

Dated October 27, 2021

AUSNUTRIA DAIRY CORPORATION LTD

and

HONGKONG JINGANG TRADE HOLDING CO., LIMITED

SUBSCRIPTION AGREEMENT

relating to 90,000,000 new shares of
AUSNUTRIA DAIRY CORPORATION LTD

DEACONS

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THIS AGREEMENT is made on the October __27__, 2021: **BETWEEN:**

- (1) **Ausnutria Dairy Corporation Ltd**, a company incorporated in Cayman Islands and whose registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and principal place of business in Hong Kong is situated at Unit 16, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong (the “**Company**”); and
- (2) **Hongkong Jingang Trade Holding Co., Limited**, a company incorporated in Hong Kong whose registered office is situated at Room 1802B, 18/F, 18 Hysan Avenue, Causeway Bay, Hong Kong (the “**Subscriber**”).

WHEREAS:

- (A) As at the date of this Agreement, the Company has an authorised share capital of HK\$300,000,000 divided into 3,000,000,000 Shares, of which 1,718,545,841 Shares in issue, all of which are duly and validly issued, fully paid up and listed on the Main Board of the Stock Exchange.
- (B) As at the date of this Agreement, the Subscriber, as the purchaser, has entered into a Share Purchase Agreement with certain Shareholders, as the sellers, in relation to, among others, the sale and purchase of Sale Shares. The Completion and the completion of the Share Purchase Agreement are inter-conditional.
- (C) The Company has agreed to allot and issue, and the Subscriber, relying on the warranties and undertakings given by the Company contained herein, has agreed to subscribe for the Subscription Shares (as defined below) on the terms and subject to the conditions of this Agreement.

IT IS HEREBY AGREED AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement, including the recitals above, the following expressions shall, unless the context otherwise requires, have the following meanings:

“**2018 Annual Report**” the annual report of the Company for the year ended 31 December, 2018;

“**2019 Annual Report**” the annual report of the Company for the year ended 31 December, 2019;

“**2020 Annual Report**” the annual report of the Company for the year ended 31 December, 2020;

“**2021 Interim Report**” the interim report of the Company for the months ended 30 June, 2021;

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| “Accounts” | the audited financial statements of the Company for the fiscal years 2018 to 2020 and the unaudited financial statements of the Company for the first half fiscal year 2021; |
| “Accounts Date” | 30 June, 2021; |
| “Announcement” | the announcement to be issued by the Company in relation to the Subscription as soon as possible following the execution of this Agreement; |
| “Business Day” | any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in Hong Kong and PRC; |
| “CCASS” | the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited; |
| “Completion” | the completion of the Subscription pursuant to this Agreement in accordance with Clause 4 and shall take place simultaneously with the Sale and Purchase Completion; |
| “Competition Laws” | all applicable laws of any jurisdiction intended to prohibit, restrict or regulate actions having an anti-competitive effect or purpose, including competition, restraint of trade, anti-monopolization, merger control or antitrust laws, and shall include all foreign investment review filings, merger control and similar filings to be made pursuant to such applicable laws; |
| “Completion Date” | within five(5) Business Days after all the Conditions has been fulfilled or (if applicable) waived and shall be the same as the date on which the Sale and Purchase Completion takes place, or such other date as the Parties may agree in writing; |
| “Conditions” | has the meaning given to it in Clause 2.1; |
| “Directors” | directors of the Company; |
| “Disclosed” | all information with respect to the Company or any other member of the Group (x) contained in publicly available documents filed by the Company with the Stock Exchange (including information contained in annual and interim reports, statutory filings and registrations) or (y) actually discovered by the Subscriber by relying |

upon fair disclosure by the Company in such a manner as to enable a reasonable buyer to identify the nature and scope of the matter concerned;

| | |
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| “EGM” | an extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other matters, this Agreement and the transactions contemplated hereunder, including the allotment and issue of the Subscription Shares; |
| “Encumbrance” | all pledges, charges, liens, mortgages, security interests, preemption rights, options, equities, power of sale, hypothecations, retentions of title, rights of first refusal and any other encumbrances or third party rights or claims of any kind or any obligation to create any of the foregoing; |
| “Governmental Authority” | any government of any nation, federation, province, state or locality or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, securities exchange, commission or instrumentality of any country or region, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization; |
| “Group” | the Company and its Subsidiaries; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Long Stop Date” | 30 June, 2022 (or such other date as the Parties may agree in writing); |
| “material adverse change (or effect)” | any change (or effect) the consequence of which is to materially and adversely affect the financial position, business or property, results of operations, business prospects or assets of the Group taken as a whole; |
| “Memorandum and Articles” | the memorandum and articles of association for the time being of the Company; |
| “Parties” and each a “Party” | named parties to this Agreement and their successors and permitted assigns; |

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|---------------------------------------|--|
| “PRC” | the People’s Republic of China, and for purpose of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan. |
| “Sale and Purchase Completion” | completion of the sale and purchase of the Sale Shares pursuant to the Share Purchase Agreement; |
| “Share Purchase Agreement” | the conditional share purchase agreement entered into between the Subscriber, as the purchaser, and certain Shareholders, as the sellers, in relation to the sale and purchase of the Sale Shares dated as if the date hereof; |
| “Sale Share(s)” | 530,824,763 Shares; |
| “SFC” | the Securities and Futures Commission of Hong Kong; |
| “Shareholder(s)” | holder(s) of the Share(s); |
| “Share(s)” | ordinary share(s) of HK\$0.1 each in the capital of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Subscription” | the subscription for the Subscription Shares by the Subscriber on the terms and subject to the conditions of this Agreement; |
| “Subscription Monies” | has the meaning given to it in Clause 3.2; |
| “Subscription Price” | HK\$10.06 per Subscription Share; |
| “Subscription Shares” | a total of 90,000,000 new Shares to be subscribed by the Subscriber on the terms and subject to the conditions of this Agreement; |
| “Subsidiar(ies)” | has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers; and |
| “Tax” or “Taxation” | any form of taxation, levy, duty, charge, contribution or imposition of whatever nature (including but not limited to any fine, penalty, surcharge or interest in relation thereto) imposed by a local municipal, governmental state, federal or other body or authority in Hong Kong, PRC or elsewhere; |

“Taxation Authority” any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity responsible for Tax, wherever situated;

“Warranties” the warranties and undertakings made or given by the Company in Clause 5 and SCHEDULE 1 to this Agreement.

1.2 Save as otherwise expressly stated herein, references to any statute, statutory provision, the Listing Rules or the Takeovers Code includes a reference to that statute, statutory provision, the Listing Rules or the Takeovers Code as from time to time amended, extended or re-enacted.

1.3 In this Agreement, references to:

- (a) **“Recitals”** and **“Clauses”** are to recitals and clauses of this Agreement;
- (b) the singular includes the plural and vice versa;
- (c) words importing gender or the neuter include both genders and the neuter;
- (d) persons include bodies corporate or unincorporated; and
- (e) **“certified copy”** or **“certified copies”** shall mean a copy or copies certified as a true and complete copy by a Director or legal advisers to the Company.

1.4 Headings are for convenience only and shall not affect the interpretation of this Agreement.

2. CONDITIONS

2.1 Completion of this Agreement is conditional upon the fulfilment or waiver (if applicable) of the following conditions (**“Conditions”**):

- (a) (i) no indication being received prior to Completion from the Stock Exchange or the SFC to the effect that the listing of the Subscription Shares on the Main Board of Stock Exchange shall or may be withdrawn or objected to, (ii) the trading of the Shares on the Stock Exchange not having been suspended for a period longer than three (3) consecutive trading days, save for any temporary suspension as agreed by the Subscriber, and (iii) neither the Stock Exchange nor the SFC having indicated that the trading of the Shares on the Stock Exchange will be suspended, cancelled or withdrawn before the Completion or that it will object to, or it will impose conditions on, the continued listing of the Shares on the Stock Exchange based on reasons arising from the transactions contemplated in this Agreement;
- (b) the listing committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked prior to Completion (the **“Listing Approval”**);
- (c) the passing of the relevant resolutions by way of poll at the EGM by Shareholders who are entitled to vote and who are not required to abstain from voting under the Listing Rules, the Takeovers Code and other applicable

laws and regulations for approving this Agreement and the transactions contemplated hereunder (including the allotment and issue of the Subscription Shares under a specific mandate);

- (d) with respect to Subscriber's obligations to consummate the Completion only, the Warranties made or given by the Company set forth in clause 3.1 of SCHEDULE 1 to this Agreement are true, accurate, and not misleading in all respects as of the date hereof and as of the Completion Date;
- (e) with respect to Subscriber's obligations to consummate the Completion only, any other Warranties made or given by the Company under this Agreement (except for those set forth in clause 3.1 of SCHEDULE 1 to this Agreement) are true, accurate and not misleading in all material respects as of the date hereof and as of the Completion Date;
- (f) with respect to Subscriber's obligations to consummate the Completion only, there shall not been any material adverse change (or effect) in the financial, business or trading position of the Group immediately before Completion;
- (g) receipt of all consents, clearances, approvals, permissions, license, authorization and waivers required to be obtained from, and all registrations, applications, notices and filings required to be made with or provided to, any Governmental Authority under or in connection with any applicable laws, in connection with the implementation of this Agreement, which includes:
 - (i) filings with and receipt of clearances from the State Administration for Market Regulation of the PRC or its local counterparts for merger review; and
 - (ii) filings with the Ministry of Commerce of the PRC, the National Development and Reform Commission of the PRC, State Administration of Foreign Exchange of the PRC or their respective local counterparts for overseas investment (if applicable) (all the regulatory clearances referred in Clause 2.1(f), "**Regulatory Clearances**"); and
- (h) Sale and Purchase Completion in accordance with the terms and conditions under the Share Purchase Agreement.

2.2 None of the Parties shall have the right to waive any of the Conditions under Clauses 2.1(a), 2.1(b), 2.1(c), 2.1(g) and 2.1(h). The Subscriber may in its absolute discretion at any time before Completion waive the Conditions under Clauses 2.1(d), 2.1(e) and 2.1(f) in part or in full by notice in writing to the Company. For the avoidance of doubt, (x) the Completion or (y) the waiver by the Subscriber of the Conditions under Clauses 2.1(d), 2.1(e) and 2.1(f) shall not prejudice or limit the Subscriber's capacity to seek recourse against the Company or any other member of the Group otherwise available hereunder.

2.3 The Parties shall use their reasonable best endeavours to procure the fulfilment of the Conditions set out in Clause 2. Each Party agrees and undertakes to notify the other Party in writing as soon as practicable after it becomes aware that a Condition has been fulfilled or is incapable of fulfilment.

2.4 In the event that the Conditions are not fulfilled or waived (if applicable) on or before the Long Stop Date, this Agreement, save in respect of the provisions of this Clause

and Clauses 1, 7, 8, 9, 10, 11, 12, 16, 17, 18, 19, 20, 21 and 23 shall terminate and the obligations of the Parties shall immediately cease and be null and void and none of the Parties shall, save in respect of the provisions of this Clause and Clauses 1, 7, 8, 9, 10, 11, 12, 16, 17, 18, 19, 20, 21 and 23 and any right or liability accrued before such termination, have any right against or liability towards the other Party arising out of or in connection with this Agreement.

3. SUBSCRIPTION

- 3.1 Subject to the fulfilment or waiver (if applicable) of the Conditions, the Subscriber shall subscribe for, and the Company shall allot and issue, the Subscription Shares to the Subscriber at the Subscription Price per Subscription Share. The Subscription Shares shall rank *pari passu* in all respects with the existing Shares in issue as at the date of allotment of the Subscription Shares, and be free and clear from any Encumbrance and with all rights attaching or accruing thereto as at the Completion Date, including the right to receive all future dividends, other distributions or any return of capital thereafter declared, made or paid on the Shares and voting rights.
- 3.2 The Subscription Price shall be HK\$10.06 per Subscription Share such that the total Subscription Price for the Subscription Shares shall be the amount of HK\$905,400,000 (the “**Subscription Monies**”) which shall be payable by the Subscriber to the Company in the manner provided for in Clause 4 at Completion.

4. COMPLETION

- 4.1 Completion shall take place at 11 a.m. (Hong Kong time) on the Completion Date at the office of Davis Polk & Wardwell, 8th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong, or at such other date, time or place as the Subscriber and Company may agree in writing.
- 4.2 At Completion, the Company shall:
- (a) deliver, or procure to be delivered, to the Subscriber a copy of the minutes of the board of directors or board resolutions of the Company, approving:
 - (i) this Agreement and the transactions contemplated thereunder;
 - (ii) the allotment and issue of the Subscription Shares and the entry of the name of the Subscriber into the register of members of the Company as holder of the Subscription Shares;
 - (b) deliver, or procure to be delivered, to the Subscriber a copy of the minutes of the EGM or shareholders resolutions of the Company, approving:
 - (i) this Agreement and the transactions contemplated thereunder;
 - (ii) the allotment and issue of the Subscription Shares and the entry of the name of the Subscriber into the register of members of the Company as holder of the Subscription Shares,to the reasonable satisfaction of the Subscriber;
 - (c) subject to payment of the Subscription Monies by the Subscriber, duly allot and issue the Subscription Shares in accordance with this Agreement and procure the definitive share certificate(s) representing the number of Subscription Shares that the Subscriber has subscribed for under Clause 3 to

be delivered and deposited to the CCASS stock account as shall be notified by the Subscriber to the Company five Business Days prior to the Completion Date; and

- (d) deliver, or procure to be delivered, to the Subscriber a copy of the Listing Approval.

4.3 At Completion, the Subscriber shall:

- (a) deliver, or procure to be delivered, to the Company a copy of the minutes or the resolutions of the board of directors of the Subscriber, approving this Agreement and the transactions contemplated thereunder, to the reasonable satisfaction of the Company; and
- (b) transfer by wire transfer of immediately available funds and without deductions and for value to a bank account to be notified in writing by the Company to the Subscriber the funds representing the Subscription Monies or in such other manner as may be agreed in writing between the Parties.

4.4 In respect of the Completion, the Parties agree that:

- (a) neither Party shall be obliged to complete the Subscription unless the other Party complies in full with all of the obligations provided in this Agreement to be performed and/or observed by such Party on or prior to Completion;
- (b) the Completion shall take place simultaneously with the Sale and Purchase Completion; and
- (c) all actions required to be performed on the Completion Date shall be deemed to be taken to have occurred simultaneously on the Completion Date.

5. WARRANTIES AND UNDERTAKINGS GIVEN BY THE COMPANY

5.1 Save as Disclosed, each of the Warranties is given by the Company as at the date hereof and shall remain true, accurate and not misleading as at the Completion Date with reference in each case to the facts and circumstances then subsisting. The Company hereby undertakes to notify the Subscriber of any matter or event coming to its attention prior to the Completion Date which shows any Warranty to be or to have become untrue, inaccurate or misleading at any time prior to or on the Completion Date.

5.2 The Company undertakes to the Subscriber that it will:

- (a) comply with all applicable laws, rules and regulations of the Stock Exchange, the SFC and other relevant regulatory bodies to give effect to all matters contemplated under this Agreement;
- (b) upon the reasonable request of the Subscriber, promptly provide or procure to provide the Subscriber with all such information relating to the Group or in connection with the Subscription for the purpose of complying with any applicable laws, rules and regulations of the Stock Exchange, the SFC and other relevant regulatory bodies; and
- (c) promptly provide or procure to provide the Subscriber with particulars of every significant new factor known to it or the Directors which is likely to materially

and adversely affect the Subscriber and which arises from the date of this Agreement up to (and including) the Completion Date.

5.3 The Company acknowledges that the Subscriber has entered into this Agreement in reliance upon the Warranties.

5.4 The foregoing provisions of this Clause 5 and SCHEDULE 1 and SCHEDULE 2 to this Agreement shall remain in full force and effect notwithstanding Completion.

6. WARRANTIES AND UNDERTAKINGS GIVEN BY THE SUBSCRIBER

6.1 The Subscriber warrants to the Company as follows:

- (a) the Subscriber is duly incorporated and validly existing under the laws of Hong Kong;
- (b) the Subscriber has full power and authority under its constitutional documents and is duly authorised to enter into this Agreement;
- (c) this Agreement when duly executed by the Parties will constitute valid, legally binding and enforceable obligations of the Subscriber;
- (d) all information provided by or on behalf of the Subscriber to the Company in connection with the Subscription are true and accurate in all material aspects and there is no other information the omission of which would make the information so provided to the Company misleading in all material respects or which is otherwise material in the context of the Subscription; and
- (e) no order has been made, resolution passed, petition presented or meeting convened or other step taken for the winding up or liquidation of the Subscriber; so far as the Subscriber is aware, no step has been taken by any person with a view to the appointment of an administrator, (or equivalent in the relevant jurisdiction), whether out of court or otherwise, in relation to the Subscriber, and no receiver has been appointed in respect of the whole or any part of any of the property, assets and/or undertaking of the Subscriber. The Subscriber has not made any voluntary arrangement with any of its creditors and the Subscriber is neither insolvent nor unable to pay its debts as they fall due.

6.2 Each of the warranties contained in Clause 6.1 is given as at the date hereof and shall remain true, accurate and not misleading in all respects as at the Completion Date with reference in each case to the facts and circumstances then subsisting. The Subscriber hereby undertakes to notify the Company of any matter or event coming to its attention prior to the Completion Date which shows any relevant warranty to be or to have become untrue, inaccurate or misleading at any time prior to or on the Completion Date.

6.3 The Subscriber undertakes to the Company that it will comply in all material respects with all applicable laws, rules and regulations of the Stock Exchange, the SFC and other relevant regulatory bodies to give effect to all matters contemplated under this Agreement; and

6.4 The foregoing provisions of this Clause 6 shall remain in full force and effect notwithstanding Completion.

7. INDEMNITY

- 7.1 Subject to the limitations and other provision of SCHEDULE 2 to this Agreement, the Company undertakes to indemnify and keep indemnified and hold harmless the Subscriber and its direct shareholder (“**Indemnified Parties**”) from and against losses, liabilities or expenses (including reasonable legal fees actually incurred or suffered as a result of all and any relevant proceedings) (collectively, “**Indemnifiable Losses**”) actually suffered by such Indemnified Party, as a result of, or based upon or arising from any breach or non-performance of any of the Warranties, covenants, undertakings or agreements made by the Company pursuant to this Agreement.

8. COSTS AND EXPENSES

Each Party shall bear its own legal and professional fees, costs and expenses incurred in connection with the preparation, negotiation and execution of this Agreement.

9. SEVERABILITY

If at any time any one or more provisions hereof is or becomes invalid, illegal, unenforceable or incapable of performance in any respect, the validity, legality, enforceability or performance of the remaining provisions hereof shall not thereby in any way be affected or impaired.

10. ENTIRE AGREEMENT AND NO VARIATION

- 10.1 This Agreement constitutes the entire agreement and understanding between the Parties in connection with the subject matter of this Agreement and supersedes all previous proposals, representations, warranties, agreements or undertakings relating thereto whether oral, written or otherwise.
- 10.2 It is expressly declared that no variations hereof shall be effective unless made in writing signed by the Parties or duly authorised representatives of the Parties.

11. ANNOUNCEMENTS

- 11.1 The Parties hereby authorise the release for publication of the Announcement in relation to the Subscription as soon as possible following the execution of this Agreement.
- 11.2 Save for the Announcement and save as required by the Stock Exchange, the SFC or any other relevant regulatory authorities in Hong Kong and elsewhere or by virtue of the Listing Rules or any applicable law, court order or regulatory requirements, none of the Parties shall make any press or other announcement or release or disclose any information concerning this Agreement or the transactions contemplated without the prior written consent of the other Party (such consent not to be unreasonably withheld or delayed).

12. REMEDIES AND WAIVERS

- 12.1 No failure or delay by any Party in exercising any right, power or remedy provided by law or under or pursuant to this Agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time, and no single or partial exercise of any such right, power or remedy

shall preclude any other or further exercise of it or the exercise of any other right, power or remedy.

- 12.2 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies (whether provided by law or otherwise).

13. SUCCESSOR AND ASSIGNMENT

- 13.1 This Agreement shall be binding upon, and inure solely to the benefit of the Parties and their respective heirs and successors, and no other person shall acquire or have any right under or by virtue of this Agreement.

- 13.2 No Party hereto may assign or transfer all or any part of the benefits of, or interest or right in or under, this Agreement, without the prior written consent of the other Party. Obligations under this Agreement shall not be assignable.

14. FURTHER ASSURANCE

- 14.1 Each Party undertakes with the other Party that it shall execute and perform and procure that there are executed and performed such further documents and acts as the other Parties may reasonably require to give effect to the provisions of this Agreement.

15. TIME OF THE ESSENCE

- 15.1 Any date or period mentioned in any Clause may be extended by mutual agreement between the Parties, but, as regards any date or period originally fixed or any date or period so extended as aforesaid, time shall be of the essence.

16. NOTICES

- 16.1 All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail if sent during normal business hours of the recipient; if not, then on the next Business Day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with an internationally recognized overnight courier, specifying next day delivery, with written verification of receipt::

If to the Company, to:-

Address : Unit 16, 36/F., China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong
Phone : (852) 2545-1717
Email : derek.wong@ausnutria.com / veronica.c@ausnutria.com
Attention : Mr. Derek Wong / Ms. Veronica Cheung

If to the Subscriber, to:-

Address : Room 1802B, 18/F, 18 Hysan Avenue, Causeway Bay, Hong Kong
Phone : +852 26778723
Email : ylsdd@yili.com
Attention : Ms. Dandan Song

17. COUNTERPARTS

- 17.1 This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original, but all the counterparts together constitute the same document.

18. THIRD PARTY RIGHTS

- 18.1 Except as expressly stipulated in this Agreement, no one, other than the Parties, their respective heirs and successors, shall have any right to enforce any of its terms, whether under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) or otherwise.

19. GOVERNING LAW AND DISPUTE RESOLUTION

- 19.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and the parties irrevocably submit to the exclusive jurisdiction of the courts of Hong Kong in respect of this Agreement.

20. CONFIDENTIALITY

- 20.1 Each Party shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to: (a) the subject matter and provisions of this Agreement; (b) the negotiations relating to this Agreement; or (c) the other Parties. A party may, however, disclose information which would otherwise be confidential if and to the extent: (i) required by the law of any relevant jurisdiction (including the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)), the Listing Rules, any other stock exchange, and/or the Takeovers Code; (ii) required by any Governmental Authority to which the Party making the disclosure is subject, whether or not such requirement has the force of law; (iii) disclosure is made to the professional advisers, auditors and bankers of either party; (iv) the information has come into the public domain through no fault of that Party; or (v) the other Parties have given prior written approval to the disclosure; provided that any disclosure shall, so far as practicable, be made only after consultation with the other Parties.

21. SPECIFIC PERFORMANCE

- 21.1 The Parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any court of competent jurisdiction, in addition to any other remedy to which they are entitled at law or in equity.

22. REGULATORY CLEARANCES

- 22.1 The Parties shall cooperate in good faith with respect to taking all actions necessary and appropriate to promptly obtain the Regulatory Clearances.

- 22.2 The Parties shall use their reasonable efforts to seek to deal with complaints or objections, if any, as may be asserted with respect to this Agreement under any applicable laws, such as Competition Laws, including without limitation, providing explanations, agreeing to any terms, conditions or modifications acceptable to the Parties (such actions, "**Disposition Actions**") with respect to obtaining the expiration

or termination of any waiting period or any consents, permits, waivers, approvals, authorizations or orders in connection with the consummation of this Agreement; provided, however, none of the Parties shall be required to take such Disposition Actions hereunder.

- 22.3 The Parties shall use reasonable endeavours to jointly develop, and each of the Parties shall use reasonable endeavours to consult and cooperate with one another, and consider in good faith the views of one another, with respect to the strategy, timing and form (x) for obtaining the Regulatory Clearances; and (y) for responding to any request from, inquiry or investigation by, or execution of any remedy required by, any Governmental Authority that has authority to enforce any applicable laws, such as Competition Laws (including but not limited to directing the timing, nature and substance of all such responses, including but not limited to any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party).

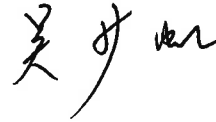
23. TERMINATION

- 23.1 This Agreement may be terminated prior to the Completion (a) by mutual written consent of the Parties; (b) by either Party if, due to change of applicable laws, the consummation of the transactions contemplated hereunder would become prohibited under applicable laws; or (c) pursuant to Clause 2.4. If this Agreement is so terminated as provided, (i) this Agreement will be of no further force or effect and neither Party shall have any claim against the others for costs, damages, compensation or otherwise, save for any claim by a party against the other party arising from antecedent breach of the terms of this Agreement and the provisions set forth in Clause 2.4 shall remain in full force and effect and survive any termination of this Agreement pursuant to this Clause 23.1.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first before written.

THE COMPANY

SIGNED by)
for and on behalf of)
AUSNUTRIA DAIRY CORPORATION LTD)



THE SUBSCRIBER

SIGNED by)
for and on behalf of)
HONGKONG JINGANG TRADE)
HOLDING CO., LIMITED)



SCHEDULE 1

WARRANTIES AND UNDERTAKINGS

Save as Disclosed, the Company warrants and undertakes to the Subscriber that:

1. GENERAL INFORMATION

- 1.1 All facts stated in Recital (A) are true and accurate.
- 1.2 The information set out in the 2018 Annual Report, 2019 Annual Report, 2020 Annual Report and the 2021 Interim Report is true and accurate.

2. CAPACITY AND STATUS

- 2.1 Each member of the Group is duly incorporated and validly existing and in good standing under the laws of the place of its incorporation.
- 2.2 The Company is validly incorporated with limited liability in the Cayman Islands, in existence, duly registered and in good standing under the laws of the Cayman Islands, and the entry into and performance by the Company of this Agreement will not violate or conflict with any applicable laws or the provisions of its Memorandum and Articles or any agreement or instruments to which the Company is a party or by which the Company is bound.
- 2.3 This Agreement when duly executed by the Parties will constitute valid and legally binding obligations of the Company enforceable against the Company subject to and in accordance with the terms herein.
- 2.4 Other than the Conditions which have not all been fulfilled as at the date of this Agreement, the Company has obtained all corporate authorisations and all other applicable governmental, statutory, regulatory or other consents, licences, authorisations, waivers or exemptions required to empower it to enter into and perform its obligations under this Agreement.
- 2.5 Subject to fulfilment of the Conditions, the Company has full power, authority and capacity to allot and issue the Subscription Shares pursuant to this Agreement under the articles of association of the Company.

3. SHARE CAPITAL

- 3.1 The Subscription Shares to be allotted and issued hereunder will be credited as duly and validly issued, fully paid up and free and clear from any Encumbrance and with all rights attaching or accruing thereto as at the Completion Date, including the right to receive all future dividends, other distributions or any return of capital thereafter declared, made or paid on the Shares and voting rights, and the Subscription Shares will rank *pari passu* with all the then existing Shares.
- 3.2 There are no restrictions applicable to the Shares generally upon the voting or transfer of any of the Shares pursuant to the Company's constitutional documents or pursuant to any agreement or other instrument to which the Company is a party or by which the Company may be bound.
- 3.3 No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, conversion, issue, registration, sale or

transfer of any Share or any other security giving rise to a right over, or an interest in the Shares.

4. CONDUCT OF BUSINESS

4.1 From the date of this Agreement until the Completion, the Group will conduct its business in the ordinary course and except with the prior written consent of Subscriber, the Group will not do or agree to do any of the following:

- (a) enter into, modify or terminate any contract having a contract value of HK\$10,000,000 or more or any contract affecting a material part of its business or entering into any unusual or onerous contract;
- (b) create any Encumbrance on any of its assets having an aggregate value of HK\$10,000,000 or more, whether in a single or a series of transactions;
- (c) borrow money or incur any indebtedness having an aggregate value of HK\$10,000,000 (including granting any guarantee in respect of any such borrowing or indebtedness);
- (d) discontinue or cease to operate any material part of its business;
- (e) create, issue, redeem or grant any option or right to subscribe in respect of any share or loan capital or other securities;
- (f) amend its memorandum or articles of association;
- (g) declare or pay any dividend or make any distribution;
- (h) engage in investment, development, acquisition, management, operation or sale of commercial or residential real estate; and
- (i) authorize, approve or enter into any agreement or obligation with respect to any action listed above.

4.2 Nothing in paragraph 4.1 of this Schedule shall operate to prevent or restrict the Group or any member of the Group from:

- (a) carrying on business in the ordinary and usual course as carried on prior to the date of this Agreement (for the avoidance of doubt, the activities specifically enumerated in paragraph 4.1 of this Schedule shall not be deemed as "ordinary and usual course" for purpose of this clause);
- (b) taking any action in relation to any matter of which written notice has been given to the Subscriber and in relation to which the Subscriber has not responded to requesting member of the Group in writing within five (5) Business Days of the date on which such written notice was sent;
- (c) taking any action in relation to any matter required to give effect to and to comply with this Agreement;
- (d) taking actions required to be undertaken to comply with any obligations (mandatory or otherwise) of any member of the Group or their respective directors and officers pursuant to applicable laws or fiduciary, director or other duties, policies and procedures;

(e) any matters in relation to projects, investment and capital expenditure plans that have been approved by the Board prior to the signing of this Agreement (to the extent such matters have been notified with Subscriber prior to the date hereof); and

(f) taking any action at the written request of the Subscriber.

5. ANTI-DILUTION

5.1 The Company undertakes to the Subscriber that for the period between the Completion Date and the three-year anniversary of the Completion Date, without the prior consent of the Subscriber, it will not (a) if the Offer (as defined under the Share Purchase Agreement) fails to become or be declared unconditional, dilute or reduce the percentage of Shares in the Company held by the Subscriber (provided that the Company may issue new Shares as long as that the Company also issues new Shares to the Subscriber such that the percentage of Shares in the Company held by the Subscriber is not diluted or reduced) and (b) engage in investment, development, acquisition, management, operation or sale of commercial or residential real estate.

6. CORPORATE MATTERS AND COMPLIANCE

6.1 The Company has complied with all applicable laws, rules and regulations of the Stock Exchange, the SFC and other relevant regulatory bodies in all material respects.

6.2 All the outstanding shares or other equity interests of each member of the Group have been duly and validly authorised and issued, are fully paid and are owned directly or indirectly by the Company, free and clear of any Encumbrance.

6.3 Each member of the Group possesses necessary certificates, authorities, licences or permits issued by any appropriate Governmental Authority or bodies necessary to conduct its respective business in operation and has not received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit that, if determined adversely to the Company or any of its Subsidiaries, would individually or in the aggregate have a material adverse effect on the Group taken as a whole.

6.4 Each member of the Group has full power to own its assets, and has conducted its operations and corporate affairs in accordance with its memorandum and articles of association or similar constitution documents.

6.5 The statutory books of each member of the Group are up to date and have been maintained in accordance with all applicable laws.

7. INFORMATION

7.1 All information provided by or on behalf of the Company to the Subscriber in connection with the Subscription are true and accurate in all material aspects and there is no other information the omission of which would make the information so provided to the Subscriber misleading in all material respects or which is otherwise material in the context of the Subscription.

8. ACCOUNTS

8.1 The Accounts have been prepared on a consistent basis with the previous accounts of the Group, and in accordance with generally accepted accounting principles in, and

pursuant to the relevant laws of, Hong Kong, show a true and fair view of the state of affairs of the Group at the relevant accounts dates, and of its results of operations for the accounting reference periods ended on the respective dates, and are not effected by any unusual or non-recurring items.

- 8.2 The Accounts make full provision or reserve for, or disclose, all assets, all liabilities (including contingent and disputed liabilities) and all capital commitments of each member of the Group as at the relevant accounts dates, indicate clearly which of those liabilities are not usually provided for or reserved, and make adequate provision or reserve for actual or doubtful impairment of all assets.
- 8.3 Other than in the ordinary course of the Group's business and saved as Disclosed, no member of the Group has any contingent liability as at the date of this Agreement.
- 8.4 The profits or losses shown in the Accounts have not been affected by any extraordinary or exceptional event or circumstance or by any other factor rendering them unusually high or low.
- 8.5 Saved as Disclosed, since the Accounts Date:
- (a) no dividend or other distribution has been declared, paid or made by the Company or any of its Subsidiaries;
 - (b) the businesses of the Company and each member of the Group have been carried on in the ordinary course and so as to maintain it as a going concern;
 - (c) there has been no event, change or occurrence which, individually or together with any other event, change or occurrence has, or would, or could reasonably be expected to have, a material adverse effect on or cause a material adverse change to the financial or trading position or prospects of the Group; and
 - (d) neither the Company or any of its Subsidiaries has acquired or disposed of or agreed to acquire or dispose of any business or any material asset other than in the ordinary course of business.

9. LIABILITIES AND INDEBTEDNESS

- 9.1 There are no liabilities, obligations or indebtedness of any nature (including liabilities under guarantees or indemnities and other contingent liabilities) which have been assumed or incurred, or agreed to be assumed or incurred, by any member of the Group other than those liabilities, obligations and indebtedness disclosed in the Accounts.

10. CONTRACTUAL MATTERS

- 10.1 There is not outstanding any agreement or arrangement to which any member of the Group is a party which, by virtue of the Subscription or this Agreement, will result in any other party being relieved of any obligation or becoming entitled to exercise any right which may have a material adverse effect on the Group as a whole.
- 10.2 None of the members of the Group is in any default under any agreement or arrangement to which it is a party which may have a material adverse effect on the Group as a whole.

- 10.3 There is no agreement or arrangement which is material to the business of the Group between any member of the Group and any other person which shall or may be terminated as a result of this Agreement (or Completion).

11. DEBTS OWED BY MEMBERS OF THE GROUP

- 11.1 Save as Disclosed and debts incurred in the ordinary course of business of the Group, there are no debts owing by any member of the Group which are outstanding and due and remain unpaid save and except those incurred in the ordinary course of business of the Group involving a total sum of not exceeding HK\$10,000,000.
- 11.2 As of the date of this Agreement, no demand or notice to repay has been received under, and to the best knowledge of the Directors, no event has occurred or been alleged which is, or which may become or result in, an event of default, an early repayment or a breach of the terms of or under any borrowing or financial facility of any member of the Group.

12. LITIGATION AND INVESTIGATION

- 12.1 Save as Disclosed and for (i) the contractual claims with Charisma, a former distributor based in Saudi-Arabia, where the Group as plaintiff has received a final award in favour of the Group and the Group has consulted a Saudi based law firm to enforce such final award in order to collect the amount of approximately EUR1 million in total; (ii) the contractual claims with Biofoodnutrition, a company based in the United Kingdom, where the Group as plaintiff has commenced legal proceedings against Biofoodnutrition originally and with total exposure of incoming claims of approximately EUR13.8 million and total exposure of outgoing claim of approximately EUR1.025k; and (iii) the contractual claims with Van Wijnen Groep, the main contractor of the construction of the new plant in Heerenveen, where the Group as plaintiff filed a claim for liability against Van Wijnen Groep for damages that amount to approximately EUR25.6 million, subject to further calculation of the damages by the Group,
- (a) no member of the Group is a party to, engaged or proposing to engage in any litigation, arbitration, mediation, prosecution or other legal proceedings involving an amount exceeding HK\$10,000,000, and no litigation, arbitration, mediation, prosecution or other legal proceedings involving an amount exceeding HK\$10,000,000 are outstanding, pending or threatened by or against any member of the Group; and
- (b) there is no order, decree or judgement of any court or Governmental Authority or regulatory body outstanding or anticipated against any member of the Group which may have or has had a material adverse effect upon the condition, financial or otherwise or the earnings, business affairs or business prospects (whether or not arising in the ordinary course of business) of the Group (taken as a whole) and which has a material and adverse effect to the implementation and completion of the Subscription.
- 12.2 So far as the Company is aware, no governmental or regulatory investigation concerning any member of the Group is in progress or is pending which may have a material adverse effect on the Group as a whole.

13. EMPLOYMENT

- 13.1 All salaries, wages, fees, any form of social insurance required under applicable laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds and other benefits of all employees of the Group have, to the extent due, been paid or discharged in full together with all related payments to third party benefit providers or relevant authorities in compliance with all the relevant applicable laws and regulations in all material respects.

14. TAXATION

- 14.1 Save as Disclosed, all liabilities of each member of the Group for Tax as of the Accounts Date are fully provided for in the Accounts and all Tax for which each member of the Group is liable or is liable to account has been duly paid (insofar as it ought to have been paid) and each member of the Group has made all such withholdings, deductions and retentions that it was obliged or entitled to make and has accounted in full to the appropriate authority for all amounts so withheld, deducted and retained.
- 14.2 Save as Disclosed, as of the date of this Agreement, no member of the Group is involved in any dispute in relation to Tax with any Taxation Authority and there are no circumstances existing which make it likely that such a dispute will arise.
- 14.3 save as Disclosed, as of the date of this Agreement, no member of the Group has received any notice from any Taxation Authority which required or will or may require such member of the Group to withhold Tax from any payment made since the Accounts Date or which will or may be made after the date of this Agreement.
- 14.4 All returns, computations, notices and information which are or have been required to be made or given by each member of the Group for any taxation purpose (i) have been made or given within the requisite periods and on a proper basis and are up-to-date and correct in all material respects and (ii) none of them is the subject of any dispute with the Inland Revenue Department of Hong Kong or other Tax Authorities in the PRC or other jurisdictions.
- 14.5 Each member of the Group has within the time limits prescribed by the relevant legislation duly paid all tax (including provisional tax), and none of the members of the Group nor any of their respective directors or officers (in his capacity as such) has paid or become liable to pay, and there are no circumstances by reason of which it is or they are likely to become liable to pay, any penalty, fine, surcharge or interest.

15. INSOLVENCY

- 15.1 No order has been made, resolution passed, petition presented or meeting convened for the winding up or liquidation of any member of the Group.
- 15.2 So far as the Company is aware, no step has been taken by any person with a view to the appointment of an administrator, (or equivalent in the relevant jurisdiction), whether out of court or otherwise, in relation to any member of the Group, and no receiver has been appointed in respect of the whole or any part of any of the respective property, assets and/or undertaking of the any member of the Group.

15.3 None of the members of the Group has made any voluntary arrangement with any of their respective creditors or is insolvent or unable to pay their respective debts as they fall due.

16. INTELLECTUAL PROPERTY

16.1 The Group is the owner and possesses all right, title and interest in and to, or possesses the valid and enforceable right to use, all patent, copyright, trademark, trade secret, domain name, brand, moral right, the right to bring suit and pursue past, current and future infringements, the associated goodwill, and applications therefor ("**Intellectual Property**") used in the operation of the businesses of the Group as currently conducted. To the knowledge of the Directors, no third party is materially violating, infringing or misappropriating any Intellectual Property owned by the Group. The Group has not instituted, asserted or threatened any proceeding against any person with respect to any violation, infringement or misappropriation of any Intellectual Property owned by the Group.

SCHEDULE 2

LIMITATIONS OF LIABILITY

1. Disclosure

- 1.1 The Company shall not be liable in respect of any claim made by the Subscriber arising out of or in connection with a breach or alleged breach of any of the provisions of this Agreement (including Indemnifiable Losses pursuant to Article 7) ("**Claim**") to the extent that the facts and circumstances giving rise to the Claim are Disclosed.
- 1.2 On the other hand, unless otherwise Disclosed, the rights of the Subscriber to Claim or any other remedy under this Agreement shall not be impacted or limited by any knowledge the Subscriber may have acquired, or could have acquired, whether before or after the Completion Date, nor by any investigation or diligence by the Subscriber.

2. Time limits

- 2.1 The Company shall have no liability for a Claim unless it receives from the Subscriber written notice of such Claim specifying in reasonable detail the matter giving rise to such Claim, the nature of such Claim and (if practicable) the amount claimed within twenty-four (24) months of the Completion Date in respect of any Claim.
- 2.2 Any Claim which has been made against the Company (and which has not been previously satisfied, settled or withdrawn) shall be deemed to have been withdrawn and shall become fully barred and unenforceable on the expiry of the period of nine (9) months (or such period otherwise agreed by the Parties) commencing on the date on which notice of the Claim was given to the Company in accordance with paragraph 2.1 of this Schedule unless proceedings in respect of the Claim shall have been validly commenced.

3. Monetary limits

- 3.1 The aggregate amount of the liability of the Company in respect of the aggregate of all Claims shall not exceed an amount equal to fifty percent (50%) of the Subscription Monies.
- 3.2 The Company shall not have any liability whatsoever in respect of any Claim unless:
 - (a) the liability of the Company in respect of an individual Claim (or series of related Claims with respect to related facts or circumstances) exceeds HK\$1,000,000 (excluding interest and costs) (such Claim, a "**Qualifying Claim**"); and
 - (b) until the aggregate amount of the liability of the Company for all such Qualifying Claims exceeds HK\$30,000,000 (in which event the Company shall be liable for the amount of all the Qualifying Claims and not just the excess).

4. **General exclusions**

- 4.1 Subject to paragraph 4.2 below, the Company shall not have liability in respect of a Claim to the extent that, without duplication:
- (a) the matter giving rise to the Claim would not have arisen but for, or is increased (in which case, only the increased portion is excluded) as a result of, the passing or coming into force of, or any change in, after the date of this Agreement, any applicable law, rule, regulation, directive, or any administrative practice of any governmental authority;
 - (b) the matter giving rise to the Claim arises (in whole or in part) as a consequence of any event before or after the Completion at the express request or express direction of, or with the written consent of, the Subscriber or an authorised representative or professional adviser of the Subscriber, to the extent the Subscriber or such representative or professional adviser of the Subscriber is reasonably informed;
 - (c) the loss or damage giving rise to the Claim is actually recovered by the Subscriber or the Company;
 - (d) the Claim would not have occurred but for the direct result proximately caused by an act, omission, transaction or arrangement carried out only after the Completion by the Subscriber; and
 - (e) the Company or the Subscriber actually receives any benefit which would not have arisen but for the matter which is the subject of the Claim.
- 4.2 The Subscriber agrees that it shall not recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of any one shortfall, damage, deficiency, breach or other set of circumstances which give rise to one or more Claims. For the avoidance of doubt and notwithstanding anything to the contrary hereunder, the Subscriber is entitled to Claims under this Agreement and claims under the Share Purchase Agreement for the same or similar shortfall, damage, deficiency, breach or other set of circumstances.
- 4.3 The Subscriber shall take all commercially reasonable steps to mitigate the liability of the Company under this Agreement.
- 4.4 Nothing in this Schedule shall in any way restrict or limit the general obligation (under the Laws of Hong Kong) of the Subscriber to mitigate any loss or damage which it may suffer in consequence of any matter giving rise to any Claim.

5. **Remedial claims**

No liability will arise and no Claim may be made under this Agreement to the extent that the matter giving rise to such Claim is remediable unless the Company has failed to remedy such matter within the period of thirty (30) days

following the date of service of a notice by the Subscriber on the Company to remedy the relevant matter giving rise to a Claim.

6. **Inapplicability**

6.1 Notwithstanding anything to the contrary under the Agreement:

- (a) In the event of willful default, fraud, or gross negligence of the Company, limitations in this Schedule to this Agreement shall not apply to the Company.
- (b) Indemnifiable Losses suffered by any Indemnified Party, as a result of, or based upon or arising from any breach of Warranties set forth in paragraphs 1, 2 and 3 of Schedule 1 of this Agreement shall not be subject to the this Schedule to this Agreement.