
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 you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ausnutria Dairy Corporation Ltd, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**AUSNUTRIA DAIRY CORPORATION LTD****澳優乳業股份有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

**PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED FINAL DIVIDEND,
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of Ausnutria Dairy Corporation Ltd (“AGM”) to be held at 22nd Floor, Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the PRC, on Thursday, 26 May 2022 at 10:00 a.m. is set out on pages 39 to 43 of this circular. Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch 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 commencement of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting should you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

Please see page 4 of this document for measures being taken by Ausnutria Dairy Corporation Ltd to try to prevent and control the spread of the coronavirus disease at the AGM, including:

- **compulsory temperature checks**
- **compulsory wearing of surgical face masks**
- **no distribution of corporate gifts and/or refreshments**

Any person who does not comply with the precautionary measures may be denied entry into the AGM venue. In order to facilitate the prevention and control of the coronavirus disease, and to safeguard the health and safety of its shareholders, the Company encourages its shareholders to consider appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.

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DEFINITIONS

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

“2009 Share Option Scheme”	the share option scheme adopted by the Company on 19 September 2009, which has expired on 7 October 2019
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by resolution of the Shareholders at the AGM
“AGM”	the annual general meeting of the Company to be held at 22nd Floor, Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the PRC, on Thursday, 26 May 2022 at 10:00 a.m.
“Annual Report”	the annual report of the Company for the year ended 31 December 2021 despatched to the Shareholders together with this circular
“Articles of Association”	the articles of association of the Company, as amended or supplemented from time to time
“Associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Close Associates”	has the meaning ascribed to it under the Listing Rules
“Companies Law”	the Company Law, Chapter 22 (law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended or supplemented from time to time
“Company”	Ausnutria Dairy Corporation Ltd (澳優乳業股份有限公司), a limited liability company incorporated and existing under the laws of the Cayman Islands on 8 June 2009 and the Shares are listed on the Main Board of the Stock Exchange (Stock code: 1717)
“Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Core Connected Person(s)”	shall have the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	subject to the conditions set out in the relevant proposed resolution, the general and unconditional mandate granted to the Board to exercise the power to allot, issue and deal with Shares up to a maximum of 20% of the number of total issued Shares as at the date of the said resolution
“Latest Practicable Date”	20 April 2022, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“New Share Option Scheme”	the share option scheme of the Company to be proposed for adoption by the Company at the AGM, the principal terms of which are set out in the Appendix 3 to this circular
“Options”	a right to subscribe for Shares granted pursuant to the 2009 Share Option Scheme or the New Share Option Scheme (as the case may be)
“PRC”	the People’s Republic of China. For the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Repurchase Mandate”	subject to the conditions set out in the relevant proposed resolution, the general and unconditional mandate granted to the Board to exercise the power to repurchase Shares not exceeding 10% of the number of total issued Shares as at the date of the said resolution
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	registered shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong approved by the Securities and Futures Commission as amended or supplemented from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

PRECAUTIONARY MEASURES FOR THE AGM

In view of the ongoing coronavirus disease (COVID-19) pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the AGM to protect all attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) the Company encourages the Shareholders to consider appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person;
- (ii) compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the AGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the AGM venue or be required to leave the AGM venue;
- (iii) each attendee must wear surgical face masks inside the AGM venue at all times, and to maintain a safe distance between seats; and
- (iv) no refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue in order to ensure the safety of the attendees at the AGM.

In the interest of all stakeholders' health and safety and consistent with recent pandemic guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM is not necessary for the purpose of exercising their voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM instead of attending the AGM in person.

The proxy form is attached to the AGM Circular for Shareholders who opt to receive physical circulars. Alternatively, the proxy form can be downloaded from the "Investors – Circulars" section of the Company's website at <http://ausnutria.com.hk/en/ir/circulars.php>. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

If the Shareholders choose not to attend the AGM in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company via its investors contact as follows:

Investor Relations
Contact Person: Ms. Tracy Sun
Email: tracy_sun@ausnutria.com

LETTER FROM THE BOARD



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

Executive Directors:

Mr. Yan Weibin (*Chairman*)
Mr. Bartle van der Meer (*Chief Executive Officer*)
Ms. Ng Siu Hung

Non-executive Directors:

Mr. Sun Donghong (*Vice-chairman*)
Mr. Zhang Zhanqiang
Mr. Zhang Lingqi

Independent Non-executive Directors:

Mr. Ma Ji
Mr. Ren Fazheng
Mr. Aidan Maurice Coleman

Registered Office:

Cricket Square
Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal Place of Business

in Hong Kong:
Unit 16, 36/F., China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

22 April 2022

To the Shareholders

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES,
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS,
PROPOSED FINAL DIVIDEND,
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to (i) provide you with information regarding the Issue Mandate and the Repurchase Mandate; (ii) provide you with information regarding the re-election of the retiring Directors; (iii) provide you with information regarding the proposed final dividend; and (iv) give you notice of the AGM.

LETTER FROM THE BOARD

A. GRANTING OF GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES

This circular gives details regarding the granting of general mandates to issue Shares and repurchase Shares in compliance with the Listing Rules.

1. General mandate to issue Shares

On 11 May 2021, a general mandate was granted to the Directors to exercise the powers of the Company to issue Shares. In accordance with conditions of the general mandate granted, such mandate will lapse at the conclusion of the forthcoming AGM and has not been renewed yet.

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, the grant of the Issue Mandate to the Directors to allot, issue and deal with Shares up to 20% of the number of total issued Shares on the date of passing the ordinary resolution (i.e. not exceeding 361,709,168 Shares based on the 1,808,545,841 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date and the date of passing the resolution approving the Issue Mandate). In addition, an ordinary resolution will also be proposed for the Shareholders to consider and, if thought fit, approve the extension of the Issue Mandate by adding to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the Issue Mandate the number of Shares purchased under the Repurchase Mandate (refer to section 2 below), if granted.

Details of the Issue Mandate and the extension of the Issue Mandate are respectively set out in resolutions 6 and 8 in the notice of the AGM set out on pages 40 to 42 of this circular. The Issue Mandate will remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting; or (b) the expiration of the period within which the next annual general meeting of the Company is required by Articles of Association or the applicable laws of the Cayman Islands to be held; or (c) the passing of an ordinary resolution by the Shareholders in a general meeting revoking or varying such mandate.

2. General mandate to repurchase Shares

A general mandate to repurchase Shares was granted by the Shareholders in the annual general meeting of the Company held on 11 May 2021 to the Directors to exercise the powers of the Company to repurchase Shares, and thereafter, such mandate will lapse at the conclusion of the forthcoming AGM and has not been renewed yet.

At the AGM, an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, renew the grant of the Repurchase Mandate to the Directors to repurchase Shares up to 10% of the number of total issued Shares on the date of passing of the resolution approving the Repurchase Mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had 1,808,545,841 Shares in issue. Assuming that there is no change in the number of issued Shares between the period from the Latest Practicable Date and the date of passing the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate on the date of passing the resolution approving the Repurchase Mandate will be 180,854,584 Shares, representing 10% of the then issued Shares.

Details of the Repurchase Mandate are set out in resolution 7 in the notice of the AGM set out on pages 41 to 42 of this circular and the explanatory statement set out in Appendix 1 to this circular. The Repurchase Mandate will remain in effect until whichever is the earliest of (a) the conclusion of the next annual general meeting of the Company unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the applicable laws of the Cayman Islands to be held; or (c) the passing of an ordinary resolution by the Shareholders in a general meeting revoking or varying such mandate.

3. Explanatory Statement

An explanatory statement containing all relevant information relating to the proposed Repurchase Mandate as required under the Listing Rules is set out in the Appendix 1 to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Directors the Repurchase Mandate.

B. RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 84 of the Articles of Association, Mr. Bartle van der Meer, Ms. Ng Siu Hung and Mr. Aidan Maurice Coleman will retire by rotation at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-election.

Further, in accordance with Article 83(3) of the Articles of Association, the newly appointed Directors, namely, Mr. Sun Donghong, Mr. Zhang Zhanqiang, Mr. Zhang Lingqi, Mr. Ma Ji and Mr. Ren Fazheng, will also retire by rotation at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-election. An ordinary resolution approving their re-elections will be proposed at the forthcoming AGM.

The biographical details of the aforesaid Directors proposed to be re-elected are set out in Appendix 2 to this circular. An ordinary resolution approving their re-elections will be proposed at the AGM.

C. FINAL DIVIDEND

The Board has recommended a final dividend of HK\$0.28 per Share for the year ended 31 December 2021 to be distributed from the Company's share premium account to the Shareholders whose names appear on the register of members of the Company on 31 May 2022. Subject to the approval of the Shareholders at the forthcoming AGM, the proposed final dividend is expected to be paid on or around 23 June 2022.

LETTER FROM THE BOARD

D. PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

An ordinary resolution will be proposed, amongst others, at the AGM to the Shareholders to consider and, if thought fit, approve the adoption of the New Share Option Scheme and to authorise the Directors to grant Share Options under the New Share Option Scheme.

1. 2009 Share Option Scheme

On 19 September 2009, the Company adopted the 2009 Share Option Scheme. Pursuant to the terms of the 2009 Share Option Scheme, it has expired on 7 October 2019.

Pursuant to the terms of the 2009 Share Option Scheme, no further Options will be granted thereunder after the expiry of the 2009 Share Option Scheme but in all other respects the provisions of the 2009 Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted thereunder (if any) prior to such expiry or otherwise as may be required in accordance with the provisions of the 2009 Share Option Scheme, and all Options granted thereunder (if any) prior to such expiry shall continue to be exercisable subject to and in accordance with their terms of grant.

2. New Share Option Scheme

Since the expiry of the 2009 Share Option Scheme on 7 October 2019, no new share option scheme has been adopted by the Company and the Company has no other existing share option scheme. As at the Latest Practicable Date, there was no outstanding Option granted under the 2009 Share Option Scheme. In order to provide the Company with the flexibility of granting Options to the directors and employees of the Group, its affiliates and the holding company of the Company (if applicable) as incentives or rewards for their contribution or potential contribution to the Group, the Board proposes to adopt the New Share Option Scheme.

The purpose of the New Share Option Scheme is to provide incentive or reward, to recognise and acknowledge the contributions and/or efforts that any directors or employees of the Group, its affiliates and the holding company of the Company (if applicable) had made or may make to the Group.

At the AGM, a resolution will be proposed for the Shareholders to consider and, if thought fit, approve the adoption of the New Share Option Scheme. So far as the Directors are aware of, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting for the said resolution.

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,808,545,841 Shares. Assuming that the issued share capital of the Company will remain unchanged from the Latest Practicable Date up to the date of AGM, the maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other schemes of the Company, if any, in aggregate will be 180,854,584 Shares, representing 10% of the Shares in issue as at the Adoption Date.

LETTER FROM THE BOARD

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted on the Latest Practicable Date, given that the variables which are crucial for the calculation of the value of such Options cannot be determined. The variables which are crucial for the determination of the value of such Options include the subscription price for the Shares to be issued upon the exercise of the Options, the timing of the grant of such Options and whether or not such Options, if granted, will be exercised by the Grantees. Thus, the Directors are of the view that the value of the Options that can be granted pursuant to the New Share Option Scheme depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical bases and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to the Shareholders in the circumstances.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in the trustees of the New Share Option Scheme, if any.

The New Share Option Scheme shall take effect subject to the passing of the necessary resolution to adopt the New Share Option Scheme by the Shareholders in a general meeting of the Company and is conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Shares or any part thereof to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme. An application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options to be granted under the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix 3 to this circular. A copy of the New Share Option Scheme will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company from 11 May 2022 and up to and including the date of the AGM, and will also be available for inspection at the AGM. The terms of the New Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Company will comply with the relevant Listing Rules from time to time in force in respect of the New Share Option Scheme and any other share option scheme(s) of the Company or any of the subsidiaries

E. AGM

A notice convening the AGM is set out on pages 39 to 43 of this circular.

The Annual Report incorporating, among other things, the audited consolidated financial statements of the Group for the year ended 31 December 2021 and the reports of the Directors and the auditors thereon are despatched to the Shareholders together with this circular.

A proxy form for use at the AGM is enclosed, a copy of which can also be obtained via the website of the Company at www.ausnutria.com.hk or the website of the Stock Exchange at www.hkexnews.hk.

LETTER FROM THE BOARD

Whether or not you are able to attend the AGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch 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 commencement of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending in person and voting at the AGM or any adjourned meeting if you so wish.

F. PROCEDURES AND RESULTS FOR POLL VOTING

Pursuant to Rule 13.39(4) of the Listing Rules and Article 66 of the Articles of Association, at any general meeting, a resolution put to the vote of a meeting shall be taken by poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every Share held which is fully paid or credited as fully paid.

The results of the poll on all the resolutions as set out in the notice of the AGM in both English and Chinese will be published on the website of the Company at www.ausnutria.com.hk and the website of the Stock Exchange at www.hkexnews.hk after 4:00 p.m. on the AGM date.

G. RECOMMENDATION

The Directors believe that the resolutions of (i) the granting of the Issue Mandate and Repurchase Mandate; (ii) the re-election of the retiring Directors; (iii) the final dividend; and (iv) the proposed adoption of the New Share Option Scheme to be proposed at the AGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends you to vote in favour of the resolutions to be proposed at the AGM.

H. RESPONSIBILITY STATEMENT

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

I. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully
By Order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

This Explanatory Statement includes information required under Rule 10.06(1)(b) of the Listing Rules to be given to the Shareholders in connection with the proposed Repurchase Mandate.

(I) LISTING RULES

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their fully-paid up shares on the Stock Exchange subject to certain restrictions.

(II) SHAREHOLDER'S APPROVAL

The Listing Rules provide that all on-market share repurchases by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by specific approval of a particular transaction or by a general mandate to the directors of the company to make such repurchases and that the shares to be repurchased must be fully paid up.

(III) EXERCISE OF THE REPURCHASE MANDATE

As at the Latest Practicable Date, there were 1,808,545,841 Shares in issue. Subject to the passing of the ordinary resolution approving the Repurchase Mandate and on the basis that no further Shares are issued and no Shares are repurchased prior to the AGM, the Directors would be authorised under the Repurchase Mandate to repurchase a maximum of 180,854,584 Shares, representing 10% of the then number of total issued Shares.

(IV) REASONS FOR THE REPURCHASE OF SHARES

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in net assets and/or earnings per Share. The Directors are seeking in the grant of Repurchase Mandate to give the Company flexibility to do so if and when appropriate. The timing and the numbers(s), the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then prevailing.

(V) SOURCE OF FUNDS

Repurchases must be made out of funds which are legally available for such purpose in accordance with all applicable laws of the Cayman Islands and the Articles of Association. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

Under the Companies Law, repurchases by the Company may only be made out of the reserves of the Company or out of the proceeds of a fresh issue of Shares made for the purpose, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

There could be adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited consolidated financial statements of the Group contained in the Annual Report) in the event that the proposed Share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital of the Company or its gearing level.

(VI) SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during each of the previous twelve months and up to the Latest Practicable Date were as follows:

	Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2021		
March	12.52	10.18
April	11.50	10.24
May	12.96	10.86
June	12.16	10.38
July	10.38	7.36
August	8.21	7.01
September	8.04	6.59
October	9.75	8.21
November	9.58	8.91
December	9.45	8.73
2022		
January	9.88	9.52
February	9.94	9.84
March	10.06	7.45
April (up to the Latest Practicable Date)	8.00	7.18

(VII) UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. The Directors have also undertaken not to repurchase any Shares if there is less than a minimum of 25% of the total issued share capital of the Company in public hands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquires, any of their Close Associate(s), currently intends to sell the Shares to the Company or its subsidiaries in the event that the Repurchase Mandate is approved by the Shareholders.

No Core Connected Person has notified the Company that he has a present intention to sell the Shares to the Company, or has undertaken not to do so in the event that the Company is authorised to make repurchases of the Shares.

(VIII) TAKEOVERS CODE

Pursuant to Rule 32 of the Takeovers Code, if as a result of a Share repurchase, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and may in certain circumstances give rise to an obligation to make a mandatory offer for the Shares under Rule 26 or Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, nothing has come to the attention of the Directors that there will be any consequences arise under the Takeovers Code if the Repurchase Mandate is exercised.

(IX) SHARES REPURCHASE BY THE COMPANY

The Company did not repurchase any Shares (whether on the Stock Exchange or otherwise) in the six months prior to the Latest Practicable Date.

At the AGM, an ordinary resolution to re-elect the following persons as Directors will be proposed. In compliance with Rule 13.51(2) of the Listing Rules, details of the relevant persons are as follows:

**MR. BARTLE VAN DER MEER (“MR. VAN DER MEER”)
EXECUTIVE DIRECTOR, CHIEF EXECUTIVE OFFICER**

Mr. van der Meer, aged 76, was appointed as an executive Director and chief executive officer on 7 June 2013. Mr. van der Meer is one of the founders of Ausnutria B.V. and has been involving in the strategic management since the establishment of Ausnutria B.V. in 1994. He is also a member of the board of directors of Ausnutria B.V. and the chairman of this one-tier board since January 2020. Mr. van der Meer is primarily responsible for managing and executing the Group’s overall business directions and corporate operation decisions. He graduated with a business administration degree in the Netherlands with a major in banking in 1966. He worked for Rabobank, a multinational banking and financial services group in the Netherlands for more than 25 years. He is serving as the executive director of Fan Deming B.V., a private equity company which owned 100% equity interests in Dutch Dairy Investments B.V., a substantial Shareholder, since 1994. Mr. van der Meer has been the chairman of supervisory board of sc Heerenveen NV (a soccer club which plays in the premier division in the Netherlands) since 1998 to 2012, and a member of Foundation Accell Group (a company listed on Euronext Amsterdam (formerly known as Amsterdam Stock Exchange) since 1998 to March 2022.

Saved as disclosed above, Mr. van der Meer did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, Mr. van der Meer did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. The details of Mr. van der Meer’s interests in the Shares within the meaning of Part XV of the SFO are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” of the Annual Report.

There is a service contract between the Company and Mr. van der Meer for a term of three years with effect from 7 June 2019. Mr. van der Meer is entitled to an annual director’s fee of HK\$300,000 and annual emoluments of RMB1,864,000. Mr. van der Meer’s remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. van der Meer to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. van der Meer that need to be brought to the attention of the Shareholders.

**MS. NG SIU HUNG (“MS. NG”)
EXECUTIVE DIRECTOR**

Ms. Ng, aged 53, was appointed as an executive Director on 19 September 2009. Ms. Ng is also an executive director of Ausnutria Dairy (China) Co., Ltd., primarily responsible for the brand and culture building and public relations affairs of the Group. She graduated at University of Westminster, the United Kingdom with a master of arts degree in human resource management. Ms. Ng has been a director of Hunan Yukai Real Estate Co., Ltd* (湖南宇凱房地產有限公司) since 2004.

Saved as disclosed above, Ms. Ng did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, Ms. Ng did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. The details of Ms. Ng’s interests in the Shares within the meaning of Part XV of the SFO are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” of the Annual Report.

There is a service contract between the Company and Ms. Ng for a term of three years with effect from 8 October 2021. Ms. Ng is entitled to an annual director’s fee of HK\$300,000 and annual emoluments of RMB1,462,000. Ms. Ng’s remuneration is determined with reference to her qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Ms. Ng to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Ms. Ng that need to be brought to the attention of the Shareholders.

**MR. AIDAN MAURICE COLEMAN (“MR. COLEMAN”)
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr. Coleman, aged 66, was appointed as an independent non-executive Director on 6 December 2018. Mr. Coleman graduated with a Bachelor of Arts degree in Economics and Psychology from The University of Auckland in 1978 and a Bachelor of Business Studies degree in marketing from The Massey University of New Zealand in 1991. He is a founder and currently the managing director of Longpoint Consulting Pty. Ltd., which provides private consulting and advisory services to various companies in Australia and New Zealand including retailers, dairy trading companies and FMCG marketing businesses. He has over 30 years of extensive experience in the manufacturing and marketing of consumer and food service food and agricultural product. Prior to joining Longpoint Consulting Pty. Ltd., Mr. Coleman was the chief executive officer of Bega Cheese Limited (stock code: BGA.ASX), a company listed on the Australian Securities Exchange, until 2017. He was also the chief executive officer of Tatura Milk Industries Ltd. (“Tatura”), a wholly owned subsidiary of Bega Cheese Limited, from 2008 to 2011 and an executive director of Tatura from 2011 to 2017. Prior to joining Tatura, he was the managing director of Fonterra Brands (Australia) Pty. Ltd from 2005 to 2007, an Australian company which manufactures, markets and distributes dairy and non-dairy products.

Save as disclosed above, Mr. Coleman did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, Mr. Coleman did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. The details of Mr. Coleman’s interests in the Shares within the meaning of Part XV of the SFO are set out in the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares” of the Annual Report.

There is a service contract between the Company and Mr. Coleman for a term of two years with effect from 6 December 2020. Mr. Coleman is entitled to an annual director’s fee of HK\$350,000. Mr. Coleman’s remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. Coleman to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. Coleman that need to be brought to the attention of the Shareholders.

**MR. SUN DONGHONG (“MR. SUN”)
NON-EXECUTIVE DIRECTOR, VICE-CHAIRMAN**

Mr. Sun, aged 49, graduated from Inner Mongolia University of Technology with a bachelor’s degree in engineering in 1994. He has 27 years of experience in the dairy industry and has been successively engaged in production technology, production management, business operation management, strategic operations and etc. He joined Inner Mongolia Yili Industrial Group Co., Ltd. (a company established under Chinese laws and whose shares are listed on the Shanghai Stock Exchange (stock code: 600887)) (“**Yili Industrial**”), a substantial Shareholder, in 1994. He has been the assistant president of Yili Industrial since 2017 and is in charge of Yili Industrial group’s milk powder business department, yogurt business department, cheese business department, dairy technology research institute and such other new businesses of Yili Industrial group.

Save as disclosed above, Mr. Sun did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, save as disclosed above, Mr. Sun did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. Mr. Sun has no interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is a service contract between the Company and Mr. Sun for a term of two years with effect from 18 March 2022. Mr. Sun is entitled to an annual director’s fee of HK\$300,000. Mr. Sun’s remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. Sun to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. Sun that need to be brought to the attention of the Shareholders.

**MR. ZHANG ZHANQIANG
NON-EXECUTIVE DIRECTOR**

Mr. Zhang Zhanqiang, aged 53, graduated from Inner Mongolia School of Finance and Economics in 1991 with a major in corporate finance, from Inner Mongolia University of Finance and Economics with a major in accounting in 1995, and from Central University of Finance and Economics with a bachelor's degree in management in 2007 respectively. He is a certified public accountant in the PRC, a certified tax agent in the PRC, and is qualified to practice accounting in the PRC. He joined Yili Industrial, a substantial Shareholder, in January 2007, and has been the assistant to the president of Yili Industrial group since 2019. Prior to that, he also served as the deputy general manager of the liquid milk business department and the general manager of the financial management department of the company. Prior to joining Yili Industrial, he was primarily engaged in the accounting industry and served as a partner in Beijing Zhongtian Huazheng Accountancy Firm.

Save as disclosed above, Mr. Zhang Zhanqiang did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, save as disclosed above, Mr. Zhang Zhanqiang did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. Mr. Zhang Zhanqiang has no interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is a service contract between the Company and Mr. Zhang Zhanqiang for a term of two years with effect from 18 March 2022. Mr. Zhang Zhanqiang is entitled to an annual director's fee of HK\$300,000. Mr. Zhang Zhanqiang's remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. Zhang Zhanqiang to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. Zhang Zhanqiang that need to be brought to the attention of the Shareholders.

**MR. ZHANG LINGQI
NON-EXECUTIVE DIRECTOR**

Mr. Zhang Lingqi, aged 53, was appointed as non-executive Director on 20 April 2022. He graduated from Inner Mongolia Finance and Economics College (內蒙古財經學院) in 1991 majoring in international trade. He has 25 years of experience in the dairy industry and has been successively engaged in investment analysis, sales management, logistics management and strategic operations etc. He joined Yili Industrial in June 1996. He has been an assistant to the president of Yili Industrial since 2017 and is in charge of Yili Industrial group's strategic planning department. He has also been the general manager of the operation management department and the strategic management department of Yili Industrial.

Save as disclosed above, Mr. Zhang Lingqi did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, save as disclosed above, Mr. Zhang Lingqi did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. Mr. Zhang Lingqi has no interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is a service contract between the Company and Mr. Zhang Lingqi for a term of two years with effect from 20 April 2022. Mr. Zhang Lingqi is entitled to an annual director's fee of HK\$300,000. Mr. Zhang Lingqi's remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. Zhang Lingqi to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. Zhang Lingqi that need to be brought to the attention of the Shareholders.

MR. MA JI (“MR. MA”)**INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr. Ma, aged 45, was appointed as independent non-executive Director on 20 April 2022. Mr. Ma graduated from Peking University in 2000 with a bachelor’s degree in economics, and China Europe International Business School in 2016 with and an executive master of business administration degree. Mr. Ma is a member of the Chinese Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. Mr. Ma is now the chief financial officer of YQNLink. Mr. Ma was the chief financial officer of Autonavi Holdings Limited from 2013 to 2014, the senior director of Alibaba Group Holding Limited, a company listed on the Stock Exchange (stock code: 9988) from 2014 to 2015, and the vice president of JD.com, Inc., a company listed on NASDAQ and the Stock Exchange (stock code: JD and 9618) from 2015 to 2021. Mr. Ma has worked in Deloitte Touche Tohmatsu CPA Ltd. for over ten years and has extensive financial management experience.

Save as disclosed above, Mr. Ma did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, Mr. Ma did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. Mr. Ma has no interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is a service contract between the Company and Mr. Ma for a term of two years with effect from 20 April 2022. Mr. Ma is entitled to an annual director’s fee of HK\$400,000. Mr. Ma’s remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. Ma to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. Ma that need to be brought to the attention of the Shareholders.

**MR. REN FEZHENG (“MR. REN”)
INDEPENDENT NON-EXECUTIVE DIRECTOR**

Mr. Ren, aged 59, was appointed as independent non-executive Director on 20 April 2022. Mr. Ren graduated from the College of Animal Science and Technology of Beijing Agricultural University with a bachelor’s degree in animal husbandry and a master’s degree in animal nutrition in 1984 and 1987, respectively, and from the College of Food Science and Nutritional Engineering of China Agricultural University with a doctor’s degree in food science in 2003. He has been a professor principally engaged in dairy science and nutritional engineering at China Agricultural University since 2002. He has also been the executive chairman of the PRC national committee of International Dairy Federation (IDF) since 2018 and a vice president (副理事長), and the chief of the expert committee, of the China Dairy Industry Association. He obtained the Prize for Scientific and Technological Innovation granted by the Hong Kong-based Ho Leung Ho Lee Foundation in 2019.

Save as disclosed above, Mr. Ren did not hold any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or any other position with the Company and other members of the Group or other major appointments and professional qualifications.

As at the Latest Practicable Date, Mr. Ren did not have any relationship with other Directors, senior management, substantial or controlling Shareholders. Mr. Ren has no interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

There is a service contract between the Company and Mr. Ren for a term of two years with effect from 20 April 2022. Mr. Ren is entitled to an annual director’s fee of HK\$350,000. Mr. Ren’s remuneration is determined with reference to his qualifications, experience, duties and responsibilities with the Company as well as market rate.

As far as the Directors are aware, there is no information of Mr. Ren to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and there are no other matters concerning the re-election of Mr. Ren that need to be brought to the attention of the Shareholders.

1. DEFINITION

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved and adopted at the AGM:

For the purpose of this section, unless the context otherwise requires:

“Affiliate”	a company in which the Group holds an interest of 30% or more of the issued share capital or a Subsidiary of such company
“Allotment Date”	the date on which Shares are allotted and issued to a Grantee pursuant to the exercise of the rights attaching to an Option granted and exercised under the New Share Option Scheme
“Auditor”	the auditor for the time being of the Company
“Business Day”	shall have the meaning ascribed to it under the Listing Rules
“Chief Executive”	shall have the meaning ascribed to it under the Listing Rules
“Commencement Date”	in respect of any particular Option, the Business Day on which that Option is granted in accordance with clause 6 of the New Share Option Scheme (details of which are set out in paragraph 6 in this Appendix)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Eligible Participant(s)”	any person who satisfies the eligibility criteria in clause 5 of the New Share Option Scheme (details of which are set out in paragraph 5 in this Appendix)
“Employee”	any employee (whether full-time or part-time) as stipulated in clause 5.1 of the New Share Option Scheme (details of which are set out in paragraph 5(a) in this Appendix)

“Grantee”	any Eligible Participant who accepts an offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) the legal personal representative(s) entitled to any such Option in consequence of the death of the Eligible Participant (being an individual)
“Option Period”	in respect of any particular Option, the period to be notified by the Board to each Grantee as being the period during which an Option may be exercised as the Board determines at its discretion, save that such period shall not be more than 10 years from the Commencement Date
“Subsidiary” or “Subsidiaries”	a subsidiary or subsidiaries (within the meaning of the Companies Ordinance or the Companies Law) for the time being and from time to time of the Company
“Substantial Shareholder”	shall have the meaning ascribed to it under the Listing Rules

2. PURPOSE OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme is a share incentive scheme and is established to provide incentive or reward, to recognise and acknowledge the contributions and/or efforts that Eligible Participants had made or may make to the Group.

The New Share Option Scheme will provide the Eligible Participants with an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit and/or interest of the Group; and
- (b) attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are or will be beneficial to the long term growth of the Group.

3. CONDITIONS

- (a) The New Share Option Scheme shall take effect subject to the passing of the necessary resolution to adopt the New Share Option Scheme by the Shareholders in a general meeting of the Company and is conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Shares or any part thereof to be issued and allotted pursuant to the exercise of the Options granted under the New Share Option Scheme.
- (b) If any of the above conditions are not satisfied on or before 31 December 2022, the New Share Option Scheme shall forthwith be terminated and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the New Share Option Scheme.
- (c) Reference in paragraph 3(a) of this Appendix to the Stock Exchange granting the approvals, listing and permission referred to therein shall include where such approvals, listing and permission are granted subject to conditions.

4. DURATION AND ADMINISTRATION

Subject to clause 3 and 16 of the New Share Option Scheme (details of which are set out in paragraphs 3 and 16 in this Appendix), the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which no further Options will be issued but the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of New Share Option Scheme.

The New Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties. Without prejudice to the generality of the foregoing, the Board shall have the absolute discretion to (a) interpret and construe the provisions of the New Share Option Scheme, (b) subject to clauses 5, 7 and 10 of the New Share Option Scheme (details of which are set out in paragraphs 5, 7 and 10 in this Appendix), determine the persons who will be awarded Options under the New Share Option Scheme, and the number and subscription price of Options awarded thereto, (c) subject to clause 14 of the New Share Option Scheme, make such appropriate and equitable adjustments to the terms of Options granted under the New Share Option Scheme as it deems necessary, and (d) make such other decisions or determinations as it shall deem appropriate in the administration of the New Share Option Scheme.

5. ELIGIBILITY CRITERIA

- (a) The Board may at its discretion grant Options to any Director, proposed Director (whether executive or non-executive and whether independent or not), employee of the Group or an Affiliate or the holding company of the Company (if applicable) whom the Board in its sole discretion considers will contribute or has contributed to any member of the Group or an Affiliate or the holding company of the Company (if applicable).

In order for a person to satisfy the Board that he is qualified to be (or, where applicable, continues to be qualified to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his eligibility (or continuing eligibility).

- (b) Any person whom the Board has resolved that he/she is qualified to be an Eligible Participant must remain eligible during the period when any Option granted to him/her remains outstanding (including both vested Options which are not exercised and unvested Options). In assessing such Grantee's continuing eligibility under the New Share Option Scheme, the requirements set out in clause 5.1 and clause 15.1 of the New Share Option Scheme (details of which are set out in paragraphs 5(a) and 15(a) in this Appendix) shall be given due and careful consideration by the Board.
- (c) In the event that the Board has resolved that a Grantee fails or otherwise is unable to meet the continuing eligibility criteria under the New Share Option Scheme as referred to in clause 5.2 of the New Share Option Scheme (details of which are set out in paragraph 5(b) above), the Company is entitled to cancel any outstanding Option or part thereof granted to such Grantee to the extent not already exercised (but, for the avoidance of doubt, if the Company does not exercise such right, the Grantee may exercise any outstanding Option or part thereof).

6. GRANT OF OPTIONS

- (a) On and subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time on a Business Day within 10 years commencing on the Adoption Date to offer the grant of an Option to any Eligible Participant as the Board may in its absolute discretion select in accordance with clause 5 of the New Share Option Scheme (details of which are set out in paragraph 5 above).

- (b) An offer of the grant of an Option shall be made to an Eligible Participant by letter in such form as the Board may from time to time determine. Such offer shall specify the Subscription Price, the Option Period and the other relevant terms and conditions of the Option, and shall require the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and all other conditions attaching to the grant and shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the date of offer. An offer cannot be accepted by an Eligible Participant who ceases to be an Eligible Participant after the offer has been made. No offer shall be capable of or open for acceptance after the expiry of 10 years after the Adoption Date.
- (c) The letter for granting the offer shall state, in addition to the matters specified in clause 6.2 of the New Share Option Scheme (details of which are set out in paragraph 6(b) above), the following:
- (i) the name and address of the Eligible Participant;
 - (ii) the last date by which the offer must be accepted;
 - (iii) the manner of payment of the Subscription Price for the Shares on and in consequence of the exercise of the Option;
 - (iv) the procedure for acceptance;
 - (v) without prejudice to the generality of clause 6.6 of the New Share Option Scheme (details of which are set out in paragraph 6(f) in this Appendix), such other terms and conditions of the offer as may be imposed by the Board as are not inconsistent with the New Share Option Scheme; and
 - (vi) a statement requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme.
- (d) An offer of the grant of an Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within the period specified in the letter containing the offer of the grant of the Option. Such remittance shall in no circumstances be refundable. Once accepted, the Option is granted as from the date on which it was offered to the relevant Eligible Participant.

- (e) Unless otherwise stated in the terms of the grant, any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of a board lot for dealings in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the offer of the grant of an Option is not accepted within 28 days in the manner indicated in clause 6.4 of the New Share Option Scheme (details of which are set out in paragraph 6(d) above) it shall be deemed to have been irrevocably declined and lapse automatically.
- (f) Subject to the provisions of the New Share Option Scheme, the Listing Rules and other applicable rules and regulations, the Board may, on a case by case basis and at its discretion when offering the grant of an Option, impose any conditions, restrictions or limitations in relation thereto additional to those expressly set forth in the New Share Option Scheme as it may think fit (which shall be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) conditions, restrictions or limitations relating to the minimum period for which the Options are to be held and/or the achievement of operating or financial targets, the satisfactory performance of certain obligations by the Grantee or the time or period when the right to exercise the Option in respect of all or some of the Shares the subject of the Option will vest.
- (g) Without prejudice to the generality of the foregoing and subject to the Listing Rules and clause 7 of the New Share Option Scheme (details of which are set out in paragraph 7 below), the Board may grant Options in respect of which the Subscription Price is fixed at different prices for certain periods during the Option Period.
- (h) The Board shall not offer the grant of an Option to any Eligible Participant (i) after inside information has come to its knowledge until the trading day after it has announced the information; or (ii) during the period commencing one month immediately preceding the earlier of (A) the date of the board meeting for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (B) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period respectively (whether or not required under the Listing Rules), and ending on the date on which such information has been announced pursuant to the relevant requirements of the Listing Rules.
- (i) The Board may not grant any Option to an Eligible Participant who is a Director during the periods or times which Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

7. SUBSCRIPTION PRICE

The Subscription Price in respect of any particular Option shall, subject to any adjustments made pursuant to the terms of the New Share Option Scheme, be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option and notified to each Eligible Participant (in the letter containing the offer of the grant of the Option) and shall not be less than the highest of:

- (a) the closing price per Share of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant Option, which must be a Business Day; or
- (b) an amount equivalent to the average closing price per Share of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the date of grant of the relevant Option.

8. EXERCISE OF OPTIONS

- (a) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall render any outstanding Option or part thereof granted to such Grantee, to the extent not already exercised, as lapsed.
- (b) An Option shall be exercised in whole or in part by the Grantee by giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the Subscription Price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of the Auditor's or the independent financial adviser's certificate pursuant to clause 11 of the New Share Option Scheme (details of which are set out in paragraph 11 in this Appendix), the Company shall accordingly allot the relevant number of Shares to the Grantee credited as fully paid and issue to the Grantee a share certificate in respect of the Shares so allotted.
- (c) Subject as hereinafter provided, an Option may be exercised at any time during the Option Period, provided that:–
 - (i) in the event of the death of the Grantee (being an individual) before exercising the Option in full, his legal personal representatives may exercise the Option up to the Grantee's entitlement (to the extent not already exercised) within the period of 12 months from the date of his death or such longer period as the Board may determine failing which the Option will lapse;

- (ii) in the event of the Grantee who is an Employee ceasing to be an Employee for any reason other than his death or the termination of his employment on one or more of the grounds specified in clause 9(e) of the New Share Option Scheme (details of which are set out in paragraph 9(e) below), the Option (including both unvested Options and vested Options to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable provided that the Board may within 1 month from the date of such cessation otherwise determine that the Option shall become exercisable within such period as the Board may determine following the date of such cessation;
- (iii) if a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or in concert with the offeror), the Company shall use its best endeavours to procure that such offer is extended to all Grantees (on the same terms, mutatis mutandis, and assuming that they shall become, by the exercise in full of the Options granted to them, shareholders of the Company). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his/her/its legal personal representative(s)) shall be entitled to exercise his/her/its Options in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional;
- (iv) in the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall, forthwith upon such notice of meeting being given, give notice thereof to the Grantee and the Grantee may by notice in writing to the Company (such notice to be received by the Company not later than 4 Business Days prior to the proposed Shareholders' meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise; and

- (v) in the event of a compromise or arrangement between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of compromise or arrangement, and thereupon the Grantee (or his or her personal representative(s)) may, until the expiry of the period commencing on such date and ending on the earlier of the date 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the court, exercise any of his or her Options (to the extent which it has become exercisable and has not already been exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse unless previously exercised under the New Share Option Scheme. The Company may require the Grantee (or his or her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of Option in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.
- (d) The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the articles of association of the Company in force as at the Allotment Date and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the Allotment Date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the Allotment Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered into the register of members of the Company as the holder thereof. For the avoidance of doubt, the Options shall not confer any voting, dividend, transfer and other rights (including those arising on a liquidation of the Company) save to the extent expressly provided for in the New Share Option Scheme.
- (e) For the purpose of clause 8.3(b) of the New Share Option Scheme (details of which are set out in paragraph 8(c)(ii) above), a Grantee shall not be regarded as ceasing to be an employee (including any executive director) or officer (including any non-executive director and independent non-executive director) of the Company or any Subsidiary or the Company's Affiliate or the Company's holding company if he ceases to hold a position of employment or office with the Company or any particular Subsidiary or the Company's Affiliate or the Company's holding company but at the same time he takes up a different position of employment or office with the Company or another Subsidiary or the Company's Affiliate or the Company's holding company, as the case may be.

9. LAPSE OF OPTION

An Option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in clause 8.3 of the New Share Option Scheme (details of which are set out in paragraph 8(c) above);
- (c) the date of the commencement of the winding-up of the Company;
- (d) subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in clause 8.3(e) of the New Share Option Scheme (details of which are set out in paragraph 8(c)(v) above);
- (e) the date on which the Grantee who is an Employee ceases to be an Employee by reason of the termination of his/her employment on the grounds that he/she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay debts or has committed any act of bankruptcy or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty. A resolution of the Board to the effect that the employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 9(e) shall be conclusive;
- (f) there is an unsatisfied judgment, order or award outstanding against the Grantee or the Board has reason to believe that the Grantee is unable to pay or to have no reasonable prospect of being able to pay his debts within the meaning of the Bankruptcy Ordinance (Chapter 6 of the laws of Hong Kong);
- (g) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in clause 9(f) of the New Share Option Scheme (details of which are set out in paragraph 9(f) above);
- (h) the date on which the Grantee commits a breach of any condition attached to the grant of his/her/its Option, if the Board shall exercise the Company's right to deem the Option as lapsed;
- (i) the date on which the Board considers that the Grantee fails to meet the continuing eligibility criteria as set out in clause 5 of the New Share Option Scheme (details of which are set out in paragraph 5 in this Appendix), if the Board shall exercise the Company's right to deem the Option as lapsed; or
- (j) the date on which the Grantee of an Option sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any third party over or in relation to any Option in breach of the rules of the New Share Option Scheme.

10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) Subject to clauses 10.2, 10.3 and 10.4 of the New Share Option Scheme (details of which are set out in paragraphs 10(b), 10(c) and 10(d) below), the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the date of approval of the New Share Option Scheme (the “Scheme Mandate Limit”), being 180,854,584 Shares (assuming that no new Shares will be allotted, issued or repurchased prior to the general meeting) unless approved by the Shareholders pursuant to clause 10.3 of the New Share Option Scheme (details of which are set out in paragraph 10(c) below). Options which have lapsed in accordance with the terms of the New Share Option Scheme and any other schemes shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (b) Subject to clauses 10.3 and 10.4 of the New Share Option Scheme (details of which are set out in paragraphs 10(c) and 10(d) below), the Scheme Mandate Limit may be refreshed by the Shareholders in general meeting from time to time provided always that the Scheme Mandate Limit so refreshed must not exceed 10% of the Shares in issue as at the date of approval of such refreshment by Shareholders in general meeting. Upon such refreshment, all Options granted under the New Share Option Scheme and any other share options schemes of the Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the New Share Option Scheme or any other share option schemes of the Company) prior to the approval of such refreshment shall not be counted for the purpose of calculating whether the refreshed Scheme Mandate Limit has been exceeded. A circular must also be sent to the Shareholders containing such information from time to time as required by the Stock Exchange.
- (c) Subject to clause 10.4 of the New Share Option Scheme (details of which are set out in paragraph 10(d) below), the Board may seek separate Shareholders’ approval in general meeting to grant Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specified by the Company before such approval is sought and the Company must issue a circular to the Shareholders containing such information from time to time required by the Stock Exchange in relation to any such proposed grant to such Eligible Participants.
- (d) The maximum number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time. Notwithstanding anything contrary to the terms of the New Share Option Scheme, no Options may be granted under any schemes of the Company (including the New Share Option Scheme) if this will result in the said 30% limited being exceeded.

- (e) No Option may be granted to any Eligible Participants which if exercised in full would result in the total number of Shares issued and to be issued upon exercise of the share Options already granted or to be granted to such Eligible Participant under the New Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1 % of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to the following requirements:
- (i) approval of the Shareholders at general meeting, with such Eligible Participant and his/her Close Associates (or his/her Associate if the Eligible Participant is a connected person) abstaining from voting;
 - (ii) a circular in relation to the proposal for such further grant having been sent by the Company to its Shareholders with such information from time to time required by the Listing Rules;
 - (iii) the number and terms (including the exercise price) of the Options to be granted to such proposed Grantee shall be fixed before the Shareholders' approval mentioned in sub-clause (a) above; and
 - (iv) for the purpose of calculating the minimum subscription price for the Shares in respect of the further Options proposed to be so granted as described under clause 7 of the New Share Option Scheme (details of which are set out in paragraph 7 in this Appendix), the date of the Board's meeting for proposing such grant of further Options shall be taken as the date of grant of the Options.
- (f) The maximum number of Shares referred to in this paragraph 10 shall be adjusted, in such manner as the Auditor or the independent financial adviser shall certify as fair and reasonable in accordance with clause 11 of the New Share Option Scheme (details of which are set out in paragraph 11 below).

11. REORGANISATION OF CAPITAL STRUCTURE

- (a) In the event of any alteration in the capital structure of the Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves or rights issue made by the Company to the Shareholders, consolidation, subdivision or reduction of capital of the Company, such corresponding alterations (if any) shall be made in:
- (i) the number of Shares subject to the Option so far as unexercised; and/or
 - (ii) the Subscription Price per Share of each Option so far as unexercised; and/or
 - (iii) the maximum number of Shares referred to in clause 10 of the New Share Option Scheme (details of which are set out in paragraph 10 above),

Any such alteration shall require the certification of the Auditor or the independent financial adviser as to its fairness and reasonableness, either generally or as regards any particular Grantee (except in the case of a capitalisation issue where no such certification shall be required), and shall satisfy the requirement that such alterations give the Grantee the same proportion of the equity capital as that to which that the Grantee was previously entitled, provided that:

- (i) any such alterations shall be made on the basis that the aggregate Subscription Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) it was before such event;
- (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; and
- (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the Options held by him.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

The costs of the Auditor or the independent financial adviser shall be borne by the Company.

- (b) In giving any certificate under this paragraph 11 the Auditor or the independent financial adviser shall be deemed to be acting as experts and not as arbitrators and their certificate shall, in the absence of manifest error, be final, conclusive and binding on the Company and all persons who may be affected thereby.

12. SHARE CAPITAL

The exercise of any Option shall be subject to the Shareholders in a general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.

13. DISPUTES

Any dispute arising in connection with the New Share Option Scheme (whether as to the number of Shares, the subject of an Option, the amount of the Subscription Price or otherwise) shall be referred to the decision of the Auditor or the independent financial adviser of the Company who shall act as experts and not as arbitrators and whose decision shall be final and binding on the Grantee.

14. ALTERATION OF THE NEW SHARE OPTION SCHEME

- (a) The New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to extend the class of persons eligible for the grant of Options or to the advantage of Grantees or prospective Grantees except with the prior approval of the Shareholders in general meeting.
- (b) Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (c) Any change to the authority of the Board in relation to any alterations to the terms of the New Share Option Scheme must be approved by Shareholders in general meeting.
- (d) The amended terms of the New Share Option Scheme or the Options must continue to comply with Chapter 17 of the Listing Rules from time to time.
- (e) Subject to this paragraph 14, the Board may at any time alter, amend or modify the terms and conditions of the New Share Option Scheme such that the provisions of the New Share Option Scheme would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of the New Share Option Scheme.

15. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES

- (a) Without prejudice to clause 6 of the New Share Option Scheme (details of which are set out in paragraph 6 in this Appendix), any grant of Options to a Connected Person or their respective Associates must be approved by all of the independent non-executive Directors of the Company (excluding any independent non-executive Director of the Company who is a proposed Grantee).
- (b) Where any grant of Options to a Substantial Shareholder or an independent non-executive Director of the Company or their respective Associates will result in the total number of the Shares issued and to be issued upon exercise of the Options proposed to be granted and all other options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the New Share Option Scheme and any other share option scheme(s) of the Company in the 12-month period up to and including the date of the grant of Options to such person:
- (i) representing in aggregate over 0.1% of the Shares in issue at the date of such grant; and
 - (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such Option is made to (and subject to the acceptance by) such person under the relevant scheme, in excess of HK\$5 million,
- then such further grant of Options must be first approved by the Shareholders at general meeting at which meeting the grantee(s), any of their respective Associates and all the Core Connected Persons shall abstain from voting in favour at the general meeting. The Company shall send a circular to the Shareholders.
- (c) For the avoidance of doubt, the requirements for the granting of Options to a Director or Chief Executive of the Company set out in this paragraph 15 do not apply where the Eligible Participant is only a proposed Director or Chief Executive of the Company.

16. TERMINATION

The Company, by resolution in general meeting of the Company, or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but the provisions of the New Share Option Scheme shall remain in force in all other respects to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the New Share Option Scheme.

17. CANCELLATION

The Board shall have the absolute discretion to cancel any Options granted. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the New Share Option Scheme. For the avoidance of doubt, new Options may be issued to an option holder in place of his cancelled Options only if there are available unissued options (excluding the cancelled Options) within the Scheme Mandate Limit.

18. PERFORMANCE TARGET

There is no performance target stipulated under the terms of the New Share Option Scheme which a Grantee is required to achieve before any Option granted under the New Share Option Scheme can be exercised. The terms of the New Share Option Scheme, however, do provide that the Board has the discretion to require at the time of grant of an Option any particular Grantee to achieve such performance targets as the Board may then specify in the grant before any Option granted under the New Share Option Scheme to such Grantee can be exercised.

19. MISCELLANEOUS

- (a) The New Share Option Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- (b) The Company shall bear the costs of establishing and administering the New Share Option Scheme.
- (c) A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to the Shareholders.
- (d) Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong from time to time and, in the case of the Grantee, his address in Hong Kong as notified in writing to the Company from time to time.
- (e) Any notice or other communication served by post:
 - (i) by the Company shall be deemed to have been served 24 hours after the same was put in the post; and
 - (ii) by the Grantee shall not be deemed to have been received until the same shall have been received by the Company.

- (f) A Grantee shall be responsible for obtaining any governmental or other official consent that may be required by any country or jurisdiction in order to permit the grant or exercise of his Option. The Company shall not be responsible for any failure by a Grantee to obtain any such consent or for any tax or other liability to which a Grantee may become subject as a result of his participation in the New Share Option Scheme.
- (g) By accepting an Option, a Grantee shall be deemed irrevocably to have accepted the grant subject to the provisions of the New Share Option Scheme and to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under the New Share Option Scheme.
- (h) The New Share Option Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.



AUSNUTRIA DAIRY CORPORATION LTD

澳優乳業股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1717)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Ausnutria Dairy Corporation Ltd (the “Company”) will be held at 22nd Floor, Block A, Building 1, Ausnutria Building, Suncity, Purui East Road, Yueliangdao Street, Wangcheng District, Changsha City, Hunan Province, the PRC, on Thursday, 26 May 2022 at 10:00 a.m. to consider and, if through fit, pass the following resolutions: –

1. To receive and consider the audited consolidated financial statements and the reports of the directors of the Company (the “Directors”) and of the auditors for the year ended 31 December 2021;
2.
 - (a) To re-elect Mr. Bartle van der Meer as executive Director;
 - (b) To re-elect Ms. Ng Siu Hung as executive Director;
 - (c) To re-elect Mr. Aidan Maurice Coleman as an independent non-executive Director;
 - (d) To re-elect Mr. Sun Donghong as a non-executive Director;
 - (e) To re-elect Mr. Zhang Zhanqiang as a non-executive Director;
 - (f) To re-elect Mr. Zhang Lingqi as a non-executive Director;
 - (g) To re-elect Mr. Ma Ji as an independent non-executive Director; and
 - (h) To re-elect Mr. Ren Fazheng as an independent non-executive Director.
3. To authorise the board of Directors (the “Board”) to fix the Directors’ remuneration and emolument;

4. To declare a final dividend of HK\$0.28 per share for the year ended 31 December 2021 from the share premium account of the Company;
5. To re-appoint Ernst & Young as auditors of the Company and to authorise the Board to fix their remuneration;

To consider as special business, and if thought fit, pass the following resolutions as ordinary resolutions with or without amendments:

ORDINARY RESOLUTIONS

6. **“THAT:**
 - (a) subject to paragraph (c) of this resolution, a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to allot, issue and dispose of shares of the Company (the “**Shares**”) of HK\$0.10 each in the share capital of the Company and to make or grant offers, agreements, options or warrants which would or might require the exercise of such powers;
 - (b) the mandate in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
 - (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the mandate in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) any option scheme or similar arrangement for the time being adopted for the grant or issue to the officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire Shares; or (iii) any scrip dividend or similar arrangement pursuant to the articles of association of the Company (the “**Articles of Association**”) from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed twenty per cent (20%) of the aggregate number of Shares in issue at the date of passing this resolution and the said mandate shall be limited accordingly; and

- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next AGM unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting;
- (ii) the expiration of the period within which the next AGM is required by the Articles of Association or the applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting revoking or varying such mandate.

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any jurisdiction outside Hong Kong, any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”;

7. “**THAT:**

- (a) a general mandate be and is hereby unconditionally granted to the Directors to exercise during the Relevant Period (as defined below) all the powers of the Company to repurchase or otherwise acquire shares in the capital of the Company in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, provided that the number of Shares so purchased or otherwise acquired shall not exceed ten per cent (10%) of the aggregate number of Shares in issue at the date of passing this resolution; and

- (b) for the purpose of this resolution;

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next AGM unless the mandate is renewed either unconditionally or subject to conditions by ordinary resolution passed at that meeting;
- (ii) the expiration of the period within which the next AGM is required by the Articles of Association or the applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by the shareholders of the Company in a general meeting revoking or varying such mandate.”;

8. “**THAT:**

conditional upon the passing of resolutions 6 and 7 set out in the notice convening this meeting, the aggregate number of Shares which are purchased or otherwise acquired by the Company pursuant to resolution 7 shall be added to the aggregate number of Shares which may be issued pursuant to resolution 6.”

9. “**THAT:**

subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in, the shares of the Company falling to be issued pursuant to the exercise of any options granted under the share option scheme (the “**New Share Option Scheme**”), a copy of which marked “A” is produced to this meeting and for the purpose of identification signed by the chairman of this meeting, the New Share Option Scheme be and is hereby approved and adopted by the Company and that the Directors be and are hereby authorised to grant options and to allot and issue shares of the Company pursuant to the terms and conditions of the New Share Option Scheme, and to do all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the New Share Option Scheme.”

Yours faithfully
By Order of the Board
Ausnutria Dairy Corporation Ltd
Yan Weibin
Chairman

People’s Republic of China, 22 April 2022

Notes:

1. Any member entitled to attend and vote at the AGM is entitled to appoint one or more person(s) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notorially certified copy of that power of attorney, must be deposited not less than 48 hours before the time appointed for holding of the AGM at the Company's branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
3. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the AGM if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Information containing further details regarding the proposed Resolutions 2 and 6 set out in the above notice as required by the Listing Rules are set out in Appendices 2 and 1 to this circular respectively.
5. The register of members of the Company in Hong Kong will be closed for the following periods:

- (a) Entitlement to attend and vote at the forthcoming AGM

For the purpose of determining shareholders of the Company who are eligible to attend and vote and the forthcoming AGM, the register of members of the Company will be closed from Monday, 23 May 2022 to Thursday, 26 May 2022 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified to attend the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investors Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 20 May 2022.

- (b) Entitlement for the proposed final dividend

For the purpose of determining shareholders of the Company who are qualified for the proposed final dividend, the register of members of the Company will be closed from Wednesday, 1 June 2022 to Monday, 6 June 2022 (both dates inclusive) during which period no transfer of Shares will be registered. To be qualified for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investors Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 31 May 2022.

6. In order to facilitate the prevention and control of the coronavirus disease (COVID-19), and to safeguard the health and safety of its shareholders, the Company encourages its shareholders to consider appointing the chairman of the AGM as their proxy to vote on the relevant resolutions at the AGM as an alternative to attending the AGM in person.