after completion of the Rights Issue.
- (9) The Shares of Mr. TAN Yong Nang include (i) 17,431,111 Shares are held by Great Alpha Investments Limited, which is wholly-owned by Mr. TAN; and (ii) 10,600,000 Shares is held by Great Delta Investments Limited under a discretionary family trust whose trustee is Butterfield Trust (Asia) Limited. Mr. TAN is the investment manager of such trust.
- (10) Meiji (China) Investment Company, Limited, which is a subsidiary of Meiji Holdings Company Limited (a company listed on the Tokyo Stock Exchange), is presumed to be acting in concert with the Controlling Shareholders under class (1) presumption under the definition of "acting in concert" pursuant to the Hong Kong Takeovers Code. The Company has made an application for, and the Executive has granted, the rebuttal of the presumption that Meiji (China) Investment Company, Limited, which is a subsidiary of Meiji Holdings Company Limited (a company listed on the Tokyo Stock Exchange), and the Controlling Shareholders are persons acting in concert for purpose Hong Kong Takeovers Code within class (1) of the definition of "acting in concert".
- (11) The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places.

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Upon completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue) and they have applied for and successfully been allotted the maximum excess Rights Shares, the public shareholders will hold approximately 25.04% of the issued share capital of the Company and the Company is able to fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. In any event, the Company will take steps to reject the part of the excess application of any Shareholder that will lead to a breach of the public float requirement pursuant to Rule 8.08 of the Listing Rules.

Reasons for the Rights Issue and the Use of Proceeds

The Group is mainly engaged in the dairy farming business of producing and selling high-quality raw milk to dairy products manufacturers and processors, and beef cattle farming and fattening business. The Group provides raw milk to a diversified group of customers, including leading national and regional dairy product manufacturers and brands such as Mengniu, Bright Dairy, Meiji, New Hope Dairy, ClassyKiss and Honest Dairy. The Group is not reliant on its Controlling Shareholders as its customers. The Group provides its customers with a stable supply of high quality and traceable raw milk in large volumes.

The Group has two main business segments, namely raw milk business and beef cattle business. The Group also engages in sales of milk products under its own brand to wholesale customers. The Group also has a feed mill to produce feed materials for internal use as well as external customers.

For the year ended 31 December 2024, the Group recorded a revenue of approximately RMB3,683.8 million, representing a drop of 6.1% compared to the year ended 31 December 2023. This was mainly attributable the combined effect of:

- (i) a 17.0% decrease in the raw milk selling price and a 4.2% growth in the raw milk sales volume; and
- (ii) a 16.4% decrease in the beef cattle selling price and a 64.5% increase in the beef cattle sales volume.

The Group recorded a net loss of approximately RMB1,269.3 million for 2024, this was mainly attributable to the losses arising from changes in the fair value less costs to sell of other biological assets of RMB1,260.6 million. The significant losses were mainly due to decreases in both raw milk price and culling cattle price used in the assumption to derive the fair value of biological assets.

As at 31 December 2024, the Group had net current liabilities of approximately RMB1,252 million. The Group's total bank and other borrowings amounted to RMB3,498 million, of which RMB2,462 million will be due for repayment in 2025, while its cash and cash equivalents amounted to RMB282 million as at 31 December 2024.

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In view of such circumstances, the Group explored various measures to improve the financial position and liquidity while balancing its business development.

Having considered other fund-raising alternatives available to the Group, such as bank borrowings, or equity financing such as placing or subscription of new Shares, or open offer, and taken into account the costs and benefits of each of the alternatives, the Directors are of the view that Rights Issue is the preferred means for the Group. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to raising interest rates. Placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate and the funds to be raised by placing of new Shares under a general mandate would likely be less than that of the Rights Issue. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, unlike a rights issue, it does not allow free trading of rights entitlements in the open market which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

Rights Issue allows the Group to improve its financial position and enlarge its capital base to support the long-term development of the Group without subject to additional interest burden. In addition, Shareholders will be given an option to sell their nil-paid rights in the market if they do not intend to subscribe for the Rights Shares under the Rights Issue, as compared to an open offer. Having considered the above-mentioned, the Directors are of the view that the Rights Issue is the most viable method for fund raising and the net proceeds of the Rights Issue will strengthen the Group's financial resilience.

Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, (i) the gross proceeds of the Rights Issue will be up to approximately HK\$313.81 million, and (ii) the net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$5.00 million) are estimated to be approximately HK\$308.81 million. The net price per Rights Share (after deduction of estimated professional fees and other related expenses) is estimated to be approximately HK\$1.10. Pursuant to the Irrevocable Undertaking given by certain Controlling Shareholders, the minimum amount to be raised under the Rights Issue is expected to be approximately HK\$110.94 million.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, are estimated to be approximately HK\$5 million and will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$308.81 million after the deduction of all estimated expenses (based on the number of Shares in issue as at the Latest Practicable Date and assuming that no new Shares have been allotted or issued on or before the Record Date).

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The Board currently intends to use the maximum net proceeds of the Rights Issue in the following manner:

- (i) about 63.15% of the net proceeds (approximately HK\$195 million which is equivalent to approximately US\$25 million) to fully repay a short-term loan facility of US\$25 million with a financial institution for the purpose of providing working capital for the Group. The loan facility was utilised on 27 February 2025 and is due on 26 August 2025, with an option to extend for a further three months, which is subject to the lender's sole discretion. The proceeds of the loan facility have been used to provide short-term liquidity to the Group's farm operations in Mainland China;
- (ii) about 27.37% of the net proceeds (approximately HK\$84.53 million which is equivalent to approximately RMB79.46 million) to be used for the repayment of onshore working capital facilities and interests with a financial institution in Mainland China. Such loan facilities were utilized on 17 January 2025 and were used as working capital in our dairy farms located in Shandong and Inner-Mongolia of Mainland China. The due date of the loan facilities is on 17 July 2025; and
- (iii) the remaining 9.48% of the net proceeds (approximately HK\$29.28 million) to be used for the Group's general working capital purposes, including, but not limited to, normal feed material procurement, purchase of silages and other working capital needs.

In the case that the Rights Issue is not fully subscribed and the estimated net proceeds from the Rights Issue are less than HK\$308.81 million, the Group will use the net proceeds to repay the loan facility of US\$25 million first, then to repay the onshore working capital facilities before applying the remaining net proceeds on other general working capital purposes. In the case that the Rights Issue is not fully subscribed and the estimated net proceeds from the Rights Issue are less than HK\$279.53 million, the Group will use its internal cash resources to supplement the repayment of the loan facilities listed above.

The Board has considered fund-raising alternatives in addition to the proposed Rights Issue, including but not limited to debt financing such as bank borrowings, and equity financing such as placing, subscription of new Shares or open offer. In respect of debt financing, taking into account the Group's high gearing ratio and financial costs, the Board considered it would result in additional interest burden and finance cost of the Group. In respect of equity financing such as placing and subscription of new Shares, taking into account that (i) it is relatively smaller in scale as compared to fund that can be raised through rights issue; and (ii) it would lead to immediate dilution in the shareholding interests of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, unlike a rights issue, it does not allow free trading of rights entitlements in the open market which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

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The proposed Rights Issue will enable the Group to improve its liquidity position to support its business operations and development, without incurring additional debt financing costs and efforts in dealing with banks. Furthermore, the Rights Issue will offer Qualifying Shareholders equal opportunities to subscribe for their respective provisional entitlements to the Rights Shares and therefore avoid dilution of their interests in the Company. All Qualifying Shareholders will also be offered a chance to increase further their shareholdings in the Company through excess applications. The Directors (excluding the members in the Independent Board Committee, who reserve their views pending receipt of advice from the Independent Financial Adviser) are therefore of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole, for the reasons set out above

Qualifying Shareholders who take up their pro-rata assured entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Information on the Group and the Controlling Shareholders

The Company is a company incorporated under the laws of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2425). The Group is principally engaged in the raw milk, beef cattle and ancillary businesses. The Group's operation includes dairy cow breeding and farming, raw milk production, and sales of raw milk, beef cattle breeding and farming, sales of beef cattle.

The Controlling Shareholders comprise of Mr. Renaldo SANTOSA, Ms. Gabriella SANTOSA, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fidelis Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc. Set out below is the shareholding structure of the Controlling Shareholders as at the Latest Practicable Date. Please refer to the paragraph headed "Effects on the Shareholding Structure of the Company" above for details of the Controlling Shareholders.

Mr. Renaldo SANTOSA was appointed as an alternate director of Japfa Ltd from April 2021 to September 2022, before being appointed as an executive director from December 2022. He was last re-elected on 18 April 2024. Mr. Renaldo SANTOSA is also President Director of Japfa Ltd's subsidiary PT Japfa Comfeed Indonesia Tbk since April 2023 and concurrently holds the position of Head of Strategic Projects at Japfa Ltd, responsible for identifying and developing strategic projects for the group of Japfa Ltd and ensuring that the projects are aligned with its strategic directions and objectives.

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Upon his graduation in 2011, Mr. Renaldo SANTOSA started his career with Japfa Ltd as a Business Development Executive. He was promoted to the position of Head of Business Development & Strategy in 2017 and to his current role in 2022. In 2022, he was also appointed as a Director in Annona Pte Ltd, a subsidiary of Japfa Ltd.

Mr. Renaldo SANTOSA obtained a Bachelor of Science (Second Class Honours) in Food Science with Business from the University of Reading, United Kingdom, in 2011.

Ms. Gabriella SANTOSA is the Head of Business Development & Strategy at Japfa Ltd. In March 2024, she was also appointed Head of Projects – President Director’s Office, at PT Japfa Comfeed Indonesia Tbk, where she oversees strategic planning, policy development, and key expansion initiatives aligned with Japfa Ltd’s long-term direction.

In this role, Ms. Gabriella SANTOSA leads cross-divisional projects to enhance organisational agility, efficiency, and productivity. She designs and implements strategic roadmaps and action plans, driving transformation across multiple functions, ensuring seamless execution of strategic initiatives, and bridging the gap between vision and implementation. She also drives operational efficiency and innovation from digital and biological technological solutions, and manages their introduction across the protein sectors and countries where Japfa Ltd operates to streamline processes or grow existing businesses.

In her role as Deputy Head of the Animal Health and Livestock Equipment business unit of Japfa Ltd from 2017, she has introduced systemic improvements in operations and doubled earnings over five years, with the expansion products into new species, markets and technologies and the introduction of new data and digital solutions

She holds a Bachelor of Science in Biochemistry with a Year in Industry from Imperial College London, and is also listed in ‘Forbes 30 under 30’ as a co-founder and CSO at Puraffinity, a deep tech start-up borne of her undergraduate research that addresses the removal of a stubborn micropollutant called PFAS from fire-foam waste and polluted groundwater. This venture also earned her recognition as a 2016 finalist for the Innovate UK ‘Women in Innovation’ grant.

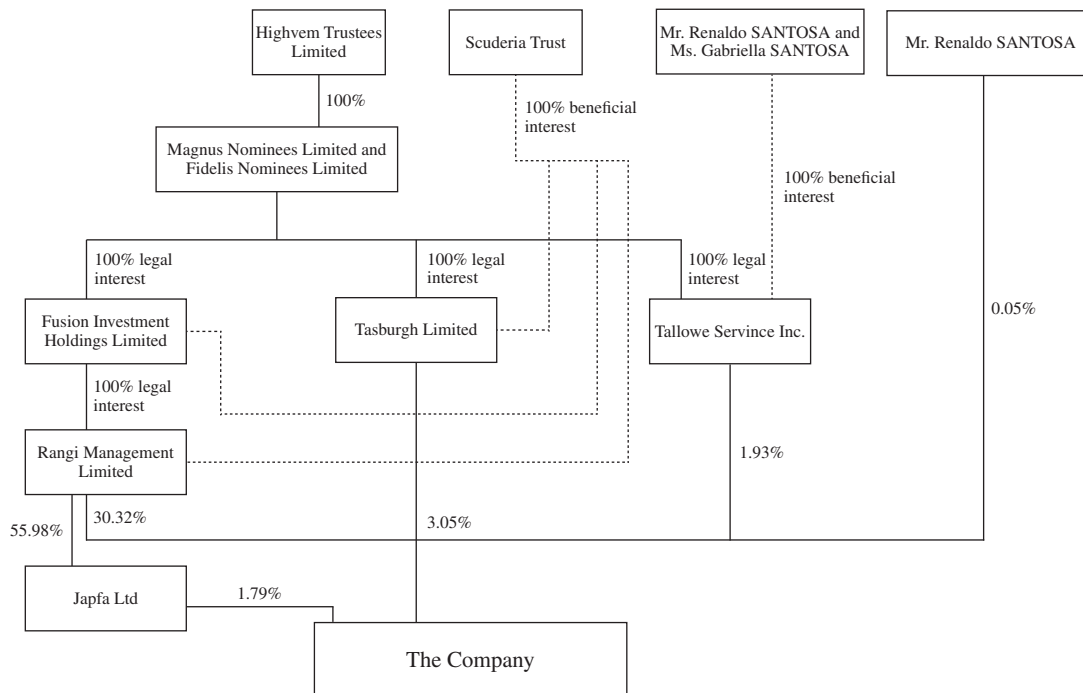
The entire issued and paid-up capital of Rangi Management Limited is held by Fusion Investment Holdings. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust.

Highvern Trustees Limited is the 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. The beneficiaries of the Scuderia Trust are Farida Gustimego SANTOSA, her children (Renaldo SANTOSA, Gabriella SANTOSA, Mikael SANTOSA and Raffaella SANTOSA) and remoter issue. Renaldo SANTOSA and Gabriella SANTOSA have been 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

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trustee of the Scuderia Trust 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. As the sole shareholder of Rangi Management Limited, Fusion Investment Holdings Limited is entitled to determine the composition of the board of directors of Rangi Management Limited. Accordingly, Renaldo SANTOSA and Gabriella SANTOSA can jointly control the exercise of the rights of the shares held by Fusion Investment Holdings Limited in Rangi Management Limited and through the board of directors appointed by Fusion Investment Holdings Limited, control the exercise of the rights of the Shares held by Rangi Management Limited under the Scuderia Trust.

Tallowe Services Inc. is wholly owned in equal shares by Magnus Nominees Limited as bare trustee for Renaldo SANTOSA and Fidelis Nominees Limited as bare trustee for Gabriella SANTOSA.



Dealings and interests of Controlling Shareholders and Concert Parties in the securities of the Company

As at the Latest Practicable Date, neither of the Controlling Shareholders nor any Concert Parties:

- (a) save for the Shares as set out in the section headed “Effects on the Shareholding Structure of the Company” above, owned, controlled or had discretion over any Shares and right over Shares, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Company;

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- (b) had received any other irrevocable commitment to vote for or against the EGM Resolutions;
- (c) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Company;
- (d) save for the Irrevocable Undertaking given by certain Controlling Shareholders, namely, (i) Mr. Renaldo SANTOSA, (ii) Ms. Gabriella SANTOSA, (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust), (iv) Rangi Management Limited, (v) Tasburgh Limited, and (vi) Tallowe Services Inc. as set out in the section headed “The Irrevocable Undertaking” above, had any arrangements referred to in Note 8 to Rule 22 of the Hong Kong Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Whitewash Waiver, with any other persons;
- (e) save that the Rights Issue is conditional upon the conditions set out in the section headed “Conditions of the Rights Issue” above and the Irrevocable Undertaking, had any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Whitewash Waiver;
- (f) had dealt in any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Relevant Period; or
- (g) had entered into any derivative in respect of the securities in the Company which are outstanding.

As at the Latest Practicable Date:

- (a) the Company had not paid and will not pay any other consideration, compensation or benefit in whatever form to the Controlling Shareholders and any Concert Parties in relation with the Rights Issue;
- (b) save for the Subscription Price, there was no other consideration, compensation, or benefit in whatever form paid or to be paid by the Controlling Shareholders and any Concert Parties in relation with the Rights Issue;
- (c) apart from the Irrevocable Undertaking, there was no other understanding, arrangement or special deal (as defined under Rule 25 of the Hong Kong Takeovers Code) between the Group on the one hand, and the Controlling Shareholders and any Concert Parties on the other hand; and

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- (d) apart from the Irrevocable Undertaking, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Hong Kong Takeovers Code) between (i) any Shareholders, and (ii) (a) the Controlling Shareholders or any Concert Parties, or (b) the Company, its subsidiaries or associated companies.

Material uncertainty related to going concern

Ernst & Young is the auditor of the Company. No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the Company's auditors' report for the two financial years ended 31 December 2022 and 2023. Material uncertainty related to going concern was contained in the Company's auditors' report for the year ended 31 December 2024, which refers to the fact that the Group had net current liabilities of approximately RMB1,252 million and the Group's total bank borrowings amounted to RMB3,498 million, of which RMB2,462 million will be due for repayment within one year from 31 December 2024, while its cash and cash equivalents amounted to RMB282 million. The Group incurred a net loss of RMB1,269 million for the year ended 31 December 2024. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements as contained in the annual report of the Company for the year ended 31 December 2024 ("Note 2.1"), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to discharge all of its liabilities in the normal course of business if no refinancing of borrowings as they fall due. As disclosed in the annual report of the Company for the year ended 31 December 2024, certain measures have been and are being taken by the directors of the Company to improve the Group's liquidity and financial position. For details, please refer to Note 2.1. The Company's auditors' opinion is not modified in respect of this matter.

As stated in the section headed "Reasons for the Rights Issue and the Use of Proceeds", the Rights Issue allow the Group to improve its financial position and enlarge its capital base to support the long-term development of the Group without subject to additional interest burden.

Fund Raising Activities in the Past 12 Months

The Company had not conducted any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

Closure of Register of Members of the Company

The register of members of the Company will be closed from Friday, 4 July 2025 to Thursday, 10 July 2025 (both days inclusive) for the purpose of determining the entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

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Intentions of the Controlling Shareholders

The Controlling Shareholders intend that the existing business of the Company will continue. The Controlling Shareholders do not intend to introduce any major changes to the existing operations and businesses of the Company (including any redeployment of the fixed assets of the Company). As at the Latest Practicable Date, the Controlling Shareholders had no intention to make any major changes to the continued employment of the existing employees of the Group.

Listing Rules Implications

As (i) the Company had not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date; and (ii) the Rights Issue will not increase either the total number of issued Shares (excluding treasury shares) or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to minority shareholders' approval requirement under Chapter 7 of the Listing Rules.

The Rights Issue will not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Hong Kong Takeovers Code and Singapore Takeover Code Implications

As at the Latest Practicable Date, assuming (i) there was no change in the number of issued Shares from the Latest Practicable Date up to and including the Record Date; and (ii) no Qualifying Shareholders accepted any Rights Shares provisionally allotted to them other than that (1) Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA have accepted all 99,054,014 Rights Shares pursuant to the Irrevocable Undertaking and (2) Japfa Ltd³ has accepted its entitlement to the provisional allotment of 5,014,415 Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 45.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue, and the aggregate shareholding interest of the Controlling Shareholders and Concert Parties⁴ will increase from approximately 42.75% to 50.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue.

3 For the avoidance of doubt, Japfa Ltd is presumed to be a party acting in concert with the Controlling Shareholders. Please also refer to footnote 1 above and note 3 under section headed "Effects on the shareholding structure of the Company" below.

4 For the avoidance of doubt, the Directors who are also Shareholders are presumed to be acting in concert with the Controlling Shareholders for purposes of the Rights Issue and such presumption will cease to apply upon completion of the Rights Issue. Please also refer to note 8 under section headed "Effects on the shareholding structure of the Company" below.

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For illustrative purposes only, based on the aforesaid assumptions and assuming that the Controlling Shareholders, Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., and Japfa Ltd have applied for and successfully been allotted the maximum excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 176,116,815 Rights Shares, the maximum potential shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 55.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue, and the maximum potential aggregate shareholding interest of the Controlling Shareholders and Concert Parties will increase from approximately 42.75% to 59.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue.

In such circumstance, the acceptance in full by the Controlling Shareholders and Concert Parties of the provisional allotment of Rights Shares to him pursuant to the Irrevocable Undertaking or otherwise, and the allotment of excess Rights Shares, if any, will trigger an obligation to make a mandatory general offer under Rule 26 of the Hong Kong Takeovers Code and Rule 14 of the Singapore Takeover Code for all the Shares not already owned or agreed to be acquired by the Controlling Shareholders and any Concert Parties, unless the Whitewash Waiver is granted by the Executive and the Singapore Rule 14 Waiver is granted by the SIC.

Whitewash Waiver Application

An application has been made by the Controlling Shareholders to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Takeovers Code. The Whitewash Waiver if granted by the Executive, would be subject to, among other things, the passing of the EGM Resolutions, i.e., resolutions approving (i) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Hong Kong Takeovers Code; and (ii) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM. Shareholders other than Independent Shareholders shall abstain from voting on the EGM Resolutions at the EGM.

Singapore Rule 14 Waiver Application

A similar application has also been made to the SIC for a waiver of the obligation to make a mandatory general offer under Rule 14 of the Singapore Takeover Code in respect of the Rights Issue.

Shareholders and potential investors should be aware that there is a possibility that, upon completion of the Rights Issue, the Controlling Shareholders and Concert Parties may hold more than 50% of the voting rights of the Company. If so, the Controlling Shareholders and Concert Parties may increase their holdings of voting rights of the Company without incurring any further obligation under Rule 26 of the Hong Kong Takeovers Code and Rule 14 of the Singapore Takeover Code to make a general offer after the completion of the Rights Issue.

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As at the Latest Practicable Date, the Company did not believe that the Rights Issue and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue or the Whitewash Waiver does not comply with other applicable rules and regulations.

INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising (1) all the independent non-executive Directors, Mr. SUN Patrick (Chairman), Mr. CHANG Pan, Peter and Mr. LI Shengli, and (2) Mr. Tamotsu MATSUI, being the non-executive Director who does not have any interest nor is presumed to be acting in concert with the Controlling Shareholders, to advise the Independent Shareholders in respect of the EGM Resolutions. As (i) Ms. Gabriella SANTOSA, being a non-executive Director, is one of the Controlling Shareholders, and (ii) Ms. GAO Lina, being a non-executive Director, holds 135,000 Shares and is presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of “acting in concert” pursuant to the Hong Kong Takeovers Code, they will not be members of the Independent Board Committee.

INDEPENDENT FINANCIAL ADVISER

With the approval of the Independent Board Committee, Altus Capital Limited has been appointed as an Independent Financial Adviser to advise the Independent Board Committee in relation to the EGM Resolutions. Your attention is drawn to the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-50 of this circular which contains its recommendation to the Independent Board Committee and Independent Shareholders in respect of the EGM Resolutions.

NOTICE OF EGM AND RESTRICTIONS ON VOTING

Set out on pages EGM-1 to EGM-4 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the EGM Resolutions, i.e., resolutions approving (i) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Hong Kong Takeovers Code; and (ii) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, (i) the Controlling Shareholders were deemed to be interested in an aggregate of 260,171,073 Shares, representing approximately 37.14% of the issued share capital of the Company; and (ii) Mr. TAN Yong Nang, Mr. Edgar Dowse COLLINS, Mr. YANG Ku and Ms. GAO Lina, being Directors who are presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of “acting in concert” pursuant to the Hong Kong Takeovers Code, held an aggregate of

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39,300,171 Shares, representing approximately 5.61% of the issued share capital of the Company. Accordingly, the Controlling Shareholders, Japfa Ltd, Mr. TAN Yong Nang, Mr. Edgar Dowse COLLINS, Mr. YANG Ku and Ms. GAO Lina shall abstain from voting on the EGM Resolutions.

Subject to, among other things, the Rights Issue and the Whitewash Waiver being approved at the EGM, the Prospectus Documents containing further information on the Rights Issue will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

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 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 procedural or administrative matter to be voted by a show of hands. Accordingly, each of the resolutions 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 authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it has in the same manner.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 23 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 June 2025.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (excluding the members in the Independent Board Committee, whose recommendation is set out in the “Letter from the Independent Board Committee” at pages IBC-1 to IBC-2) consider that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors (excluding the members in the Independent Board Committee, whose recommendation is set out in the “Letter from the Independent Board Committee” at pages IBC-1 to IBC-2) recommend the Independent Shareholders to vote in favour of the EGM Resolutions to be proposed at the EGM.

General

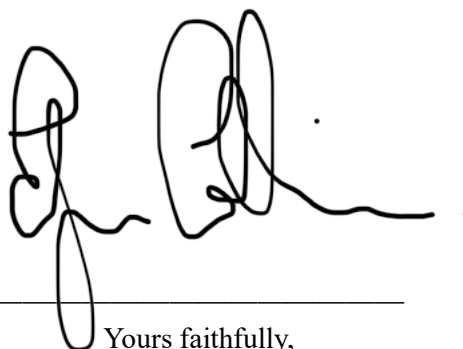
Your attention is also drawn to the appendices to this circular.

WARNING OF RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon, among other things, the Executive having granted the Whitewash Waiver to the Controlling Shareholders, the SIC having granted the Singapore Rule 14 Waiver, the listing approval from the Stock Exchange in respect of the Rights Shares, and the Rights Issue and Whitewash Waiver being approved by more than 50% and at least 75%, respectively of the votes cast by the Independent Shareholders at the EGM. If the Whitewash Waiver and/or the Singapore Rule 14 Waiver is not granted and/or the approvals by the Independent Shareholders are not obtained, or if any other condition precedent under the Rights Issue is not fulfilled, the Rights Issue will not proceed. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors should be aware that there is a possibility that, upon completion of the Rights Issue, the Controlling Shareholders and Concert Parties may hold more than 50% of the voting rights of the Company. If so, the Controlling Shareholders and Concert Parties may increase their holdings of voting rights of the Company without incurring any further obligation under Rule 26 of the Hong Kong Takeovers Code to make a general offer after the completion of the Rights Issue.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

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